

Executive

Enabling Business Investment in Cherwell

1 July 2013

Report of Head of Strategic Planning and the Economy

PURPOSE OF REPORT

To consider how to use recent research to enable business investment in Cherwell.

This report is public

Recommendations

The Executive is recommended:

- (1) To share this research and engage with members of the Cherwell-M40 Investment Partnership (CHIP) to identify competitor locations and points of Cherwell's competitive advantage to form the basis of a promotional campaign to strengthen the economic base of the District and attract inward investment. This should also assist the retention of local SMEs and support them to prosper, all of which will contribute to growth in business rates and the vitality of Cherwell.
- (2) To commission new District- wide promotional material to secure new investment including Investor Profiles for our portfolio of major sites, setting out location, characteristics of the population, local demographics etc.
- (3) To lead new initiatives in 2013/14 including a bulletin for businesses to promote investment, and a District wide business forum to enhance the networks the IoD, FSB and local Chambers within the District as a whole.

Executive Summary

1. Introduction

1.1 The Cherwell Economic Development Strategy (2011-16), adopted by both the District Council and the Local Strategic Partnership, identifies the importance of a strong and resilient economy for the future of north Oxfordshire. By leading and enabling investment in three broad areas: people, business and place, specific commitment was given to take action on the following inter-related themes:

- a) Promote business & cluster development
- b) Attract new investment
- c) Promote employment sites & premises

- 1.2 Objectives are to be achieved in partnership wherever possible, such as through the Cherwell-M40 Investment Partnership (CHIP) and the emerging Local Enterprise Partnerships, and also through the Council's unique role as Local Planning Authority.
- 1.3 The current preparation of the Local Plan (2006-2031) seeks to ensure that the economic growth of the District accompanies the significant housing growth expected over the next two decades. In order to achieve this balance, the analysis underpinning the Cherwell Economic Development Strategy has been supplemented by further analysis, such as the URS Employment Land Study (2012), Roger Tym Economic Study (2012) and CBRE Retail Study (2012).
- 1.4 This paper focuses upon a further piece of independent research across England undertaken by 'Local Futures'. It is shown in full as an appendix and is summarised below, leading to recommendations as to how it could be used to contribute towards the planning and economic development objectives of the Council.

2. Proposals

Cherwell's Business Location Profile

- 2.1 Local Futures' Place Profiles are computer-generated reports that provide a high-level analysis of an area and tell a 'story of place'. The reports provide a quick, easy to understand and yet comprehensive analysis of an area in relation to a national index by using standard data sources. The data is inevitably 'historic' but is the most recent available.
- 2.2 In this case, Cherwell is examined in terms of its attractiveness to inward investors and businesses considering the District as a location.
- 2.3 The three main categories each contain five indicators which reflect measures typically used to respond to inward investment enquiries. They are shown below with Cherwell's ranking within England summarised in brackets:
 - **Economic Performance (very strong)**
 - Productivity (strong)
 - Knowledge intensive businesses (medium)
 - Business & enterprise (very strong)
 - Economic scale (strong)
 - Growth in business stock (strong)
 - **Human Resources (very strong)**
 - Skills & qualifications (strong)
 - Knowledge workers (strong)
 - Labour market (very strong)
 - Scale of workforce (strong)
 - Growth in workforce (medium)
 - **Environment and Infrastructure (very strong)**
 - Connectivity (weak)
 - Cost base (weak)

- Quality of life (medium)
 - Scale of commercial floorspace (strong)
 - Growth in commercial floorspace (strong)
- 2.4 Each of the above categories and indicators is examined in the full report, attached as an Appendix.
- 2.5 Overall, whilst not being a top performer in any single indicator, Cherwell features above other Local Authority areas that may have performed poorly on some measures. The composite scores take into account each individual indicator score, rather than just the A-E quintiles.

Business Location Index

2.6 The overall analysis revealed that, despite some areas of weakness, Cherwell performs extremely well overall and has the highest Business Location Index when compared to surrounding districts and compares very strongly at an English level. In fact, Cherwell is ranked 11th out of all 325 local authority areas in England.

2.7 The top 20 are as follows:

- 1 Milton Keynes
- 2 South Cambridgeshire
- 3 Basingstoke and Deane
- 4 South Gloucestershire
- 5 Wiltshire
- 6 Wandsworth
- 7 Crawley
- 8 Cheshire East
- 9 Warrington
- 10 Richmond-upon-Thames
- 11 Cherwell**
- 12 Solihull
- 13 Winchester
- 14 Exeter
- 15 Brighton and Hove
- 16 Swindon
- 17 Chelmsford
- 18 York
- 19 Cheltenham
- 20 Trafford

Use of the Findings

- 2.8 The business location index is a valuable analytical and marketing tool. An overall ranking of 11th out of 325 local authority areas is an extremely good result and a basis to form a competitive offer to business investors.
- 2.9 Comparisons with surrounding areas are much more relevant than those with the England as a whole because an inward investor is normally looking for the best location within an area of search which is much smaller than the country.

- 2.10 It is therefore important to know where Cherwell stands relative to its most likely competitor locations. As noted above, Cherwell scores higher overall than any of its surrounding Districts.
- 2.11 However, some competitor locations may be further afield and this is a matter to be researched further using the knowledge and experience of the commercial agents and other members of the Cherwell-M40 Investment Partnership.

Limitations & Interpretation of the Findings

- 2.12 As with all models, some limitations are evident in this national study. However, with deeper understanding, the results can be helpful in understanding the impact of previous action and in future communication of the comparative advantage of Cherwell as a location for business investment.
- 2.13 For instance:

Connectivity:

- 2.14 The surprisingly poor Connectivity Score for Cherwell resulted from calculating the number of transport nodes (airports, railway stations, motorway junctions, roads etc.) in a Local Authority area, as a proportion of the physical area size.
- 2.15 With airports, for example, a weighting was applied whereby those with greater passenger numbers were given more importance – this explains why London Oxford Airport (which was recorded as being positioned in Cherwell) had very little impact on the final Connectivity Score.
- 2.16 The physical size (hectares) of the area is the most important point though, and explains why densely populated cities for instance score higher than Cherwell. Cherwell's transport nodes (such as the railway stations) cater for a far larger area than someone living in a city who is likely to be very close to transport nodes, whereas parts of Cherwell (such as the section between Banbury and Chipping Norton) are much further away. This cancels out the fact that some people may live very close to the M40, for example. Therefore, the Connectivity score has to apply to the Local Authority area as a whole, not just the best-connected part of it.
- 2.17 To interpret this accurately, and positively, for business investors, it will be important to note the following:
- the vast majority of sites and premises for businesses in Cherwell, and location of homes, are within the three urban centres which are all very centrally located within England and close to strategic transport routes for national and international travel.
 - There are options for alternative travel within the district (e.g. road, rail, air) and these facilities continue to be enhanced with, for example, Evergreen Three rail and M40 motorway junction improvements.
 - The 'practical connectivity' elements of congestion are also not considered in our score: Cherwell does not suffer the inefficiency and environmental impact of congestion affecting some competitor areas.

Cost Base:

- 2.18 Relative to England, Cherwell scores poorly but there are key points to communicate:
- House prices and business rateable value (per sq m) are used as a proxy for 'cost' but true business investment cost analysis will also consider costs such as transportation and perceived advantages of locating near suppliers and customers, offsetting costs of buildings.
 - Increasingly businesses are seeking higher quality space but less of it. This means that Cherwell, if it enables smaller, higher quality commercial development, could enhance its competitiveness in real terms by blending quality location with smaller, more desirable and efficient premises.
 - Cherwell is broadly more affordable than other Local Authority areas in the Greater South East.

Growth in Commercial Floorspace:

- 2.19 This indicator is shown as 'strong' across Cherwell but in reality has been at risk of becoming a weakness in recent years due to allocated employment sites not being developed, or being lost to housing.
- The assessment in growth of floorspace was for 1998-2008. This would undoubtedly have been bolstered by the completion of the M40 in 1991 yet does not reflect the cessation of building during the recession (a condition experienced throughout England and beyond).
 - The fact that all the data is for Cherwell as a whole means that differences cannot be identified within the district at this stage. For example, in relation to the stock and growth of commercial floorspace, Banbury would be expected to score more highly than Bicester, particularly since 2008 when key sites in Banbury have progressed.
 - The creation of Masterplans for both major towns is seeking to enable readily developable sites to be built to ensure Cherwell's relative strength continues.
- 2.20 Other indicators will similarly need to be more fully interpreted to inform policy making and potential action.

3 Conclusions

- 3.1 The relative strength of Cherwell as a location for business over the past decade is apparent from the Local Futures report. However, there are a series of challenges facing Cherwell's economy to ensure that this strength is maintained in an increasingly competitive world.
- 3.2 Whilst understanding the trends and competitive position over time will assist with monitoring the impact of actions to support the local economy, positive action is required to ensure that Cherwell achieves its ambitions reflected in its Economic Development Strategy and Local Plan.
- 3.3 This independent study should form the basis of a marketing plan to

systematically target and attract inward investment, and to promote growth of indigenous companies. When combined with its responsibilities as Local Planning Authority, Cherwell District Council is uniquely placed to lead the development of north Oxfordshire's economy.

- 3.4 The evidence should also inform local promotion activity, such as the work being developed for Bicester by BicesterVision. It could also assist with the wider promotion of Cherwell District through the Oxfordshire and South East Midlands Local Enterprise Partnerships, and the UK Trade and Investment's (UKTI) service.

Background Information

Cherwell Economic Development Strategy (2011-16)
<http://www.cherwell.gov.uk/index.cfm?articleid=7128>

Business Location Index – Cherwell (Local Futures). Report attached.

Key Issues for Consideration/Reasons for Decision and Options

- 4.1 To consider the research report.
- 4.2 To consider how the Council's objectives can be achieved through its Economic Development Service and funding (2013-14) in association with partners.

The following options have been identified. The implementation of the recommendations is believed to be the best way forward (Option 2 or 3).

Option One	To take no action and retain the funding for other purposes.
Option Two	To implement the plans described in the recommendations.
Option Three	To alter and implement the plans described in the recommendations.

Consultations

Cherwell-M40 Investment Partnership.

Implications

Financial: A budget of £23,164 is allocated for 2013-14, plus staff time, to promote business investment in Cherwell. With actions of mutual interest, private sector money and in-kind expertise is also expected.

Comments checked by Karen Curtin, Head of Finance and Procurement, 0300 0030106

Legal: There are no legal implications arising from this report.

Comments checked by Nigel Bell, Team Leader –
Planning & Litigation, 01295 221687

Risk Management: There are no risk implications arising from this report.

Comments checked by Adrian Colwell, Head of Strategic
Planning and the Economy, 0300 0030110

Wards Affected

All wards across the District

Corporate Plan Themes

A District of Opportunity

Lead Member

Councillor Bolster
Lead Member for Estates and the Economy

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Steven Newman, Economic Development Officer and Adrian Colwell, Head of Strategic Planning & the Economy
Contact Information	01295 221860 steven.newman@cherwell-dc.gov.uk 0300 0030 110 adrian.colwell@cherwellandsouthnorthants.gov.uk