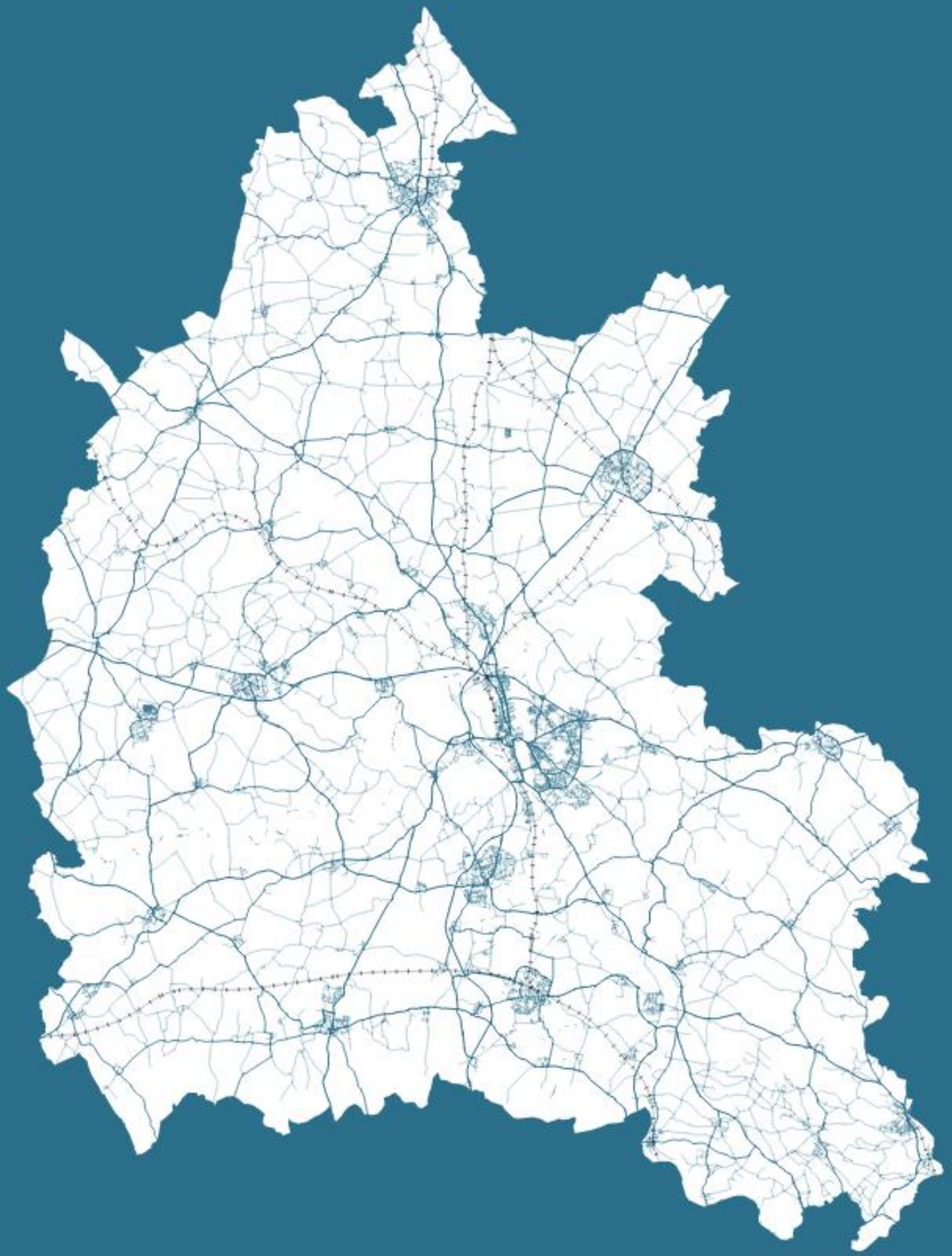
Metro——Dynamics

Future Oxfordshire Strategy

Phase 2A Report

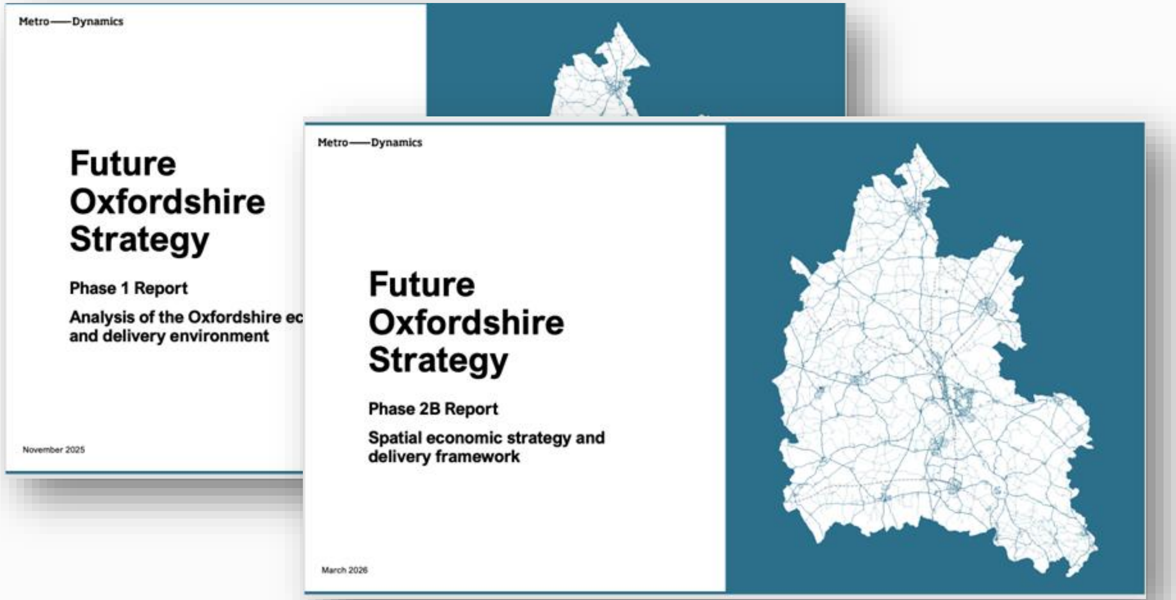
Analysis and priorities to address County-wide constraints



February 2026

Introduction to this report

This report is the second output of the Future Oxfordshire Strategy project; the purpose of this report is to demonstrate the constraints impacting economic development and to outline key priorities to focus on in the now, next and future.

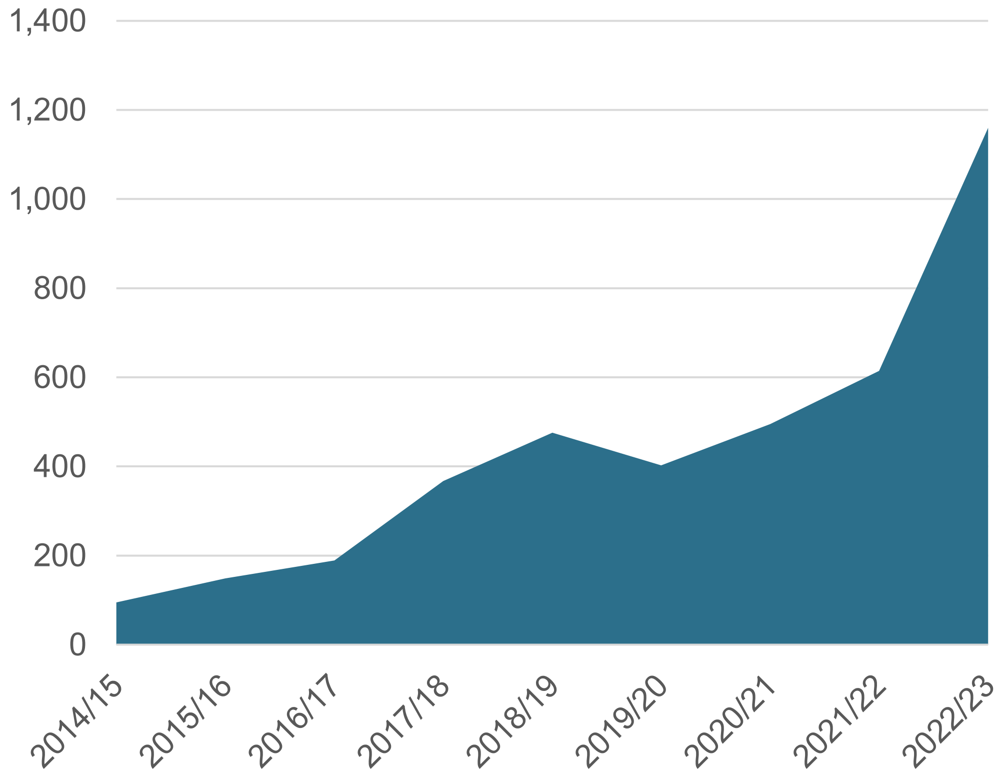


It sits alongside two other reports from this project. Phase 1, which assessed the structure, composition, performance and delivery environment of the Oxfordshire economy, to scope what is needed from a Future Oxfordshire Economic Strategy, and Phase 2B, which set out a spatial view of strategic economic priorities and a framework for how partners in the local government system and wider stakeholders can work together to deliver economic development to address these priorities

Sectors and investment

Oxfordshire's innovation economy works but is concentrated

Estimated current turnover of all active University of Oxford spinouts (£m)



Oxfordshire's innovation economy has expanded rapidly over the past decade, driven by both university-linked spinouts and science-based firms.

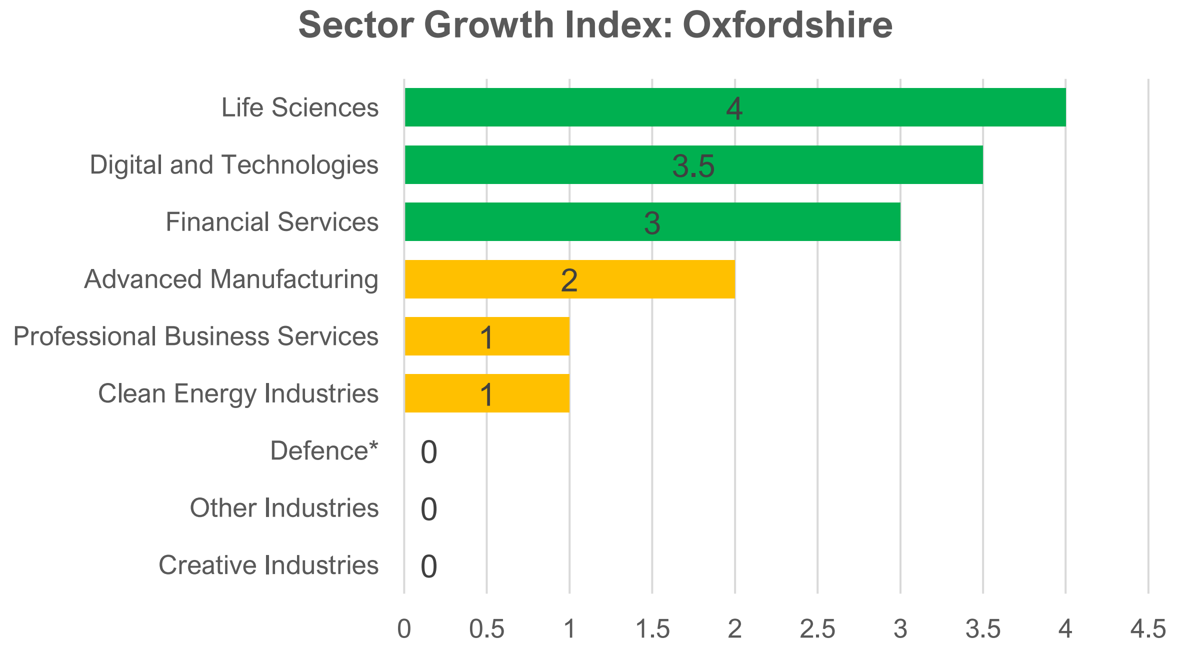
Not limited to the University of Oxford, Oxford Brookes University has also seen strong success in this area, with the combined turnover of its active spinouts increasing by 438% since 2014/15.

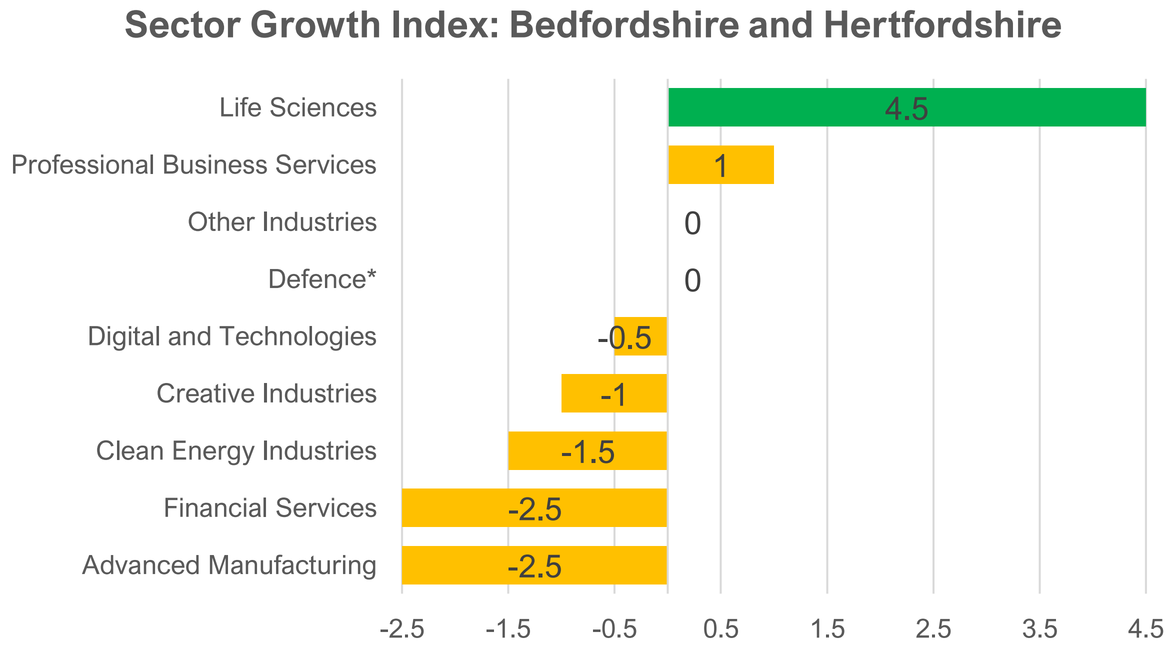
Expansion in innovative and knowledge-intensive activity has translated into substantial demand for high-quality employment and lab space. Major developments at Oxford North and the Oxford Science Park are being driven by this.

Source: HESA

Innovation strength is translating into sector growth

The Metro Dynamics Sector Growth Index aggregates five-year changes to economic data to provide a headline view of what is happening in a place's sectors. The maximum possible score is 7, which means a sector has seen growth across all measures and at a significantly faster rate than Great Britain. Using the government's IS-8 typology, Oxfordshire is in a very strong position, with scores of 3 or above indicating growth across multiple measures rather than a single data point. By contrast, the nearby economy of Bedfordshire and Hertfordshire presents a more uneven picture.



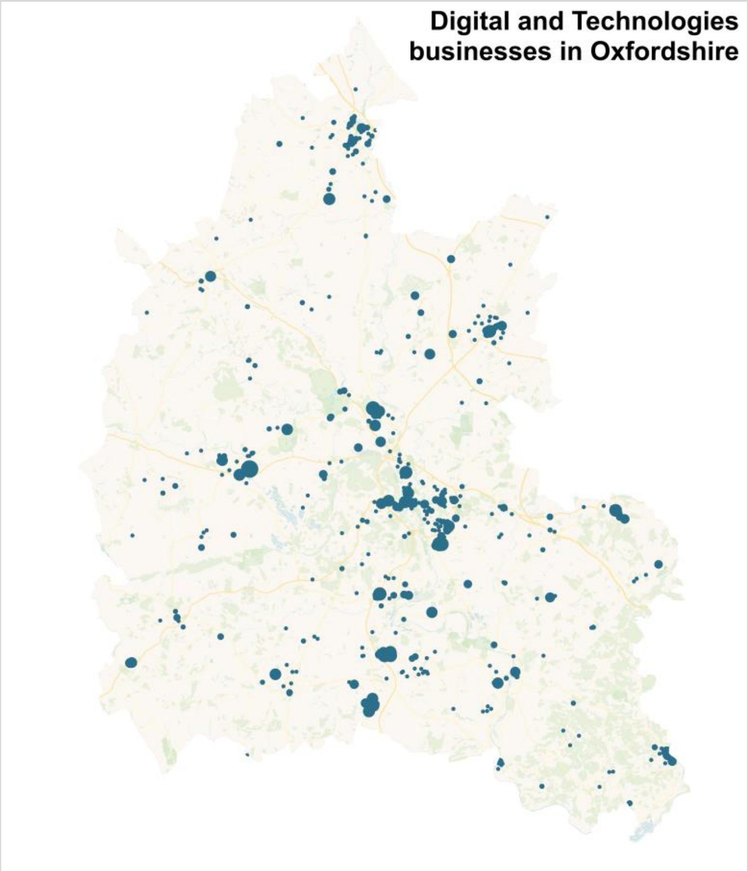


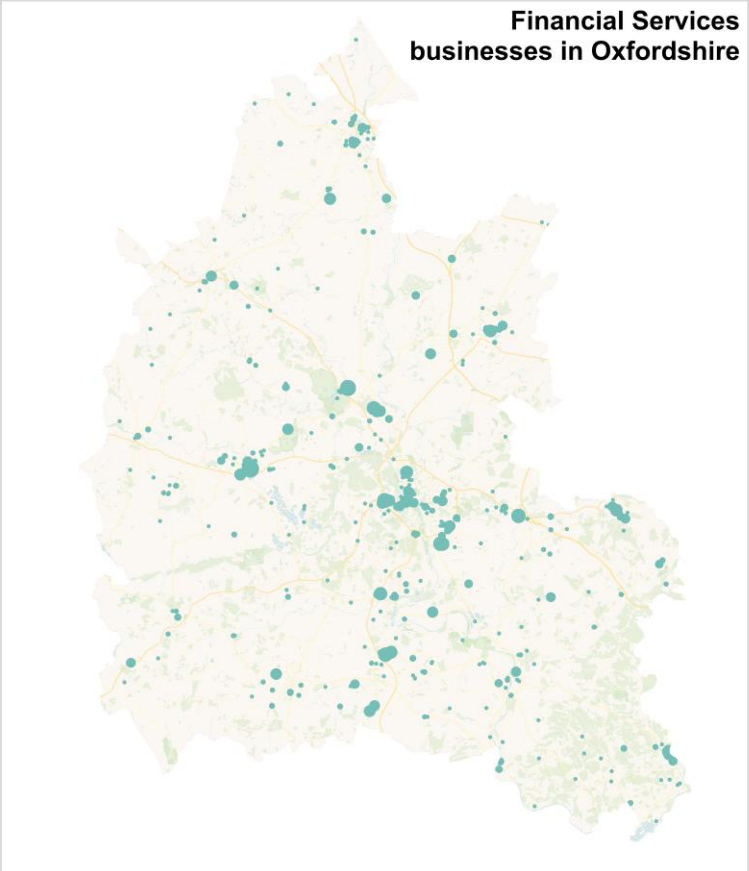
Source: Metro Dynamics analysis

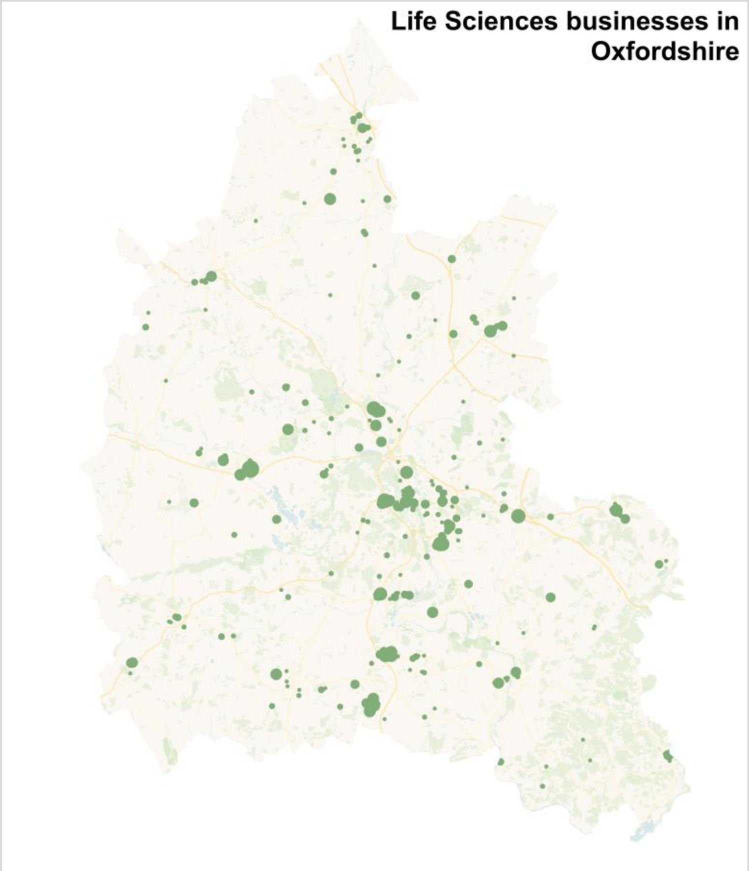
** The official definition for the defence sector is narrowly focused on production of solely military goods*

Mapping high growth potential sectors

The fastest-growing sectors are distributed across Oxfordshire rather than concentrated in a single location. There is a strong and recurring presence around the county's science parks and innovation campuses, with multiple coterminous clusters.



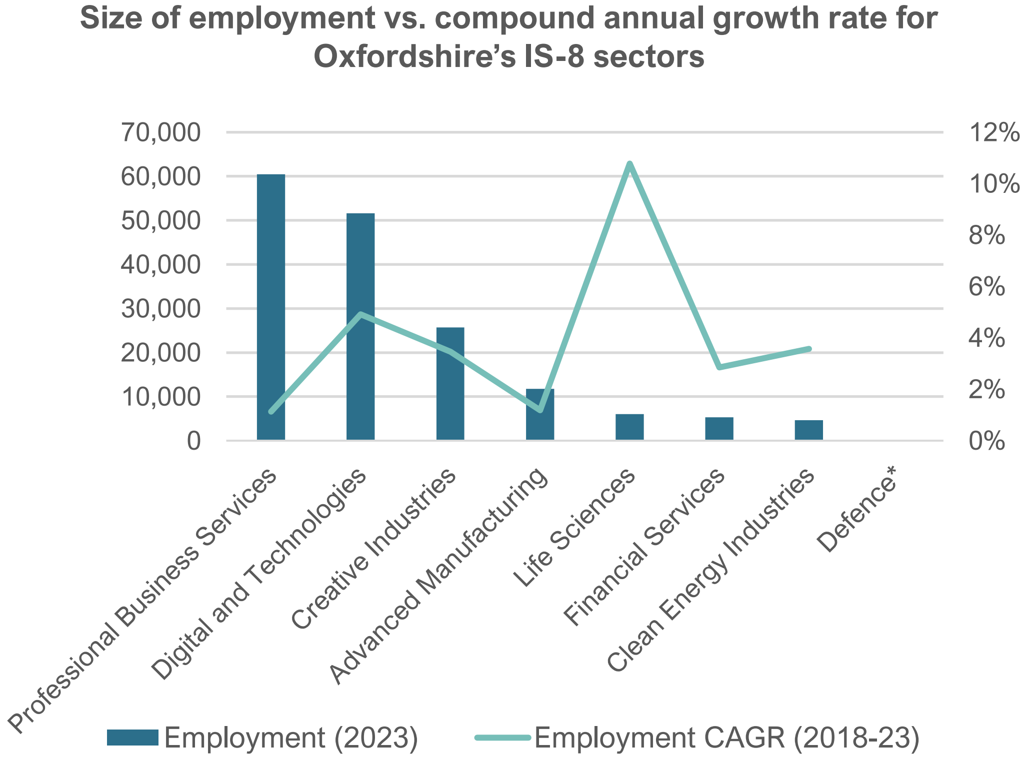


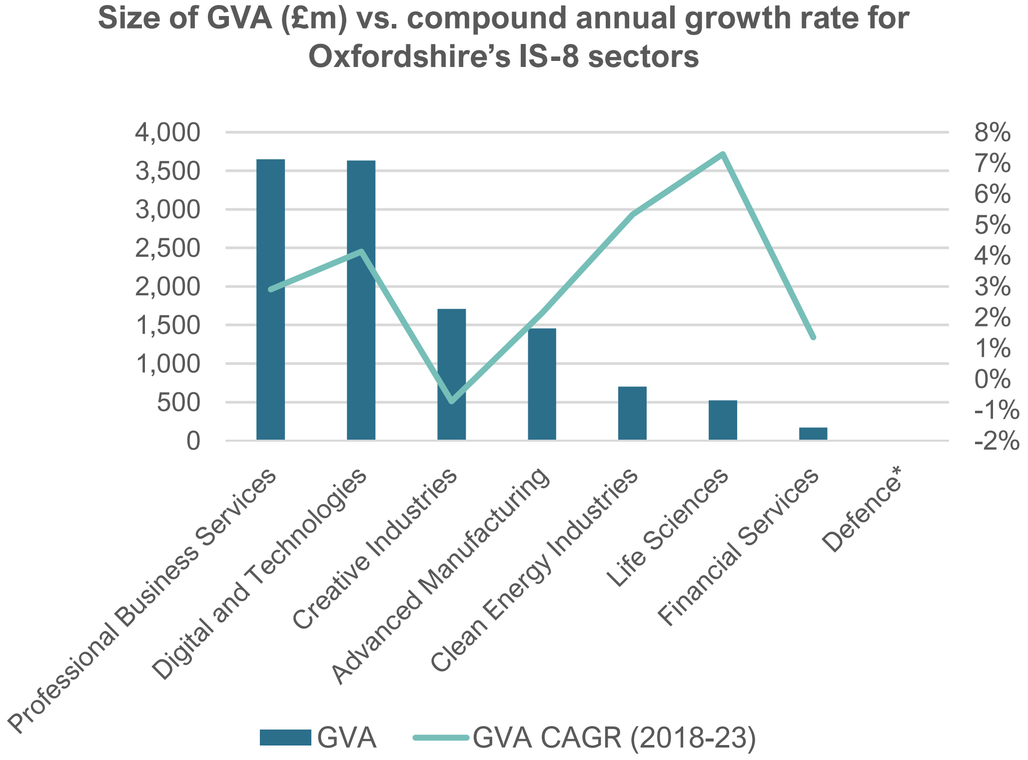


Source: The Data City (2025)

This growth is reshaping Oxfordshire's sectoral mix

Professional Business Services is the largest of the Industrial Strategy sectors in Oxfordshire, but growth is steady and reflects maturity rather than momentum. Digital and Technologies combines scale with strong growth, while Clean Energy is growing quickly from a smaller base. Life Sciences is the standout: if the current employment growth rate is maintained, the number of people working in the sector would almost triple over the next decade.





Source: Metro Dynamics analysis

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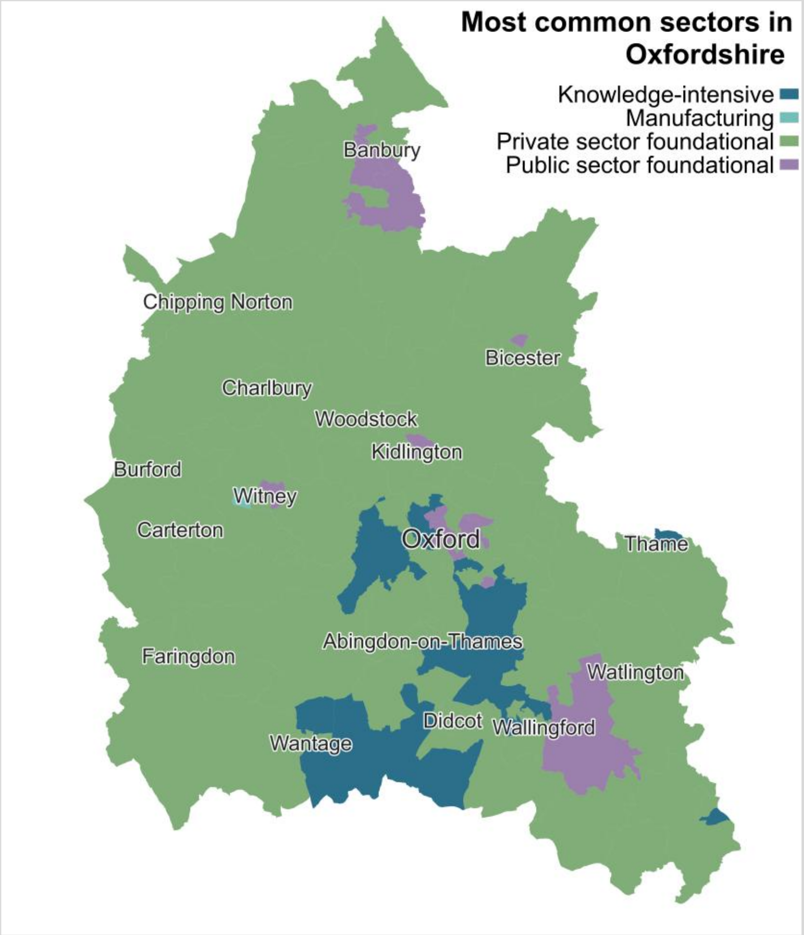
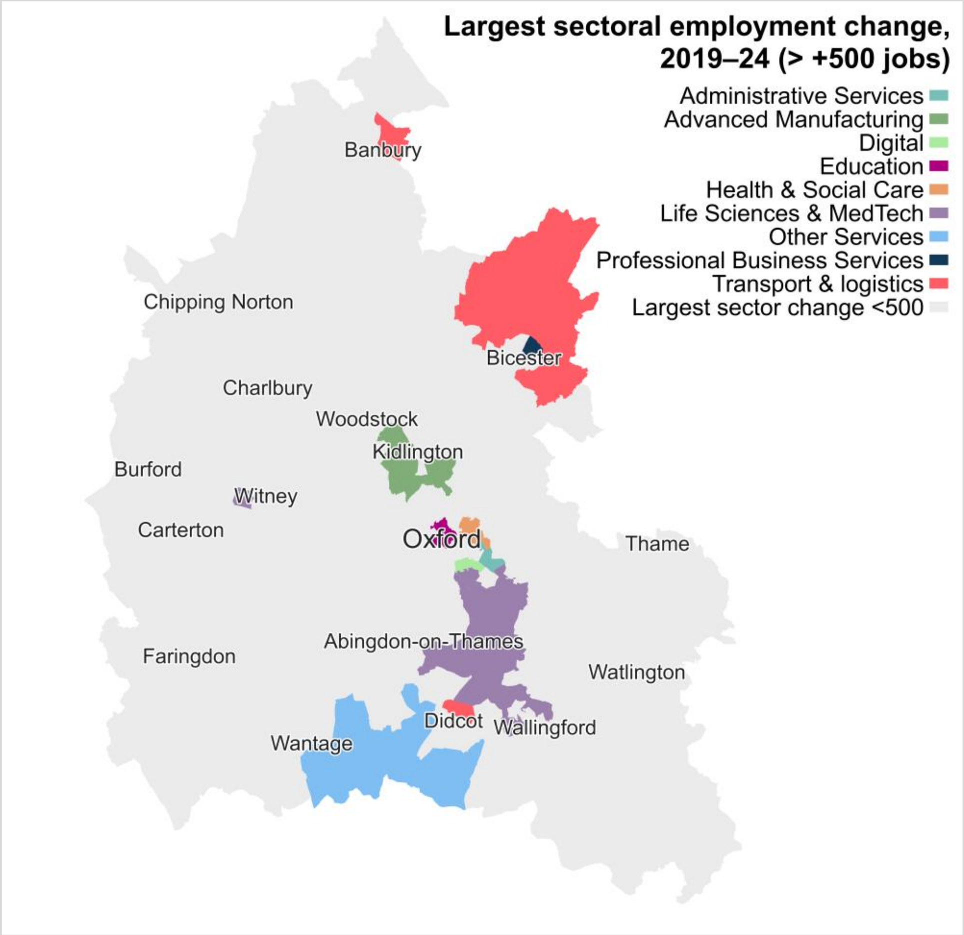
Where is this happening?





Most large employment gains in Oxfordshire are high-value and located outside the main towns and city. Advanced Manufacturing growth is concentrated around Kidlington, while Life Sciences growth is strong around Abingdon and Didcot.

By contrast, in the urban centres, the largest employment gains are more foundational in nature. In Oxford, growth is led by Education and Health, while in Banbury and Didcot, Transport and Logistics accounts for the largest sectoral increases.

Note: Knowledge-intensive sectors include professional and technical services, financial services, and information and communications. See next slide for full sector definitions.

Source: Business Register and Employment Survey (2024)

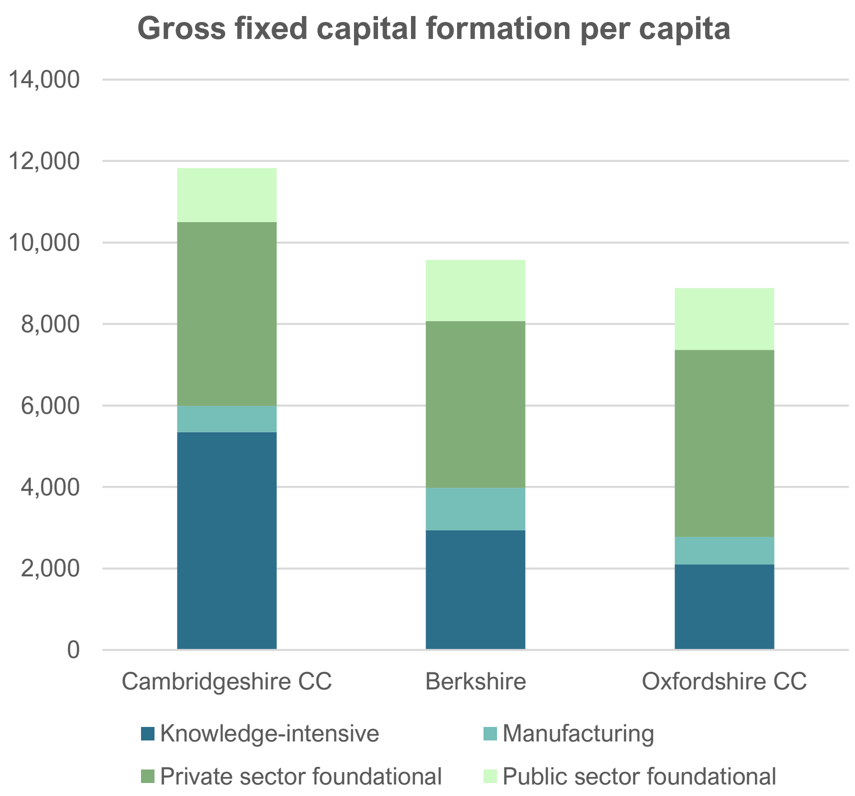
Businesses in the county are investing less locally

Despite the strength of Oxfordshire's innovation economy, **levels of business investment realised locally are lower than in comparable areas**.

On a per-capita basis, knowledge-intensive gross fixed capital formation (GFCF) in Oxfordshire is around **40 per cent of the level seen in Cambridgeshire**.

GFCF captures investment in capital assets such as labs, buildings, machinery and equipment, and provides an indication of how far firms are expanding and modernising their operations within the local economy.

This suggests that, while innovative firms and demand for growth are present, a smaller share of investment is being anchored locally.

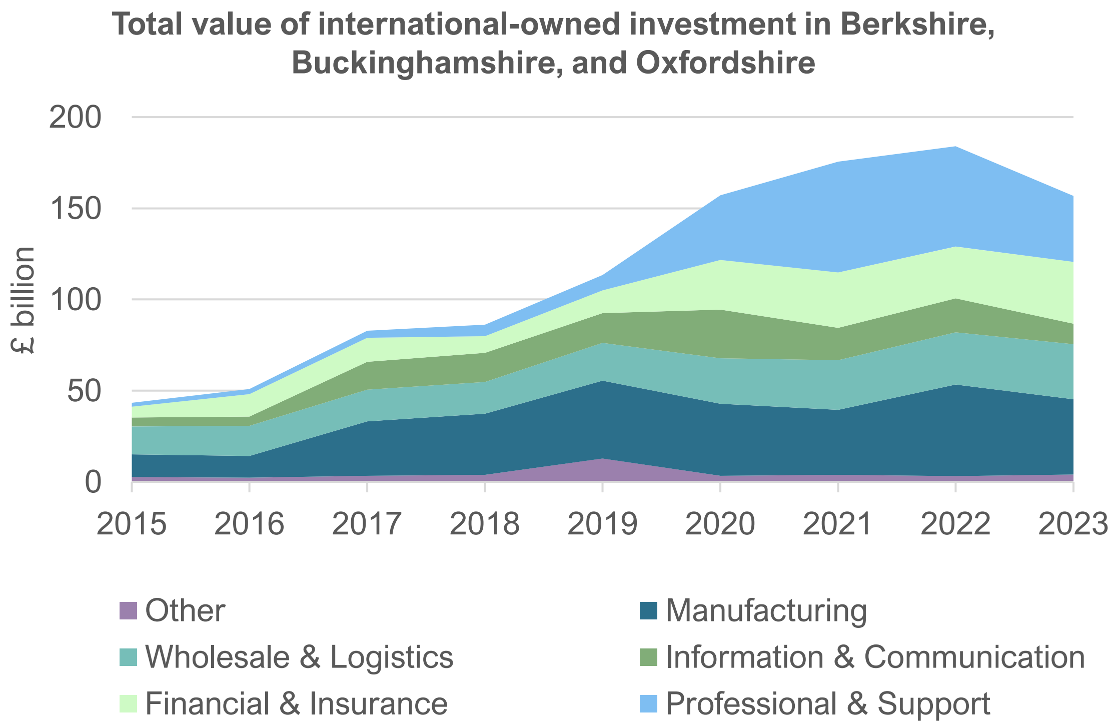


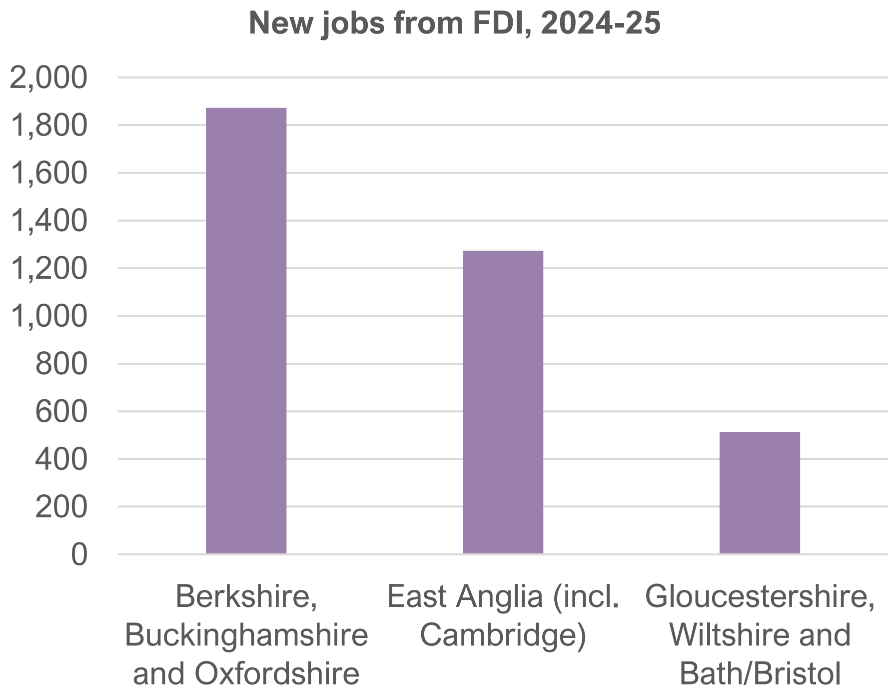
Grouped category	Sectors included
Private sector foundational	Wholesale and retail; Hospitality; Construction; Transport and storage; Admin and support; Arts and entertainment; Real estate; Energy supply; Other services
Public sector foundational	Health; Education; Public administration
Manufacturing	Manufacturing
Knowledge-intensive sectors	Professional and technical; Financial; Information and communications

Source: Metro Dynamics analysis

Oxfordshire generally performs well on FDI

Despite lower levels of business investment being anchored locally, Oxfordshire continues to attract significant external investment into the county. Over the past five years, **Enterprise Oxfordshire's inward investment team has supported 184 inward investment projects**, **securing c.£3.6bn of investment and supporting around 6,500 jobs across Oxfordshire.** These investments have been concentrated in science and technology sectors such as life sciences, healthcare, automotive, space and advanced engineering, but also include activity in parts of the foundational economy.





Source: ONS and DBT

Note: The lowest geography inward investment statistics are available is sub-regional

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Business & Inward Investment

Objective

To drive greater value and impact from business and inward investment in Oxfordshire by attracting high-value and foundational economy businesses, strengthening SME growth, and anchoring more investment locally

Context

- Strong demand for employment land and housing for highly innovative and productive businesses concentrated around Greater Oxford, Abingdon, Culham, Harwell
- Connectivity barriers act as a further break on converting new and existing business investment
- Technical skills availability.
- Strong SME base, but access to markets, growth space and skills for growing foundation economy firms and potential supply chain firms in rural areas and market towns.
- High streets struggling for demand generation and access, including visitor economy.

Rationale for Intervention

- Potential for stronger integrated approach to investors – currently constraining potential impact
- Unlock untapped economic potential across the county
- Anchor more investment locally to maximise job creation and productivity
- Strengthen the SME ecosystem, especially in rural and market-town areas
- Enhance economic resilience by diversifying growth and investment

Draft Priorities

Now…

Drive more value and impact from increased inward investor support – with a clear priority to attract foundation economy and higher value business.

Strengthen productivity and growth in the wider SME base – further develop and deliver enterprise and growth support for SMEs – potentially with additional targeting or outreach in market towns and rural areas (e.g. food, visitor economy, retail and creative firms)

Next…

Optimise growth assets – with a clearer plan for housing, infrastructure, skills and land in Greater Oxford and Abingdon / Harwell / Cullum

Future…

Further integrate investment, cluster support and business growth support delivery across new unitary(ies) / Thames Valley.

Impact

- Broader, more inclusive growth across Oxfordshire, with benefits reaching rural areas, market towns, and a wider range of sectors
- Increased local business investment and higher-value jobs anchored in the county
- More resilient and diversified economy that can better withstand shocks and adapt to change
- Stronger SME ecosystem with improved access to markets, skills, and growth opportunities, supporting innovation and competitiveness

'Why now'

Oxfordshire's growth and investment are mostly concentrated in a few sectors and locations. Expanding this to more sectors and places will make the economy stronger and create more opportunities for residents.

Labour market and skills

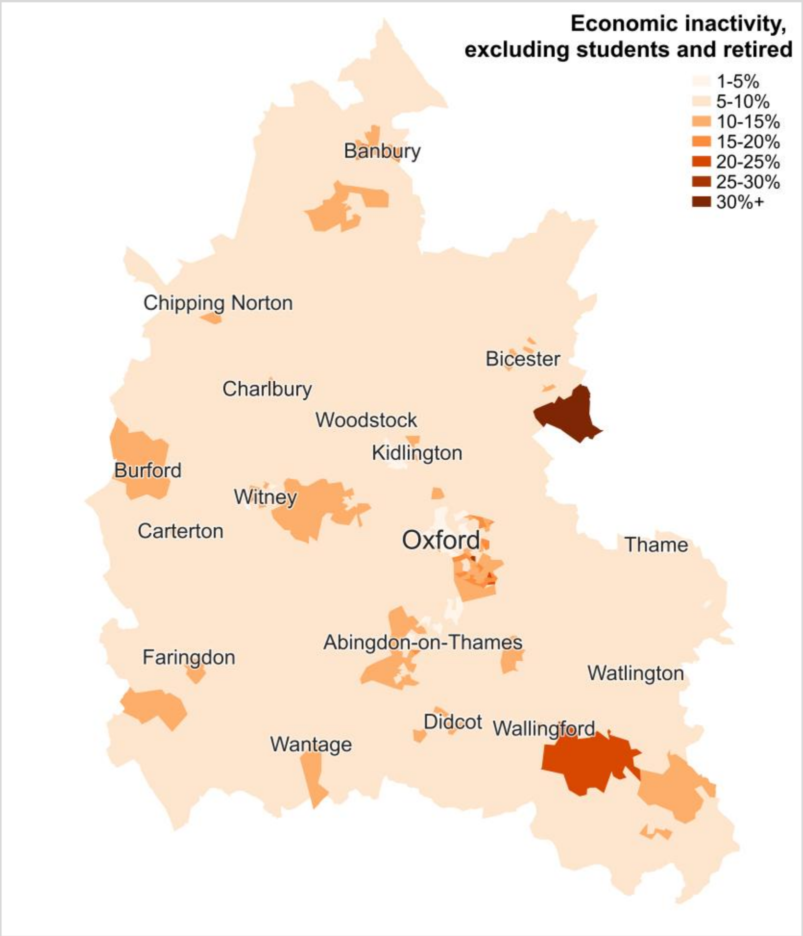
Overall, Oxfordshire has a tight labour market and performs well across most educational and participation indicators

Oxfordshire has **over 60% of working-age residents holding a degree, significantly surpassing both regional and national averages**

Qualification Level	Oxfordshire	South East
RQF4 and above	61%	48%
RQF3 and above	78%	70%
RQF2 and above	93%	88%
RQF1 and above	94%	91%
Other qualifications	2%	4%
No qualification	4%	6%

Overall, Oxfordshire's **employment rate stands at 83.9%, one of the highest in England** and exceeding the 80% target outlined in the *Get Britain Working* white paper.   This is a very tight labour market, with limited available capacity and strong competition for skilled workers.

Despite Oxfordshire's strong labour market, **some urban areas** around the south of Oxford City, and parts of Banbury and Cherwell, **face low education levels and high youth NEET rates**. West and South Oxfordshire, **struggle with transport and digital access**, limiting education opportunities. Disadvantaged youth, minorities, and older rural workers face additional challenges adapting to the knowledge economy.



Sources: Annual Population Survey, Get Oxfordshire Working Plan

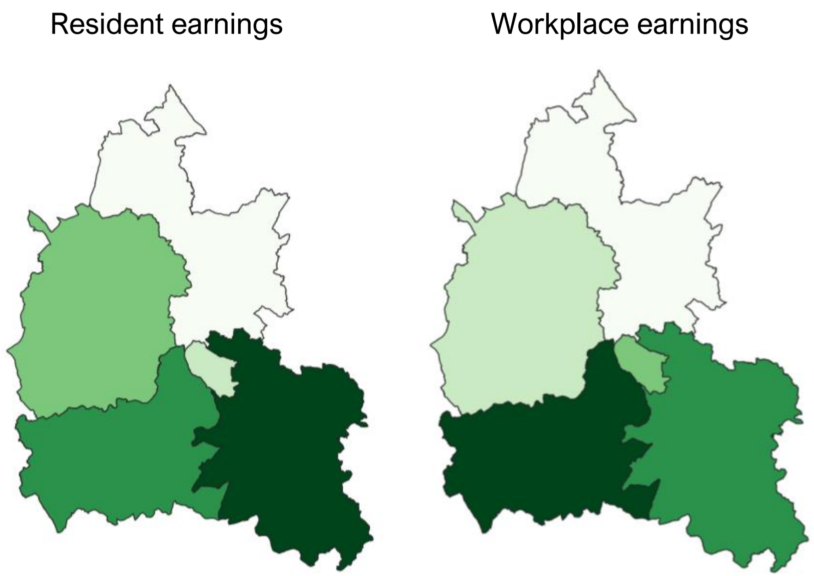
The labour market in Oxfordshire is influenced by the growth of key sectors and how talent is connected to these emerging opportunities.

Labour market opportunities in Oxfordshire vary by job concentration. Oxford city has many professional roles due to universities and research hubs, while South and Vale focus on science and innovation jobs. Cherwell and West Oxfordshire offer a mix of professional, retail, and manufacturing work.

Connectivity influences commuting patterns, with many residents traveling to higher-paid jobs or working remotely, leading to higher resident earnings in some areas. Conversely, Oxford and Vale of White Horse attract in-commuters, increasing workplace earnings.

The highly skilled workforce allows many residents to access professional jobs, but opportunities are unevenly distributed.

Resident vs workplace-based earnings (2025) (darker gradient = higher annual earnings)



Sources: Annual Survey of Hours and Earnings

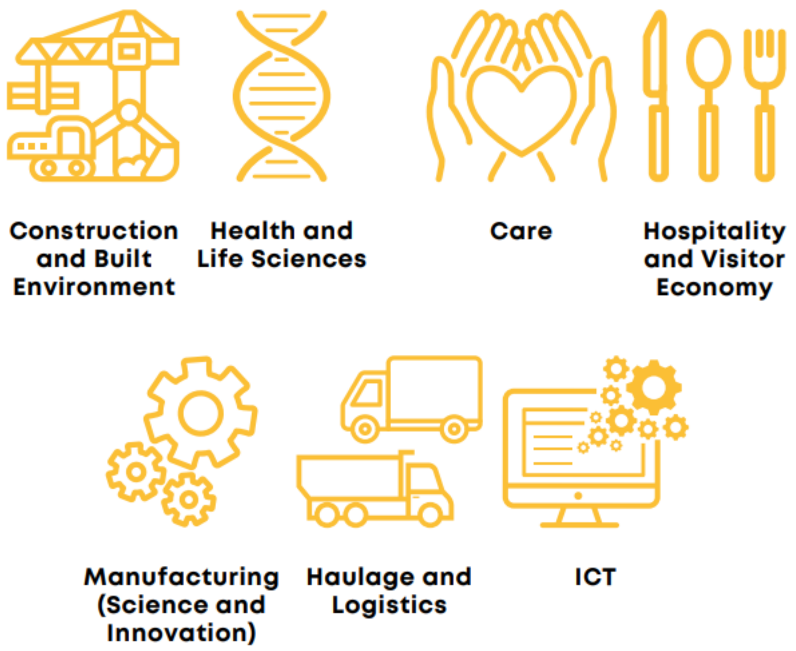
There is a need for the labour market to be more flexible to accommodate demands from key growth sectors

Oxfordshire's labour market is near full capacity, leaving little spare labour to meet growing demand in high-value sectors or adapt to transitions. **To sustain economic resilience, labour and talent must be used productively through a flexible system that responds quickly to shifting needs**

LSIP evidence shows rising vacancies and skills gaps in a range of key sectors. Employers struggle to fill mid-level technical roles, especially in the SME-heavy economy where specific skills are required. **High housing costs and poor transport also hinder recruitment and retention**, particularly for HE and FE graduates

These labour shortages indicate misalignment with productive uses. Addressing this requires adaptable training, including flexible, modular options that enable rapid upskilling and tailored learning for employers

Priority sectors identified in the 2023 LSIP, based upon vacancy volume, structural recruitment barriers, and future opportunity



Sources: Oxfordshire and Berkshire Local Skills Improvement Plan, 2023

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Labour Market and Skills

Objective

To ensure Oxfordshire's labour market remains productive, inclusive, and resilient by addressing skills shortages, improving access, and adapting to sectoral change

Context

- Oxfordshire has a tight labour market, high qualification levels, and strong participation
- Skills shortages persist across key sectors
- Recruitment and retention challenges especially for mid-level technical roles and SMEs
- Disadvantaged groups (youth, minorities, rural workers) face barriers to participation
- High housing costs and poor transport limit workforce mobility and access to jobs

Rationale for Intervention

- Labour market is near full capacity, so productivity and resilience depend on better skills alignment and flexible, responsive training
- Skills gaps and recruitment difficulties risk slowing growth in high-value sectors
- Addressing barriers for disadvantaged groups is essential for inclusive growth

Draft Priorities

Now…

Work to develop a Community Skills Plan – a structured approach to integrating skills development into the wider economic development framework:

- Enhance access to technical skills by collaborating with businesses to address shortages, as evidenced by LSIP findings. Build stronger partnerships to understand future demand – particularly in sectors that currently under-engage – recognising the constraints many employers face and the opportunity of aligning the apprenticeship levy.
- Strengthen links with schools at all levels, including early years, to support longer-term skills development and build a workforce pipeline.
- Partner with FE to develop targeted skills programmes linked to specific job opportunities, connecting inactive groups to sector demand, aligning with Get Oxfordshire Working where relevant
- Focus on flexible, modular training adaptable across related sectors, including competency-based provision for SMEs.
- Explore a skills mapping review to gather evidence on current gaps and embed a consistent approach to skills intelligence across the county.

Next…

Maintain ongoing skills programs during LGR to protect current efforts despite government changes

Create local labour market strategies, like a Science Vale Skills Plan, to meet specific regional needs.

Future…

Strengthen systems leadership around skills – coordinate and build relationships across stakeholders to ensure that any future powers (i.e. devolution of ASF) can be effectively utilised

Impact

- Reduced skills gaps and vacancies in priority sectors
- Improved recruitment and retention, especially for SMEs and in rural/ market towns
- Higher employment and progression rates for disadvantaged groups

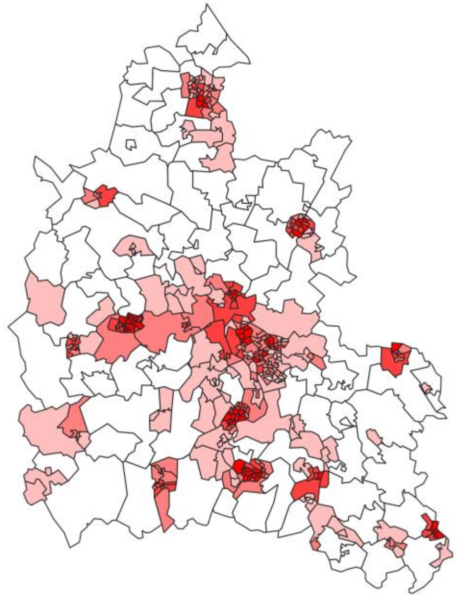
'Why now'

A tight labour market, sectoral skills gaps, and barriers for disadvantaged groups threaten Oxfordshire's ability to sustain economic growth and adapt to future opportunities

Housing

Oxfordshire has acute challenges around housing affordability

IMD 2025 Barriers to housing deprevation (where 1 is 10% most deprived LSOA nationally)



Housing purchase affordability ratios						
Local authority name	1998/99	2004/05	2009/10	2014/15	2019/20	2023/24
Cherwell	4.29	8.11	7.76	8.28	8.95	8.86
Oxford	5.66	9.56	9.28	9.65	10.24	10.42
South Oxfordshire	5.80	9.21	10.12	9.77	10.59	9.87
Vale of White Horse	5.03	8.26	7.96	7.71	8.67	8.59
West Oxfordshire	5.13	8.95	9.19	8.94	9.49	9.09
England	4.37	7.67	7.59	7.6	7.98	7.89
South East	4.74	8.27	8.22	8	9.08	9.24

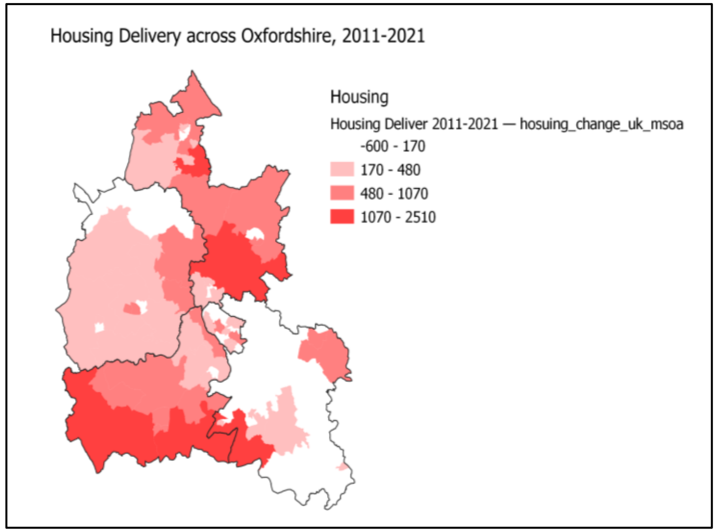
- **Housing availability and affordability are key constraints to Oxfordshire's economic strength**, affecting business talent attraction, labour participation, and high-value sectors

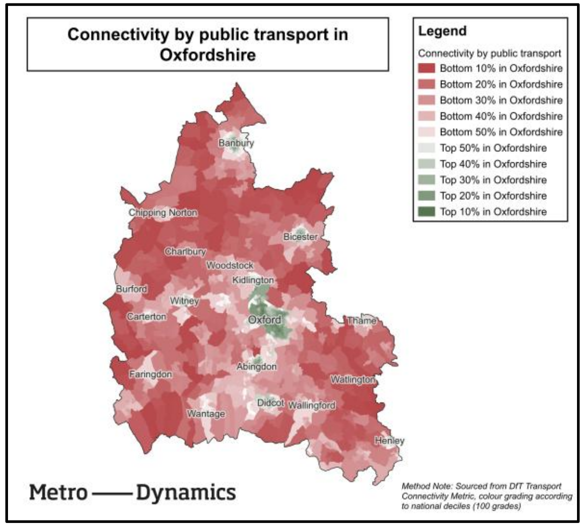
- Rising house prices and rents reduce affordability, hinder recruitment, and increase long commutes, straining transport and productivity

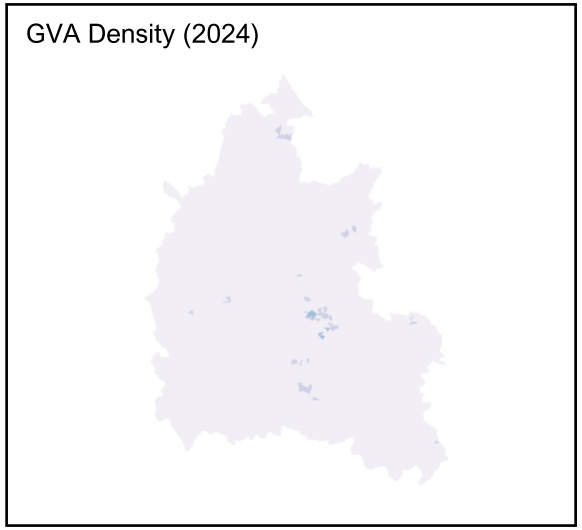
- The 2025 IMD shows Oxfordshire, especially near Oxford City, faces serious housing deprivation, impacting affordability, service access, and sustainable growth.

Sources: IMD 2025, MHCLG 2025

Recent housing developments have primarily occurred in some of Oxfordshire's least accessible areas, rather than near major economic centres







Between 2011-2021, most new housing was built in the south of Vale of White Horse and Cherwell. However, this **delivery pattern raises concerns about alignment with economic priorities**, as housing on the outskirts increases commuting distances for residents seeking jobs, education, and services

Based on DfT Connectivity Data, these areas have some of the poorest public transport links in Oxfordshire and are distant from major economic centres like Science Vale, Oxford City, and key town centres. These hubs offer high-value jobs in life sciences, technology, and education. **Housing located far from these centres without reliable transport limits residents' access to these labour markets**, potentially restricting economic productivity and workforce availability.

Notably, **housing delivery in Oxford City has been low compared to its connectivity and economic opportunities**. This under-delivery suggests Oxford is not densifying adequately, limiting its capacity to support population growth near jobs, services, and infrastructure.

Sources: VOA 2023 Release, new Council Tax registration, Rounded Natural Breaks, DfT Transport Connectivity Metrics, Regional GVA estimates ITL 3

Housing delivery lags behind targets, indicating an opportunity for place-based growth tied to infrastructure and employment

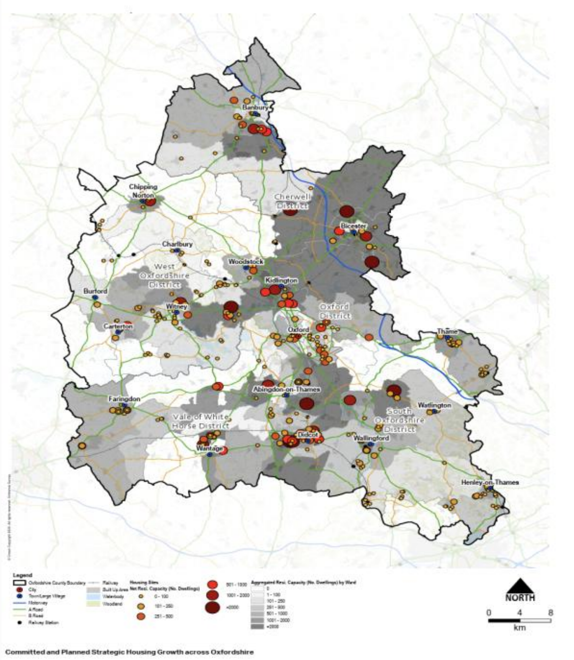
As noted by the Oxford Growth Commission, **Local Plans have failed to meet the minimum housing targets**, resulting in a backlog and slowing the pace of development. The gap between actual housing delivery and national expectations has increased, especially in Oxford and West Oxfordshire, following updates to the NPPF methodology.

The Oxfordshire Infrastructure Strategy indicates that **future housing growth is more closely tied to new employment land development**, strengthening the connection between residential areas and workplaces.

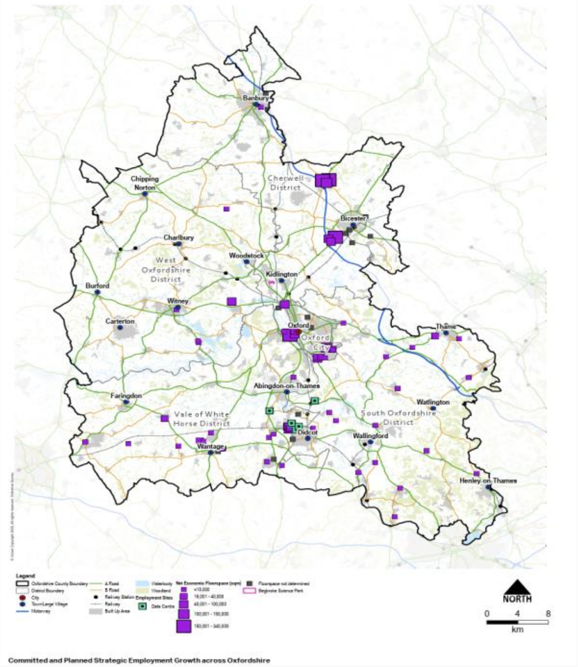
The **Oxford Growth Commission emphasises the importance of viewing housing delivery through the lens of place-based opportunity areas**, which are closely linked to transport and infrastructure projects, such as those made possible by the reopening of the Cowley Branch Line.

LA	Actual Net Additional Dwellings (2024/25)	Difference to old LHN Standard Method	Difference to new LHN Standard Method
Cherwell	717	11	-401
Oxford	250	-512	-837
South Oxfordshire	794	215	-448
Vale of White Horse	1193	560	244
West Oxfordshire	304	-245	-601

Planned housing developments



Planned employment space developments



Sources: OxIS Baseline report 2025, Net additional dwellings live tables, Ministry for Housing and Local Government

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Housing

Objective

Enable good growth in Oxfordshire by tackling housing affordability and spatial misalignment to attract and retain talent, support strong communities in great places and support businesses and sustain productivity

Context

- **Affordability is structurally high across the county**
- **Spatial misalignment of new housing** – since 2011, substantial delivery has tended to the southern peripheries, not near major employment centres; this results in lengthened commutes and weaker labour market access
- **Deprivation within otherwise successful places** – IMD 2025 highlights nationally significant Barriers to Housing and Services, particularly in and around Oxford City
- **Plan and delivery gap** – a widening gap between council plans and minimum housing need under new method
- **These weaknesses underpin public resistance** to housing growth, as local people can see what isn't working and that the benefits aren't good enough.

Rationale for Intervention

- **Good jobs, wages and competitiveness depend on workforce access** – high housing costs and poor proximity to jobs impair firm's ability to attract/retain talent and depress participation and productivity in high-value sectors
- **Good growth requires an integrated spatial strategy** – stresses coupling housing allocations with transport and infrastructure to reduce cost/friction of access, unlock sites, and shorten commutes, especially around Oxford and science hubs
- **Equity and resilience** – concentrations of deprivation related to housing and access mean interventions must also improve inclusivity and service connectivity, not just total units
- **Delivery credibility**

Potential Priorities

Now…

Work to develop **non statutory good growth plans** for key areas, showing how housing, skills, employment land and infrastructure is supporting good growth for communities and investors.

Support Oxford Growth Commission case for new powers and funding

Next…

Ensure that **powers for future delivery vehicles** e.g. development corporations in Greater Oxford are deployed effectively.

Future…

Create an **integrated statutory spatial strategy** for the County as a whole / new unitaries – bringing together nature, housing, infrastructure, employment land

Impact

- **Productivity uplift** – better worker-job proximity and reduced travel friction support higher GVA per worker
- **Inclusive access** – targeting affordability barriers in specific neighbourhoods improves participation and equity
- **Carbon & health co-benefits** – shorter commutes and mode shift reduce emissions and improve well-being; integrated planning avoid car-dependent patterns
- **Market confidence** – a credible, sequenced pipeline mitigates delivery risk and signals investability for institutional capital

'Why now'

Persistent affordability pressures, widening delivery gaps, real resident concern about housing growth, environmental concerns and national Government drivers for housing and infrastructure alignment.

Spatial approach to developing interventions

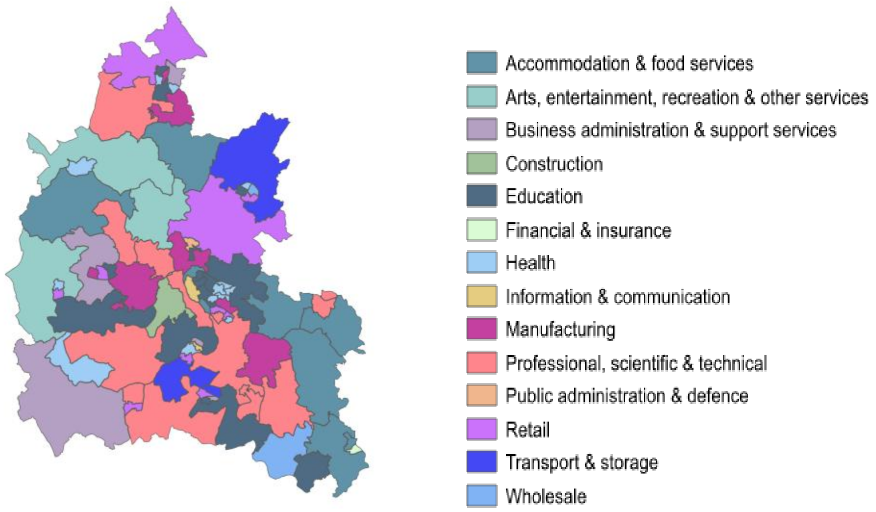
Although Oxfordshire faces common challenges, in some areas these issues manifest differently, interacting uniquely with the local conditions

Phase 1 findings show that **Oxfordshire has a complex, polycentric economy with varied spatial dynamics and sector specialisations**

Oxford is a knowledge-focused city, Science Vale is an innovation hub, and Banbury and Bicester are traditional market towns. **Economic challenges and opportunities differ across these areas**

This work seeks to align priorities with key locations and create a framework for place-based economic planning that reflects local strengths and development paths.

Primary sector of employment by MSOA



Source: Business Register and Employment Survey (2024)

Why do you need a spatial approach to economic development?

- Current strategies demonstrate a high level of generality at the thematic level – this is necessary at the county level, but a different approach is required to address Oxfordshire’s opportunities and barriers to growth.
- The structure of your economy is spatially varied, with different assets and drivers for growth, and needs in different places, with the potential to also work well as a whole Oxfordshire unit.
- Addressing this requires a **spatially integrated approach to economic development,** specifying a combination of interventions and actions required to support your vision for good growth
- We suggest developing a spatial economic development framework of tailored and integrated interventions for a small set of places, to agree with you and to justify delivery action in the short, medium and long term.
- This does not mean you will not need any county-wide delivery mechanisms, but rather delivering at this scale will be more impactful if spatially tailored and integrated.
- Report 2B provides analysis around four of Oxfordshire’s key growth locations alongside some overarching priorities

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