Oxfordshire Strategic Economic Plan

Exploring Scenarios – Workshop Report

SQW

OxLEP
driving economic growth

This paper summarises the outcomes of two workshops held on 17 and 19 April 2023 to inform the preparation of a new Strategic Economic Plan for Oxfordshire. The workshops involved a range of stakeholders from the public, business, community and education sectors and sought to explore the potential 'drivers of change' that will influence the future of the economy (and set the context for the Plan) over the next decade.

The paper sets out the background to the development of the SEP, provides an overview of the workshop discussions and explains next steps.

Background

Introducing the new Strategic Economic Plan

In January 2023, Oxfordshire Local Enterprise Partnership (OxLEP) commissioned SQW (in conjunction with Oxford Brookes Business School and glass.ai) to prepare a new **Strategic Economic Plan** (SEP).

The new SEP aims to support the case for future investment; influence sustainable, inclusive economic growth; and provide a framework for cooperation between national government, the private sector, local leadership and key institutions in Oxfordshire. It is being developed in the context of the Future Oxfordshire Partnership's *Strategic Vision for Long-Term Sustainable Development.* This looks ahead to 2050 and sets out a definition of 'Good Growth' and eleven guiding principles, which provide a foundation for developing future plans and strategies[1]. The SEP will contribute to the *Strategic Vision* through a focus on the economy as a key dimension of sustainable development and with a medium-term view over the next decade.

The process of developing the SEP

Following an initial **scoping phase** in February, the focus in March and April has been on the development of an **independent economic review**, taking a fresh look at the economic evidence base and strategic landscape (in the context of the Vision and Guiding Principles for Sustainable Development referenced above). The core of this involves a series of 'deep dives', considering the opportunities and risks to the economy in relation to four questions:

- How can we **enable progression** within Oxfordshire and achieve more **inclusive economic growth**?

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[1] Future Oxfordshire Partnership (May 2021), *Oxfordshire's Strategic Vision for Long-Term Sustainable Development*

- How do we advance the **commitment to net zero and environmental sustainability** in shaping future economic growth?

- How do we **secure the future of the 'foundational economy'** (i.e., that part of the economy that supplies 'everyday' goods and services locally) within Oxfordshire?

- Recognising Oxfordshire's world class strengths, how do we **accelerate innovation and diffusion** – both within Oxfordshire and across the UK?

Work on the Independent Economic Review will conclude in the next few weeks. Building on this, the third phase of activity (in May, June and July) focuses on drawing together a **strategy and action plan** for the county's economy over the next ten years.

Consultation is an important part of the process and is included in every phase. As well as the two workshops that are the focus of this note, two earlier workshops took place in March, to inform the deep dives, and a further two will take place in June, as the framework for the SEP emerges.

The April workshops

Aims and objectives

As the SEP will look ten years ahead, it is important to think about how the economy might evolve over that period, and how it may be impacted by environmental, technological and social trends. The purpose of the two workshops (both of which ran to the same agenda and used the same format) was to explore these potential drivers, especially through the lens of the four 'deep dives' highlighted above. This can then help to inform a series of scenarios for the future of the economy to which the SEP can respond[2].

Introducing the 'drivers' and the questions for discussion

At each workshop, SQW provided an overview of the process to date, including the headlines from the previous workshops in March.

Following this, SQW introduced a series of potential drivers to consider in the next decade. These were all identified because they are long-term and 'structural', beyond the ongoing political and economic cycle. They were also assumed to be value-neutral (i.e., they are significant trends, which may have positive and negative impacts). The seven drivers highlighted were:

- The **changing nature of work**, for example as technology drives increasing flexibility and working patterns become more diverse.

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[2] Note that we are not producing quantified scenarios (e.g., job and GVA forecasts) as part of this study.

- Changes in the way in which people **access learning and knowledge,** through changing demand for re-skilling and lifelong learning and greater diversity of provision.

- **Pervasive digitalisation**, automation and issues linked to data security – recognising that almost all activity is 'digital', and that the next ten years may see the rapid advance of transformational (and potentially very disruptive) artificial intelligence technologies (ChatGPT and its equivalents, for example).

- **'Innovation beyond digital'**, especially linked with chemistry, biology, energy and medicine – areas in which Oxfordshire has distinctive strengths.

- **Pressures and imperatives around environmental limits,** including the transformation that will be needed in the coming decade to meet the UK's net zero commitments.

- The **pace of population ageing**, including rising demand for health and social care services, as well as the extension of working lives.

- **'Democratisation, decentralisation, fragmentation'**, as people consume information and entertainment from a greater variety of outlets and social attitudes and expectations evolve.

Workshop participants were asked to consider how each driver might play out over the next decade; how it might affect each of the four 'deep dive' areas; what the priority responses should be; and how these can help to deliver Future Oxfordshire Partnership's overall *Strategic Vision*.

Stakeholder feedback

Group discussions were wide-ranging. The following paragraphs highlight some of the key themes that emerged.

Are the drivers the right ones? Should any additional drivers be identified?

It was suggested that 'pressures and imperatives around environmental limits' should be refocused as a driver to also consider the **opportunities associated with 'nature-based solutions'** and **nature restoration** – more broadly, it is important not to regard the environment as a constraint, but as an asset.

All the 'drivers of change' are important, but it is the interplay between all of them that is critical. In addition to those listed, some further 'drivers of change' were highlighted, including:

- **Infrastructure availability and resilience**. This was seen as distinct from, although overlapping with, 'pressures and imperatives around environmental limits', extending to access to energy and water infrastructure.

- The concept of (and threat from) ***disinformation*** within the identified driver of 'democratisation, decentralisation and fragmentation'.

- **Cost of living pressures:** a major current issue, although associated with structural factors (e.g., housing cost pressures) as well as general inflation. These might intensify over time, especially if external factors (e.g., **food security and supply chain vulnerabilities**, linked with climate change and global political conditions)

- **Changes in the way that business is done**, linked with wider social trends and how firms respond to the motivations of employees and their own role in society.

- Macroeconomic and wider political trends, including '**deglobalisation**'.

*How the drivers might play out – in relation to **progression and inclusion**…*

Digitalisation and automation will have a significant impact on the nature of work and the types of jobs that people will do in the future – with implications for working lives and opportunities for career progression. Providing opportunities for people already in the labour market to retrain and adapt will be increasingly important.

Linked with this, **changing working practices** have implications for progression: social interaction and collaboration are important for learning and career development, and there may be limits to the growth of remote working.

The growing **housing crisis** is a significant barrier to social inclusion. While this is a national issue, there are some distinct local factors: e.g., the loss of stock in Oxford for short-term lets, which the City Council is seeking to address. Access to stable housing is a critical factor in driving 'generational unfairness' and needs to be resolved, although there are limited solutions in the short-term.

*In relation to achieving **net zero**…*

Several groups highlighted the **centrality of decarbonisation and climate change resilience** to all planning for Oxfordshire's future, especially given the need for significant progress in the next ten years if the 2050 target is to be met. The need for good data to set targets and monitor progress was noted: there could be significant opportunities through the **advance of digital technology** to collect better data and use this in planning, land use and nature recovery strategies. There could also be **commercial investment opportunities in nature recovery**, which ought to be explored and enabled.

Inclusivity and engagement are important: **communities and businesses need to be supported on the journey to net zero.** The 'relatability' of abstract concepts was cited as a challenge: for example, many SMEs aren't necessarily thinking about 'net zero' as a challenge/ opportunity (although they will be responsive to changing demand and prices). What matters

is less the terminology and more that an overall vision is understandable, and that practical delivery happens and is seen to happen.

Related to this, **fragmentation** was seen as a challenge: a wide range of organisations are committed to significant advances in sustainability, but there is often a gap in understanding between different stakeholders (for example, between local authorities, developers, utilities providers and communities). There ought also to be opportunities to learn from innovation and successful delivery elsewhere, as well as within Oxfordshire.

In relation to the *foundational economy*…

Regarding the **changing nature of work**, there are still large parts of the foundational economy that are less able to adapt to flexible or home working (e.g., in much of the care sector, retail, hospitality, etc.). So while technology-driven flexible working can help to expand Oxfordshire's labour market overall, there will still be demand for a local workforce to meet local needs.

There are opportunities in Oxfordshire for **new business ideas beyond the 'leading edge' of technology,** but which could still address long-term challenges. These include student spin-outs and entrepreneurship (often overlooked in the focus on research-based spin outs, but significant in themselves), positive approaches to procurement by public sector partners, and increased collaboration between businesses and the charity sector. Oxfordshire Social Enterprise Partnership is playing a key role in this regard.

The **rural economy** was also cited as a key element of the foundational economy – in relation to agriculture and food production, as well as tourism and hospitality. There are some innovative solutions already underway, for example the Oxfordshire Food Strategy, which is developing practical approaches to local supply chain development.

In relation to *innovation and diffusion*

It was observed that while Oxfordshire's innovation assets are highly significant, 'innovation' is often seen as disconnected from the wider community. However, technology convergence presents a great opportunity to develop **'living labs' at scale**, testing new technologies using 'real-time' data, involving communities and developing an environment that can attract and grow smaller businesses. The UK is seen as having a positive regulatory environment, and Oxfordshire has a highly relevant asset base – but bringing together public/ community data and industry and academic leadership takes time, and developing trust across stakeholders is essential. The 'living lab' concept could also be an important part of Oxfordshire's contribution to net zero.

Promoting **collaboration** between businesses is important: there are many innovative ideas, but it can be difficult to break out of silos. From a practical perspective, more co-working space and opportunities for interaction are likely to be valuable.

Some wider perspectives

Beyond the specific deep dive topics and likely drivers of change, other observations included:

- The need for **clear measurements of progress**, and for these to extend beyond measures of economic output and employment.

- The **balance between *economic growth* and *sustainable wellbeing*.** The SEP is one strategy within the context of the wider Future Oxfordshire Partnership *Strategic Vision*, which makes the need for balance explicit. Some stakeholders highlighted the 'doughnut economics' concept as helpful in thinking about the space within which Oxfordshire can develop within the context of environmental sustainability and social inclusion.

- The importance of **not overcomplicating the picture**. Some 'solutions' are conceptually straightforward, even *how* they can be achieved is more complex. At the same time, we need to create an environment in which new solutions can emerge, recognising that innovation often starts at the 'micro' level and rely on committed individuals building partnerships.

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