

The Local Plan 2045 will be used to ensure Oxford is a fairer, greener and healthier city

OXFORD LOCAL PLAN 2045

OXFORD CITY COUNCIL

Oxford City Council Response to Inspectors' Matters, Issues, and Questions

Matter 8: Employment and Economy

Issue 1 – Community Employment and Procurement – Policy E3

Q1 Is Policy E3 justified and consistent with national planning policy? In particular, are issues such as whether contractors commit to paying the 'Oxford Living Wage' justified land use planning considerations for the purposes of the Local Plan? How would it be enforceable and is the policy effective?

Justification and consistency with national planning policy

While Oxford's economic strengths are well-documented elsewhere, Oxford's inequalities, including those in education and income, alongside rising unemployment within the city's resident population, justifies the introduction of Policy E3.

Oxford's Economic Strategy (ECON.010a) highlights some of the inequalities faced in Oxford, in terms of income, education, social mobility, and housing costs. The strategy sets out that some of the city's neighbourhoods, ranked among the richest in the country, sit alongside some of the most income deprived neighbourhoods. It recognises that average educational attainment in the city's state schools is well below the national average. The Indices of Multiple Deprivation (2025) highlights that inequality in education, skills and training in the city has increased with 19 neighbourhoods now among the 20% most deprived in the education domain, compared with only 12 in 2019.

In terms of the city's unemployment rates, Chapter 4 of the Oxford Employment Land Needs Assessment (ECON.001) provides an analysis of the socio-economic context for Oxford. This highlights that since 2020, unemployment in the city has risen, while unemployment rates for Oxfordshire, the South East and England have all improved over the same time period.

The City Council considers that Policy E3 is consistent with National Policy. Chapter 6 of the National Planning Policy Framework (December 2024) places significant weight on economic growth and states at paragraph 85 that planning policies should "*help create the conditions in which businesses can invest, expand and adapt…The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future"*. It further states that planning policies should have regard to the national industrial strategy, any relevant Local Industrial Strategies, and other local policies for economic development and regeneration. In the formulation of Policy E3, regard was had to the locally specific circumstances, as set out in local economic and regeneration policy and the Local Industrial Strategy.

Oxfordshire's Local Industrial Strategy (ECON.005) recognised the importance of inclusive growth across the county to address inequalities. At page 52 it states: *"The evidence paints a picture of a highly effective, skills-led economy in Oxfordshire. However, it is one that is at risk as the population ages, and which does not distribute opportunity equally. This Local Industrial Strategy therefore prioritises: getting the fundamentals right – building a skills system that better responds to local demand; and making the most of all our people – with longer and more flexible careers for older workers, and improved access to emerging jobs for younger people."* This was built on in the Oxfordshire Strategic Vision (OJW.008) "*Our aim is to utilise the unique opportunities and assets in Oxfordshire to realise sustainable growth, and shape healthy, resilient communities in which it is possible for all residents to thrive.*" Under the Oxfordshire

Joint Leaders Board (formerly the Oxfordshire Growth Board) the Oxfordshire Inclusive Economy Partnership works to deliver these goals. While Oxfordshire's Strategic Economic Plan (ECON.004) specifically identifies "advancing community employment plans for new developments" as one of the Key Areas for Action (pages 67 and 70).

It is considered that the direction of the NPPF to allow "*each area to build on its strengths*" and "*counter and weaknesses*" whilst having regard to local policies for economic development justifies the Local Plan's policy approach to Community Employment and Procurement Plans in seeking to address inequalities in the economy and share the benefits of economic growth in the city.

Justification for contractors committing to paying the Oxford Living Wage

We consider that all the criteria in Policy E3 are justified land use planning considerations for the purposes of the Oxford Local Plan 2045. Policy E3 does not set a mandatory requirement for the Oxford Living Wage. Instead, Policy E3 requires that it is demonstrated that paying employees/ contractors the Oxford Living Wage has been given consideration.

The Oxford Living Wage is designed to combat inequality, which is an overarching thread of the Plan, as set out in Chapter 1. A key way that planning policies can deliver that is by ensuring that the benefits of new economic developments are shared, including, for example, through supporting a living wage scheme.

The Oxford Living Wage is for organisations that are either located in the city, or that serve or 'do business' in Oxford. In this regard, it only applies to staff working in roles within a business in Oxford. It must be paid to all directly employed staff over the age of 18. In addition, within three years of accreditation, all Oxford Living Wage Employers should have fully implemented this extended commitment to all regularly contracted staff. The City Council's website provides some "key information" with regards to the Oxford Living Wage (see https://www.oxford.gov.uk/living-wage/key-information for further details). As set out above, Oxford's Economic Strategy (ECON.010a) highlights that the city has some of the largest income inequalities in the country, sometimes in adjacent neighbourhoods. While ECON.001 recognises the high proportion of the city's resident population (over 70%) are educated to Level RQF4+ (HND, Degree or Higher Degree), this masks the fact that, as set out in ECON.010a, average educational attainment in the city's state schools is well below the national average.

The Oxford Living Wage grew out of the work of the Living Wage Foundation who note that many essential jobs are in service provision under contracts which means workers can be undervalued and underpaid. Many of these roles are concentrated in service provision industries, where competitive bids for client contracts means wages get cut in order to offer the lowest price. Service providers are often trapped between winning client contracts and paying staff fairly.

The City Council considers that the employment of third-party contractors (such as cleaners, security personnel, support staff, etc.), should receive the same benefits as directly employed staff where an employer is an accredited Oxford Living Wage Employer.

It is worth noting that there are over 200 employers in the city are currently registered as Oxford Living Wage Employers, demonstrating that this is eminently achievable.

Enforceability and effectiveness

The extant Local Plan 2036 already encourages applicants to produce an Employment and Skills Plan to support development proposals. Developers, including Oxford North and others have produced Plans which have delivered a range of positive benefits. These have been enforced through Section 106 agreements. The City Council produced a Technical Advice Note on Employment and Skills (ECON.012) to provide authors of these plans with guidance and advice on producing them. Advice is also available from the City Council's Economic Development Team.

Monitoring of an agreed programme of actions is important to be able to demonstrate how a CEPP has been successfully delivered and to show its benefits. The ownership of a CEPP would lie with the developer and the City Council encourages the nomination of someone at the outset who would be responsible for both co-ordinating the activities and monitoring the work that has been completed. When the CEPP has been completed a brief summary report would be sent to the Local Planning Authority to discharge the relevant condition. Such as report would also be useful to the company to provide evidence on how the work has contributed towards meeting their corporate and social responsibilities.

Policy E3 has been designed to operate as an *a la carte* menu of measures. The policy test is that "*CEPPS will be expected to demonstrate consideration of all the following measures*." This offers a good balance between direction and flexibility, the policy requires a demonstration of consideration of all the listed measures however there is flexibility for different organisations to focus on different aspects which would work well in their own context.

Given that the policy is already flexible in its application, and that there is a good track record of these types of plans already being delivered voluntarily by applicants across the city, the City Council considers that the policy is both enforceable and effective.

Issue 2 – Affordable Workspaces – Policy E4

Q1 What are the list of sites in Policy E4 based on and what evidence is there to justify the threshold of 5,000 square metres? and

Q2 What is the justification for requiring an 'affordable workspace strategy' and is it supported by the viability evidence which underpins the Plan?

In direct answer to Q1 and Q2: the sites listed in Policy E4 are the main known major redevelopment sites involving employment generating uses where landowners intend to redevelop during the plan period (see 'The sites selected' below); the 5,000sqm (net gain) threshold reflects the scale of major R&D proposals in Oxford and has been viability tested in SUP.002; and the requirement for an affordable workspace strategy is justified by the market failure identified in BGP.007 and is supported by the viability evidence, which shows that on-site provision is viable for qualifying typologies.

Justification for the strategy

The Affordable Workspaces Background Paper (BGP.007) highlights that a range of factors contributed to the specific set of circumstance that resulted in a 'market failure' in Oxford, that required a need for policy intervention. These factors are identified at paragraph 2.2 of BGP.007 are: affordability issues; high demand; constrained supply; regeneration pressure; and wider issues. Each is discussed in more detail at paragraphs 2.4-2.45 of BGP.007.

This highlights that high value R&D space has been in high demand in a wide range of locations in the city and that the biggest regeneration pressure facing the city's existing secondary and industrial/warehousing stock is its loss to R&D.

As set out in BGP.007, as R&D developments command the highest rents in the city, and as such have been driving market rents, both directly and indirectly. New developments in R&D and associated servicing sectors provide spaces that generally cater for well-capitalised occupiers. As such, these affordability issues contribute to a market failure in Oxford.

The City Council considers that this market failure in the employment sector justifies a relatively small intervention to ensure that smaller (including traditional) businesses are not priced out of the city (where their services are required) by the high demand for existing employment land to new uses such as R&D. It is considered that a small policy requirement on the largest sites to help offset this pattern is justified in the context of national policy which at paragraph 85 of the NPPF states: "*The approach* [of planning policies] *taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future*."

The sites selected

The City Council has listed at Policy E4 the main known sites where major developments involving employment generating uses are coming forward in the city, which include a number

of the city's Key Employment Sites. Some of the sites in the list involve schemes where existing secondary office or industrial space has been or is proposed to be lost over the course of the plan-period. The loss of secondary office or industrial space, without suitable replacement, leads to increased demand for these types of spaces, which can inflate their value and can result in otherwise viable businesses being unable to afford premises in the city.

These sites are found at a variety of locations across the city (including at Oxford's most accessible locations (e.g., the city centre). As brownfield mixed-use regeneration schemes, they are expected to replace the existing older commercial spaces with newer high value (R&D) floorspace. As such, these brownfield redevelopments risk displacing existing local businesses, the presence of which adds economic diversity to the city's economy.

We were also aware, from discussions with landowners and agents as part of the plan-making process, that some of the sites listed already operate and manage on-site space for start-ups and early-stage growth companies. These sites often use all-inclusive transparent pricing plans that can be tailored to the needs of individual businesses supporting them while they grow.

The sites listed in Policy E4 are only those where landowners have expressed their intention to redevelop that site over the course of the plan period. The list includes some of the larger strategic-scale redevelopment opportunities involving employment generating uses. Some of the sites listed have been and continue to shape the future of the city's economy. As such, these sites offer opportunities for market-making and sectoral clustering. Given the larger and more strategic nature of these sites, they also provide longer-term affordable workspace opportunities. As such Policy E4 encourages affordable workspace brought forward in accordance with an agreed site-wide masterplan.

Justification and viability of the threshold

The City Council considers that the threshold of a net gain of 5,000sqm (GIA) is justified. The financial implications of using this threshold have been viability tested in the Local Plan Viability Assessment (SUP.002).

The threshold is justified because it aligns with the amount of floorspace coming forward within major R&D proposals in Oxford. Given the recent strength of the R&D market in Oxford, the majority of landowners at the sites listed in Policy E4 are looking to bring forward R&D at their site. As such, the 5,000sqm (net gain) threshold aligns with the amount of new floorspace being promoted to the Council in the majority major planning applications involving those 'smaller' R&D schemes. It is worth noting that R&D schemes in the city range in size from around 5,000sqm to circa 50,000sqm (net gain).

The Local Plan Viability Assessment (SUP.002), tested a suite of alternative potential policy approaches at a range of different levels of rent-reduction. Section 4 of the Affordable Workspaces Background Paper (BGP.007) summarises the findings of SUP.002 with regards to the on-site delivery of affordable workspaces.

SUP.002 considered and assessed the financial implications of two approaches to delivering on-site affordable workspaces at a variety of discounted rents. Paragraphs 4.2-4.4 of BGP.007

(PDF page 14) provide more details about the approaches tested and the rental discounts applied.

SUP.002 also considered the viability implications of each approach both inside and outside the city centre. The findings showed that residual land values generated for office/R&D typologies, exceed all four benchmarks both inside and outside the city centre.

In relation to the industrial/warehousing uses, the larger typologies tested were better able to accommodate the delivery of affordable workspaces. The viability evidence showed that the delivery of 10% of the floorspace at a variety of discounted rents, was viable for the floorspace typologies over 5,000sqm. As such we could have drafted Policy E4 to require 10% of floorspace on qualifying sites be delivered as affordable workspaces in line with the glossary definition. The more flexible strategy-based requirement in Policy E4 is therefore comfortably supported by the viability evidence underpinning the Plan.

Flexibility of approach

The affordable workspace strategy is meant to be a flexible tool for use by the applicant to cater for a range of different site-specific circumstances.

The Local Plan 2045 glossary provides a definition of affordable workspaces. This definition, in accordance with Paragraph 86a) of the NPPF (Dec 2024), was formulated having regard to local economic policies contained within Oxford's Economic Strategy (ECON.010a) and its supporting Delivery Plan (ECON.010b). Section 3 of BGP.007 sets out the plan's glossary definition had regard to ECON.10a and ECON.10b.

However, as an emerging policy area for Oxford such we wanted to enable a more flexible approach to the delivery of affordable workspaces that would allow developers to bring forward affordable workspaces in a manner that worked for them. This flexible approach was considered appropriate as it allowed developers to bring forward a viable quantum of affordable workspaces at the time an application was submitted. We consider that this approach both ensures continued support for nationally important R&D (and associated servicing sectors) and recognises that its continued growth within Oxford is a key driver of the identified market failure (BGP.007) that gives rise to a need for a policy intervention.

Policy E4's requirement is therefore for applicants to produce an affordable workspace strategy, rather than to require a percentage floorspace amount of affordable workspace to be delivered on site. The policy requires applicants to demonstrate how affordable workspace delivered at their site would support the sectors identified in the glossary definition.

Policy E4 therefore promotes a flexible approach to that supports developers to deliver definition-compliant affordable workspaces in a way that works best for them and their site. The approach continues to support nationally important R&D (and associated servicing sectors), while recognising that high demand in Oxford for these uses is a key contributor to the need for affordable workspaces in the city.

The affordable workspace strategy approach is designed to support the creation of spaces for start-ups and early-growth companies across a wide range of sectors. The glossary definition does not mandate particular use classes. In this way, where new affordable workspaces are proposed through an affordable workspace strategy, they can be designed to respond to known occupier demand at the time of the application. This helps to ensure spaces can be delivered in a flexible way to meet the needs of target occupiers.

The policy requirement for an affordable workspace strategy is therefore justified as an appropriate way to manage this process.

Q3 Precisely what is required of applicants to meet the requirements of Policy E4 and how will it be enforced? Is the policy effective?

Policy E4 seeks to ensure that sites a) to j) contribute to supporting the city's economic diversity as well as continuing to provide nationally important R&D (and associated servicing sectors). As such, the Affordable Workspaces policy (Policy E4) requires applicants to produce a strategy that sets out how affordable workspaces are being provided at their sites.

Policy E4 in the submitted Plan (CSD.001) requires the Affordable Workspace Strategy to set out:

- Details of the size, marketing, servicing and management arrangements; and
- How the space provided will meet end-user requirements.

It also requires the Affordable Workspace Strategy to explain how the proposed provision helps to overcome market failures that would otherwise prevent beneficial workspace typologies (as identified in the glossary) from coming forward.

We consider that legal agreements would usually be the most optimal way to secure the delivery of any new or additional on-site floorspace for affordable workspace, that is identified through an Affordable Workspace Strategy.

Issue 3 – Hotel and Short Stay Accommodation – Policy E5

Q1 The supporting text to Policy E5 states that the Council seeks to support the visitor economy by encouraging longer stays and higher spend in the city. Is the approach to visitor accommodation in Policy E5 consistent with this strategy and will it be effective in providing additional accommodation?

The City Council's approach to supporting the visitor economy in the city, encourages longer stays and higher spend by delivering additional bedrooms through the locational strategy set out in Policy E5 (CSD.001). This is an effective approach given the other pressures of the Local Plan and the specific requirements/characteristics of hotels.

It is important that the strategy for the visitor economy aligns with the Plan's overarching strategy - to focus on housing delivery. This is due to the identified unmet need for housing and the agreement reached with the other Oxfordshire District Councils as set out in a signed Memorandum of Understanding (COM.003). It is worth noting that the City Council has made no other unmet needs requests in relation to any other strategic matters identified. See Oxford LP2045 Cooperation Statement (COM.001) for further details.

Policy E5 builds on, and refines, extant Oxford Local 2036 Plan (DPL.001), Policy V5 - Sustainable Tourism (PDF, page 127). The extant locational policy framework in relation to new hotel and short stay accommodation remains unchanged in emerging Policy E5 (CSD.001). However, the emerging Policy clarifies that locational criteria a)-d) apply to changes of use as well as new build hotel and short stay accommodation.

This extant policy framework, which only supports new hotel and short stay accommodation in the city and district centres; on sites allocated for that purpose; and on Oxford's main arterial roads (as defined in the glossary) has resulted in an additional committed supply of 537 net additional bedrooms (comprising 551 additional minus 14 losses) and a potential supply of 345 net additional bedrooms (see Appendix 1 below for further details). This is in addition to the 3,324 existing bedrooms identified in the Oxford Hotel and Short Stay Accommodation Study (ECON.013 at Table 2.1) and represents an increase of more than 26%.

The Hotel and Short Stay Accommodation Background Paper (BGP.008) provides an extrapolated demand for hotel bedrooms covering the twenty-year plan period for the Oxford Local Plan 2045. A range of hotel bedroom demand was identified for between 3,789-5,017 bedrooms for the period 2025-45. This equates to an annualised demand of between 199-251 additional bedrooms per year.

Appendix 1 shows the hotels (and other Use Class C1 accommodation) and how many bedrooms are proposed. It also provides an estimation of when any bedrooms are likely to come forward. This updated analysis shows that, for each of the local plan monitoring years (2025/26 - 2028/29), the supply of bedrooms comfortably exceeds both the lower and upper annualised demand for that period.

Tables A1 and A2 set out the bedroom gains and losses that have taken place since the start of the plan period. While Table A3 updates the supply data presented in ECON.013 with the findings from Tables A1 and A2.

In terms of the locational strategy for new bedrooms, whilst it could be said that Policy E5 does restrict the locational options for new hotels, it is worth noting that all permitted and emerging schemes (which exceed likely demand) are aligned with it. Given the other pressures of the Local Plan, and the specific requirements of hotels, it is considered that this balanced approach both meets likely demand and complies with the strategy of the plan. Where losses have occurred, these have been smaller scale (i.e., less than 10 bedrooms) and have been lost to residential, which supports the plan's overarching strategy.

As such, the plan provides the policy framework to support the on-going delivery of new and expanded hotel and short stay accommodation at a level which is projected as likely to be needed in the study. As the underlying economic context for the visitor economy in Oxford continues, we consider that the policy approach is a reasonable one that both supports new and expanded hotel and short stay accommodation in Oxford. In addition to the visitor economy, this approach helps to support the plan's overarching strategic focus on housing delivery.

As such, we consider the locational strategy to be clear and effective.

Appendix 1: Supply of Hotel and Short Stay Accommodation Bedrooms

Table A1: Bedroom Gains

Table A1 showing additional committed and potential supply of bedrooms resulting from the start of the plan period.

Ref:	Site	Bedrooms	Status	Permitted (date)	Anticipated delivery	Location
24/00768/FUL	222 London Rd	6 (new)	Complete	22/07/2024	2025	arterial road
25/00263/VAR	Galaxie Hotel, 178-180 Banbury Rd	11 (ext.)	Approved	29/07/2025	2027	arterial road /district centre
24/01418/FUL	38-40 George St	145 (new)	Approved	31/01/2025	2027	city centre
22/02954/OUT	Oxpens	100* (new)	Approved	01/07/2025	2029	city centre
25/01702/FUL	Crown House, 193 Cowley Rd	1 (ext.)	Approved	12/01/2026	2026	arterial road /district centre
25/03191/FUL	St Michael's Guest House, St Michael's St	2 (ext.)	Approved	24/02/2026	2027	city centre
25/03064/FUL	24-26 George St	6 (new)	Approved	02/04/2026	2026	city centre
26/00796/FUL	Oxenford House, Magdalen St	280 (new)	Approved	01/10/2026	2027	city centre
Total	**Committed supply**	**551**				
26/00796/FUL	Galaxie Hotel, 178-180 Banbury Road	20 (ext.)	Current Application		2028	arterial road /district centre
26/00807/FUL	20-24 Queen Street	129	Current Application		2028	city centre
26/01297/FUL	County Hall, New Road	196	Current Application		2028	city centre
Total	**Potential Supply**	**345**				

* Most recent publicly available information is that 250 hotel bedrooms are to be provided as part of this redevelopment. ECON.013 includes an assumption that 150 bedrooms are to be delivered. Table A1 therefore includes the net additional bedrooms (i.e., 100).

Table A2: Bedroom Losses

Table A2 showing bedroom losses from the start of the plan period

Ref:	Site	Bedrooms	Status	Permitted (date)	Loss to	Location
24/02812/FUL	250 Iffley Road	-8	Approved	20/01/2025	Residential	Arterial road
25/01416/FUL	Sandfield Rd, Headington	-6	Approved	11/07/2025	Residential	Residential suburb
Total	**Losses**	**-14**			**Assumed 2026**	

Table A3: Projected Bedroom supply/demand balance

Table A3 showing the projected bedroom supply/demand balance for the first five years of the plan period.

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Supply: ECON.013 (Table 2.12)	295	333	-	-		628
Bedroom gains (Table A1)	6	7	438	345	100	896
Bedroom losses (Table A2)		-14				-14
Net additional bedrooms	**301**	**326**	**438**	**345**	**100**	**1,510**
Annualised demand (lower)	199	199	199	199	199	995
Balance						**515**
Annualised demand (higher)	251	251	251	251	251	1,255
Balance						**255**