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Strategic Economic Plan Development - Draft

July 2023



HM Government

SQW



1: Introduction

Our new Strategic Economic Plan (SEP) updates and replaces Oxfordshire's previous economic strategies. Informed by a county-wide conversation, it provides a post-pandemic statement of economic priorities for Oxfordshire. It charts a positive economic future for the county, and it sets out our strategy to 2033.

The SEP has been developed through

- an Independent Economic Review – which included an open call for evidence and has focused on key themes for Oxfordshire
- a participative process which has involved stakeholder engagement through a series of workshops which were held during spring 2023.

The preparation of the SEP has been supported by a Working Group – with representation from Oxfordshire's local authorities, Universities, Health, colleges, and DLUHC/B&T – which meets monthly to steer the plans development.

2: Strategic context (1/3)

Within Oxfordshire, the **strategic context** for the new SEP is provided by the **Strategic Vision** developed by the **Future Oxfordshire Partnership (FOP)**:

'We want Oxfordshire's people, places and environment to thrive so that the lives of current and future generations are enhanced'

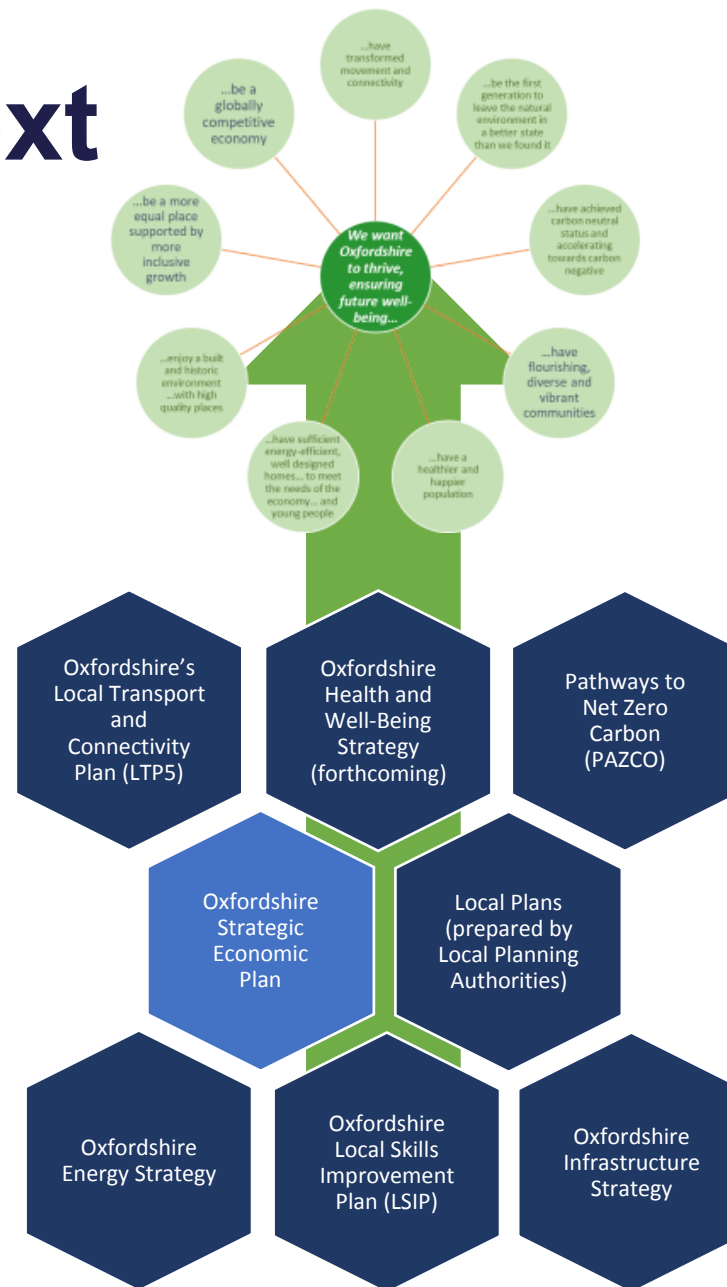
This Vision is supported by **nine objectives** (and eleven accompanying guiding principles).



2: Strategic context (2/3)

The SEP is one of a suite of Oxfordshire strategies which support the nine objectives of the Strategic Vision.

Together, these strategies will deliver the Strategic Vision agreed by the Future Oxfordshire Partnership.



2: Strategic context (3/3)

The SEP has also been **informed by broad national priorities**, particularly those that have medium-long term currency and cross-party support.

Key national priorities of relevance include:

- using science and innovation assets and capabilities well
- enhancing productivity, including through the use of digital technologies
- supporting clusters and place/area-based economic assets
- achieving net zero and green growth
- addressing the housing crisis
- opportunities for devolution
- levelling up, and addressing spatial disparities across the UK
- redefining the UK's role and profile internationally.

3: Understanding Oxfordshire's Economy (1/3)

Oxfordshire has a **world class innovation ecosystem**, and its knowledge economy is of international renown. But its effectiveness is linked to a wider foundational economy – and this accounts for the majority of jobs across the county. **The foundational economy is therefore critical in terms of the extent to which Oxfordshire thrives.** It is key to the future prospects of many people and businesses across Oxfordshire.

Within this context:

- Oxfordshire has seen **sustained jobs growth** – slightly above national rates
- Its **business stock** has grown, and the incidence of **high-growth firms** is high.
Oxfordshire has a concentration of employment in **scientific R&D and education**

3: Understanding Oxfordshire's Economy (2/3)

- The county's economic activity rate has been high but it has declined by five percentage points since 2019 – and unemployment rates are low... the inference is **labour shortages**, particularly in the foundational economy
- Among full time employees, **earnings are relatively high** (on average)...
- ...however there are significant **inequalities**, and Oxford in particular is identified as one of the most unequal places in the UK
- Overall Oxfordshire's performance in terms of **productivity** is below the UK average

In economic terms, **Oxfordshire has significant strengths, linked to our key economic assets.** But it also has **economic weaknesses and risks associated with our Foundational Economy.** These will need to be addressed if Oxfordshire's overall Strategic Vision is to be achieved.

3: Understanding Oxfordshire's Economy (3/3)

Figure 3-1: Key insights from the 'Deep Dives'

Progression and inclusive growth	Economic sustainability and net zero	Foundational economy	Innovation and diffusion
<ul style="list-style-type: none"> • Opportunities for inclusive growth was limited through the pandemic, with those 'more at risk' being more vulnerable to job loss. The cost of living crisis has accentuated the issue. • Flexibility of work is critical to getting people back into the workforce • Labour market shortages are critical across many of Oxfordshire's sectors – this links to migration patterns, retaining students post-graduation and high cost of living in Oxfordshire relative to the rest of the UK 	<ul style="list-style-type: none"> • PAZCO provides the starting point for thinking about Oxfordshire's transition to net-zero and the implications • The general consensus is that net zero and wider environmental limitations must be a priority – this will mean there will be a need to prioritise environmental sustainability of Oxfordshire • There are opportunities to increase the uptake of green innovation, building on the strengths of the existing innovation ecosystem • Energy infrastructure is a major challenge holding back the transition to cleaner and greener energy projects 	<ul style="list-style-type: none"> • The foundational economy is critical to the success of Oxfordshire (SME's including Agriculture and Food production and public services) • Oxfordshire's challenges – tightness of the labour market, high cost of living and access to business space – highlight potential for new approaches to key worker housing • Links between employers and the 'health economy' are recognised • Increasing demand for/ awareness of 'social value' • Across micro and small businesses, take-up of established/ existing technologies and systems is often limited. 	<ul style="list-style-type: none"> • Oxfordshire's assets are world class – and there has been significant recent investment • The flow of spin-out businesses has grown and the commercialisation infrastructure surrounding has developed substantially • Evidence of wider innovation and diffusion continues to be relatively limited – in part because major buyers in Oxfordshire are very risk averse • The shift to working from home is causing diffusion 'by stealth' – but the implications are unknown

4: Approaching 2033: Key trends and drivers (1/3)

Looking ahead over the next decade, there are **wider trends and drivers** – particularly social, technological, economic and environmental – which will **affect businesses and communities across all parts of Oxfordshire**. These help to define a series of opportunities and threats to which the SEP must respond.

From both the Independent Economic Review and feedback from the stakeholder workshops, critical trends and drivers include the following:

- **Social drivers** – relating to people and communities
 - cost of living pressures, particularly issues linked to the affordability of housing
 - the continuing challenges of labour market progression for many
 - changing lifestyles, and the aspirations of Gen Z in particular
 - overall population ageing

4: Approaching 2033: Key trends and drivers (2/3)

- **Technological drivers**
 - the wide ranging implications of AI, data, data security, digital connectivity... including with regard to automation
- **Economic drivers**
 - the 'war for talent' and the skills/labour shortages facing many different employers
 - the changing relationship between economic activity and employment/housing provision
 - the increasingly globally competitive knowledge economy, and changing patterns of international trade
- **Environmental drivers**
 - the imperatives around transitions to net zero, including with regard to energy infrastructure
 - the criticality of resource use efficiency, with particular implications for the use of agricultural land

4: Approaching 2033: Key trends and drivers (3/3)

- **Political drivers**

Key national priorities of relevance include:

- using science and innovation assets and capabilities well
- enhancing productivity, including through the use of digital technologies
- supporting clusters and place/area-based economic assets
- achieving net zero and green growth
- addressing the housing crisis
- opportunities for devolution
- levelling up, and addressing spatial disparities across the UK
- redefining the UK's role and profile internationally.

5: SEP Ambition, Objectives and Themes (1/4)

Consistent with the overall Strategic Vision, our **ambition** is that through the SEP...

...by 2033, **people and communities** across Oxfordshire will be benefitting from **new opportunities** which are **created sustainably, supporting the journey to Net Zero** through investment in **local enterprise and innovation**. These will enhance further their **well-being** in an **outstanding local environment**. They will also underpin, complement and support a wider **innovation ecosystem** which will continue to be of **global significance**, transforming for the better the lives of people across the world.

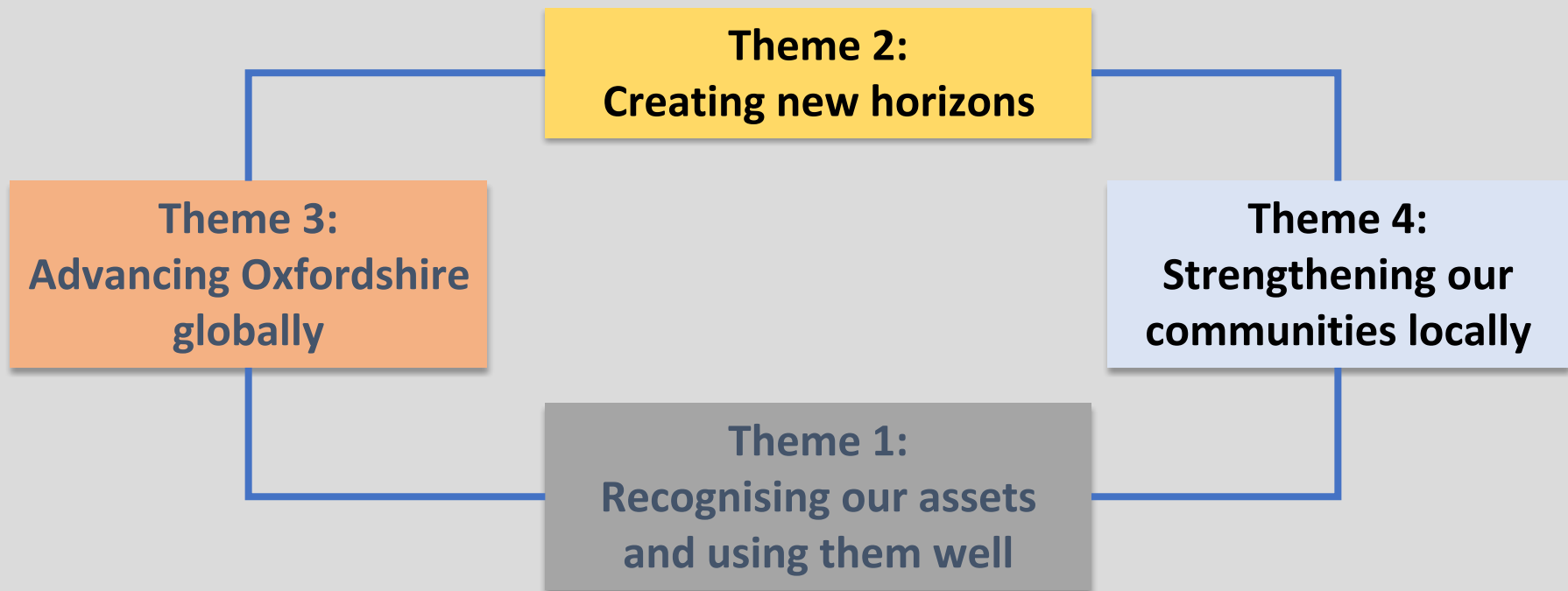
5: SEP Ambition, Objectives and Themes (2/4)

In order to achieve our ambition, we have identified **four key Objectives**:

1. Enable Oxfordshire's **businesses to thrive**, and encourage **pervasive innovation**
2. **Widen access** to current opportunities and **equip people and places** as jobs change over the next decade
3. **Secure resilient infrastructure** for planned growth, consistent with Oxfordshire's commitment to net zero carbon by no later than 2050
4. Ensure that Oxfordshire's **places are sustainable, distinctive and inclusive**, and that **local communities flourish**

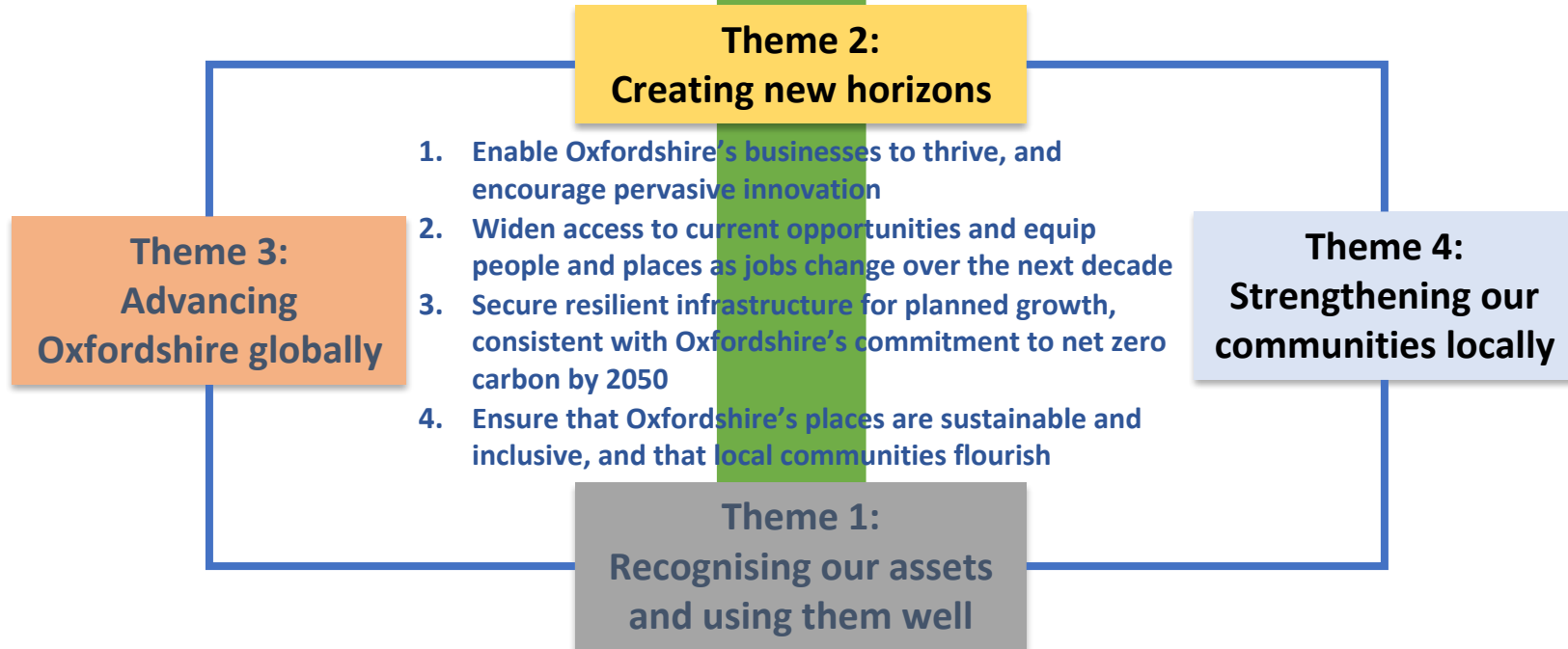
5: SEP Ambition, Objectives and Themes (3/4)

These objectives will be shaped and delivered through **four cross-cutting Themes**. The Themes will help to avoid siloed thinking and ensure that progress is made.



5: SEP Vision, Objectives and Themes (4/4)

Through the Objectives and Themes, the delivery of the SEP will support all nine objectives of the FOP Strategic Vision.



6: Theme 1 – Recognising our assets and using them well (1/2)

Theme 1 is concerned with **productivity in Oxfordshire**.

There is a strong link between productivity and standards of living – albeit increased productivity *must* be achieved sustainably and in a way that improves overall well-being (linked, for example, to reduced inequality and greater economic inclusion).

In focusing on productivity we are encouraging better, smarter and cleaner growth to benefit both current and future generations within Local Plan commitments.

Progress will be made in relation to Theme 1 by advancing the following action areas (each of which links to one of the SEP objectives):

- support Oxfordshire’s SMEs to navigate the transition to net zero and enhance productivity, particularly through the use of digital solutions (Obj 1)

6: Theme 1 – Recognising our assets and using them well (2/2)

- learn about the relationships between productivity, innovation and remote working, and disseminate best practice (Obj 1)
- work with partners to improve social mobility for young people and ensure that they have greater access to career pathways within Oxfordshire (Obj 2)
- provide better coordinated support for people getting (back) into the labour market (Obj 2)
- raise awareness of the Oxfordshire Inclusive Economy Partnership’s Charter, and encourage more employers in Oxfordshire to commit to it (Obj 1, 2 and 4)
- work with partners to facilitate sustainable travel to major employment locations (Obj 3)
- work with partners to use existing employment land well, recognising different sectoral needs and acknowledging links to housing (Obj 4)
- work with partners to address Oxfordshire’s housing crisis through innovative solutions within the framework provided by local plan-making processes (Obj 4)
- recognise the importance of Oxfordshire’s rural economy and links to both food production and land use (Obj 4)

7: Theme 2 – Creating new horizons (1/2)

Theme 2 is concerned with **innovation**. This includes innovation linked to the commercialisation of science, but it also needs to be understood more broadly. Innovation relates to both products and processes. It is important across all sectors, and in relation to the delivery of key services, many of which define the core of the foundational economy.

Progress will be made in relation to Theme 2 by advancing the following action areas (each of which links to one of the SEP objectives):

- advance a series of Oxfordshire ‘living labs’ – with foci including:
 - digital transformations
 - well-being in later life
 - transformation in service delivery
 - transitions to sustainable energy (Obj 1)

7: Theme 2 – Creating new horizons (2/2)

- develop an integrated response – particularly in relation to start-up and move-on space, and appropriate workforce skills – to support the formation and scale-up of high growth potential businesses (Obj 1)
- work with R&I partners to advance cluster strategies linked to emerging and low carbon technologies and actively seek to secure wider impacts at different scales; these should include evidence of tangible progress regarding pathways to net zero carbon, including through low carbon innovation and low carbon energy (Obj 1)
- work with partners to support students and young people across the county to develop business propositions and forge connections across the innovation ecosystem (Obj 1)
- through Oxfordshire’s LSIP and more generally:
 - work with employers and providers to equip people for a working life in which job roles will change (through automation, etc.) (Obj 2)
 - instigate a wider ‘future skills’ initiative involving key Oxfordshire employers, further education colleges and higher education institutions (Obj 2)
- develop a county-wide response to the sectoral possibilities surrounding retrofit (Obj 3 and 4)

8: Theme 3 – Advancing Oxfordshire globally (1/2)

Theme 3 is defined in recognition of Oxfordshire's globally (and nationally) significant assets, profile and role – and the responsibilities that come with them. These assets range from its historic buildings (e.g. Blenheim Palace) and natural environment, through to its research and learning institutions.

Progress will be made in relation to Theme 3 by advancing the following action areas (each of which links to one of the SEP objectives):

- encourage more of Oxfordshire's entrepreneurs and business leaders to achieve international prominence and impact (Obj 1)
- welcome responsible international investors and investment to Oxfordshire (Obj 1)

8: Theme 3 – Advancing Oxfordshire globally (2/2)

- support the responsible growth of the Visitor Economy (Obj 1)
- support local businesses as they develop export markets (Obj 1)
- welcome international workers, including those in skills shortage areas (Obj 1 and 2)
- collaborate with areas Nationally (Levelling-Up) and Internationally (Global Markets) , by capitalising on our Innovation Ecosystem (R,D and I) capability for wider business ,community and societal benefit (Obj 1 and 4)
- work with regional partners to secure appropriate infrastructure particularly to support our Net Zero ambitions by 2050 and enhance our competitiveness (Obj 2,3)

9: Theme 4 – Strengthening our communities locally (1/2)

Theme 4 recognises the **character and potential of communities** across Oxfordshire – whether in Oxford itself, in the surrounding towns (Bicester, Banbury, Witney, Didcot, Abingdon, etc.), or in Oxfordshire’s villages. It also recognises that Oxfordshire is changing, and that new places and communities are being formed. The links between old and new will be very important looking ahead.

Progress will be made in relation to Theme 4 by advancing the following action areas (each of which links to one of the SEP objectives):

- support local authorities, universities and developers to advance the network of innovation hubs across different places in Oxfordshire (Obj 1)
- support social enterprise across Oxfordshire, particularly through the work of the Oxfordshire Social Enterprise Partnership (Obj 2 and 4)

9: Theme 4 – Strengthening our communities locally (2/2)

- support the work of the voluntary and community sector, recognising critical links to Oxfordshire’s foundational economy (Obj 2 and 4)
- recognise and nurture the distinctive economic roles and contributions of all of Oxfordshire’s places (Obj 4)
- facilitate initiatives linked to community wealth-building (Obj 4)
- advance community employment plans for new developments, and encourage healthy place shaping (by bringing together planning for housing, infrastructure and the economy with planning for residents’ health and wellbeing) (Obj 4)
- encourage the growth of the circular economy and measures to influence economic behaviour consistent with the transition to net zero (Obj 4)
- support the delivery of the Oxfordshire Food Strategy (Obj 4)

10: Delivering the SEP

There are **four main routes** to delivering the SEP over the next decade. These focus on::

- attracting **private sector investment**
- **working collaboratively** across (and beyond) Oxfordshire and through wider partnerships
- **leveraging** the development processes
- **bidding** effectively for funding when opportunities present themselves.

In terms of **governance and oversight**:

- OxLEP's Board will oversee the SEP and Action Plan delivery
- Provide regular updates to the FOP on progress

11: Measuring progress in delivering the SEP

Through the SEP, we will deliver economic growth more efficiently and more equitably – and *within existing county-level ambitions with regard to net jobs creation whilst enabling progress towards net zero carbon.*

Within this context, the **progress of the SEP** will be measured in terms of:

- increasing effective labour supply by returning to pre-pandemic activity rates; and
- raising median earnings compared to mean earnings across Oxfordshire (on a residence-based measure); and
- achieving productivity levels that exceed the national average; and
- achieving wider knowledge economy impacts of global significance.
- *Businesses adopting Net Zero targets (including procurement and supply chain)**

For contextual purposes, we will track progress in relation to a broader basket of indicators, linked to the wider themes within the FOP Strategic Vision.

12: Timetable for finalising the SEP

July / August

- Prepare the SEP and Action Plan
- Update Presentation to the Future Oxfordshire Partnership (25/07/23)

September

- Present draft Final SEP to LEP Board for endorsement (19/09/23)
- Present draft Final SEP to FOP for consideration (26/09/23)

October

- Final SEP to Board for approval in October* via Written Procedures/Special Meeting (TBC)

* Noting FOP feedback

Oxfordshire's Strategic Economic Plan, 2023-33



Theme 2: Creating new horizons

1. Enable Oxfordshire's businesses to thrive, and encourage pervasive innovation
2. Widen access to current opportunities and equip people and places as jobs change over the next decade
3. Secure resilient infrastructure for planned growth, consistent with Oxfordshire's commitment to net zero carbon by 2050
4. Ensure that Oxfordshire's places are sustainable and inclusive, and that local communities flourish

Theme 3: Advancing Oxfordshire globally

Theme 4: Strengthening our communities locally

Theme 1: Recognising our assets and using them well