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OXFORD CITY COUNCIL

Inclusive Economy

Oxford Local Plan 2040

BACKGROUND PAPER 6b

This background paper looks at Oxford's inclusive economy and sets out how policies in the plan seek to address some of the inequalities in the city in order that Oxford's residents can all benefit from the redevelopment opportunities taking place in the city

SA Objective 12: *To achieve sustainable inclusive economic growth, including the development and expansion of a diverse and knowledge-based economy and the culture/leisure/ visitor sector*

SEA theme: *Population, Material Assets*

1.Introduction

1.1 This, the second part of the economy background paper, includes a discussion about how the plan is responding to the challenges of delivering an inclusive economy. It sets how the plan is responding to Oxford's inequalities by introducing policies to help deliver affordable workspaces on key employment sites. It also provides a discussion about how the plan is helping local people to get the skills and training that they need to find work through the implementation of Community Employment and Procurement Plans.

2.Policy Framework

National Planning Policy Framework (NPPF)

2.1 The NPPF states that Local Planning Authorities should work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. It requires planning policies to 'set out a clear economic vision and strategy', which promote 'sustainable economic growth'. It encourages local authorities to work with applicants to secure developments that improve the economic, social and environmental conditions of the area. Planning policies are required to create the 'conditions in which businesses can invest, expand and adapt' and are 'responsive to Local Industrial Strategies and local economic development and regeneration policies'.

2.2 The NPPF also sets out that significant weight should be placed on the need to support economic growth and productivity. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. It also sets out that planning policies should seek to address potential barriers to investment, such as inadequate infrastructure, services or housing or a poor environment.

Oxfordshire Local Industrial Strategy

2.3 The Oxfordshire Local Industrial Strategy (LIS) was produced in 2019. It recognises that Oxfordshire has pockets of both urban and rural deprivation, and inequality. The LIS aims to respond to this challenge and to address inclusive growth opportunities for all Oxfordshire's residents and businesses.

2.4 One of the five overarching themes in the LIS is the 'People pillar'. The LIS acknowledges the county's inequalities and seeks to build a skills system that better responds to local demand, which provides a range of opportunities for everyone in Oxfordshire. The LIS considers that this will help develop a more responsive skills ecosystem to support our innovation ambitions. The 'People pillar' aims to 'promote a diverse and inclusive economy with good jobs and greater earning power for all.

2.5 The LIS sets out a number of commitments related to its people theme including a broad ambition to help develop a more responsive skills and employment ecosystem and create better opportunities for all. A selection of these commitments, are set out below:

- Get the fundamentals right by developing a demand-led skills system that meets the needs of employers and breakthrough business sectors;
- Championing T-levels locally so that they map to the county's technology sectors and support local employers, to deliver industry placements;
- Working with technology companies across Oxfordshire to maximise the use of apprenticeship levy to develop new apprenticeships in emerging technology-based opportunities;
- Working with the Careers and Enterprise Company, local colleges and Oxfordshire County Council to improve social mobility for young people by ensuring they will have greater access to pathways within Oxfordshire; and
- Working with local employers to increase apprenticeship uptake, supporting employers to maximise their Apprenticeship Levy contributions and drive social mobility.

Oxfordshire Local Investment Plan (OxLIP)

2.6 The Oxfordshire Local Investment Plan (OxLIP) was produced by the Oxfordshire Local Enterprise Partnership, building on the LIS. It responds to the economic challenges that Covid-19 created for businesses, supply chains and the workforce, and highlights the need to build an inclusive economy for all communities.

2.7 The OxLIP highlights that growth needs to be clean, sustainable and inclusive and emphasises the vital importance of investing in skills, talent and people to help deliver a genuinely inclusive economy across Oxfordshire. The 'people pillar' provides a range of initiatives and projects that focus on building an inclusive economy that are anchored in economic engagement between employers and schools to create and develop career opportunities. Highlighted projects include the establishment of a new delivery model to engage employers with schools, apprenticeships and T-Level initiatives. This would support existing workers in the labour market to retrain, adapt and flex to changing skills demands and market needs and connect to employment in the future economy.

Oxford City Economic Strategy 2022-32

2.8 Oxford's Economic Strategy has three key themes. Zero Carbon, Global Impact and the Inclusive Economy. The Strategy highlights the following key challenges for the city in relation to Inclusivity:

Figure 1: Inclusivity Challenges for Oxford

2.9 Oxford's Economic Strategy highlights that inequality is a significant challenge for Oxford. It sets out that Oxford is the second most unequal city in the country in terms of income, only marginally behind Cambridge and that the city's neighbourhoods, some of which are among the richest in the country sit alongside some of the most deprived. Prospects for those living and growing up in deprived areas are poor with average educational attainment in state schools well below the national average.

2.10 Pre-Covid, the Social Mobility Index, which assesses areas on prospects for disadvantaged young people, ranked Oxford 257th out of 343 local authorities for social mobility. It is the least affordable city in the country in terms of house prices.

2.11 The Economic Strategy highlights ten guiding principles to help develop Oxford as an inclusive city. The following principles are of particular relevance to creating an 'inclusive economy':

- Further develop and build on the Oxford Living Wage initiative (OLW) to embed the principles of a minimum standard of prosperity;
- Support social enterprise, cooperative businesses and civil society sectors, and pursue a more prominent role in the city's future economy;
- Support local spending, enhance local supply chains and generate social value through procurement;

- Support local people to better access skills, training and education opportunities to help them prosper and adapt to the expected rapid structural changes to the economy; and
- Deliver affordable workspace that supports local businesses and organisations providing security to stay in spaces and lower risks to growth.

Oxfordshire Inclusive Economy Charter

2.12 The Oxford Inclusive Economy Charter was developed by the Oxfordshire Inclusive Economy Partnership and launched in January 2023. Signatories of the Charter are asked to commit to making several pledges. For instance, the Charter asks organisations to demonstrate commitment to social issues by making workplaces fairer and give something back to local communities. This could be achieved by recruiting from a more diverse talent pool, employing more local people or using more local suppliers and a paying a fair local wage.

2.13 Oxford's local authorities are key stakeholders in the Oxfordshire Inclusive Economy Partnership which is a coalition of over 100 organisations. This is a county-wide group made up of employers, business, education, community groups and local government. The partnership works to share knowledge, expertise and resources to address some of the county's greatest challenges. The Oxfordshire Inclusive Economy Partership is working to create a more equal and sustainable region that creates opportunities and benefits for all people within the county.

3.Current Situation

Employment levels

3.1 Oxford is home to around 4,950 active businesses[1], collectively employing approximately 117,000 people in full-time work[2]. The city is home to the highest employment rate in the county, with 140,600 jobs in 2019[3]. Oxford has an unemployment rate that is below the national average of 3.6%, with the most recent estimates indicating this is at 2.7% for the period (April 2022 to March 2023). The number of Jobseeker's Allowance (JSA) claimants plus those who claim Universal Credit (UC) who are out of work is currently 2,760 or 2.4% of workers (August 2023).

Education and skills

3.2 Oxford can be described as a well-educated city, with a high number of jobs in knowledge-intensive industries attracting workers with higher levels of qualifications. In 2021, 66% of Oxford's residents between the ages of 16-64 had degree level qualifications or above. This is much higher than the average for Britain of 43.6%. Conversely, in 2020, 6.1% of people had no

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[1] Census 2021

[2] Oxford's employment statistics

[3] https://www.oxford.gov.uk/downloads/file/8124/occ_employment_land_needs_assessment_2022

qualifications, which is closer to the UK average of 6.4%, but higher than that of the South-East (4.8%)[4].

3.3 In recent years children and young people's attainment has been improving and Oxford has become relatively less deprived. The city is, however, the most deprived of the five Oxfordshire Districts and has one Lower Layer Super Output Area (LSOA) within the 10% most deprived areas nationally[5]. There are 9 areas in total within the city that fall within the 20 per cent most deprived areas nationally. A further 9 areas within the city fall within the 20 per cent least deprived areas nationally. This inequality affects parts of the city more than others.

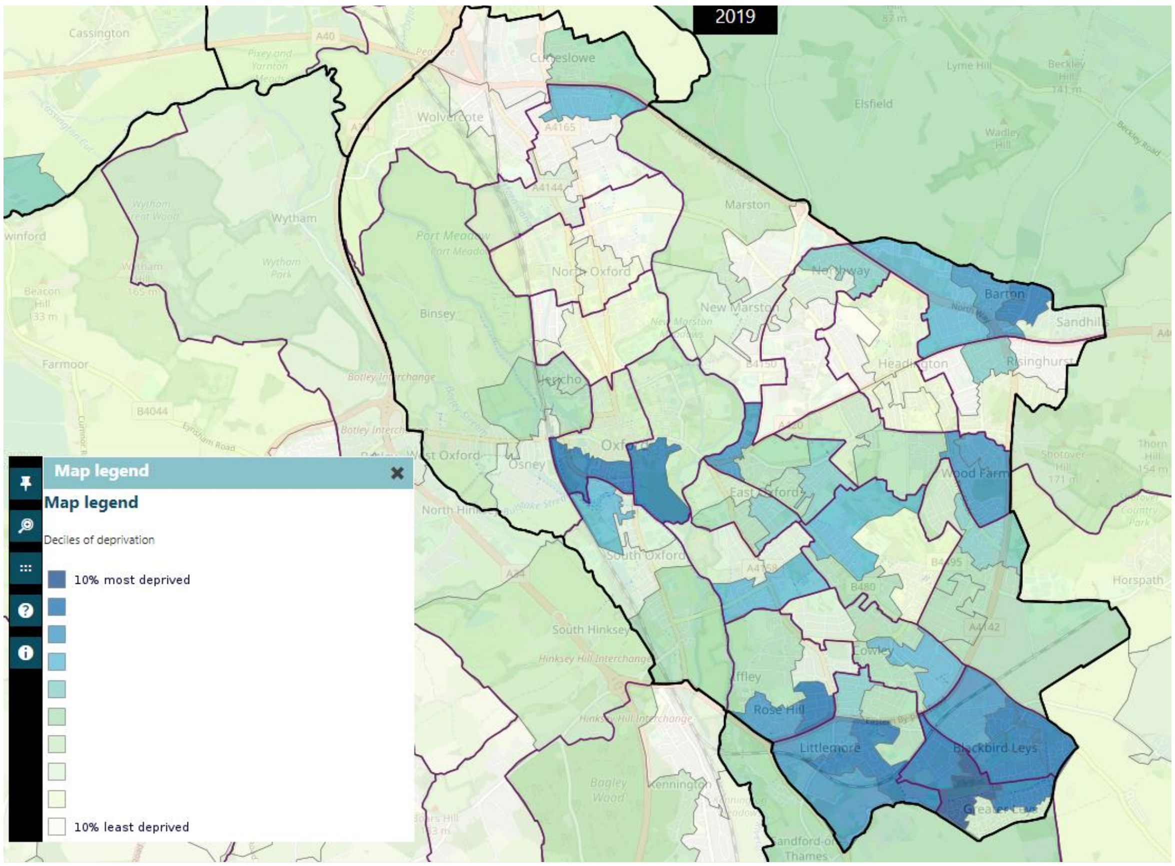

Figure 2: Levels of education and skills deprivation in Lower Super Output Areas of Oxford[6]- – higher deprivation is marked by darker blue, lower deprivation in light green.

3.4 The DCLG's Indices of Multiple Deprivation can be broken down into various categories of deprivation. Regarding Educational Skills and Training Deprivation, which measures the lack of attainment and skills in the local population, the average score ranking for Oxford was 206 in 2019 compared to 171 in 2015 (the last time the Indices of Deprivation were prepared), it shows that Oxford is relatively less deprived for Educational Skills and Training and that it improved

[4] https://www.nomisweb.co.uk/reports/lmp/la/1946157324/subreports/quals_time_series/report.aspx?
[5] https://www.oxford.gov.uk/downloads/file/6758/indices_of_deprivation_2019_oxford_report
[6] https://dclgapps.communities.gov.uk/imd/iod_index.html#

between 2015 and 2019. However, there are still significant disparities across the city and 8 LSOA are within the 10% most deprived nationally. State schools across Oxford, and particularly in deprived areas, generally underperform compared to regional and national averages too.[7]

Retention and recruitment of staff

3.5 One of the challenges for Oxford's economy relates to difficulties in the recruitment and retention of staff. One of the main reasons for this is due to the high costs associated with housing. These housing and affordability issues are the some of the most consistently raised concerns by businesses in the city.

3.6 As Oxford's economy continues to grow, with more jobs located in the city, there is continued pressure on housing market, which is physically constrained. The growing economy feeds jobs growth and the influx of people to fill them, puts pressure on the availability of housing and services.

3.7 Travel to work data from the 2021 Census was skewed by lockdowns and the 2011 Census data results should be treated with caution given their vintage. In 2011, the mismatch of homes to jobs resulted in Oxford having the highest net inflow of commuting workers in the county. The majority of inbound commuters arrived by car (66.8%) and there had been a 10% increase in the number of inbound drivers over the 2001 to 2011 Census period. Over half of the workforce commuted into the city mostly by car or bus. Clearly commuting generates environmental pressures and also its own financial costs which can be significant if they involve longer journeys.

3.8 Locating new housing close to where people work can help in reducing the need to travel, which has other positive benefits such as reducing the adverse impact on air quality through less vehicle movements.

3.9 The 2036 Local Plan introduced a policy providing key employers with the ability to provide employed linked housing on their own sites. This policy was developed following engagement with the largest employers in key sectors of the local economy. Several of them stated their ongoing struggle to recruit and retain staff as a direct outcome of affordability issues in the city.

Affordability of Commercial Spaces

Oxford has a very challenging labour market with strong competition from a range of different uses and key sectors. The affordability of commercial space has been impacted by the Covid-19 pandemic, Brexit, the war in Ukraine and the cost-of-living crisis. These factors together with higher labour and construction costs and an increase in utility bills have had a significant impact

[7] https://www.oxford.gov.uk/info/20125/education_and_skills/455/education_and_skills_in_oxford

on both the availability and affordability of workspace in the city for start-ups, charities, social enterprises, as well as key sectors such as the digital and creative sector.

Oxfordshire's Innovation Engine Report 2023[8] (OIE) highlights the mismatch between demand and supply of office space, setting out that Oxford has seen unprecedented rental increases over the past 2-3 years. It also acknowledges that much of this increased demand is driven by the science market rather than the pure office market. Data from Carter Jonas referred to in the OIE Report indicates that out-of-town laboratory-ready building shell and core rents are currently around £55 per square foot (sq. ft.), due to robust demand amid limited availability, but the amount can vary significantly, depending upon the build product. This figure is above the current prime city centre office rent of £49.50 per sq. ft. However, Bidwells data indicates that fitted laboratory space can command up to £75 per sq. ft. (2022 prices).

4.Likely trends without a new local plan

4.1 In the absence of a new local plan, the current policy position of encouraging community employment plans would be likely to continue as the extant Local Plan 2036 only supports and encourages them (rather than making them a requirement). This would not necessarily deliver the scale of inclusive economy benefits envisioned by the OxLEP or the City Council. Progress in addressing the scale of inequality issues in the city or maximising opportunities for local people to benefit from forthcoming developments would be more limited. Similarly, provision of local training opportunities to match local people to jobs in both the construction and operational stage of development.

4.2 As costs of premises continue to rise, there is likely to be increased demand for affordable workspaces in the city. Without the Local Plan 2040 there would not be any policies in place to ensure the delivery of type of premises in Oxford. As a result, start-ups, charities, social enterprises and other businesses may have significant difficulty starting, growing and expanding within the city. This could potentially have an impact on Oxford's economic diversity. Finally, without the Local Plan 2040 it could be more challenging to address income disparities and local skills shortages. In fact, national policy encourages plans to address local issues (such as these) to help facilitate economic growth. It is important that social and environmental benefits from the delivery of employment floorspace as discussed in Background Paper 6a – Oxford's Economy, are realised.

[8] https://www.advancedoxford.com/innovation-engine/

5.Approach taken for the Local Plan 2040

5.1 The policies in the economy section of the Local Plan 2040 seek to build on Oxford's strengths and support key sectors important to the city's economy, whilst providing a package of measures aiming to ensure that the supporting infrastructure promotes an 'inclusive economy.'

5.2 The requirement for Community Employment and Procurement Plans (CEPP's) to be submitted on major development sites will provide a wider range of jobs and training opportunities within the city for local people. This policy approach supports the wider economic, social and community potential of the city, which can help to allow Oxford to continue to make its important financial contribution to the national economy.

5.3 The provision of 'affordable workspace' for start-ups, charities and key sectors such as the Digital and Creative sector which will help to support both the creation of new businesses in Oxford and provide the supporting services and facilities for key sectors within the economy. The provision of affordable workspaces can help a broader range of businesses to locate in the city which otherwise may not be able to afford to rent spaces. The provision of such workspaces would bring increased diversity to the city's employment offer and provides employment opportunities that would otherwise not be available in the city. These businesses would normally be priced out of the market given the high demand for such spaces.

5.4 Local Plan policy will require an affordable workspace strategy to be submitted for major commercial developments in Oxford. This would include ARC Oxford, Science Park, Northern Gateway, Oxpens, Osney Mead, Nuffield sites, Kassam Stadium & Ozone Leisure complex and Unipart. The strategy should set out the quantum of affordable workspace to be provided and fitted out together with a justification for the type of space and the sector likely to take up the accommodation. This policy would offer help and support to SME's and Social Enterprises and allow them to continue to stay in the city and provide the necessary economic infrastructure that is important to enable Oxford's economy to function successfully and promote an 'inclusive' economy.

6.Conclusions

6.1 The vision for Oxford's economy includes the aim to promote an 'inclusive' economy, which seeks to improve opportunities for its local workforce in terms of job creation, greater job diversity and providing more prospects for skills and training. This approach aligns with the aims and objectives of the Oxfordshire Local Industrial Strategy and Oxfordshire Local Investment Plan (LIP) (Aug 2022). The aim is to positively meet the wider employment needs of a greater number of local people and capture more 'social value'.

Policy E3: Affordable Workspace Strategy and Affordable Workspace Provision on Commercial Sites

Development proposals delivering commercial development[4] on the following sites are expected to deliver affordable workspace as part of their masterplans:

- **ARC Oxford**
- **Oxford Science Park**
- **Oxpens**
- **Osney Mead**
- **Nuffield Sites**
- **Kassam Stadium and Ozone Leisure complex**
- **Unipart**
- **Northern Gateway**

Details of the size, marketing, servicing and the management of the spaces should be set out in an affordable workspace strategy.

The City Council will work proactively and collaboratively with any developers on any sites where they would like to promote the delivery of affordable workspace in their development.

The details of the affordable workspace strategy including the size, management and servicing of the space will be secured through a Section 106 agreement to the satisfaction of the local planning authority.

Policy E4: Community Employment and Procurement Plans

Planning permission will only be granted for proposals of 50 or more homes or over 1,000sqm non-residential floorspace where they are supported by a Community Employment and Procurement Plan (CEPP). The CEPP must identify the opportunities that will be provided by the development to support the inclusive economy, demonstrate the social value of the proposals and set out how they will be promoted and delivered. CEPPs will be expected to address all the following criteria:

a. **Securing construction jobs for local residents;**
b. **Providing construction apprenticeships and/ or training opportunities for local residents**
c. **Linking with local schools and colleges;**
d. **Securing jobs in the operational/ end-user phase for local residents;**
e. **Procuring a proportion of on-going supply chain needs locally;**
f. **Paying all employees (other than apprentices) the Oxford Living Wage;**
g. **Only using contractors who commit to paying the Oxford Living Wage or other social clauses appropriate to the development**

h. **Procuring a proportion of construction materials locally; and**
i. **Delivery of affordable workspaces.**

The City Council will use a condition and/or legal agreement to secure these commitments in accordance with a site-specific CEPP.

Smaller developments, below the threshold for a CEPP, will be expected to provide a written statement in support of their planning application to show what job opportunities, and or skills and training prospects can be delivered during the construction and or end-user phase of the development.