

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

BOARD MEETING ON 14 MAY 2009

ITEM 4

AREA TEAM UPDATE - OXFORDSHIRE

Recommendation

The Board is invited to **NOTE:**

- a) The current economic situation in Oxfordshire and the issues which could hinder further growth
- b) The geographic and sectoral opportunities for economic development in Oxfordshire
- c) The status of current SEEDA interventions in Oxfordshire

The Board is invited to **AGREE:**

- a) Priority actions from the Board dinner discussion.

Oxfordshire Economic Facts

- There were 27,485 businesses registered in Oxfordshire in 2008, and a total current workforce of 336,400. The key sectors are:
 - Public administration, education & health: 91,302 employed
 - Distribution, hotels and restaurants: 73,459 employed
 - Banking, finance and insurance: 70,528 employed
 - Manufacturing: 32, 834
- According to the Oxfordshire Bioscience Network there is also a strong BioCluster: 142 biotech & healthcare companies are in Oxfordshire, nearly 40 venture-backed and 27 public-listed companies, 56 compounds in clinical development, over £460m investment since 2005.
- The largest employers in Oxfordshire are:

Oxfordshire County Council	Oxfordshire PCT
University of Oxford	Ministry of Defence
Oxford Radcliffe Hospital	CPM Field marketing Ltd
Tesco Stores Plc	Sainsbury's
BMW (UK) Manufacturing Ltd	SERCO
Thames Valley Police Authority	The Midcounties Cooperative
Oxford Brookes University	Post office Ltd
Champion Employment Ltd	Meta Management Services Ltd

- The county is one of the most knowledge intensive economies and employs 27% of the workforce in Oxfordshire, mostly professionals and technical specialists - double the average of the South East or UK.
- Oxfordshire is the most rural county in the South East with the lowest population density in the region: 2.4 people per hectare (1 per acre) compared to 3.8 people per hectare (1.5 per acre) in Kent.
- The largest settlement is Oxford City with a population of 151,000 in 2007. Around one quarter of the population live in market towns.

Open for Business update for Oxfordshire

- 634 Business Link Healthchecks since October 2008
- 207 Business Link additional financial reviews carried out with a finance specialist since January 2009
- 140 businesses attended a 'Beat the Credit Crunch' How to Survive and Thrive in Tough times series of events run by Business Link
- Access to Finance: 8 Accelerator Loans, 2 Transition Fund Loans, 4 Commercialisation Fund Investments totalling £210,000
 - OEP has received evidence that local businesses are struggling to secure finance from banks. Feedback suggests banks are prepared to lend to companies for growth, but not for short term finance to cover cash flow issues and strict rules are being applied to loan eligibility that is preventing rather than encouraging loans to be made. OEP have subsequently met with Regional Directors of various major banks to understand the full picture. The feedback from banks on the Enterprise Guarantee Scheme in particular indicated that whilst individual loans may be guaranteed up to 75%, the guarantees are only available on 10% of all loans made by the banks. This has constrained lending
- 6 Inward Investment wins for Oxfordshire in 2008/09 which has so far generated 37 new jobs for the region. All of these were companies new into the region; 2 came from Asia Pacific, 2 from America and 1 from Europe
- Continuous Employment Support Service worked with 7 companies covering 167 people since October 2008

Current Economic Climate in Oxfordshire

1. The Oxfordshire economy is not immune from the current recession, and there has already been one high profile redundancy situation:

On the 16th February BMW announced 850 job cuts to agency workers employed at their Oxfordshire plant. The SEEDA area team and the Head of Investor Development immediately brought together a taskforce consisting of Jobcentre plus, The Learning & Skills Council, Business Link, Oxford City Council and Oxfordshire County Council, to put in place immediate support.

BMW have now announced increased shifts in the Mini factory, mostly using existing workforce, with the potential for a small number of staff to be reinstated.

2. Further recent company losses, from Oxfordshire Economic Partnership (OEP) data are as follows (The CESS broker is aware these, are where possible is engaged with the company):
 - 100 jobs are to go at Vodafone in Banbury.
 - Royal Mail is to close their Cowley Mail Centre and move sorting operations to Swindon. So far, 78 of the 450 employees have volunteered to move to Swindon and 40-50 have taken delivery jobs in Oxfordshire.
 - Oxfordshire Formula One team is to make 60 job losses at Enstone.
 - The Honda F1 team in Brackley has been re-branded Brawn GP after a management buy-out led by team principal Ross Brawn. The takeover could still cost 300 posts of a workforce 700-strong.
3. Overall, the increase in Jobseekers Allowance claims in March was the largest in twenty years. 8,444 Oxfordshire claimants (1.7% of the working population) registered in February, a 22% increase on January's total.
4. Tourists and business visitor numbers have fallen by almost 40%, compared to this time last year, likely due to the recession

Oxfordshire Barriers to growth

5. Poor transport infrastructure and congestion within the County (especially Oxford City), has a negative effect on businesses along with the high costs and scarcity of business premises.
6. High wage expectations and high cost of living has an effect on employment, especially the cost of housing which means it was often difficult for potential employees to relocate.
7. Lack of appropriately skilled staff is an issue in SVUK and Oxfordshire generally. In the next two to five years, businesses expect the level and range of skills to increase and focus on hard skills – IT user and professional skills plus technical skills.

Strategic Opportunities

8. Within Science Vale, UK and Oxfordshire generally there are a number of opportunities to drive forward economic development. These can be categorised as:
 - Innovation and Knowledge Transfer
 - Inward Investment
 - Sustainable Growth
 - Enterprise

Innovation & Knowledge Transfer

9. Harwell Science and Innovation Campus is working on a strategy for local businesses engagement which SEEDA are supporting.

10. The owners of Milton Park have plans to spend over £70 million on further developing the site which currently employs around 6,500 people in 3,400,000 sq ft of business and science space.
11. Culham Science Centre which is owned and operated by the United Kingdom Atomic Energy Authority employs nearly 600 people and receives £50 million a year of EU funding. UKAEA are developing plans to develop the Centre to accommodate more science and technology businesses.

Inward Investment

12. To maximise the opportunities for growth in the south of the county SEEDA and partners are working up a Science Vale, UK and Oxfordshire investment proposition for potential inward investment companies to ensure Oxfordshire strengths are being clearly articulated to increase the number of new investment wins.

Sustainable Growth

13. Oxford West End is ripe for further regeneration to support the City's aim to pull its weight in terms of visitor, retail and business spend to benefit the whole County.
14. SEEDA are working with Cherwell District Council, Oxfordshire County Council and Department of Communities and Local Government (CLG) to investigate if a potential "Sustainable Urban Extension" at Bicester or "eco-Bicester" might attract CLG funding (as the eco-town at Western Otmoor would).
15. East West Rail could provide a much needed cross county link to relieve the road congestion in Oxfordshire. The rail link will run from Oxford to Milton Keynes and then onto Bedford, with a spur link already in construction to add an additional route from Oxford into London (Marylebone). In 2009 the engineering design will be completed as well as a full service proposition and a robust funding proposal.

Enterprise

16. As part of the government's £250m plan to promote low carbon transport over the next five years, a new electric Mini was recently announced, which will be built at the Cowley plant (Oxfordshire). SEEDA is in discussion with Mini and Oxford City regarding the necessary infrastructure costs as BMW are offering to cover half the costs but are looking to the public sector for the other half. The Technology Strategy Board are prepared to put forward £2m and SEEDA are being asked to contribute.

SEEDA's Support in Oxfordshire - Investment profile for Oxfordshire for the period April 2008 to March 2011

Activity	Description	Investment 2008-11	Status
Science Vale UK, Project Manager	To support Science Vale UK in two areas. (i) marketing activity for inward investment and (ii) contributing towards developing a Learning Park Project Plan.	£100,000	Completed 08/09
Business Link (MKOB) Enterprise Gateway	Business support and advice for all individuals and businesses. The Enterprise Gateway service offers impartial, professional advice to individuals from under-represented communities facing barriers to enterprise.	£1,700K / year ¹	Ongoing
Investment Development Manager (IDM)	The IDM works with strategically important companies within the County with the objective of retaining and developing these companies, identifying and helping resolve any barriers to growth	£110,000	Ongoing
Innovation & Growth Team (I>)	The Oxfordshire I> will launch in Autumn 09 to take over from Enterprise Hubs, expanding the remit to create communities of innovation and growth, delivering specialist services to businesses that have potential for significant growth.	£2,600K	To be Contracted 2009-11
Harwell Science & Innovation Campus	The objective for SEEDA is to increase the exposure of businesses to the facilities and expertise on the campus to drive innovation and product improvement. Further interventions will be designed taking guidance from the study recommendations.	£200,000	To be Contracted 2009-11
	Innovation voucher scheme supports companies in using the world class science facilities on the campus in order to promote Research and Development (R&D).	£85,000	Contracted 2008-10
Inward Investment Propositions	SEEDA are working with local partners on a 'Local Area Proposition' to set out the key messages for potential inward investors, providing a foundation for closer working between local partners and the SEEDA Inward Investment Team.	£15,000	Completed 08/09
Oxford West End	Within Oxford West End the County, City and SEEDA contribute to an overall West End programme office to take forward the West End regeneration project.	£150,000 / year ²	To be contracted 2009-10
Rural	There are two Leader areas in Oxfordshire, Southern Oxfordshire and Chilterns. SEEDA also fund rural application led programmes such as Farm Diversification and the Rural Redundant Building schemes.	£880,000 /year ³	Ongoing
Oxfordshire Economic Partnership (OEP)	OEP bring together business, Government representative bodies and local authorities to influence government policy and drive forward sustainable economic development.	£375,000	2008 - 11

¹ This is an estimate of yearly spend based on the proportion of businesses in Oxfordshire vs MKOB overall

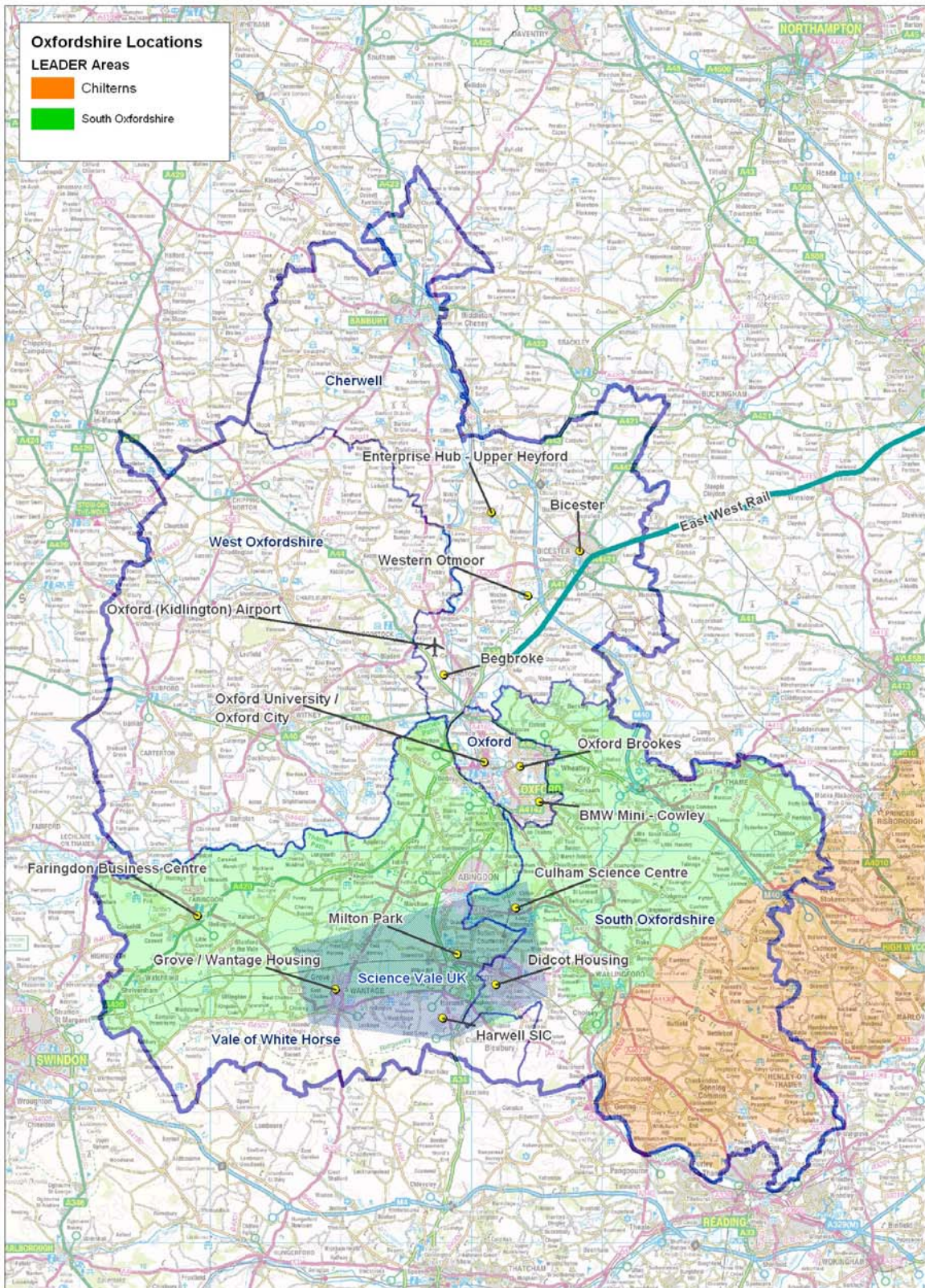
² The £150,000 is for 09-10, further years payments will be reviewed annually.

³ This is an estimate yearly amount based on the combined Leader funding from 2008-2013

Conclusion

17. There are three major geographical areas of opportunity in Oxfordshire – Science Vale UK (in southern Oxfordshire); Oxford City and eco expansion plans for Bicester. There are also sectoral strengths in bioscience and manufacturing.
18. The Board is asked to comment on the approach that SEEDA is taking working with partners to maximise the most from these opportunities to ensure Oxfordshire is able to return the maximum GVA.
19. The Board is asked to agree if anything captured at the Board dinner discussion challenges our thinking and/or our approach to supporting the economy.

Annex 1: Oxfordshire Key Locations



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