

Oxfordshire Inclusive Economy Commission

1. Background Context and Aims

Oxfordshire has one of the strongest economies in the UK, and has grown by almost four percent per annum since 2006. Yet, Oxfordshire, like the UK, has a very unequal distribution of income. Oxford is ranked the 2nd most unequal city in the UK and housing affordability is also a critical long-term issue. Some of the key areas of concern include:

- **Earnings:** A significant number of people in Oxford and Oxfordshire are earning below the national real living wage of £9 p/h (10.3% and 14.6% respectively). The figures are stark when compared by gender or part-time and full-time.
- **Housing:** The Housing Affordability ratio for Oxford was 17.3 in 2018, up from 13.7 in 2008, making Oxford the least affordable city in the UK (Centre for Cities, 2019).
- **Educational attainment:** 22% of Oxford's population is poorly qualified. A significant proportion of people may not be able to share in local prosperity gains or indeed contribute to them. This will be exacerbated by the changing structure of the economy and jobs created in future.
- **Health outcomes:** Inequality in life expectancy at birth has widened from 8.5 years in 2010/12 to 9.5 years in 2017/18.
- **Food poverty:** Good Food Oxford has estimated that a typical family in Oxford needs to spend 42 % of their after housing budget on food and would need to be earning approximately £16,000 (gross yearly @35 hrs a week) to be described as not being in food poverty. An individual earning at the national living wage (minimum wage) would only earn £14,250 (gross yearly @35 hrs a week).

Partners across Oxfordshire want to ensure that benefits of anticipated growth are spread more widely across the region. Unfortunately, evidence to date tells us that economic growth alone does not intrinsically reduce inequality so proactive interventions are needed. The Oxfordshire Local Industrial Strategy (LIS) places a firm commitment on supporting an inclusive economy and commits to the establishment of a commission to carry the work forward. This commission will identify bold and ambitious interventions, which partners from the public, private and community sectors across Oxfordshire can support and deliver. These interventions will build on strategic initiatives underway such as the Oxford Living Wage, Community Employment Plans and inclusive recruitment practices to harness the potential of local people. There are opportunities to build on this work by setting out clearer ambitions to create a more cohesive society and balanced economy that emphasises inclusive economic opportunities for all as a top priority.

This work also requires alignment across a broader regional dimension with the Oxford-Cambridge Arc. The Arc contributes over £107bn GVA to the UK economy and the cities and settlements between Oxford, Milton Keynes and Cambridge present a unique opportunity to nurture an economic asset of international standing – shaping places that demonstrate world class innovation. Yet, there is also desire across the Arc to ensure the benefits of economic success are felt across local communities as well as UK PLC. This will require new ways of working between the Government, local partners and businesses, along with long-term commitments and a thoughtfully crafted request for devolved powers and authority to enable implementation of inclusive economy initiatives. This is particularly timely based on the expected devolution White Paper this spring which will set out how further powers and funding would be devolved across England. The Government said the legislation would aim to increase economic growth and productivity and devolving decision-making, and should provide Oxfordshire opportunities to influence policy options.

To pave the way for the establishment of the Oxfordshire Inclusive Economy Commission, a series of four seminars, initiated by Oxford City Council, the Oxford Strategic Partnership (OSP) and Oxfordshire Local Enterprise Partnership (OxLEP) are facilitating dialogue across the full range of partners to understand what the inclusive economy ambition should be, and begin to identify priority strategic interventions. Three Inclusive Growth seminars have been held to date and we have compiled an initial set of findings, messages and potential priority areas which have emerged in these sessions.

2. Key Findings, Messages and Themes to date

- Strong, consistent support to focus on **Inclusive Economy** (rather than solely growth) where the ambition should be to hard-wire inclusivity into the economy so it delivers economic and social outcomes that benefit all of the community. Growth as an end in itself is not enough and we also need to think about investment decisions that support virtuous economic benefits.
- It's critical to structure the inclusive economy within a **system approach** that accounts for both soft and hard infrastructure as well as business environment, financing and institutional capacity. Soft infrastructure includes workforce skills, health, community well-being, etc.; and hard infrastructure includes transport, housing, digital, and other physical assets.
- Words and metrics are important to define clarity of purpose and accountability, but with inequality widening and impacting greater parts of the labour market, it is essential to leverage existing assets and work at pace to focus on **action and implementation**.
- While income inequality has been an issue in Oxford (and Oxfordshire) for a few decades, the growth in inequality over the past decade has been most pronounced in **housing prices and a lack of affordable housing** for Oxfordshire's workers which has severe implications on where people live, transport and commuter flows, and the environment
- Technological change and the shift towards a service-led knowledge economy is reshaping employment and hollowing out existing occupations while creating new types of jobs. As a result, the **middle has been squeezed** as growth in finance, technical, management and professional services have increased with fewer opportunities for traditional 'skilled' workers..
- Oxfordshire has **tremendous economic assets and opportunities** to leverage as a strong economy should allow more opportunities to be bold. Of many examples, University of Oxford is planning to build 'innovation districts' to combine their vast number of tech/science spinouts with residential living and provides an opportunity to effectively integrate a new community with existing neighborhoods.
- A growing number of Oxfordshire local authorities, social enterprises, anchor institutions, charities, private companies, and landed estates (Blenheim Palace) are already undertaking substantive actions and policies in support of a more inclusive economy. **Bolder, meaningful collaboration** among these partners working towards a **shared vision and goals** is needed to achieve measurable impact on key metrics such as improved educational performance, higher wages and more affordable housing.
- Critical to the successful implementation of inclusive economy initiatives is the need for **increased local powers and flexibilities** to work at the local/regional level along with funding from central government to test and scale-up promising programmes. New forms of finance from complementary sources, including community crowd sourcing, social impact bonds and the private sector are vital and require innovative design, investment and leadership.

3. Potential Priority Areas for Inclusive Economy Agenda in Oxfordshire

Areas for further exploration which could help define the goals and tactics for an Oxfordshire Inclusive Economy agenda include:

- **Increasing local spend and enhancing local businesses through procurement** – learning from the experiences of other UK cities, Oxfordshire can look to boost local spend and economic capture through procurement strategies of anchor institutions such as local authorities, universities and colleges, the health sector and major local businesses. This could include: a) initiatives to boost the capacity of local small and medium sized businesses to be competitive suppliers; and b) creating more clarity on priority criteria to generate social value.
- **Place-based programmes / investment to targeted areas (e.g. high deprivation)** – there is an acknowledged reality that deprivation and inequality of opportunity is concentrated in particular areas of Oxfordshire, and that place-based programmes and investment that combine hard and soft infrastructure can be shaped to retain more economic benefits locally. For example, this can follow current neighbourhood initiatives to include a business support function to start-up businesses, invest in community facilities, and enhance skills training.
- **More targeted investment in skills-based training, education and access to jobs** – talent development and the ability to empower local residents to gain the skills needed to compete and access new forms of employment are critical to opening up opportunities. Support at every stage of learning, including early education interventions, with an effective pathway into employment requires a more dynamic skills and education system with more engaged business leadership. This should consider targeted initiatives to help people excluded from the workforce to overcome barriers to jobs.
- **Linking social/community outcomes and benefits as part of infrastructure investments** – Extensive investment of circa £700m is planned in Oxfordshire’s infrastructure which will improve connectivity between local communities and economic opportunities. An example is the Cowley Branch line as a potential infrastructure project that must ensure that new rail services will benefit existing local residents and not lead to gentrification. This will require explicit goals, metrics and commitments to achieve benefits for the community and existing residents beyond infrastructure delivery.
- **Enhancing access to affordable commercial property and workspace** – helping to incubate and grow local start-up businesses (including social enterprises) requires having access to affordable workspace. This could be pursued through meanwhile use programmes, leveraging public sector ownership of land and buildings, partnering with anchor institutions that own substantial physical property, and other initiatives.
- **Addressing housing affordability in innovative communities** – with the combination of housing growth, infrastructure delivery, and institutional partnership, there should be opportunities to use innovation and experimentation to try new models for housing that more quickly and directly address affordability, including potential housing discounts, and new forms of ownership.
- **Encourage more socially and environmentally responsible businesses** – while this work is underway, more can be done to increase the number of socially and environmentally responsible businesses through Corporate Social Responsibility (CSR), best practices, alternative forms of ownership, etc. This initiative could be linked to procurement to give priority status on spending decisions to suppliers that earn recognition for socially responsible actions (e.g. paying all employees a living wage).

4. Support Required to Advance our Inclusive Economy Agenda

To advance Oxfordshire's inclusive economy work agenda, OSP and OxLEP plan to engage in a number of action-oriented work steps in 2020. This is likely to include:

- Conduct fourth Inclusive Growth Seminar on the 29th January to review key findings (consistent with this report), lay out key priority areas moving forward, and start organising an Inclusive Economy commission.
- Developing and finalising written materials summarising findings from the inclusive growth seminars and setting out future options in collaboration with key stakeholders.
- Working with the city and county council and a wide-range of partners to form an Inclusive Economy commission or group to clarify purpose, scope and help carry work forward.
- Support initial work of the Inclusive Economy group and help engage with partners to develop more specific initiatives, pilot projects and policies to start implementing inclusive economy priorities.