

**PERFORMANCE & CORPORATE SERVICES
OVERVIEW & SCRUTINY COMMITTEE
– 12 JUNE 2026**

SHAPING OXFORDSHIRE'S FUTURE ECONOMY

Report by Robin Rogers, Director of Economy & Place

RECOMMENDATION

1. **The Performance & Corporate Services Overview & Scrutiny Committee is RECOMMENDED to**
 - a. **NOTE** the work undertaken to date, and the conclusions arising from it; and
 - b. **NOTE** the proposal to develop an Oxfordshire Investment & Productivity Plan, and the intention to submit it to Cabinet for approval in July 2026

Executive Summary

2. Since October 2026, the Future Economy team - with consultancy support, and working with colleagues across the City and District Councils – has undertaken an analysis of Oxfordshire's economy, strategy map, and institutional landscape.
3. This report sets out a summary of the work undertaken to date, and provides a clear, evidence-led account of:
 - the current strengths and structure of Oxfordshire's economy;
 - why Oxfordshire does need to continue to grow, and why the most consequential growth decisions will take time;
 - why waiting to act is not a viable option for businesses and residents over the next few years;
 - the role of Community Wealth Building in developing Oxfordshire's economy;
 - the case for a focused, near-term Investment & Productivity Plan, particularly in the context of Local Government Reorganisation (LGR); and
 - the need for that Plan to be overseen by and delivered through a collaborative partnership arrangement.
4. In summary, Oxfordshire starts from a position of exceptional economic strength. Its challenge is how to accelerate success in a mature but constrained system. Growth remains essential, but consequential decisions will take time to come to fruition. Therefore, focusing on enabling businesses and residents, and ultimately delivering better productivity, is how Oxfordshire can build momentum through change and ensure that when the next phase of growth is unlocked, it lands in a system that is more functional, resilient and investable.

5. The paper aims to establish a practical basis for action now, through a near-term Investment & Productivity Plan, while longer-term growth decisions are worked through

Overview

2. The work undertaken by Metro Dynamics on behalf of the county has reached a conclusion, and the products are appended to this report. Appendix A provides an executive summary of their work and their recommendations.
3. Their analysis has provided clarity on priority places across the county (Banbury, Bicester, Oxford, Science Vale and the surrounding areas, and West Oxfordshire); priority sectors; and a headline delivery framework of interventions and activity in the short, medium and longer terms.
4. In the context of the County Council's informal position on managed growth, the next phase of work is to develop a near-term Investment & Productivity Plan into which local government can both commit resource and seek to leverage external funding; and develop the partnership mechanisms to oversee the delivery of the plan through a period of institutional and economic turbulence.

Oxfordshire's economy today

Overall scale and performance

5. Oxfordshire is a high-output, high-value local economy, generating around £28bn in Gross Value Added (GVA), comparable in scale to Cambridgeshire and larger than many UK city-region economies. It consistently performs well on headline economic indicators, including employment rates, skills levels and business formation.
6. While aggregate productivity (measured as GVA per hour worked) sits below some immediate comparators such as Berkshire West and Swindon, Oxfordshire remains a national outlier for innovation intensity, research-led activity and high-value firm formation. This combination – strong output, exceptional innovation, but uneven productivity – is central to understanding both Oxfordshire's success and its current constraints.

A globally significant innovation economy

7. Oxfordshire punches well above its weight in innovation. The county hosts one of the largest concentrations of research activity in Europe, anchored by the University of Oxford, Oxford Brookes University, and a network of nationally significant science and research campuses including Harwell, Culham and Milton Park.
8. This has translated into exceptional performance on several fronts:
 - University spin-outs and knowledge-intensive firms have expanded rapidly. The estimated turnover of active University of Oxford spin-outs alone now

runs into the hundreds of millions of pounds, with strong growth also evident from Oxford Brookes-linked firms, whose spin-out turnover has increased by over 400% since the mid-2010s.

- On composite measures of sector performance (employment, firms, GVA and productivity), Oxfordshire ranks among the strongest UK locations for growth in life sciences, digital and data-driven industries, advanced manufacturing and clean energy.
- Life sciences stand out in particular. Employment growth rates imply that, if current trends were sustained, the number of people working in life sciences in Oxfordshire could almost triple over the next decade, underscoring both the opportunity and the pressure this places on the system.
- Oxford's international brand and reputation anchors innovation-led, high-growth activity, investment and tourism – particularly because of proximity or easy access to the two world-leading Universities. There is no doubt that Oxford is the county's "hero" brand. But importantly, this innovation economy is distributed across the county - rather than being concentrated in a single place. It is clustered around multiple science parks and innovation campuses, creating a networked innovation geography rather than a single core.

9. However, Oxfordshire under-realises the local productivity return on globally competitive innovation, with relatively weak diffusion of innovation through value chains across the county. This is in part because of a tendency to think of agglomeration on a place-specific, rather than county-wide basis.

Strong historic performance in attracting external investment, but a weak pipeline

10. Despite capacity constraints, Oxfordshire has performed strongly in attracting external and inward investment. Over the past five years, inward investment activity supported by local partners has secured around £3.6bn of investment and approximately 6,500 jobs, with projects concentrated in science- and technology-led sectors including life sciences, healthcare, advanced engineering and space technologies.
11. This reflects the county's global reputation, built upon its hero brand of the city and universities; institutional depth; and nationally-leading skills base. However, the evidence also shows that the investment pipeline is significantly smaller than in recent years; and that levels of business investment anchored locally (gross fixed capital formation) are materially lower than in some comparator areas, notably Cambridgeshire, suggesting that while firms are locating and operating in Oxfordshire, a smaller share of physical expansion and capital deepening is being realised locally.

A highly skilled workforce – and a very tight labour market

12. Oxfordshire has one of the most highly educated workforces in England:
 - over 60% of working age residents hold a degree or higher qualification, compared with around 48% across the South East and significantly less nationally;
 - qualification rates at all levels exceed regional and national benchmarks.

13. Employment performance is equally strong. The county's employment rate is approximately 84%, among the highest in the UK, leaving very limited spare labour capacity. This combination underpins Oxfordshire's success, but also explains why skills shortages, recruitment difficulties and labour churn are now persistent features of the local economy. In the short term, growth can no longer rely on simply drawing more people into work; it must increasingly come from making better use of existing labour and assets, while longer-term planning for growth takes place.

A polycentric economy with distinct economic roles

14. Oxfordshire is not a single, uniform economy. It is polycentric, with different places playing distinct and complementary roles:
 - Oxford city is unquestionably the county's largest centre of employment and output, dominated by education, health, research and innovation, accounting for around 29% of Oxfordshire's GVA while containing around 22% of its population.
 - The Science Vale and its surrounding area (South Oxfordshire and Vale of White Horse) is a major growth engine, with particularly strong recent performance in life sciences, professional and technical services, advanced manufacturing and clean energy, and some of the highest composite sector growth scores in the county.
 - Cherwell (Banbury and Bicester) plays a distinctive role shaped by advanced manufacturing and logistics, linked to wider supply chains extending into Motorsport Valley, the Midlands and Buckinghamshire, alongside a large and diverse foundational economy.
 - West Oxfordshire is home to a resilient rural and visitor economy, with strong performance and growing international renown in tourism, leisure and local services, relatively robust productivity for its size, and resident earnings that compare favourably with much of the county.
15. These places are connected through overlapping labour markets, commuting corridors and infrastructure systems, forming a functionally integrated but spatially diverse county economy.

A large and essential foundational economy

16. While Oxfordshire is internationally recognised for its innovation strengths, the evidence is clear that most people work outside the frontier economy.
17. Foundational sectors – including health and care, education, retail, hospitality, construction, logistics and local services – employ a large share of the workforce in towns, neighbourhoods and rural areas. Performance in these sectors has a direct bearing on:
 - labour market stability and churn;
 - everyday economic resilience;
 - access to work and services for residents; and
 - the functioning of high-value sectors that depend on them.
18. Their productivity and resilience are therefore economically material, not peripheral.

Growth remains essential – but will take time

19. The analysis is clear that, both economically and in light of Government's intervention, Oxfordshire – and Oxford in particular – does need to grow. Continued growth is necessary to address housing shortages, fund infrastructure and public services, and sustain the county's national and international economic role.
20. However, the evidence and governance context are equally clear that the largest and most consequential growth decisions – particularly those relating to strategic planning, major transport schemes and long-term spatial development – will take time. Many will be taken after Local Government Reorganisation, the potential formation of a Thames Valley Strategic Authority, and through the forthcoming Greater Oxford Development Corporation.
21. Considering a range of competing views on how best to develop Oxfordshire's economy, developing a traditional economic strategy at this time is exceptionally challenging with little apparent room for consensus to emerge. However, those challenges do not provide a justification for inaction in the intervening period.

Prioritising productivity

22. Businesses and residents will continue to experience the pressures of a high-cost, capacity-constrained economy over the next few years: congestion, housing affordability, labour shortages and infrastructure uncertainty. This is likely to worsen as a consequence of geopolitical instability. Simply waiting for future structures and strategies to settle would:
 - weaken business confidence;
 - increase labour churn;
 - worsen congestion and affordability pressures; and
 - make future growth harder to deliver.
23. In this context, there is both a need and an opportunity to shift the county's focus towards increasing productivity. This is not an alternative to growth, and not a rhetorical substitute for development. It is the means by which Oxfordshire can act now to:
 - enable existing firms to grow, invest and retain staff;
 - reduce system frictions in transport, skills, infrastructure and local economies;
 - stabilise foundational sectors that underpin daily life; and
 - make better use of existing labour, land and capital while major growth decisions are prepared.
24. Focusing on productivity now is a holding and enabling strategy during transition, and one that will enable a clarity of focus from the public sector that will deliver better near-term outcomes for businesses and residents – while providing a platform to solve the bigger, more complex and longer-term challenges around planning and infrastructure.

Community wealth-building as an economic development mechanism

25. Prior to and in parallel with the work undertaken by Metro Dynamics, the county has explored how to build community wealth.
26. Community wealth building (CWB) is best understood in Oxfordshire as an economic development tool rather than a parallel social agenda. In a high value, high employment economy operating close to capacity, long term prosperity depends not only on how much value is created, but on how far that value is retained, circulated and reinvested locally.
27. The evidence underpinning this paper shows that a significant share of economic value generated in Oxfordshire does not remain in the county for long. This limits reinvestment in skills, firm capability and local supply chains, weakening the resilience and cumulative productivity of the wider economy. CWB addresses this directly by strengthening local economic multipliers through procurement, supplier development, locally anchored ownership and investment.
28. In a very tight labour market, CWB also operates as a productivity and stability lever. High churn in foundational and place-based sectors imposes real economic costs, increasing recruitment pressure across the system. By supporting locally rooted firms, improving workforce stability and strengthening progression pathways, community wealth building helps reduce friction and sustain performance in the everyday economy on which higher value activity depends.
29. Crucially, CWB enables place-based economic delivery. Stronger local business ecosystems, town centre economies and local supply chains reduce pressure on growth locations, improve access to opportunity, and help ensure that growth elsewhere in the system does not generate adverse knock-on effects.
30. CWB should therefore be seen as a delivery mechanism within the Investment & Productivity Plan: anchoring productivity gains, reinforcing resilience during a period of transition, and ensuring that future growth decisions land in a system that is stronger, not more brittle.

Why an Investment & Productivity Plan is needed now

31. The analysis supports the case for a clear, focused Investment & Productivity Plan for up to the next five years, designed to operate alongside – not in place of – longer-term growth strategies.
32. Such a Plan would:
 - provide focus and discipline during LGR;
 - align existing programmes and investment decisions;
 - support businesses and communities through near-term pressures; and
 - ensure that decisions taken now do not undermine tomorrow's agendas.
33. It would not be:

- a statutory spatial plan;
 - a comprehensive list of projects; or
 - a replacement for the work of an Oxford Development Corporation.
34. The Investment & Productivity Plan will not be a simple activity-and-funding matrix. It will be developed along the lines of a Local Growth Plan, setting out:
- an economic model and narrative for Oxfordshire;
 - clear spatial and sectoral/cluster focus;
 - a small number of high-impact interventions that will drive productivity;
 - sequencing of action over the next few years; and
 - alignment of existing levers and resources, including partnership delivery mechanisms.
35. It will also provide the basis to develop a similar framework across the Thames Valley, enabling greater coherence at a wider economic scale over time.

Partnership and next steps

36. Delivery requires collaborative system stewardship, not new structures. Oversight should operate through partnership, focusing on prioritisation, sequencing, problem-solving, and building and delivering a pipeline of interventions. This will require genuine collaboration across the local government, private, and education sectors. While Oxfordshire benefits from a number of such collaboration structures, few of them are directly related to – or have levers concerning – delivery. One such vehicle is Enterprise Oxfordshire – further information on which is included in Annex E.
37. Over the coming weeks, the next steps are to:
- Test priority objectives and thematic areas of intervention with partners;
 - Identify, prioritise and sequence interventions across thematic areas;
 - Align with funding and resources;
 - Develop partnership oversight arrangements; and
 - Develop the Investment & Productivity Plan;
 - Bring proposals to Cabinet in July.

Corporate Policies and Priorities

38. The work to develop an economic strategy and Investment & Productivity Plan is closely aligned with Oxfordshire County Council's current Strategic Plan, which sets out the Council's vision of "a greener, fairer and healthier county," and a focus on delivering meaningful change during a period of Local Government Reorganisation and wider system reform.
39. Rather than introducing a parallel agenda, the Investment & Productivity Plan will provide an economic framework that reinforces and enables delivery of the Corporate Plan's priorities, particularly in relation to inclusive growth, infrastructure, climate resilience and long-term financial sustainability.

Financial Implications

The financial implications section should be completed by a member of the finance service

40. There are no direct financial implications arising from this report. However, the proposed Investment & Productivity Plan – which will be recommended to Cabinet in July – will propose a number of new investment decisions. If there are any net costs to Oxfordshire County Council as a result of the new investment decisions, officers will present them at the July Cabinet meeting along with funding options.

Comments checked by:

Name, Title, email (Finance)

Legal Implications

The legal implications section should be completed by a member of the legal service

41. There are no direct legal implications for the Council arising from this report, which has been developed within the existing statutory powers of the Council, specifically the Council's general power of competence under Section 1 of the Localism Act 2011.
42. The English Devolution and Community Empowerment Bill which is currently at Committee Stage in the House of Commons introduces a new statutory basis for Strategic Authorities, including Combined County Authorities, with defined powers over skills and employment support. As these provisions progress, further legal consideration may be required to reflect any new responsibilities or commissioning powers transferred to the area.
43. Any legal implications that arise through the development and delivery of the proposed Oxfordshire Investment & Productivity Plan will be considered and assessed at that time and before any recommendations are brought forward for decision.

Name, Title, email (Legal)

Staff Implications

44. This report does not in itself have direct staffing implications, as it does not introduce new programmes, structures or service delivery requirements. Any staffing implications will arise, if at all, through the development and delivery of the proposed Oxfordshire Investment & Productivity Plan. These implications – including the use of existing staff resources, partnership capacity and any need for additional or re-prioritised roles – will be considered and assessed as part of

the Plan's development, and reported to Cabinet before any recommendations are brought forward for decision.

Equality & Inclusion Implications

45. This paper does not in itself propose specific policies, programmes or decisions with direct equality or inclusion impacts. Its focus on productivity, system coherence and spatial prioritisation is intended to support inclusive economic outcomes over time by improving access to opportunity, workforce stability and the functioning of everyday economic systems across Oxfordshire. The detailed equality and inclusion implications will be assessed as part of the development of the proposed Oxfordshire Investment & Productivity Plan. An appropriate Equality Impact Assessment will be undertaken and considered before any recommendations on the Plan are brought forward to Cabinet for decision.

Sustainability Implications

46. This report does not in itself commit the Council to specific projects or interventions with direct environmental or sustainability impacts. Its emphasis on improving productivity through better system alignment is intended to support more sustainable patterns of growth over the longer term, including more efficient use of resources and reduced system-level friction. Detailed sustainability implications will be considered as the proposed Oxfordshire Investment & Productivity Plan is developed. These implications will be assessed as part of the plan's preparation, and any relevant environmental or sustainability assessments will be undertaken and considered before recommendations are brought forward to Cabinet for decision.

Risk Management

47. This report does not create new delivery programmes or financial commitments; however, it identifies risks associated with fragmentation, misalignment and loss of momentum during a period of institutional and strategic change. These risks are addressed by providing a clear evidence-led framework to guide prioritisation, coordination and sequencing of economic decisions in the near term. The principal delivery and financial risks will arise through the development and implementation of the proposed Oxfordshire Investment & Productivity Plan, including risks related to capacity, partner alignment and external dependencies. These will be identified, assessed and managed through the Council's existing risk management and governance arrangements as the Plan is developed, and will be reported to Cabinet as part of any subsequent recommendations.

Consultations

