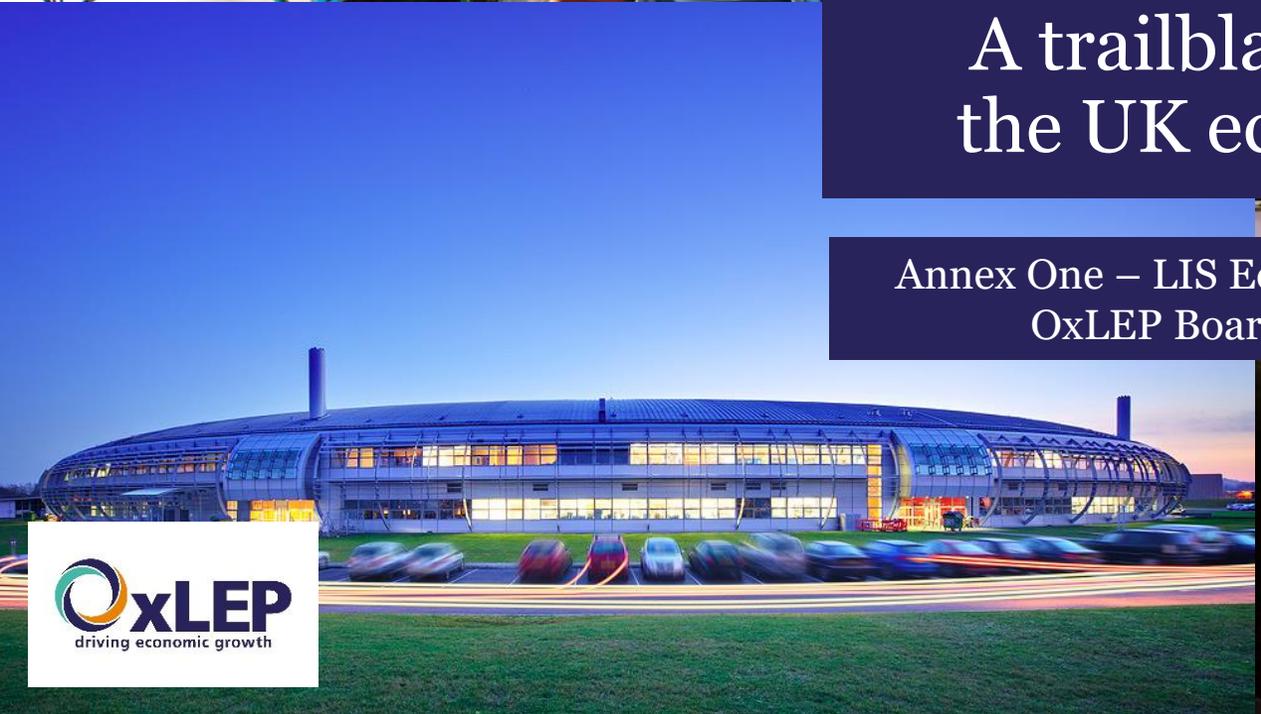


# *Oxfordshire Local Industrial Strategy*

A trailblazer for the UK economy

Annex One – LIS Economic Baseline  
OxLEP Board Briefing



A man in a light blue shirt is working on a complex industrial machine. The machine is filled with various components, including a large circular metallic part on the left, numerous wires, and a complex network of pipes and tubes. The scene is dimly lit, with a blue and green color palette. The man is looking intently at the machine, and his hands are near a control panel or a set of wires on the right side.

# Oxfordshire Local Industrial Strategy Ambition, Objectives and Design Principles



Oxfordshire is a **globally-renowned** region with one of the strongest and most **diverse** economies in the UK, and a successful record in securing **investment** to promote growth



**£23bn GVA**

generated by Oxfordshire for the UK economy each year

**1<sup>st</sup>**

Oxford University, 2018 Times Higher Education global rankings

**40,000**

new private sector jobs in the LEP area since 2011

Highest concentration of **science research facilities** in Western Europe

A centre for **Formula 1 innovation**

**1 of 3**

Net contributors to the UK exchequer

**26 million**

visitors each year, including significant numbers of international visitors

**1,600**

High-tech firms in Oxfordshire

One of the largest and most successful **life sciences** clusters in Europe

Largest **space cluster** in Europe

# The Oxfordshire Local Industrial Strategy: Guiding Principles

*Our vision is for Oxfordshire to be one of the top three global innovation ecosystems by 2040.*

As part of the launch of the UK National Industrial Strategy, Oxfordshire has been invited by Government to develop a Local Industrial Strategy.

This is a huge opportunity to build an ambitious programme for long-term economic growth.

The Oxfordshire Local Industrial Strategy is centered around three principles:

## **1. Oxfordshire can deliver for the UK**

As one of three net contributors to the exchequer, Oxfordshire will deliver economic growth and manufacturing and supply chain opportunities for the rest of the UK.

---

## **2. Oxfordshire is a great place to invest**

Oxfordshire has a world-class innovation ecosystem with a concentration of global assets and strengths. This, along with our strengths in research and talented workforce, make Oxfordshire a great place to invest.

---

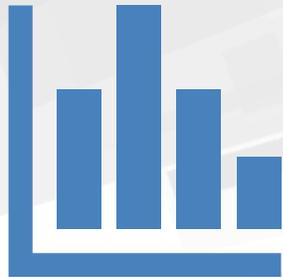
## **3. Oxfordshire has international potential**

Many of Oxfordshire's industries already compete on a global level, and in new emerging markets. Investing in Oxfordshire will support us in our international potential.

## The LIS Is Made Up of Four Key Documents:

- ***Economic Review Baseline*** – an objective assessment of Oxfordshire’s economic performance to date. It explores how Oxfordshire has performed against other local economies provides detailed economic evidence which has helped us to shape and prioritise interventions for the LIS.
- ***Future State Assessment*** – the report sets out scenarios for the economy, taking into account the global megatrends shaping future growth, stakeholder views and the evidence from the Baseline Economic Review. It sets out the key interventions which need to be considered to support the ambitions to be a top three global innovation ecosystem.
- ***The Strategy*** – this will be our overall plan to deliver ambitious, inclusive economic growth for Oxfordshire and the UK. It will focus on how local and national partners can work together to increase productivity, deliver research and innovation to tackle the UK’s Grand Challenges and build the critical infrastructure (physical, digital, business, financial and social) to realise our vision to be a top 3 global innovation ecosystem by 2040.
- ***Investment Prospectus*** – a strategic document detailing the investment needed to secure Oxfordshire’s position as a top three global innovation ecosystem and the ambitious and innovative partnerships we are keen to develop and foster with Government, investors and commercial organisations to deliver our strategy.

And informed by an extensive programme of engagement with over 100 organisations participating so far:



HMG Check and Challenge sessions on evidence base and approach



Bilateral meetings with key stakeholder Senior Leadership Teams

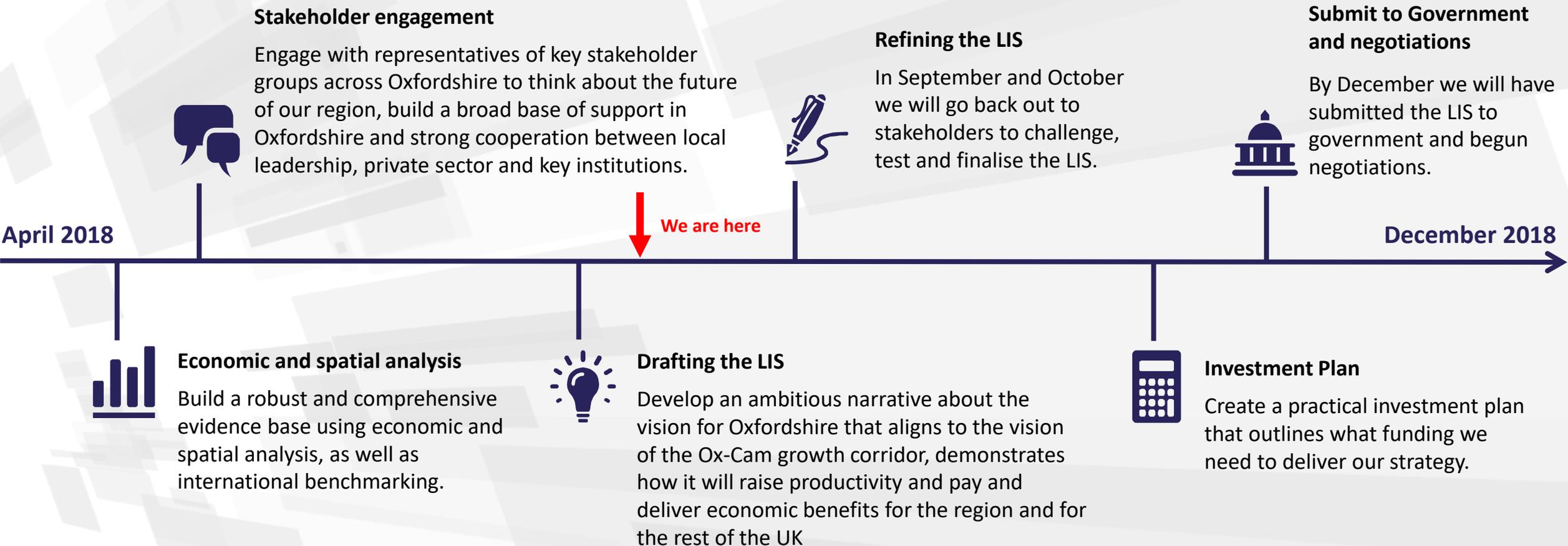


Spatial planning sessions with local authorities, science parks and investors



Set piece workshops with business leaders, working sessions with sector and thematic groups, and the wider OxLEP Family

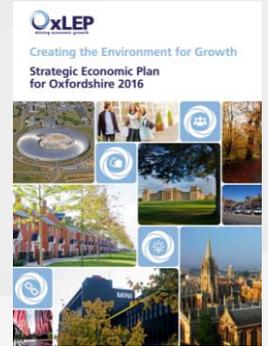
# Our approach to developing the Oxfordshire LIS



Oxfordshire Housing  
and Growth Deal

Oxfordshire  
Housing and  
Growth Deal –  
Outline Agreement

Strategic Economic  
Plan



Local  
Industrial  
Strategy

Joint  
Statutory  
Spatial Plan

Oxfordshire  
Rail Study



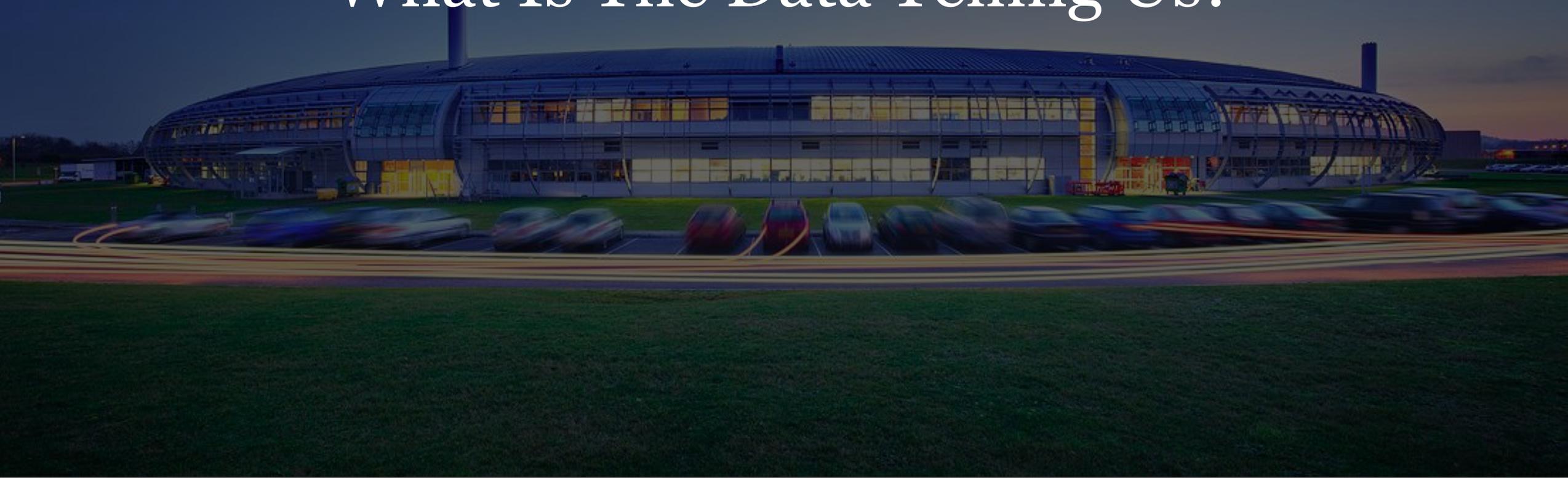
Oxfordshire Infrastructure Strategy



Local Transport Plan 4

# LIS Evidence Base

## What Is The Data Telling Us?

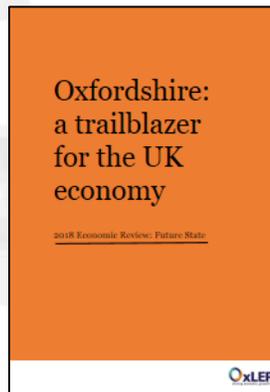


## Key Components of the LIS Evidence Base:



### **First full draft of the Economic Review: Baseline**

We have built on the economic evidence we have presented to the Steering Group so far. This report is an objective assessment of Oxfordshire's economic performance to date. It explores how Oxfordshire has performed against other local economies and the relative performance of each district and key sectors within the county. It provides detailed economic evidence which has helped us to shape and prioritise interventions for the LIS. The evidence in this report also helps to provide the context for why Oxfordshire is now aspiring to be a top three global innovation ecosystem – this report finishes with an exploration of what this means in practice.



### **First draft of the Future State Assessment**

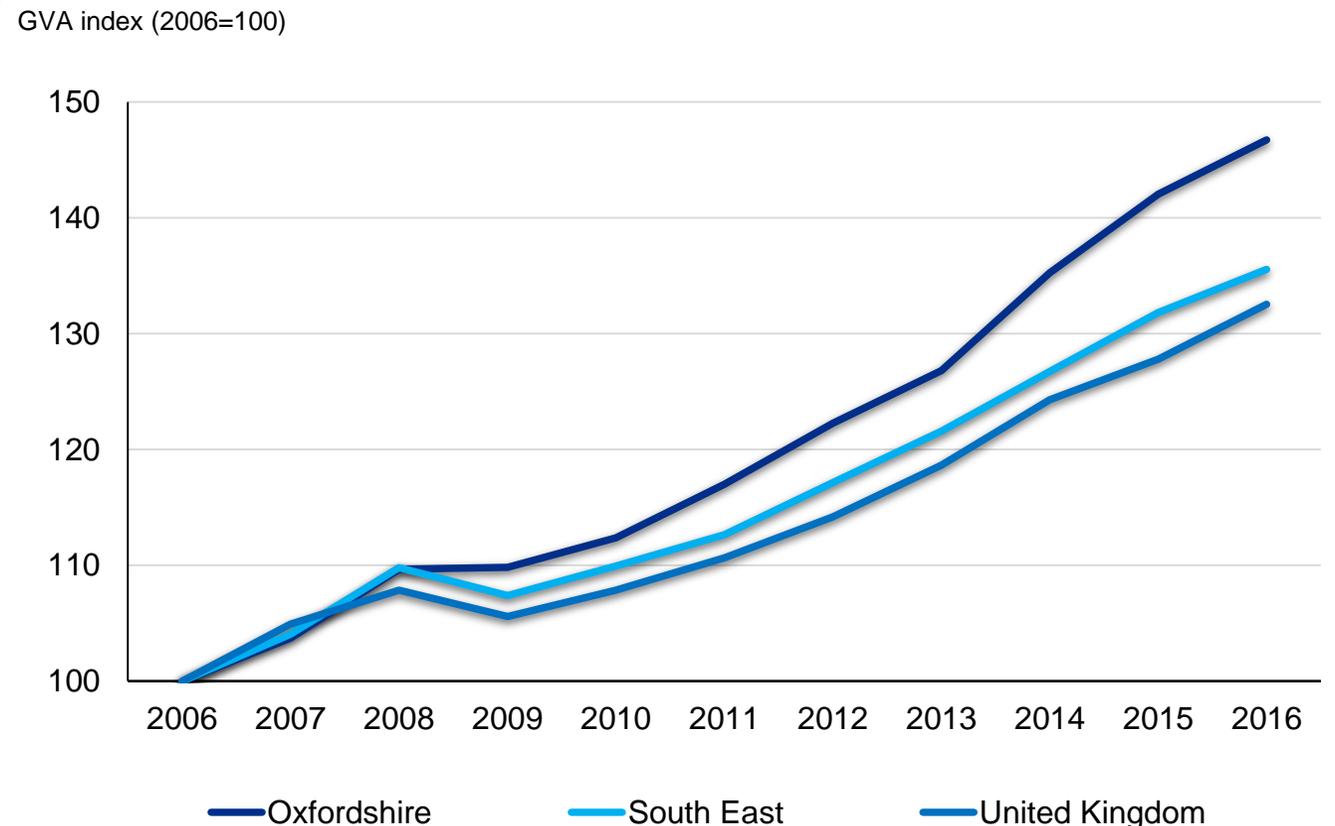
This sets out an ambitious growth trajectory for Oxfordshire, taking into account the global megatrends shaping future growth, stakeholder views and the evidence from the Baseline Economic Review. It sets out the big ideas for Oxfordshire – which have built on following the engagement sessions between May – July, and which now need to be further tested, challenged and reiterated. Further economic modelling for the Future State Assessment is ongoing.

**These will both form the basis of the Oxfordshire Local Industrial Strategy.**

# Oxfordshire has seen impressive growth, continuing to grow throughout the recession

- Oxfordshire has grown at 3.9% annually since 2006, well above the UK rate (2.9%)
- The IT sector has expanded at the fastest rate over the last decade, averaging 5.9% annually
- Oxfordshire continued to grow throughout the recession, albeit at a slower rate (0.2%) whereas the UK shrank by 2.1% per year

**Figure 1: Oxfordshire nominal GVA growth, 2006-16**

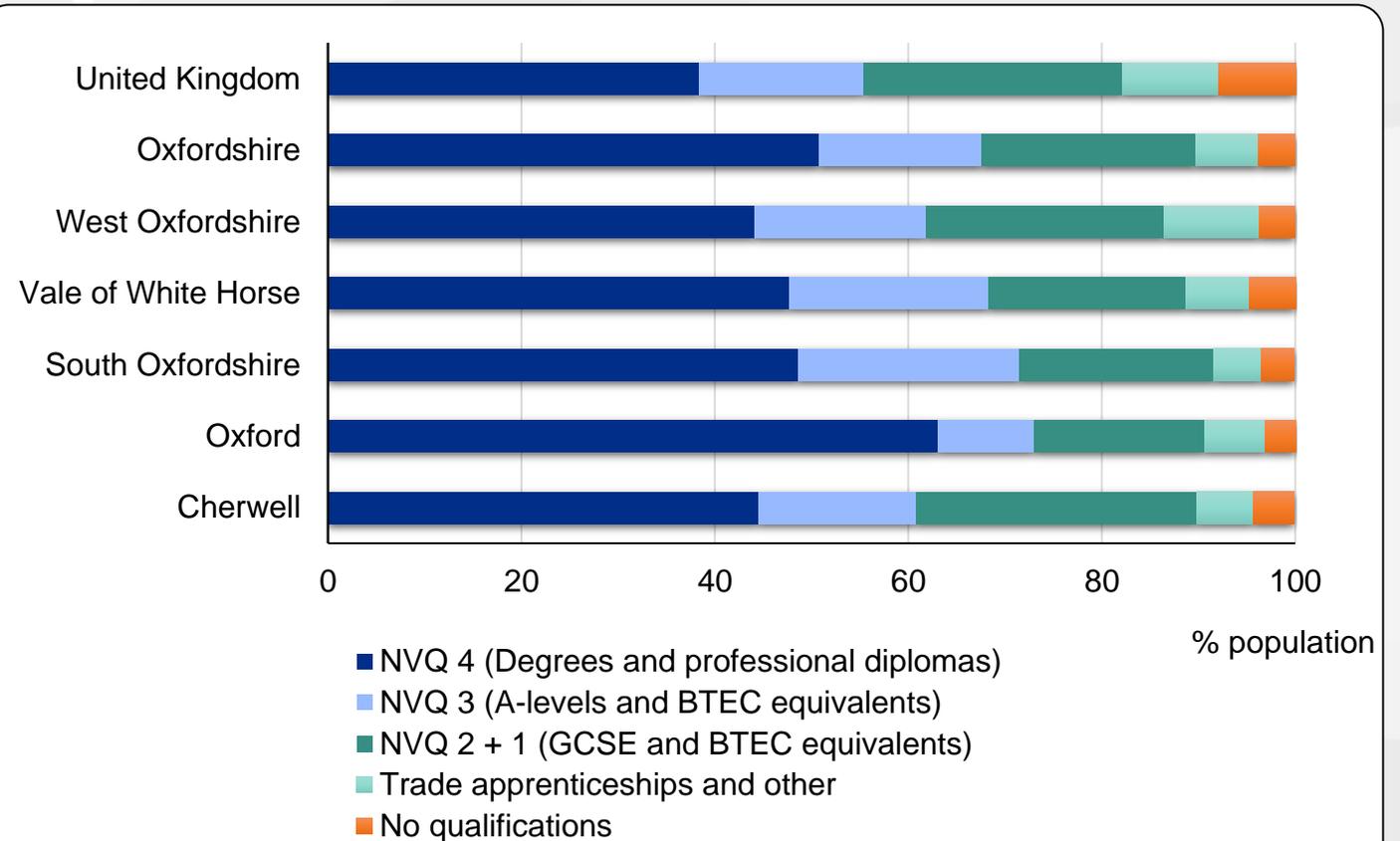


Source: ONS

## Much of Oxfordshire's strong economic performance is owed to its highly skilled workforce

- A strong skills base supports a very high employment rate, 81.8%, comparing favourably to the UK (74.8%) and South East (78.5%)
- Oxfordshire has a large proportion of highly skilled workers, meaning they have a much higher earning potential
- However, the region will need to focus on developing other areas of its labour force, such as vocational training and developing entrepreneurial traits

**Figure 2: Level of qualifications, 2017**

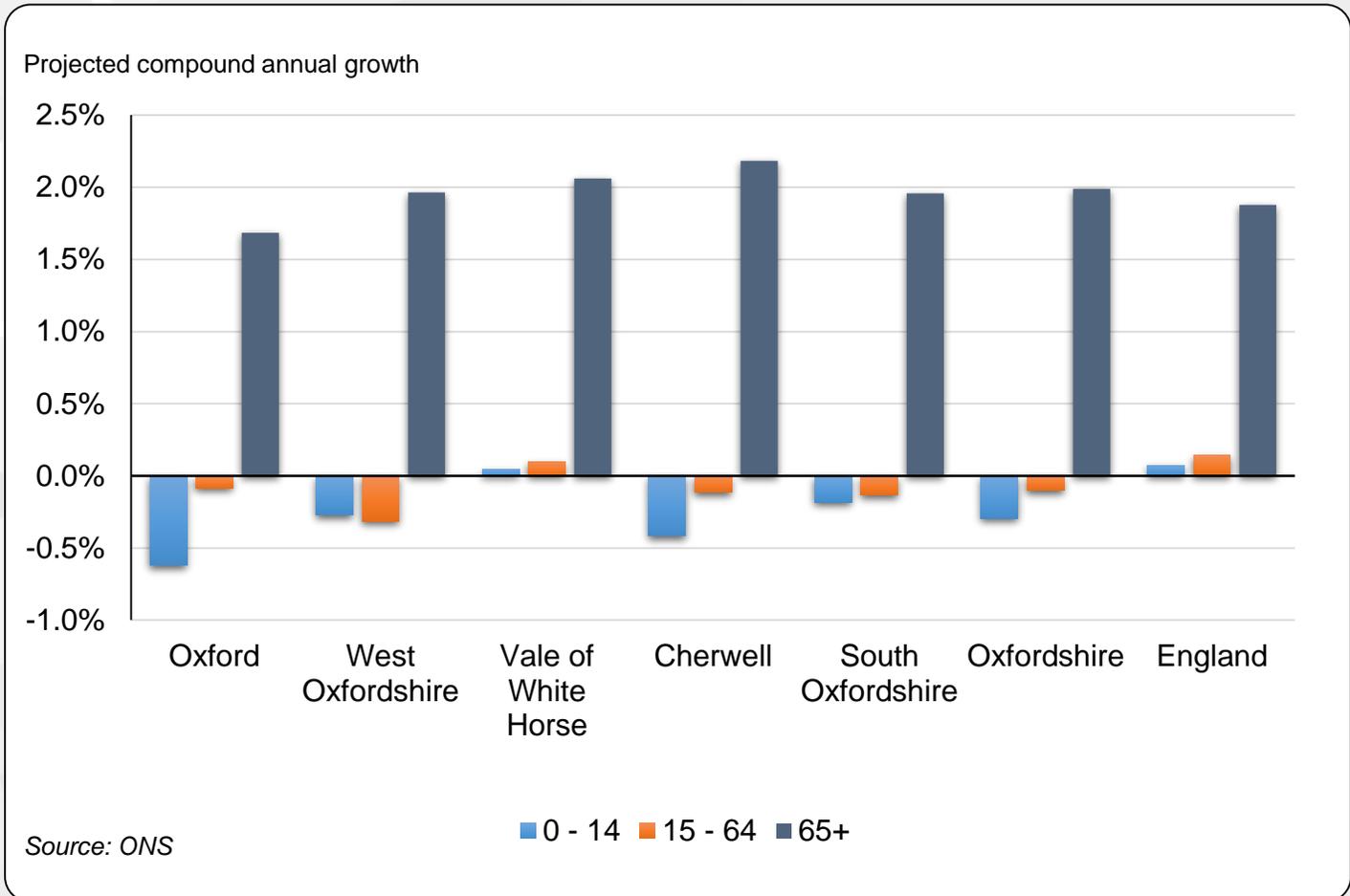


Source: ONS

## However, population forecasts show a contraction in the working age across the region

- Oxfordshire's demographic profile is challenging relative to that of England as a whole
- The working age population is expected to shrink across all local authorities aside from Vale of White Horse
- Oppositely, the working age population is forecast to expand by between 1.5% and 2.5% per year across each of the local authorities

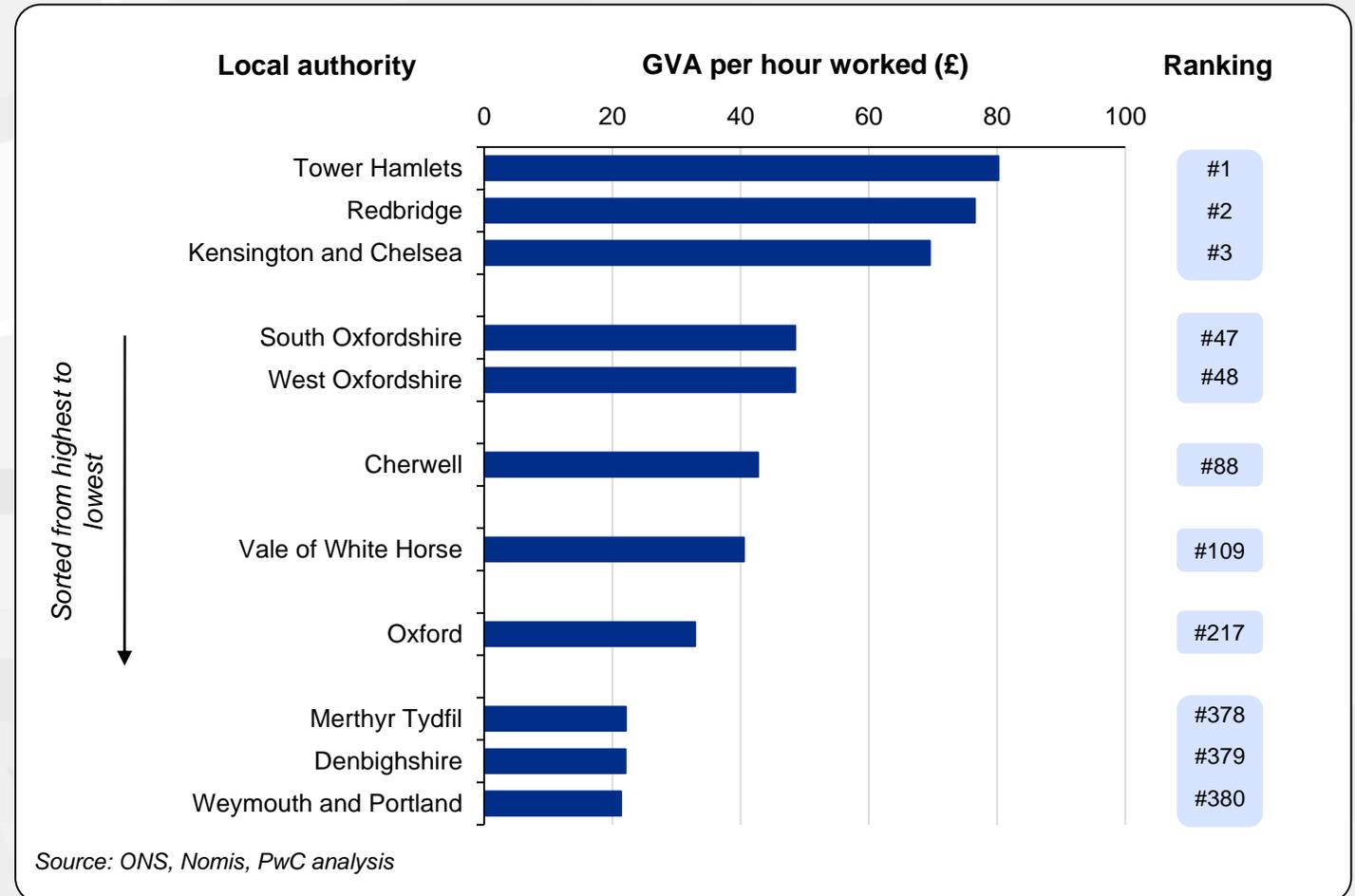
**Figure 3: Projected growth of working age population, 2016-36**



## In addition, measures of productivity show the economy is already working at capacity

- GVA per hour worked in Oxfordshire, stands above the England average, but has recently fallen below the South East average
- South Oxfordshire and West Oxfordshire ranked highest in Oxfordshire on productivity levels
- Oxford comfortably has the highest GVA per-head in the county, but a large number of hours worked dragged down its productivity ranking

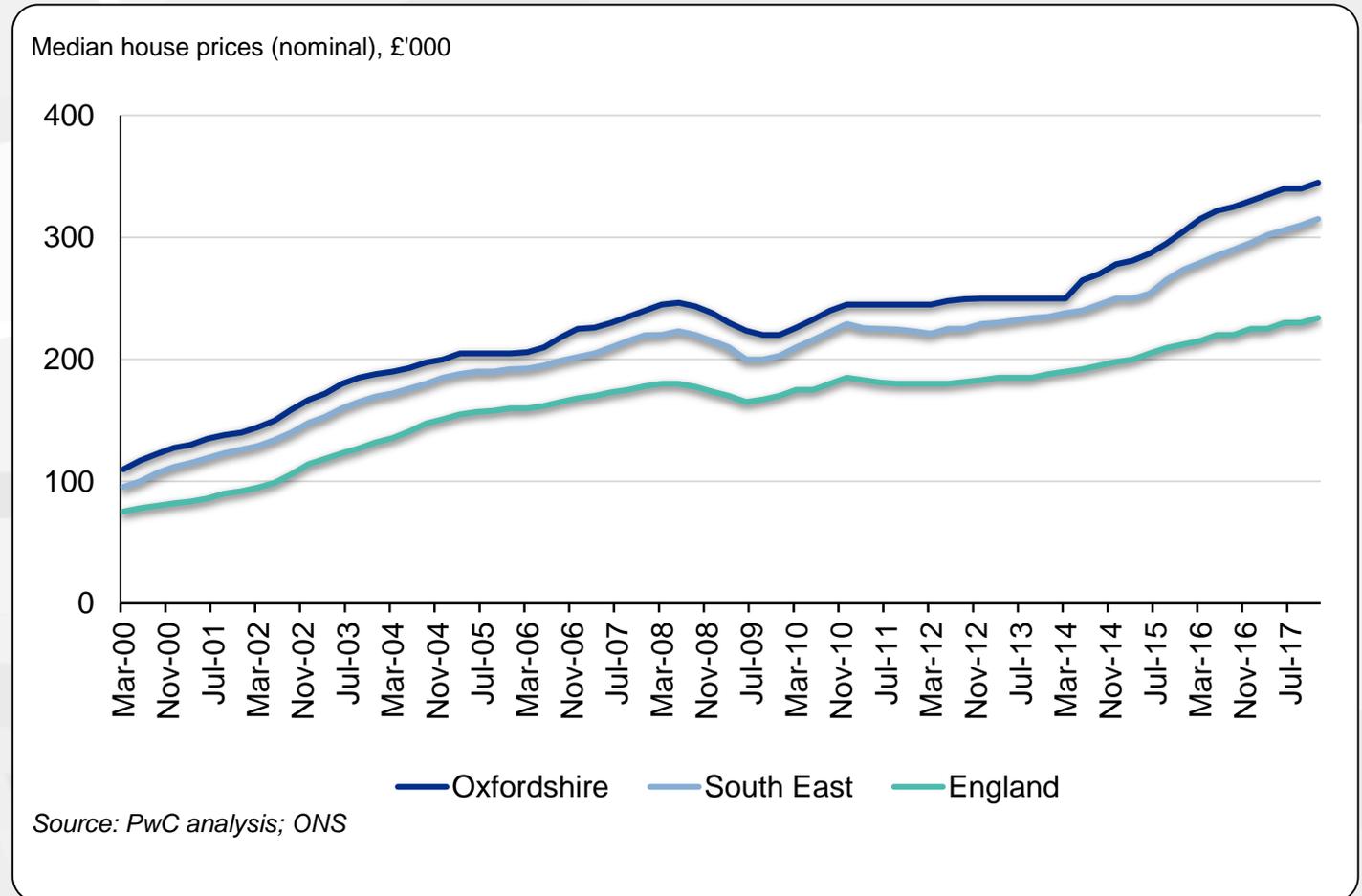
**Figure 4: GVA per hour worked by local authority, 2016**



## Poor housing affordability is hampering the region in attracting talented workers to relieve this strain

- At the end of 2017, the median house price in Oxfordshire was 50% higher than the median price in England
- Although, weekly wage levels in the region (£632) are high compared to the rest of the UK (£556), affordability remains a significant challenge
- Poor affordability dampens the region's efforts to expand its workforce in the coming years

**Figure 5: House prices, 2000-17**



# Defining Oxfordshire's cornerstone and make or break businesses:

## Cornerstone businesses

These businesses are the backbone of the economy. They are mature, which means Oxfordshire cannot expect them to deliver a step change in economic growth. However, they will continue to provide the platform for economic growth.

## Make-or-break businesses

These businesses are riskier, operate in markets where innovation is critical for survival and have the potential to become world leaders in their industry. These businesses offer an opportunity for faster economic growth by capitalising on new technology.

# The Oxfordshire region will require dynamic policy interventions due to its truly unique economy

## Cornerstone business sectors:

Mature sectors and markets, for example:

- Professional services,
- Leisure, Retail
- Hospitality and Tourism
- Healthcare



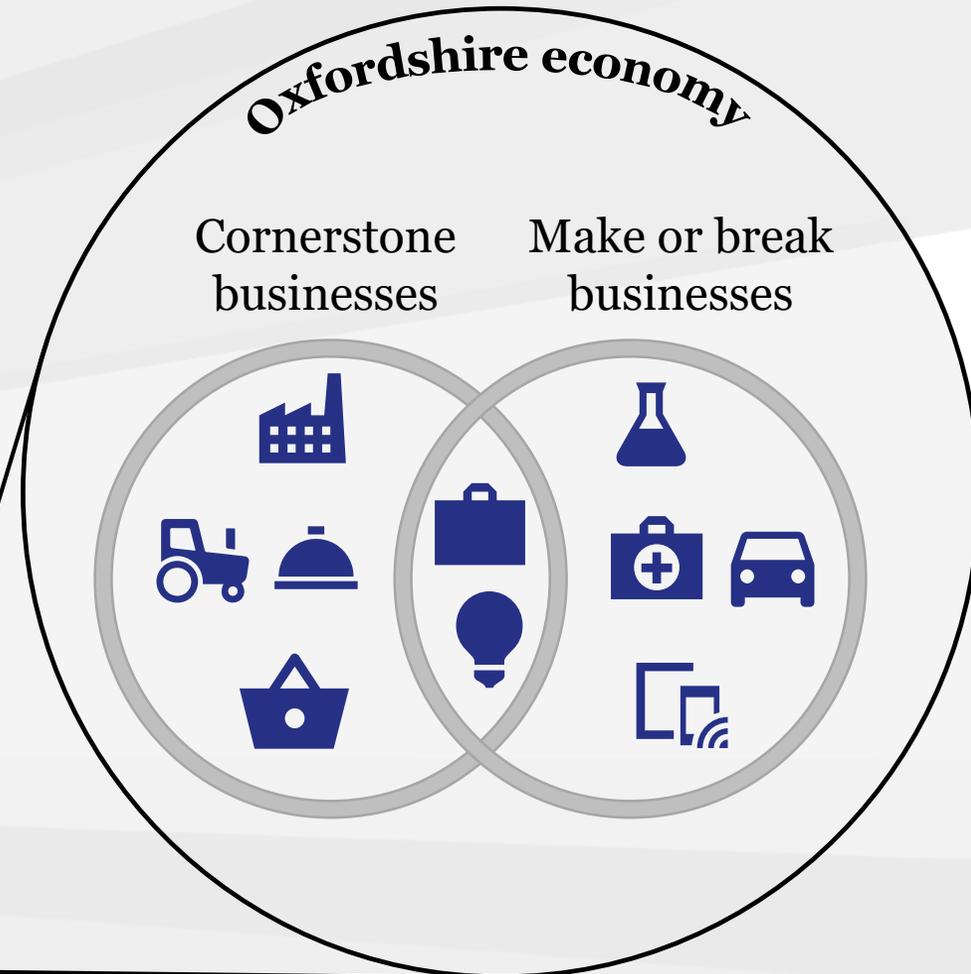
## Make or break business sectors:

High growth, technology-driven new market entrants, internationally focused, for example:

- Space technologies
- Life sciences
- Quantum computing
- Autonomous vehicles
- Robotics

Oxfordshire needs to bring the best out of both types of business together.

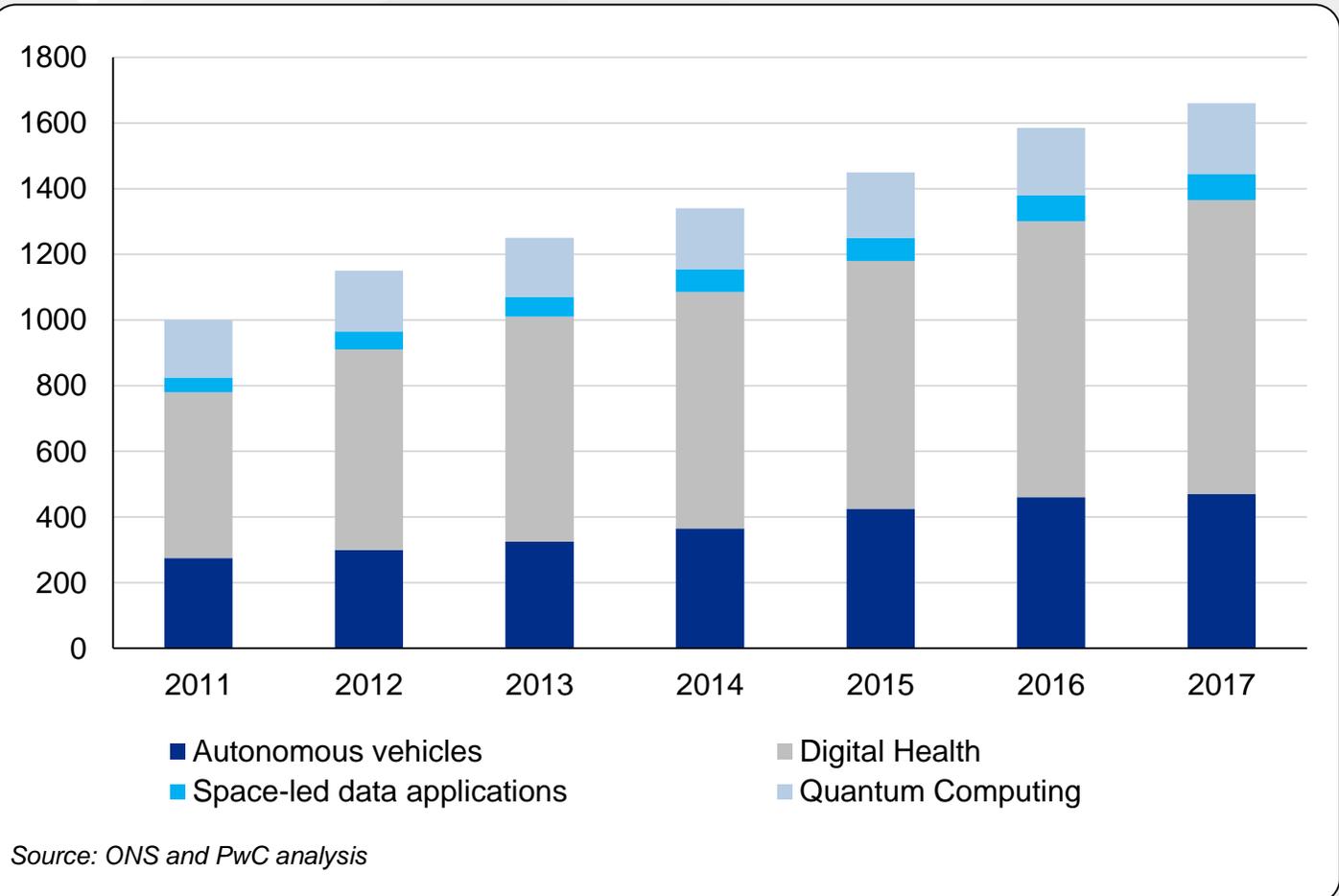
Businesses in Oxfordshire are diverse and will need to be measured differently for success.



## Oxfordshire has seen strong growth in its pool of high-tech businesses

- In the Science and Innovation Audit (SIA), Oxfordshire identified four key sectors which will underpin future growth
- In 2017, there were over 1,600 businesses operating in high-tech sectors, growing at 9% annually since 2011
- The region's Universities and Science parks are expected to support these sectors through research and skills supply

**Figure 6: Enterprise growth of make-or-break sectors, 2011-17**



# This success is also having real and evident impact on the ground and in the economy.....



2016/17 was the most successful year to date for Foreign Direct Investment with c100 investments secured, with a significant pipeline in development



Bidwells report that demand for A Grade office and high quality lab and research space is now at record levels – driven in part by significant acceleration in University spin outs and high tech company growth

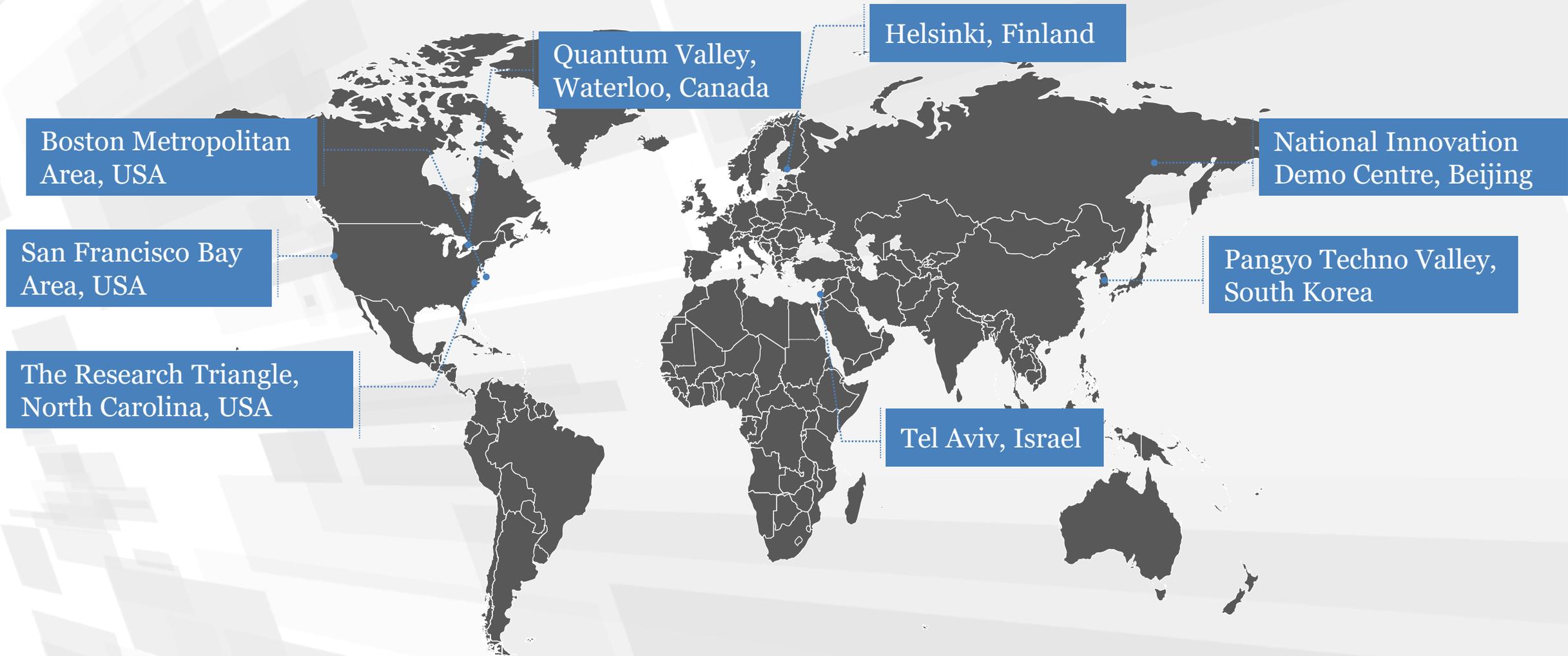


Price per square foot for commercial space is at record levels, especially within the ring road but also extending to rest of County by driven by record demand and availability of facilities



Continued pressure for talent attraction and retention with real skills shortages being reported across our economy, including in our most successful sectors

# Benchmarking: Oxfordshire's global competitors



# Six characteristics of a globally leading innovation ecosystem



## Iconic brand & vision

Distinctive vision  
Clear and confident proposition



## Liveable place

Connected  
Sustainable  
Community  
Affordable



## Strong financing

Government priming  
Access to finance  
FDI / MNC investment  
Revolving investment



## Commercial culture

Creative entrepreneurship  
Business dynamism & leadership  
Cluster & localisation benefits  
Broad risk appetite



## Keystone assets

Leading universities  
Growth hubs/ clusters  
National assets  
Keystone companies



## Talent proposition

Multicultural and diverse workforce  
Retention of global talent  
Fluid labour market

## 8 Key Points Emerging From Analysis So Far:



Our economy is growing rapidly and outstrips UK and SE performance, with demand accelerating



The competitiveness of our economy is highly dependent on developing, attracting and retaining (and having access to) a strong, highly skilled workforce and labour market



We are world leaders in emerging technologies which will increasingly influence and drive productivity across all business sectors



Oxfordshire is a genuine global destination with international reach, increasingly attractive to investors and visitors across new markets



Our natural talent is contracting, which means we need to grow our labour market and also improve productivity in order to sustain our success and ambitions



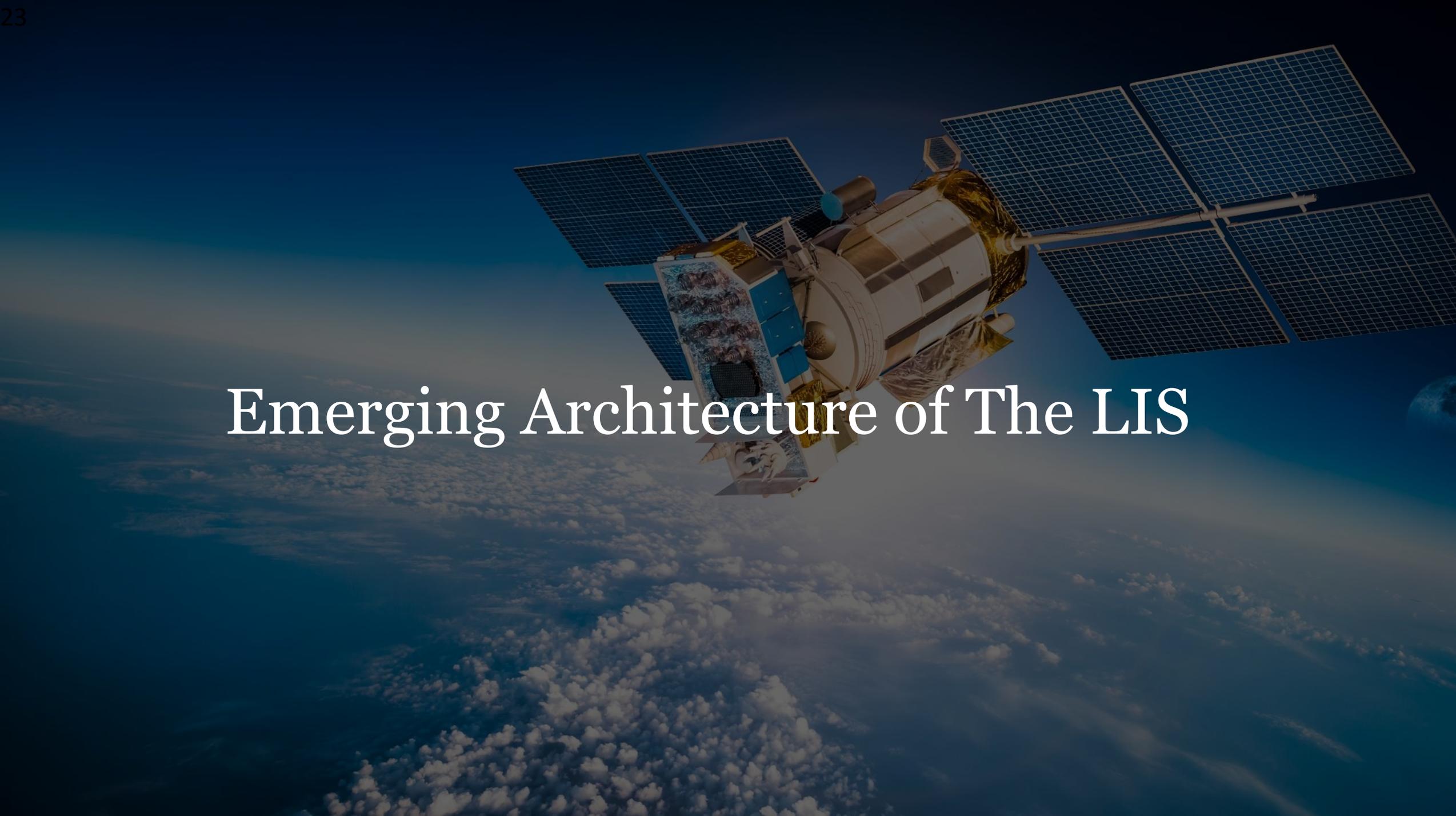
In order to compete against other global ecosystems we need to strengthen our propositions and visibility in key areas



Available, affordable and flexible housing is now critical to our ability to attract, recruit and retain people with the skills we need to succeed and retain business investment



To maximise the potential of our innovation ecosystem we need to pursue a highly integrated approach to connectivity (physical, digital, business, finance, talent)

A detailed illustration of a satellite in space. The satellite has a central cylindrical body with gold-colored thermal insulation. It features two large rectangular solar panel arrays extending from the sides, each composed of a grid of smaller panels. Various instruments and antennas are visible on the satellite's structure. The background shows a view of Earth from space, with a layer of white clouds over a blue ocean and a sliver of the planet's horizon on the right.

# Emerging Architecture of The LIS

# Emerging architecture for the LIS:

## Vision: A top three global innovation ecosystem

Measured by innovation, output, investment and quality of life, and built on three strategic pillars

Highly integrated globally competitive business ecosystem

*This pillar will focus on developing the critical components and infrastructure of the innovation ecosystem (physical, digital, business, financial, human) to increase international connectivity and compete at a global level.*

The leading commercialisation powerhouse for pioneering science and technologies

*This pillar will focus on maximising technology innovation and accelerating global leadership in critical emerging sectors (initially those pioneered through our Science and Innovation Audit) and putting in place mechanisms to support this process.*

A living laboratory for solving the Grand Challenges

*This pillar will focus on developing Oxfordshire as a globally recognised sustainable, liveable place utilising new technologies and services developed within the ecosystem to tackle the four Grand Challenges set out in the Industrial Strategy*

## For Discussion:

- *Robust evidence base* - does the economic baseline analysis reflect your understanding and experience of the Oxfordshire economy?
- *Clear Rationale* – does the emerging LIS architecture provide a clear vision, and focuses on the key issues?
- *Strong leadership and support* - how do we ensure full alignment with our key strategies and stakeholder support
- *Clear priorities and objectives* - what are the key elements we should include in our approach to discussions with Whitehall?