

## Oxfordshire's Economic Recovery Plan: The Economic Baseline Assessment

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# Contents

<b>Executive Summary .....</b>	<b>i</b>
Context and purpose .....	i
Conclusions and Implications for the Economic Recovery Plan .....	iii
<b>1 Introduction.....</b>	<b>1</b>
Context: Drivers, Purpose, and Audience.....	1
Methodology underpinning this Volume .....	2
Structure of this Volume .....	2
Making Contact .....	2
<b>2 The Baseline Position – The County in Overview pre-COVID-19 .....</b>	<b>4</b>
Headline Messages.....	4
Purpose of this Section.....	4
Approach and work done .....	4
<b>3 The Oxfordshire Economy – understanding the effects of COVID-19 .....</b>	<b>11</b>
Purpose of this section .....	11
Approach and Work Done .....	11
Conclusions and Implications .....	33
<b>4 Looking forward – The Structural Impacts.....</b>	<b>35</b>
Headline Messages.....	35
Headline Messages.....	35
Purpose of this Section.....	35
Oxfordshire – the pre-COVID-19 outlook.....	35
District Expectations.....	39
Oxfordshire – the position with COVID-19 .....	40
Conclusions and Implications .....	50
<b>5 Qualitative Insights .....</b>	<b>54</b>
Headline Messages.....	54
Purpose of this Section.....	54
Findings by Insight Group.....	54
Conclusions and Implications .....	64

<b>6</b>	<b>Conclusions &amp; Implications for Economic Renewal Action .....</b>	<b>65</b>
	Overall Messages.....	65
	Business .....	66
	People.....	66
	Place .....	67
	Moving to an Economic Recovery Plan .....	68

## Figures

Figure 2-1: Oxfordshire's key economic indicators indexed to UK and South East averages .....	6
Figure 2-2: Oxfordshire's District key economic indicators indexed to UK averages .....	7
Figure 2-3: Indices of multiple deprivation 2019.....	9
Figure 3-1: Organising lenses through which to understand Oxfordshire's pre-and post COVID-19 positions.....	12
Figure 3-2: Percentage of businesses with >50% decrease in turnover by sector .....	13
Figure 3-3: Percentage of businesses with an increase in turnover by sector .....	14
Figure 3-4: Value of CBILS and BBLs offered by constituency as a percentage of Oxfordshire total (blue) and business numbers as a percentage of Oxfordshire total (black) .....	16
Figure 3-5: Value of Future Fund loans approved as a percentage of UK totals by region (blue) and business numbers as a percentage of UK total (black).....	16
Figure 3-6: Job Retention Scheme take-up by sector (UK) at 31 August 2020.....	19
Figure 3-7: JRS take-up by Local Authority .....	19
Figure 3-8: Percentage of employees returned from <i>Furlough</i> .....	20
Figure 3-9: Proportion of working population in each age group registered to JRS to July 2020 .....	21
Figure 3-10: Claimant Count as a percentage of population.....	21
Figure 3-11: Vacancies posted on the Find an Apprenticeship website, by level in 2020 as a percentage of the same month in 2019 .....	22
Figure 3-12: Percentage of self-employed claiming government support.....	23
Figure 3-13: Cycling data by trip Purpose, Oxfordshire.....	24
Figure 3-14: Active Travel counts – Oxfordshire 24hr Sensors (Primarily Oxford data).....	24
Figure 3-15: Post COVID-19 Mobility.....	25
Figure 3-16: 5 day moving average of changes in use of parks in Oxfordshire .....	26
Figure 3-17: Percentage of staff working from home by broad industry .....	27

Figure 3-18: Five day moving average of changes in UK public transport use relative to pre COVID-19 levels .....	28
Figure 3-19: Oxfordshire Car and LGV daily volumes .....	28
Figure 3-20: TTF Sample of UK Cities change in daily traffic volumes .....	29
Figure 3-21: Bus use as a percentage of the same week in 2019 (March – November 2020) ...	30
Figure 3-22: Bus use as a percentage of the same week in 2019 by type (May – November 2020) .....	30
Figure 3-23: Daily counts of pedestrians crossing at entrance to Oxford Rail station .....	31
Figure 3-24: percentage of premises with Ultrafast (UFBB) and Fibre Broadband (FTTP) – dashed lines are UK Average .....	32
Figure 3-25: Footfall as a percentage of pre-lockdown averages .....	33
Figure 4-1: Performance of the Oxfordshire economy since 1981 (note: dotted line shows UK average) .....	36
Figure 4-2: Forecast performance of the Oxfordshire economy under a pre-COVID-19 trajectory .....	37
Figure 4-3: Forecast GVA performance of Oxfordshire's sectors under a pre-COVID-19 trajectory .....	38
Figure 4-4: Forecast GVA performance of Oxfordshire's districts under a pre-COVID-19 trajectory .....	40
Figure 4-5: Forecast impact of the COVID-19 pandemic on sectoral GVA in Oxfordshire .....	41
Figure 4-6: Forecast impact of the COVID-19 pandemic on sectoral employment in Oxfordshire .....	42
Figure 4-7: UK sector impacts (as measured by GVA) and relative representation of the sector in Oxfordshire (note: size of bubble refers to size of sector in Oxfordshire as measured by GVA) .....	43
Figure 4-8: Forecast impact of the COVID-19 pandemic on GVA in Oxfordshire relative to the South East and UK.....	47
Figure 4-9: Forecast impact of the COVID-19 pandemic on employment in Oxfordshire relative to the South East and UK.....	47
Figure 4-10: Forecast impact of the COVID-19 pandemic on employment in Oxfordshire's districts .....	48
Figure 4-11: Forecast impact of the COVID-19 pandemic on GVA in Oxfordshire's districts.....	49
Figure 4-12: Comparison of Oxfordshire's GVA outlook pre and post-COVID-19 .....	50
Figure 4-13: Comparison of Oxfordshire's employment outlook pre and post-COVID-19 .....	51
Figure 4-14: Oxfordshire's recovery to the 2007-09 recession .....	52
Figure 6-1: <i>Oxfordshire's Response to COVID 19</i> .....	68

Figure 6-2: Links between Cambridge Econometrics' suite of models.....	69
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## Tables

Table 2-1: Strengths of broad sectors in the five Local Authorities in Oxfordshire relative to the UK in GVA. 1 = UK average. Light Green = relative strong sector, dark green = relative very strong sector .....	9
Table 4-1: Forecast performance of the Oxfordshire economy under a pre-COVID-19 trajectory .....	37
Table 4-2: Forecast performance of Oxfordshire's sectors under a pre-COVID-19 trajectory...	39
Table 4-3: Forecast performance of Oxfordshire's districts under a pre-COVID-19 trajectory..	40
Table 4-4: Forecast impact of the COVID-19 pandemic on sectoral performance in Oxfordshire, relative to a pre-COVID-19 trajectory.....	44
Table 4-5: Forecast impact of the COVID-19 pandemic on economic performance in Oxfordshire, and relative to a pre-COVID-19 trajectory.....	47
Table 4-6: Forecast impact of the COVID-19 pandemic on the economic performance of Oxfordshire's districts, relative to a pre-COVID-19 trajectory .....	49
Table 4-7: Response of the Oxfordshire economy to the COVID-19 pandemic relative to the UK .....	51
Table 4-8: Oxfordshire's past response and recovery from economic shocks, relative to the UK average (as measured by GVA).....	51
Table 4-9: The impact of previous recessions on the Oxfordshire economy .....	52

## Executive Summary

### Context and purpose

In July 2020, Oxfordshire partners convened a senior stakeholder Task Group comprising OxLEP and chief officers from Oxfordshire's six local authorities, senior representatives from the University of Oxford and Oxford Brookes University and the Oxfordshire Growth Board, to oversee the development of a County-wide COVID-19 Economic Renewal Plan (ERP).

Due to the immediate economic challenges created by the pandemic and the disruption caused to employment, trade and supply chains in specific parts of the economy, the ERP will have a near term focus covering an immediate response and recovery period of 24 months. It will look at the ways and means to maximise existing activities and introduce additional responses to regain the pre-COVID-19 growth trajectory for the County and its localities. The ERP's immediate purpose is to coordinate and galvanise a County-wide response. Should additional COVID-19 recovery support measures be introduced by Government, then the Plan will also work to underpin subsequent Oxfordshire policies and funding submissions.

### Methodology

To establish the impact of COVID-19 on Oxfordshire, key socio-economic indicators were assessed prior to and, where possible, after the start of the COVID-19 pandemic. This gave an understanding of the nature and scale of the impacts on Oxfordshire, relative to the UK and of district level variations within the County.

Econometric modelling was also conducted to project the impact that COVID-19 will have on the economy of Oxfordshire in relation to the rest of the UK, by running a baseline projection and then an updated projection accounting for economic disruption caused by COVID-19, and subsequent restrictions put in place by the Government.

Quantitative work was supported by consultation with 50 key business leaders and stakeholders in eight themed Focus Groups, covering the Visitor Economy, Town Centres, Green Growth, Rural Economy, Strategic Sites and Assets, Inclusive Growth, Business Growth and Supply Chains, and Jobs and Skills. In addition to this a working session with Oxfordshire Chamber was also undertaken to assess impact on members.

### Key insights

#### *COVID-19 impact on Oxfordshire overview*

Overall, significant impacts of COVID-19 has been felt around the county in terms of employment, business turnover, travel, and indeed how and where people work. The two national lockdowns have demonstrated that some sectors have been able to adapt to restrictions to a greater degree than others, based on the ability for work to be conducted remotely and products and services to be conducted in this manner.

Sectors dependent on face-to-face interaction and trading with customers and those reliant on free movement of people have been severely impacted. Although Oxfordshire saw a recovery in these sectors as restrictions were eased in the summer, they remain vulnerable to further restrictions, which can be imposed at very short notice. Real consideration needs to go into how to support these sectors during periods of restrictions and, going forward, how to help them recover and adapt to new trading conditions once restrictions are eased.

Oxfordshire **as a whole** has been hit less hard than the UK as a whole due to a mix of helpful factors:

- **Its strengths in knowledge intensive industry** – in times of crisis, innovative industries are key to recovery and thus are in high demand. For instance, the Life Sciences sector in Oxfordshire has reported increased sales and demand for services since March 2020
- **Its dispersed and (to a degree) polycentric geography**, which lends more easily to adaptive ways of working. The polycentric nature of the county with multiple nodes of business has lent itself to localisation of economies caused by restrictions on movement
- **Extant high skill levels**. The jobs most impacted by COVID-19 restrictions have been in service industries. Oxfordshire's strength in professional, scientific and technical services and high value manufacturing have meant that impacts have been limited to a degree by the ability to work flexibly and by continued demand for high quality products. However, there are some areas, such as Cherwell, which have low levels of scientific activity and thus have been hit harder relatively

However, there are clear causes for concern. The Visitor Economy in Oxfordshire has been badly affected, with tourism, hospitality and retail bearing the brunt. City centre footfall and spend is dramatically down with knock on effects to those working in these sectors. The Education sector, reliant on influxes of international students and researchers has been impacted, and Arts, Culture and Entertainment has seen the highest rates of employees placed on *furlough*. The impacts in these sectors have been driven by national level interventions, but renewal will require County-level responses to boost levels to pre-COVID-19 norms and beyond.

Critically, negative impacts are being felt unevenly across Oxfordshire's residents. In line with the national picture, low income families, vulnerable groups, and the most deprived areas are likely to be the hardest hit by COVID-19. This will lead to heightened levels of inequality and may undermine Oxfordshire's inclusive growth aspirations. It also means that some localised areas in Oxfordshire have been impacted more severely, particularly in areas of already high deprivation (especially parts of Cherwell) and with a high dependence on footfall and visitor numbers (Oxford and West Oxfordshire).

Furthermore, jobs that are being lost in Oxfordshire, as in the UK (largely in lower skill, lower value sectors such as town/city centre Retail and Arts/Entertainment) are different to those that are being, and will be, created in growing sectors (largely higher value, higher skilled jobs in Professional, Scientific and Technical sectors). This mismatch creates a risk that there will be skills barriers for those people who become unemployed from lower skilled sectors, with the jobs available requiring retraining and/or upskilling.

#### *The future outlook*

Pre-COVID-19 forecasts showed the Oxfordshire economy was expected to maintain its impressive growth moving forward, with performance set to exceed comparator areas and the UK average. However, updated forecasts incorporating the impact of the COVID-19 pandemic, indicate a comparatively short but substantial impact to economic activity in Oxfordshire. Relative to a pre-COVID-19 trajectory, over the next decade the Oxfordshire economy could expect to have in the region of 6,000 fewer jobs and reduced output by c£522million.

Sectors such as Retail, Tourism and Food will bear the brunt of the impact but some of Oxfordshire's breakthrough industries, such as Professional Services, IT and Health and Science could emerge stronger. Within Oxfordshire, Cherwell and Oxford are set to face the biggest

shock to economic activity, with Vale of the White Horse the least impacted. That said, all areas are expected to experience a smaller shock and recover faster than the UK average.

### *On-the ground findings*

COVID 19 has had far reaching impacts across Oxfordshire's businesses, people and places. The impacts have been uneven in terms of:

- the spatial spread across the County; varied impacts, both negative and positive;
- between and within different business sectors; and
- on different individuals, households and vulnerable groups.

In terms of the business base, the COVID-19 crisis to-date has had seen some sectors see growth (tech-/solution-driven businesses), whilst some severely impacted (non-food retail, transport) and other sectors largely unchanged (agribusiness). Alongside this, the switch to homeworking has spawned a new localism which, depending on the COVID-19 trajectory, could have lasting impacts on commuting patterns, and the hierarchy of use between cities like Oxford and market towns and villages. The 15-minute community concept has resonated deeply across the County.

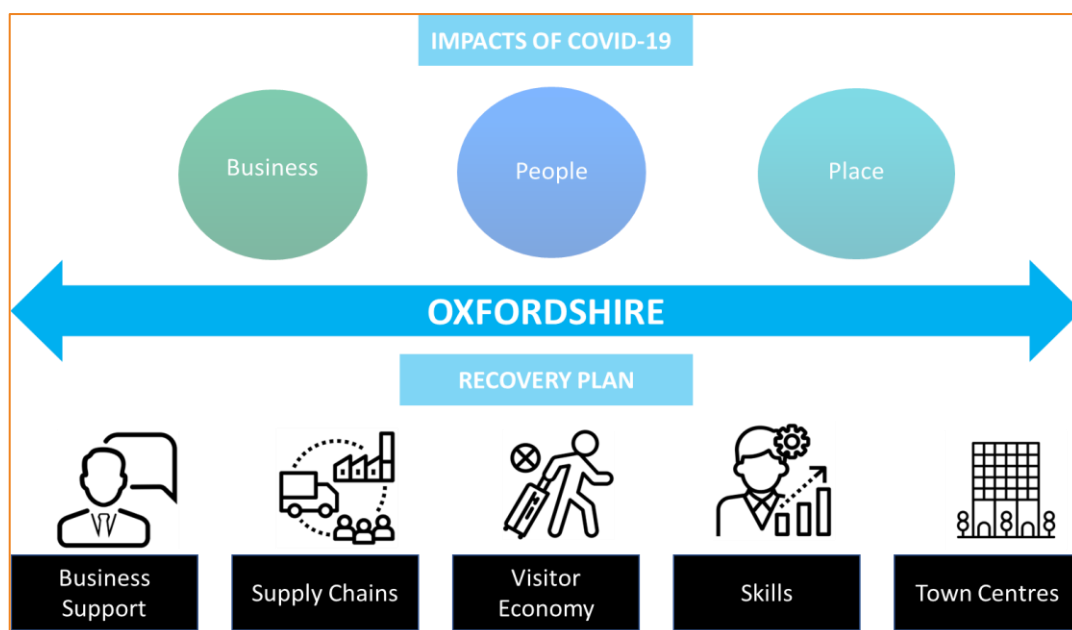
The hardest hit sector across the county is the Visitor Economy which will raise further socio-economic challenges (especially in Oxford, West Oxfordshire, and Cherwell), however, this is not the only hard hit sector, with home-based businesses, the newly self-employed and limited company freelancers also struggling, with limited support (a real challenge in South Oxfordshire and Vale of White Horse). Businesses will need support in the face of ongoing government lockdowns as will the individuals employed in the sector (disproportionately those with lower skill levels and women – both core to Oxfordshire's inclusive economy aspirations). In addition, it is a vital source of entry level employment for young people and those returning to the labour market. As such, targeted employment and skills initiatives with tailored packages of wrap around support will be of increased importance.

### **Conclusions and Implications for the Economic Recovery Plan**

The impacts of COVID have been felt across Oxfordshire's businesses, people and places and a co-ordinated County-wide response is required. There is a clear need for a targeted and well-resourced recovery plan to ensure Oxfordshire can continue to adapt to the new normal. Alongside this support to mitigate negative impacts, the County must also seize the opportunities emerging from the pandemic, including growing existing and new sector strengths and transitioning transition towards a zero-carbon economy.

Drawing together the findings from this comprehensive evidence base we have identified five priority action areas as indicated below.





In summary, these support areas will cover the following:

- **Business Support** – augmenting our existing provision to provide tailored packages of support, advice and finance to ensure our local businesses are well positioned overcome the challenges they are facing and enable them to grow back stronger.
- **Supply Chains** – to better understand the scope, nature and potential fragility of local supply chains and to identify how to improve resilience and identify opportunities for local business growth.
- **Visitor Economy** – sector-focussed programme reflecting the severity of the impact of COVID on our Visitor Economy and we can accelerate recovery and adapt to the new normal and accelerate.
- **Skills** – to support residents back into work including targeted support for our most vulnerable groups and those hit hardest by redundancies and business closures.
- **Town Centres** – a Countywide programme to reimagine and revitalise our key settlements to ensure they are viable and attractive places to live, work and play.

Working closely with local stakeholders from across sectors and across the County, we are developing these thematic priorities into our Economic Recovery Action Plan

Further detail regarding the Oxfordshire ERP and its ongoing development is available from **Ahmed Goga, Director of Strategy, OxLEP**, [ahmed.goga@oxfordshirelep.com](mailto:ahmed.goga@oxfordshirelep.com).

# 1 Introduction

## Context: Drivers, Purpose, and Audience

- 1.1 In July 2020, Oxfordshire convened a senior stakeholder Task Group led by OxLEP and comprising chief officers from Oxfordshire's six local authorities, senior representatives from the University of Oxford and Oxford Brookes University and the Oxfordshire Growth Board, to oversee the development of a County-wide COVID-19 Economic Renewal Plan (ERP).
- 1.2 Although only four-months into the global crisis, it was clear to the Task Group that COVID-19's impact would go well beyond the pandemic's devastating health impacts and create a ripple-effect into Oxfordshire's local and sub-regional economies.
- 1.3 Whilst central government provided immediate nationwide COVID-19 assistance through the Job Retention Scheme (JRS, commonly referred to as *Furlough*) and subsequent *Kick-start* programmes, Oxfordshire's partners were keen to identify what was required in the Oxfordshire context to support 'Recovery and Renewal' across the county, post-COVID-19.
- 1.4 Due to the immediate economic challenges created by the pandemic and the disruption caused to employment, trade and supply chains in specific parts of the economy, the ERP will have a near term focus covering an immediate recovery and response period of 12-24 months. It will look at the ways and means to maximise existing activities and introduce additional responses to regain the pre-COVID-19 growth trajectory for the County and its places. The ERP's immediate purpose was to coordinate and galvanise a County-wide response. Should additional COVID-19 recovery support measures be introduced by government, then the Plan would also work to underpin subsequent Oxfordshire policies and funding submissions.
- 1.5 This document presents the baseline position of Oxfordshire's economy post-COVID-19, highlighting the areas which need concerted efforts from the Task Group and partners to aide recovery and boost the economy.
- 1.6 In preparing the ERP, two documents have been prepared:
  - This document, the Economic Baseline Assessment, presents the socio-economic data and forecasts for Oxfordshire and its districts, pre-and post-COVID-19. As such, it provides the authoritative and independent assessment of how, and where, the pandemic has affected the economy, and what has been 'lost' to the County and its places as a consequence of the crisis; and
  - A companion document, *Recovery Plan*, takes the evidence base and then uses this as the foundation to develop a formal and proactive plan of economic renewal for the County and its districts.

## Methodology underpinning this Volume

- 1.7 A structured, mixed methods approach to assessing the impact of COVID-19 on the county of Oxfordshire and the five districts (Cherwell, Oxford, South Oxfordshire, Vale of White Horse, and West Oxfordshire) was undertaken. This methodology included the following:
- **Meta-analysis** of data availability for indicators which would provide information on the nature and extent of COVID-19 impacts on the socioeconomic conditions in Oxfordshire and the districts;
  - **Pre-COVID assessment.** A summary of relevant pre-COVID indicators using published reports (e.g. the Local Industrial Strategy) and data (including a structural breakdown of the economy of each district). This enables an understanding of the Oxfordshire economy in relation to the UK and also identifies key differences within the County;
  - **During-COVID assessment.** A detailed quantitative analysis of all identified relevant socio-economic indicators with data available after March 2020. The primary analysis looks at timeseries, where possible, to track changes in key indicators post-March 2020 and snapshot analysis where timeseries data are not available. All indicators are assessed at district level where possible;
  - **Post-COVID projection.** A detailed series of sectoral level projections of employment and GVA indicators. At November 2020, two scenarios have been run. The first, using pre-COVID conditions, with the second accounting for COVID and subsequent control measure impacts on the economy. A third projection will be driven by economic indicators in 2021;
  - **Consultation.** Eight Insight Theme focus groups with public and private sector stakeholders covering The Visitor Economy, Town Centres, Green Growth, Rural Economy, Strategic Sites and Assets, Inclusive Growth, Business Growth and Supply Chains, and Jobs and Skills. Additionally, a working session was also held with Oxfordshire Chamber.

## Structure of this Volume

- 1.8 The *Economic Baseline Assessment* is structured with the following five sections, with each beginning with headline messages, before presenting the evidence and analysis, and concluding with key messages and implications:
- Section 2, **The Baseline Position – The County in Overview pre-COVID-19**, provides analysis of the Oxfordshire economic position pre-COVID-19
  - Section 3, **The Oxfordshire Economy – understanding the effects of COVID-19**, with a focus on present data sets applying to national, subnational, and local levels;
  - Section 4, **Looking forward – The Structural Impacts**, sets out the results of econometric forecasting, providing insights into the pre/post COVID-19 projections for Oxfordshire's areas and sectors, and the growth consequences resulting;
  - Section 5, **Qualitative Insights**, summarises the inputs from eight Insight Theme focus groups, covering The Visitor Economy, Town Centres, Green Growth, Rural Economy, Strategic Sites and Assets, Inclusive Growth, Business Growth and Supply Chains, and Jobs and Skills; and
  - Finally, Section 6, **Implications for Economic Renewal Action** draws together the key themes from the preceding evidence and analyses, and synthesises this into a set of implications and challenges which the *Recovery Plan* then responds to.

## Making Contact

- 1.9 Further detail regarding the Oxfordshire ERP and its ongoing development is available from **Ahmed Goga, Director of Strategy, OxLEP, [ahmed.goga@oxfordshirelep.com](mailto:ahmed.goga@oxfordshirelep.com)**.

## 2 The Baseline Position – The County in Overview pre-COVID-19

### Headline Messages

- Oxfordshire had a strong economic baseline position prior to COVID-19, particularly in knowledge intensive industries, driven by its high skill levels. This put it in a more resilient position to deal with shocks than the rest of the country
- But, variations exist across the county, with Cherwell and West Oxfordshire more reliant on service industry jobs and South Oxfordshire and Vale of White Horse being heavily represented by Professional, Scientific and Technical jobs
- Oxfordshire is leading the UK average in most key indicators of socio-economic strength, but growth is currently limited by constraints including availability of suitable R&D space, transport connectivity between employment sites, and housing affordability
- Oxfordshire has a diverse economy. Its key economic strengths are in Real Estate, Manufacturing, Education, Professional, Scientific and Technical Activities, and Wholesale & Retail Trades, but at a district level there are differences. Oxford City is proportionally much stronger in terms of output from the education sector, whereas West Oxfordshire, for example is disproportionately reliant on Arts/Entertainment
- Congestion and limited options for public transport are challenges for Oxfordshire. The heavy reliance on car ownership causes journey time issues on major arterial routes. Public transport routes also limit the work location options of poorer residents

### Purpose of this Section

- 2.1 This section sets the context for the ERP by providing an overview of the state of the Oxfordshire economy, both absolutely and relative to the UK. This includes an assessment of the pre- and post-COVID-19 position situation in order to provide insight on the key challenges and opportunities that were present in Oxfordshire to March 2020, The Oxfordshire Economy – the general overview pre-COVID-19 overview.

### Approach and work done

- 2.2 This section sets out Oxfordshire's pre-COVID-19 position in terms of challenges and opportunities and then highlights the key changes to this that have been recorded in the data since March 2020, and the implications of this.
- 2.3 The approach taken to produce this baseline position section was carried out in two stages. This first stage was to compile quantitative evidence, drawn from publicly available sources, internal and publicly available baseline evidence reports provided by OxLEP. Data was taken from the following sources:
- NOMIS
  - ONS

- Centre for Cities
- Google Mobility
- BICS Survey
- British Bank
- Think Broadband

## 2.4 Government Department Data

### Recognised Strengths . . .

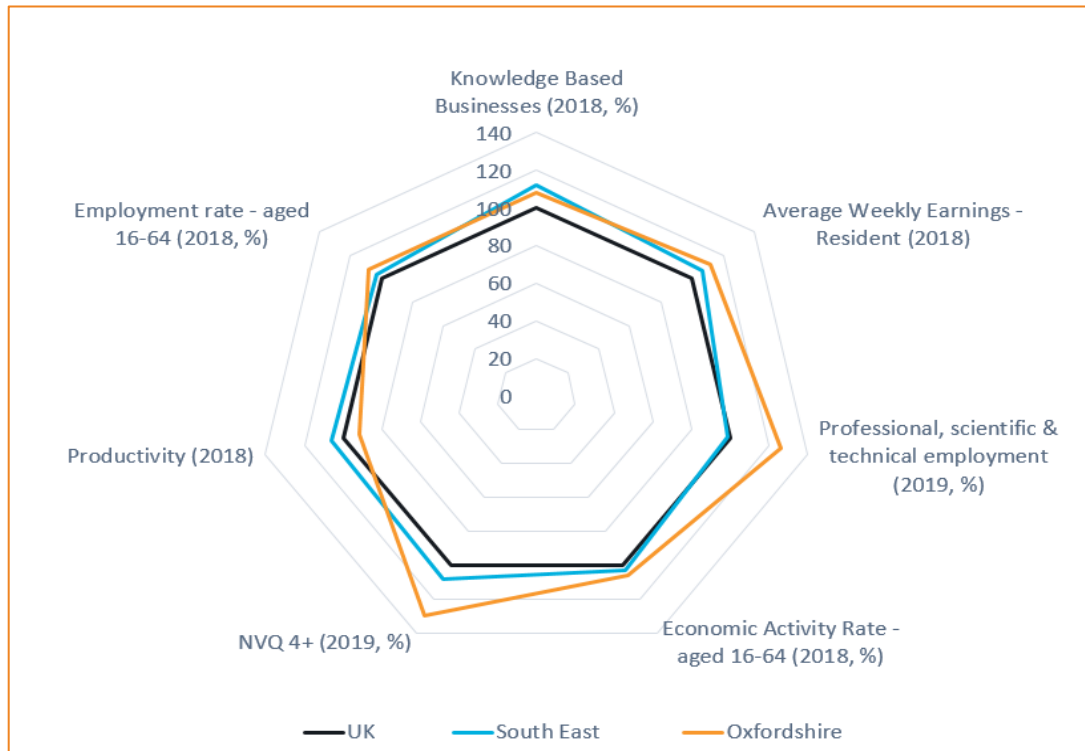
#### Key Messages

- Oxfordshire has a diverse and innovative economy supported by a highly skilled workforce and active, knowledge intensive business base
- There is a high concentration of innovation assets distributed around the County, with strengths in Life Sciences, Advanced Engineering, and Digital Applications, enhanced by two world class universities
- Leading the UK average in all key indicators of strength indicators, except for Productivity (limited by constraints on growth including connectivity, suitable R&D space, and housing affordability)

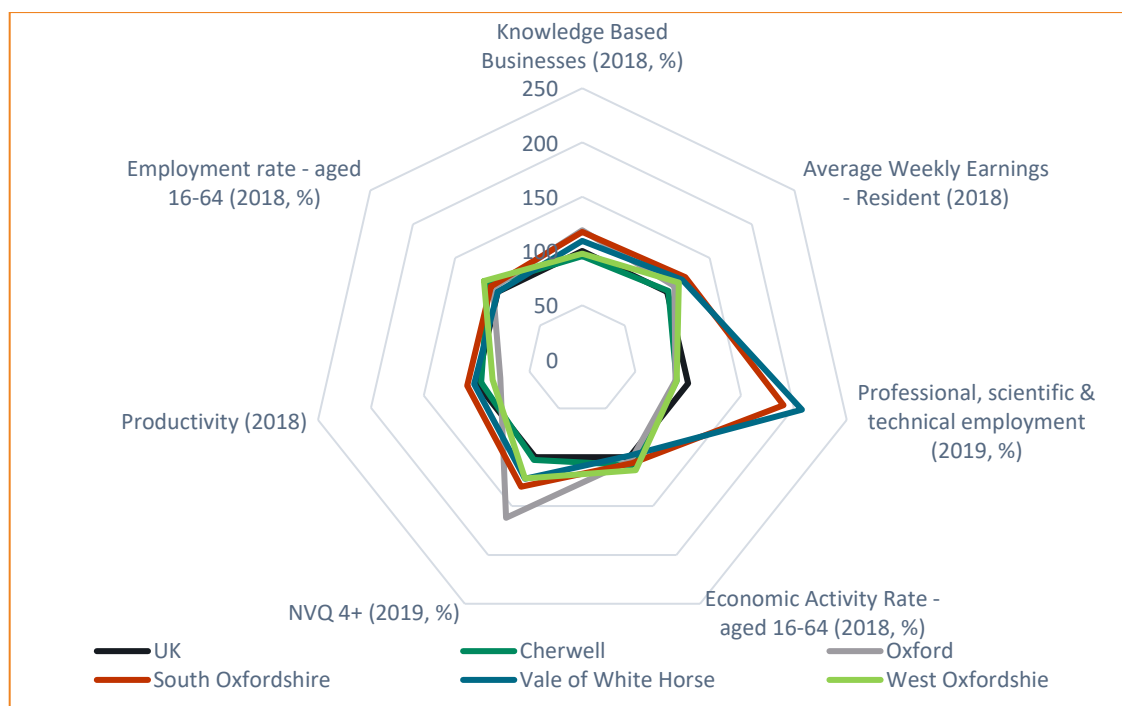
- 2.5 Oxfordshire is one of the UK's strongest economies, with sustained annual growth of 3.9 % per annum recorded between 2006-2019 and exceeding national and South East averages on most key measures (Figure 2-1).
- 2.6 The high concentration of innovation assets, both through business and academia, position the County at the forefront of global innovation in transformative technologies and sectors such as Fusion Technology, Autonomous Vehicles, Quantum Computing, Cryogenics, Space, Life Sciences, and Digital Health.
- 2.7 Oxfordshire is a leading centre of innovation, with a globally recognised bioscience cluster hosting 180 R&D companies, and over 32,250 businesses in total, covering a broad range of sectors from Space through to Digital. Innovative businesses are distributed across the County in a number of clusters, giving Oxfordshire a unique polycentric economic development profile. Higher Education in Oxfordshire is extremely strong, with the University of Oxford boasting the highest number of university spin-out companies in the UK and being partnered with some of the world's leading companies in R&D-intensive sectors.
- 2.8 Supporting Oxfordshire's innovation and business ecosystem is a highly skilled workforce, with low unemployment. The percentage of people with NVQ4+ qualifications in all districts of Oxfordshire is higher than the national average but with district disparities, and average weekly earnings for residents and workers is above the national average (£632 and £613 respectively, compared with £550 in the UK).
- 2.9 The unemployment rate was over 50 % lower than UK average in 2019 (1.3 %, compared to 2.7 %). Further to having a low unemployment rate, average wages for the lowest 10 % of earners is the second highest in the country, indicating that economic prosperity is trickling down well throughout the economy.
- 2.10 Figure 2-2 indicates the position of each individual district in relation to the UK on key economic indicators. It clearly shows that despite Oxfordshire performing better than the UK on all indicators except productivity, there are significant district level differences. Wages are and NVQ4+ levels are above UK levels in all districts. However, the degree to which they exceed national averages varies, with Oxford and South Oxford scoring particularly high

relative to other districts for NVQ4+ levels. Another major sub-county level difference is the percentage of employment in Professional, Scientific, and Technical employment. This is especially pronounced in South Oxfordshire and Vale of White Horse, whereas Cherwell, West Oxfordshire and Oxford are below UK averages on this measure. It is important to consider these sub-county differences in all activities geared towards economic recovery.

**Figure 2-1: Oxfordshire's key economic indicators indexed to UK and South East averages**



Source: ONS, 2018/19

**Figure 2-2: Oxfordshire's District key economic indicators indexed to UK averages**

Source: ONS, 2018/19

**... but also Challenges****Key Messages**

- Growth is being held back across the County by limitations in supply of R&D space, housing, and connectivity
- There is heavy reliance on car ownership, leading to congestion issues on major arterial routes and limiting the options available for residents without car ownership
- Oxford's heavy dependence on Education is, potentially, a key risk, particularly given difficulties with international collaboration under COVID-19 conditions
- There are stark sub-county level differences in the economic make-up and employment levels, meaning one solution may not fit all. An overall strong economy at county level somewhat masks areas of deprivation that exist in at a local level

- 2.11 Oxfordshire's rapid growth has generated some key economic challenges, with transport, housing, and energy struggling to meet the population demand, and businesses finding it difficult to grow and scale given competing demands for land. As such, despite being a vital net contributor to the UK economy, Oxfordshire is underperforming relative to its peers regarding its levels of productivity (Figure 2-1).
- 2.12 The heavy reliance on car travel between housing and employment locations is a major issue. Severe traffic congestion on key routes around the County, such as the A34 and the A40, have been challenges for some time. Prior to March 2020, there was already an increasing demand for improved digital infrastructure, driven by the increasing use of cloud storage and the digitalisation of business processes, being driven by Industry 4.0. Oxfordshire had varying speeds and coverage of Superfast and Ultrafast broadband across the County, and download speeds ranging from 10 % below the UK average to 30 % above. The Digital Infrastructure

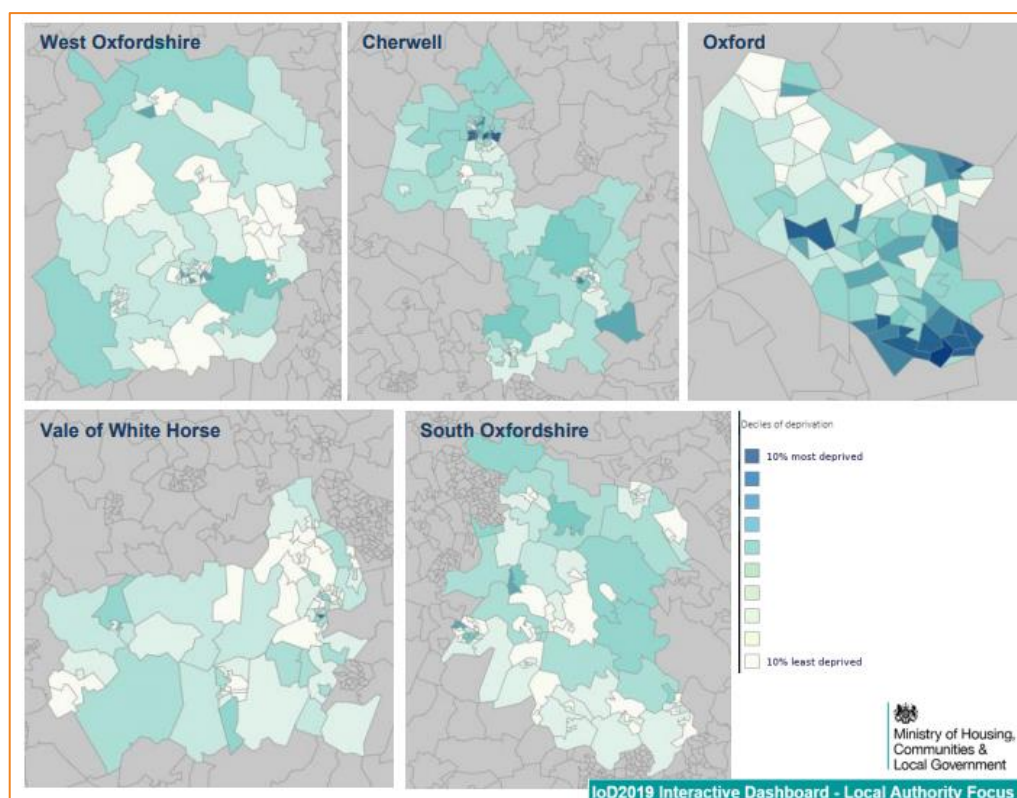


Programme lifted Superfast broadband coverage from 69 % in 2014 to 98 % in 2019, but demand for Ultrafast and Fibre broadband is ever increasing, particularly in innovative businesses.

- 2.13 As highlighted above, the County is home to a world leading Higher Education system. But, at the same time, Oxfordshire's early years education and Primary and Secondary school achievements fall behind on a number of measures, resulting in lower than average rates of social mobility. And even though a key strength for the County is the number of science- and technology-related companies, the lack of STEM related skills amongst the workforce and the low annual growth rate of apprenticeships across the County are key weaknesses, constraining the scaling of businesses. This is particularly the case in Cherwell and West Oxfordshire, which have low levels of employment in Professional, Scientific and Technical roles.

### **County-wide Variation**

- 2.14 Oxfordshire performs economically strongly, but there are variations within the County, with varying demographics and levels of deprivation and wage disparity. All five local authorities are in the 50 % least deprived English local authorities in terms of the Index of Multiple Deprivation. However, the City of Oxford is in the top quartile for deprivation related to Housing and Air Quality – this includes measures of affordability, overcrowding, housing quality, and homelessness.
- 2.15 Deprivation as a whole is concentrated in the South of Oxford City and Banbury in Cherwell; Abingdon in the Vale of White Horse district also has a high level of deprivation (Figure 2-3). The City of Oxford in particular has one of the lowest levels of workers with No Qualifications, at 3.2 %, compared with a UK average of 8%, yet a significant proportion of the workforce have low skills and qualifications.
- 2.16 On wages, South and West Oxfordshire have average salaries at around two-thirds the rate of the other three authorities, driven by these districts having significant 'out commuter' movements to other local authorities. A significant issue across much of the County is housing affordability, with one of the highest price to earnings ratios in the country, at 12:1, with some parts of the County rising to 17:1. This is also reflected in housing affordability, which is low across much of the County
- 2.17 In terms of sectoral drivers of the economy, the County as a whole is driven largely by five broad sectors, which produce around 60 % of the GVA output from Oxfordshire. These five sectors are listed below by percentage share of total GVA output for the County:
- Real Estate;
  - Manufacturing;
  - Education;
  - Professional, Scientific and Technical Activities; and
  - Wholesale & Retail Trades.
- 2.18 Of these, Education is represented significantly above the national average, with Manufacturing, Professional/Scientific/Technical activities, and Real Estate also above national averages. However, there is a deal of variation across the County on the relative strengths of sectors - Table 2-1 below indicates the very high proportional strength of the Education sector in Oxford and of the Arts/Entertainment sector in West Oxfordshire.

**Figure 2-3: Indices of multiple deprivation 2019**

Source: Oxfordshire Joint Strategic Needs Assessment, 2019

- 2.19 It is important to understand the proportional strengths of each local authority (which is done by identifying areas with a Location Quotient – LQ above 1.5, Table 2-1) prior to March 2020. This enables us to identify the driving sectors of local economies and therefore how each local authority may be affected differently by economic shocks. This is crucial to developing a successful ERP which addresses all districts' key challenges and aid understanding of the many uncertain impacts of COVID-19.
- 2.20 In the next section, the pre-March 2020 position is updated with data available after the initial COVID-19 lockdown, to show how these measures have impacted Oxfordshire to date. Where possible, this is analysed at a district level. Where this has not been possible, it is indicated in the document text.

**Table 2-1: Strengths of broad sectors in the five Local Authorities in Oxfordshire relative to the UK in GVA. 1 = UK average. Light Green = relative strong sector, dark green = relative very strong sector**

Sector	Oxfordshire percentage of GVA	Oxfordshire LQ	Cherwell LQ	Oxford LQ	South Oxfordshire LQ	Vale of White Horse LQ	West Oxfordshire LQ
Real Estate Activities	16	1.17	1.33	0.80	1.26	1.21	1.51
Manufacturing	13	1.33	1.68	1.03	1.73	0.68	1.79
Education	11	1.87	0.77	4.10	0.98	1.17	1.22
Professional, Scientific & Technical Activities	10	1.24	0.70	1.01	1.84	1.95	0.63

Sector	Oxfordshire percentage of GVA	Oxfordshire LQ	Cherwell LQ	Oxford	South Oxfordshire LQ	Vale of White Horse LQ	West Oxfordshire LQ
Wholesale & Retail Trade; Repair of Motor Vehicles	9	0.89	1.26	0.47	1.13	0.90	0.76
Information & Communication	7	1.04	1.01	1.11	0.56	1.78	0.48
Human Health & Social Work Activities	7	0.98	0.77	1.92	0.40	0.63	0.68
Construction	5	0.88	0.84	0.72	0.76	1.22	1.00
Administrative & Support Service Activities	4	0.69	0.49	0.50	1.29	0.56	0.74
Public Administration & Defence	4	0.92	1.60	0.98	0.48	0.68	0.59
Transportation & Storage	3	0.61	0.63	0.38	0.69	0.63	0.99
Accommodation & Food Service Activities	3	1.05	0.91	1.12	1.18	0.64	1.68
Agriculture, Forestry & Fishing; Mining & Quarrying	2	0.62	0.65	0.23	0.45	1.33	0.57
Arts, Entertainment & Recreation	2	1.18	1.40	0.61	0.97	0.77	3.19
Other Service Activities <sup>1</sup>	2	1.18	1.62	0.64	0.86	1.40	1.80
Financial & Insurance Activities	1	0.08	0.04	0.09	0.15	0.06	0.04

Source: ONS, 2018

<sup>1</sup> This section (as a residual category) includes the activities of membership organisations, the repair of computers and personal and household goods and a variety of personal service activities not covered elsewhere in the classification

# 3 The Oxfordshire Economy – understanding the effects of COVID-19

## Headline Messages

- A strong economic base in industries less impacted by COVID-19 restrictions means Oxfordshire's economy has been more resilient to the Pandemic than most areas of the country
- However, the Visitor Economy has been hit very hard. *Furlough* and job losses are highest in this sector, and city centre footfall and spend are down 50 % to October 2020. The scale of this damage means that the Visitor Economy is not expected to recover until 2024
- Broad industry-level data does not tell the full story, with some businesses (particularly in Life Sciences) having increases in turnover, while others suffer losses of over 50 % (tourism related industries)
- Cherwell and West Oxfordshire have been hit harder than other areas in Oxfordshire, likely due to higher levels of baseline deprivation and a high dependence on the Arts/Entertainment sector, respectively
- Major challenges present themselves for the transport sector, with bus use and rail use recovering to maximum levels of still below 50% of pre-COVID-19 norms in summer 2020, before falling again throughout the autumn
- One fifth of businesses in Europe are expected to default on loans and make redundancies, a trend that looks to be similar in Oxfordshire based on business loan applications to the UK government. Innovative businesses are more resilient but still need support, particularly at early stages.

## Purpose of this section

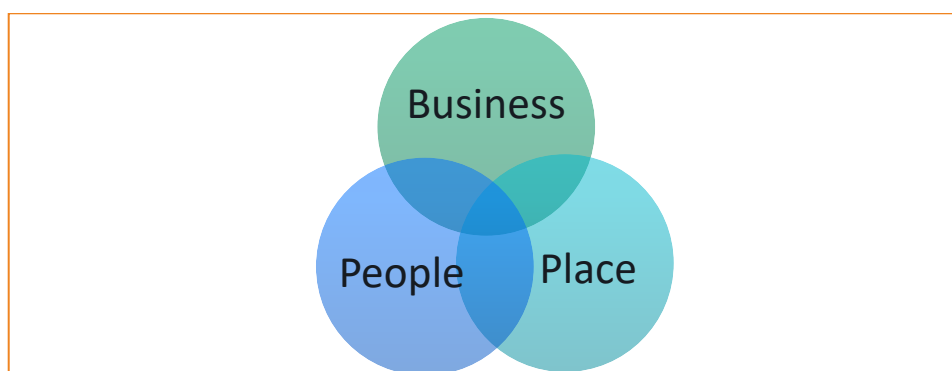
- 3.1 This section builds on the baseline socio-economic indicators for Oxfordshire and looks at how these have changed throughout the year since March 2020, in the highly changeable unprecedented conditions created by COVID-19. It also assesses how the economy has responded to the series of measures introduced by Government over this period and to mitigate the economic effects of the pandemic.

## Approach and Work Done

- 3.2 Following the assessment of the baseline data pre-COVID-19, a meta data analysis of c. 130 indicators of economic prosperity was undertaken, covering the socio-economic spectrum, and then prioritised these for review based on their availability post-March 2020 (i.e. the initial date for the introduction of COVID-19 lockdown measures). Those data which were available were then analysed pre- and post-March 2020 to build a picture of the change to the economy brought about by COVID-19 and subsequent government interventions, with this analysis for the County as a whole and disaggregated to district level.

- 3.3 This section is further supported by Section 4, Qualitative Insights, by qualitative insights gained from eight insight calls with c. 40 representatives from Oxfordshire's public and private sector, alongside a working session with Oxfordshire Chamber.
- 3.4 COVID-19 and the its subsequent mitigation measures introduced by Government have had a significant impact on all areas of Oxfordshire and the UK. The underlying strengths and challenges of each local economy will determine how individual places have responded accordingly Of course, the level of impact varies by place, dependent on its prior socioeconomic conditions and the severity of the restrictions in place.
- 3.5 In analysing the available economic data for Oxfordshire, we have set out key findings based Accordingly, In this sub-section the key findings from COVID-19 related socioeconomic data are presented and analysed, based around three key domains - *Business, People, Place* - which although being separate, interact with, and influence each other.

Figure 3-1: Organising lenses through which to understand Oxfordshire's pre-and post COVID-19 positions



Source: Steer-ED, 2020

## Businesses

### Key Messages

- Oxfordshire's historically strong sectors have been hit less hard by turnover decreases as a result of COVID-19
- The area's strength in knowledge intensive industry is adding resilience to the economy in some areas, but Accommodation/Food and Arts/Entertainment suffering heavy losses
- Broad sectoral trends do not tell the whole story. Impacts are specific to the activities undertaken by businesses and the supply chains they operate in
- Business support is crucial for both short term cash flow and for safeguarding long-term innovation potential

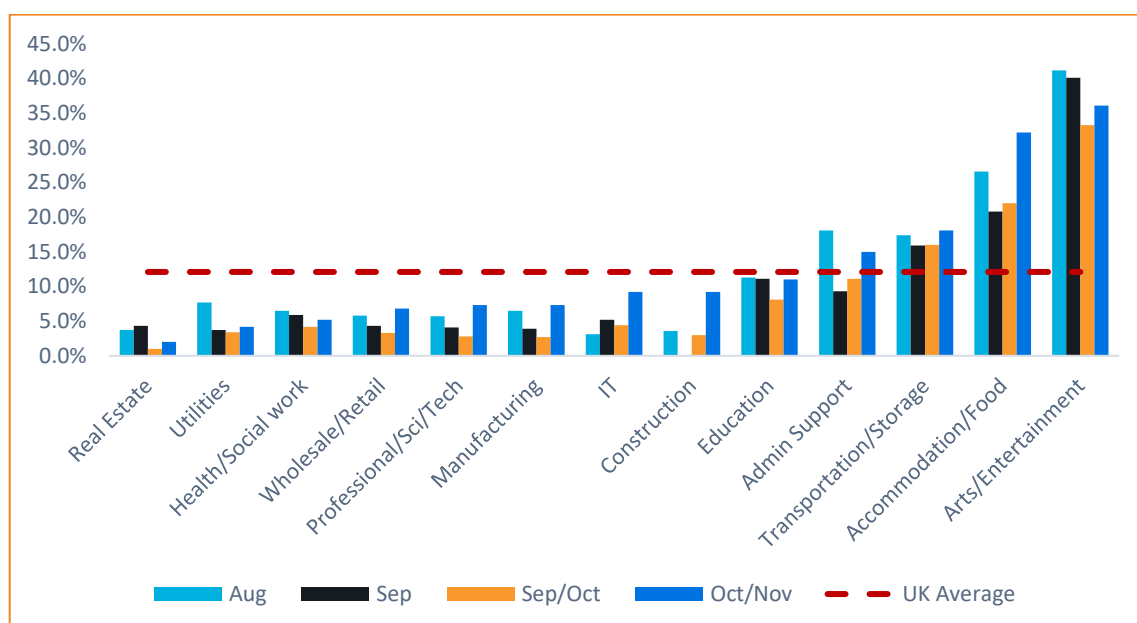
- 3.6 The unprecedented nature of the pandemic has meant that it is important to recognised that all businesses have been impacted in some way by COVID-19. The type of activity that a business engages in determines the extent to which these impacts have been highly negative, slightly negative, or, in some cases, positive. As a general rule, businesses reliant on face-to-face and in situ activities and those reliant on gatherings of workings have been the hardest hit and remain the most vulnerable to future COVID-19 control measures.
- 3.7 Data is available through a number of government and publicly available sources on some key indicators of COVID-19 impact. Due to limitations, some of these are only collected at a

national level. However, national level trends are broadly in line with local level projections based on the data available at both scales. Given this similarity, impacts on specific sectors nationally are indicative of county and local level trends. Qualitative insights, which are presented later in the report, are also used to supplement evidence on local level trends.

#### *Impact of COVID-19 on business turnover by economic sector turnover*

- 3.8 Data on the effect of COVID-19 on business turnover by sector is available only at the national level. Overall, the proportion of UK businesses reporting a decrease of more than 50% in turnover<sup>2</sup> is 8.5 %. The sectors most impacted are the Arts/Entertainment and Accommodation/Food, with – at one stage – 40% of businesses nationally in Arts/Entertainment reporting over a 50% drop in turnover (Figure 3-2).

**Figure 3-2: Percentage of businesses with >50% decrease in turnover by sector**



Source: BICS Survey, November 2020

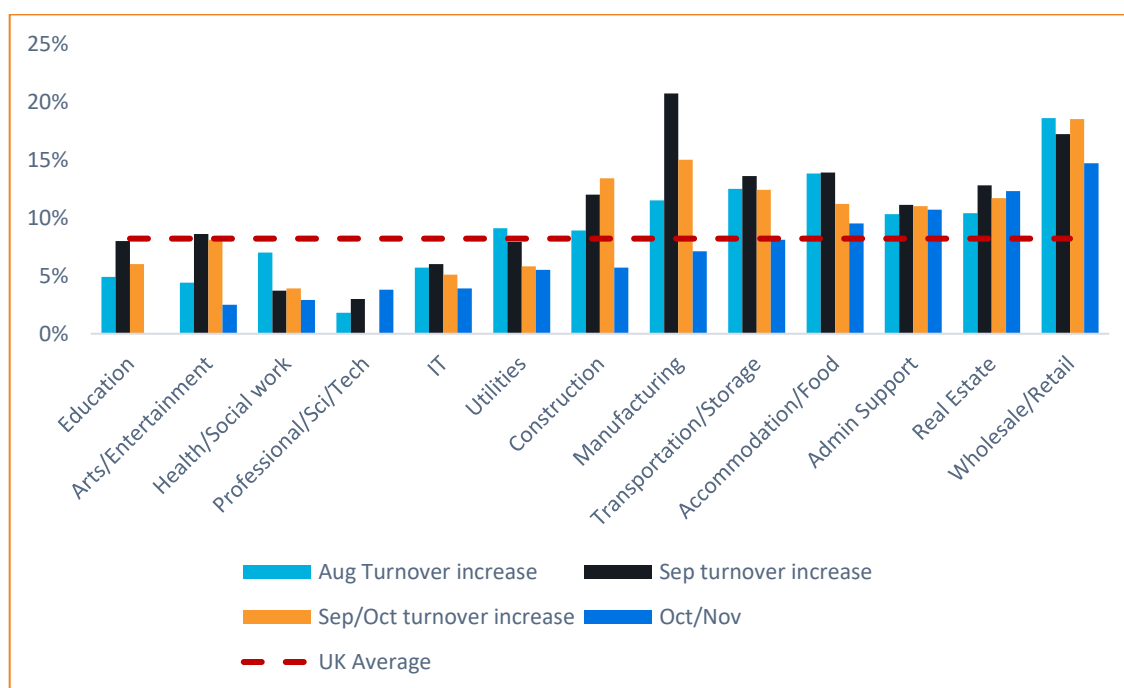
- 3.9 One of Oxfordshire's most dominant sectors is Education, which is the fifth most impacted sector nationally on this metric. However, other dominant sectors in Oxfordshire (Real Estate, Professional/Scientific/Technical Activities, and Manufacturing have been less impacted. This indicates that Oxfordshire has been less hard hit than the majority of other places in the UK.
- 3.10 At district level within Oxfordshire, the data on business sectors highly impacted by COVID-19 imply that West Oxfordshire has been particularly hard hit, due to its strong relative reliance on Arts/Entertainment, as indicated in Table 2-1. This impact is, however, not limited to West Oxfordshire, with Arts/Entertainment and all tourism related industries being hit hard across the County, with a significant portion of the tourism sector for the County being located in Oxford (17,000 of 40,000 jobs).
- 3.11 Furthermore, it must be noted that the high level data here somewhat masks other regional variations, with South Oxfordshire and Vale of White Horse reporting that home-based businesses, the newly self-employed and limited company freelancers, predominantly

<sup>2</sup> Business Impacts of COVID-19 Survey (BICS) Sep/October 2020 release

professional services, are really feeling the impact of the economic crisis and are not benefitting from sufficient support.

- 3.12 The most recent September/October BICS survey shows that compared to August, the number of UK businesses, across the majority of sectors, reporting a greater than 50% decrease in turnover has fallen. However, this has reversed to some degree in October/November with the introduction of further COVID-19 control measures.
- 3.13 Manufacturing, Wholesale/Retail, Real Estate, Professional, scientific & technical activities and Education sectors all represent a high proportion of GVA for Oxfordshire (c. 60 % of all GVA). Two of these sectors, Real Estate and Wholesale/Retail have had the highest number of businesses reporting increases in turnover (Figure 3-3). With this, and Manufacturing performing around average, Oxfordshire has fared better than the average UK county, due to its underlying strengths in these sectors.
- 3.14 However, there is cause for concern that Education is the sector with the lowest percentage of businesses reporting any increase in turnover. This is, however tempered by data on university admissions in 2020, showing that there has been an increase in the number of applications to universities of 3.5% compared with the same time in 2019. The boost in admissions is partly down to the continued popularity of studying in the UK by foreign students, with international recruitment having increased by 1.7%<sup>3</sup>. It is driven primarily by the jump in A-level grades caused by the UK government's decision to revert grades to teacher assessed grades.

**Figure 3-3: Percentage of businesses with an increase in turnover by sector**



Source: BICS Survey, November 2020

- 3.15 Not fully captured by these data are the variation within sectors. For instance, a low percentage of Professional/Scientific/Technical sector businesses have reported increases in turnover since COVID-19 restrictions were put in place. However, insights from business

<sup>3</sup> UCAS, July 2020



leaders and qualitative analysis – discussed in section four indicated that some businesses in the Life Sciences sector, for example, in Oxfordshire have reported significant increases in turnover and demand. This has been reported across Oxfordshire and is a strong indicator that the economy of Oxfordshire is performing better than most of the UK; its underlying strengths in technology, R&D and innovation and other sectors such as real estate, are of crucial importance presently and going forward.

### *Business Loans*

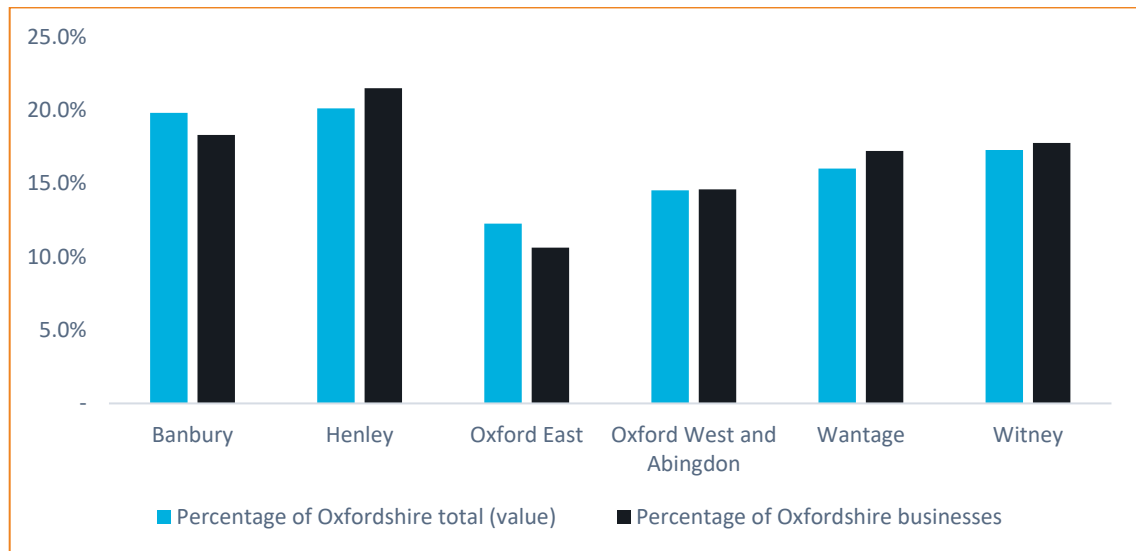
- 3.16 A study published by McKinsey and Co. in October 2020<sup>4</sup> highlights that one fifth of businesses in Europe are expected to default on loans and make redundancies. Further to this, it reports that if revenues remain constant at current levels, 55% of SMEs could close by September 2021, and could be as high as 77% if revenues decline.
- 3.17 British Business Bank (BBB) loan data is available down to constituency-level, which cuts across some district boundaries. BBB provides two loan services for SMEs to help them access finance for support during the COVID-19 pandemic. These come in the form of the Bounce Back Loan Scheme (BBLs), offering up to £50,000 of support for cashflow issues and the Coronavirus Business Interruption Loan Scheme (CBILS), offering up to £5m support to business. It is important to track trends in this measure, as this will provide indications of the level of businesses at risk of further cashflow issues. The schemes were due to end on 30 November 2020 however this has now been extended to March 2021, providing companies with the necessary cashflow in the short term but at the same time increasing their leverage and therefore financial risk.
- 3.18 In Oxfordshire, to 2 August 2020, about 600 CBILS and 8,600 BBLs had been offered, to a total value of c. £400m. This equates to 0.9 % of the UK total. This is slightly below the Oxfordshire share of UK businesses, at 1.2 %, indicating that businesses in the County have been impacted slightly below the UK average.
- 3.19 Within the County, the number and value of claims varies by constituency, with the largest number and value of loans offered in Henley and Banbury, respectively at the southern and northern ends of the County (Figure 3-4). Banbury and Oxford East have had the highest value of claims relative to the size of the business base in these constituencies. By value, generally all constituencies have had loan rates above that of the national average, with particularly large claims for CBILS being made in Wantage – 36 % higher than the national average. This could be due to the large proportion of businesses manufacturing expensive goods in Wantage compared to the other constituencies (pharmaceuticals, chemicals, and transport and equipment), although a definitive reason for this cannot be identified in the available data.
- 3.20 Future Fund loan data is available down to Regional level. The Government set up the Future Fund to support innovative businesses who typically are unable to access other government business support programmes, such as CBILS, because they are either pre-revenue or pre-profit and typically rely on equity investment. To 15 November 2020, £875m of convertible loans had been approved to UK businesses under the scheme.

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<sup>4</sup> McKinsey & Co., 2020, COVID-19 and European small and medium-size enterprises: How they are weathering the storm?



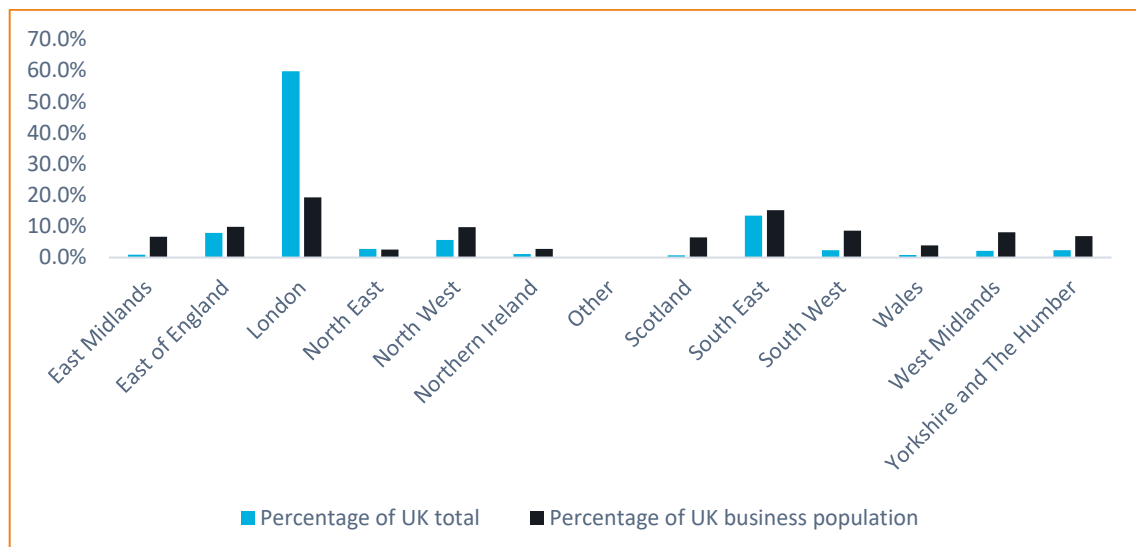
**Figure 3-4: Value of CBILS and BBLs offered by constituency as a percentage of Oxfordshire total (blue) and business numbers as a percentage of Oxfordshire total (black)**



Source: British Business Bank, August 2020

- 3.21 Figure 3-5, highlights that loans to innovative businesses have been highly concentrated in London, with the South East receiving around 14 % of all approved loans. Loans from the Future Fund are contingent on the business having in place a suite of investors who will provide match funding, so this data does not directly show that businesses in London or the South East are suffering more due to COVID-19. In fact, it indicates that relative to the business populations in these regions, innovative businesses are more likely to meet the requirements for the loans. In turn this highlights that London and the South East (including Oxfordshire) have a large share of innovative businesses.

**Figure 3-5: Value of Future Fund loans approved as a percentage of UK totals by region (blue) and business numbers as a percentage of UK total (black)**



Source: British Business Bank, November 2020

### *Innovation*

- 3.22 Innovative businesses, particularly SMEs, have been hit by COVID-19. Key impacts, uncovered in a survey of over 70 SMEs in South East England related to a drop in demand (52 %), delays in product/service trials (20 %), as well as limited access to R&D facilities (5 %), and the subsequent need to cut costs. Despite this, 10 % of SMEs have identified growth opportunities relating to COVID-19.
- 3.23 Based on the July 2020 survey of innovative SMEs conducted by Oxford Innovation<sup>5</sup>, the majority of these types of SMEs are in higher end markets which have been less negatively impacted than other sectors (Healthcare, IT, and Energy, making up 52 % of SMEs in the analysis). Providing support to businesses in these industries is crucial in providing jobs that will be resilient to COVID-19 and for the long-term for Oxfordshire.
- 3.24 Drawing on research undertaken by Advanced Oxford and Oxford Innovation, it is clear that to reverse the negative impacts of COVID-19 and enable SMEs to capitalise on new emerging opportunities, a clear and stable support package that is underpinned by evidence is required. Key features of this, as advocated by the research, includes the following components:
- Lab/R&D space needs to be delivered at pace, with demand already outstripping supply prior to March 2020 by 100 %<sup>6</sup>. The UK as a whole is well behind the leading global cities for the availability of lab/R&D space, with around 15,000 sq. ft. available in March 2020 in Oxford, compared to 16.6m sq. ft. in Boston and 1.36m sq. ft. in New York;
  - Increased brokering between firms and their supply chains to stimulate collaboration, to match-make, and to build consortia, so helping to break down perceived barriers for SMEs;
  - Providing SMEs with support that is stable and easy to navigate. Currently support is fragmented. This does not mean to change drastically the support already provided, but to make it more accessible;
  - Seed and VC funding since March 2020 has declined, with investors focusing on existing portfolio countries. Advanced Oxford estimate that although around 50 % of active investors anticipate making the same or more investment than the previous 12 months, 50 percent expect their investments in early stage companies to reduce;
  - The development of sector-based roadmaps which provide end to end training in priority sectors. This will address the perception presented in Advanced Oxford's work that the UK is too reactive on skills development.
  - Capitalizing on Net Zero opportunities. The University of Oxford has identified five priority areas which have innovation potential and could deliver maximum economic multiplier and climate impacts: These areas should be a focus for green innovation:
    - Clean Physical Infrastructure;
    - Building Efficiency Retrofits;
    - Investment in Education and Training;
    - Natural Capital Investment; and
    - Clean R&D.

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<sup>5</sup> Oxford Innovate, COVID-19-19 impact on innovative SMEs, July 2020

<sup>6</sup> Advanced Oxford, Post-Pandemic Economic Recovery, July 2020

## People

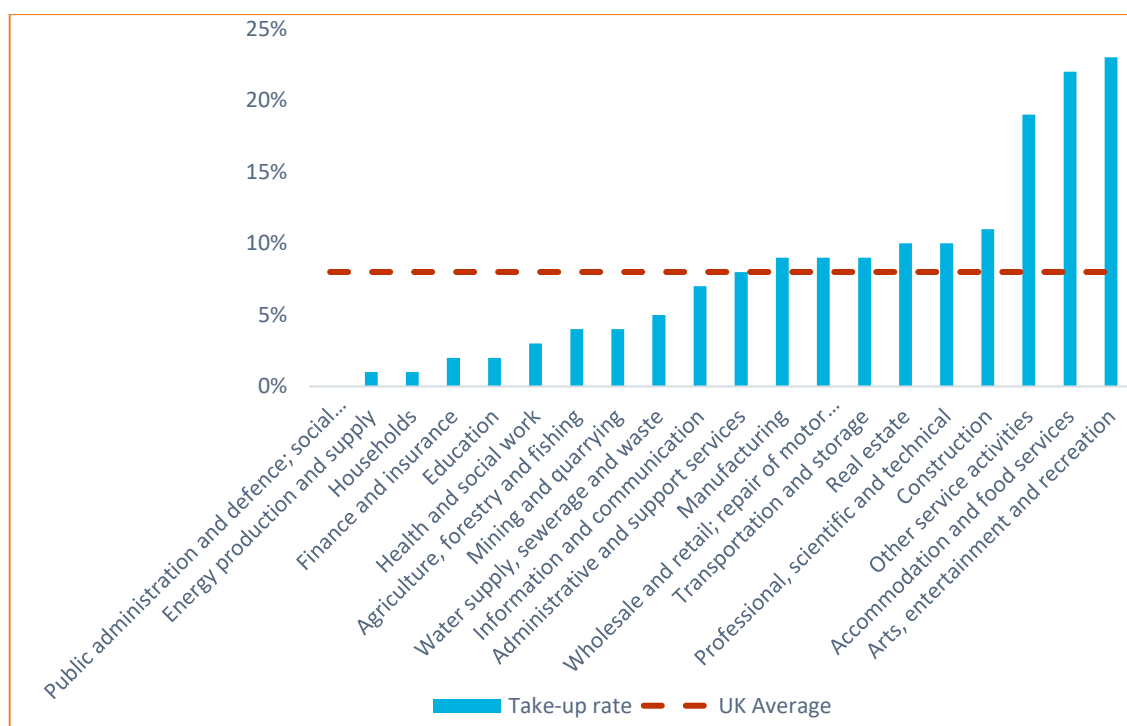
### Key Messages

- The jobs 'hit' in most areas of Oxfordshire has been lower than the UK average, although claimant counts have doubled in the county since pre-COVID-19. In particular, Cherwell and West Oxfordshire are suffering the most, but all areas are seeing difficulties in tourism and service industries
- Although Oxfordshire has a strong economy, it has 10 wards in the most deprived 20% of the Index of Multiple Deprivation (IMD). These places are frequently home to key workers, BAME communities, and will be disproportionately affected by COVID-19
- There was a big reduction in furloughed workers from September to October, but closure of the scheme in 2021 is likely to have knock-on impacts on unemployment
- Arts/Entertainment and Accommodation/Food have been the hardest hit sectors, with employment in these sectors continuing to be highly vulnerable to further control measures.
- Young and old (65+) hit hardest, as companies seek to reduce costs and become more efficient. The old have been more impacted than in previous recessions, likely resulting from the greater impact COVID-19 has on the older population.

- 3.25 The deepest concern for a large portion of the population of Oxfordshire is the impact of COVID-19 and associated mitigation measures on employment. Data has been published by the government on a monthly basis since March 2020 on Job Retention Scheme (JRS) statistics and Claimant Counts (a proxy for unemployment).

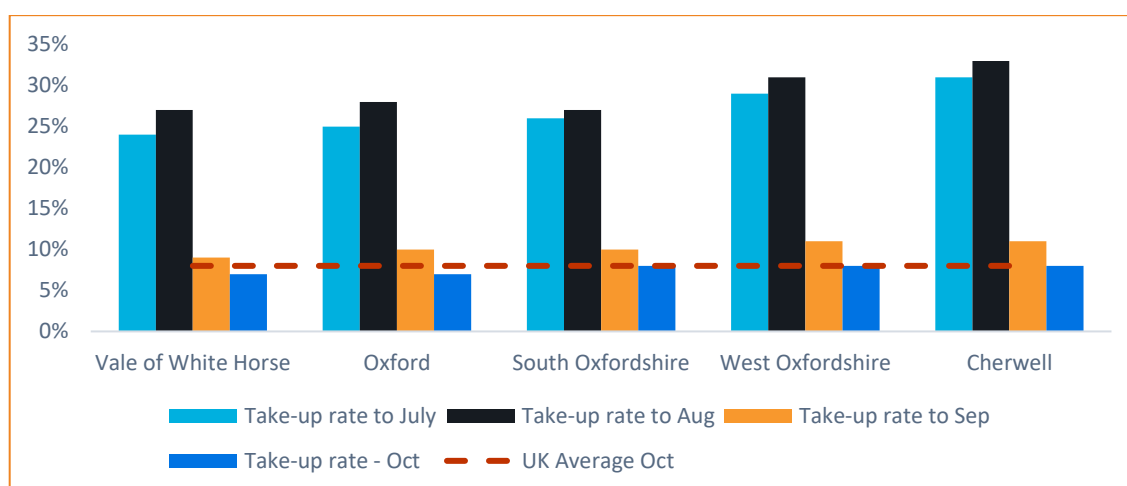
#### *Employment impacts – Job Retention Scheme and Unemployment*

- 3.26 Employment impacts of COVID-19 can be tracked by two key metrics: JRS take-up (by sector, age group, and geography), and Universal Credit Claims (as a proportion of population by age and geography). These data are available to district level as totals and to national level by sector.
- 3.27 On the 5 November 2020, the Chancellor announced a five-month long extension the JRS scheme. To date, JRS has protected a large number of jobs, which has to a degree tempered the impacts on employment. However, the impact of scheme closure next spring – and how this occurs – will likely have some impact on employment. Thus, it is important to track the trends in both JRS take-up and claimant counts to understand which sectors are most vulnerable to the withdrawal of the scheme.
- 3.28 Figure 3-6 presents JRS take-up by sector. The average take-up rate of the Jobs Retention Scheme across the UK is 8 %. Those sectors with the highest take-up are Arts/Entertainment/Recreation and Accommodation/Food Services, mirroring the sectors reported above as having the greatest reductions in turnover.

**Figure 3-6: Job Retention Scheme take-up by sector (UK) at 31 August 2020**

Source: HMRC, October 2020

- 3.29 The figures suggest that the Oxfordshire economy has been more resilient than elsewhere as it has a lower relative dependence on outputs from those sectors that have been hit most hard (Figure 3-6). In terms of JRS take-up, three of Oxfordshire's most dominant sectors, Manufacturing, Real Estate and Wholesale/Retail are similar to the UK average, while Health and social work and Education have been less hard hit.

**Figure 3-7: JRS take-up by Local Authority**

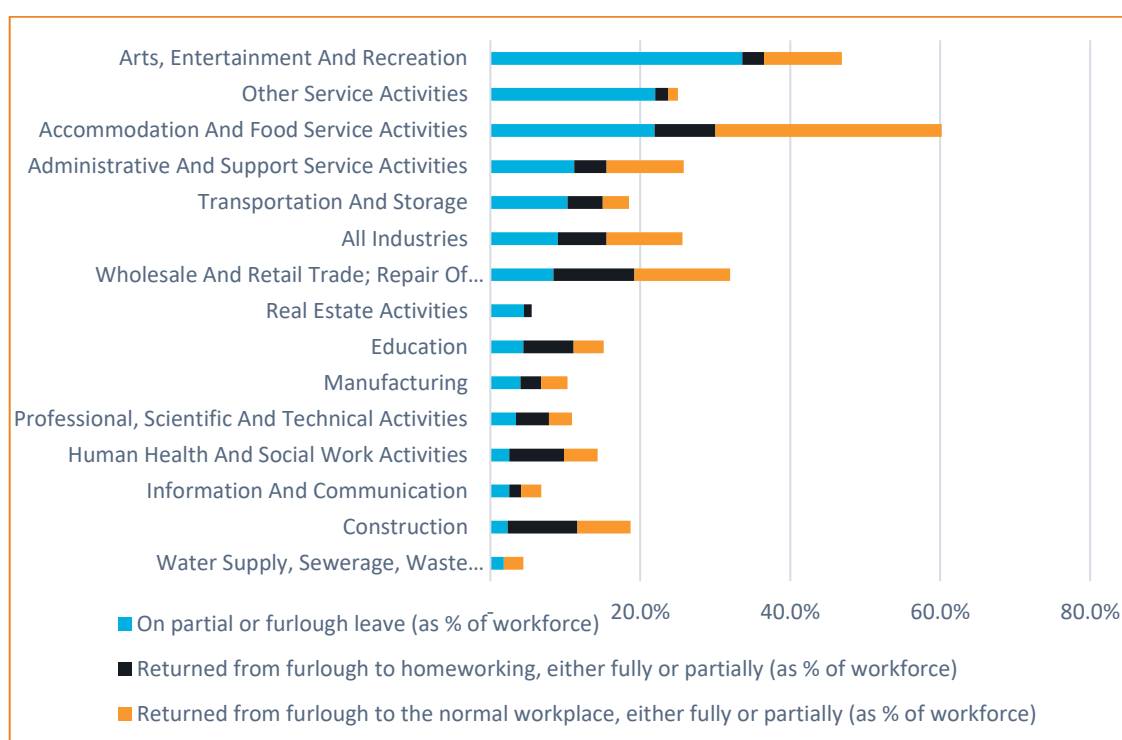
Source: JRS take up, November 2020

- 3.30 Locally, Figure 3-7 shows that Cherwell and West Oxfordshire have seen the highest take-up of JRS, while the Vale of White Horse has shown the lowest. Overall, all local authorities had between 24 % and 31 % furloughed staff in July, this rose in August but has since fallen significantly in September and October. Take-up of the JRS in September ranges from 9 % to

11 % in the County, with only Cherwell and West Oxfordshire above the national average. The Arts / Entertainment / Recreation sector is strongly represented in West Oxfordshire, which can explain the greater JRS take-up rate in the district. Cherwell has a significant proportion of Oxfordshire's more deprived areas, with lower skilled jobs which have been affected disproportionately by the pandemic. It is noticeable that the district has a significant percentage of those employed in 'Other Services Activities' being on *furlough*, with limited returns to work for this cohort within the workforce.

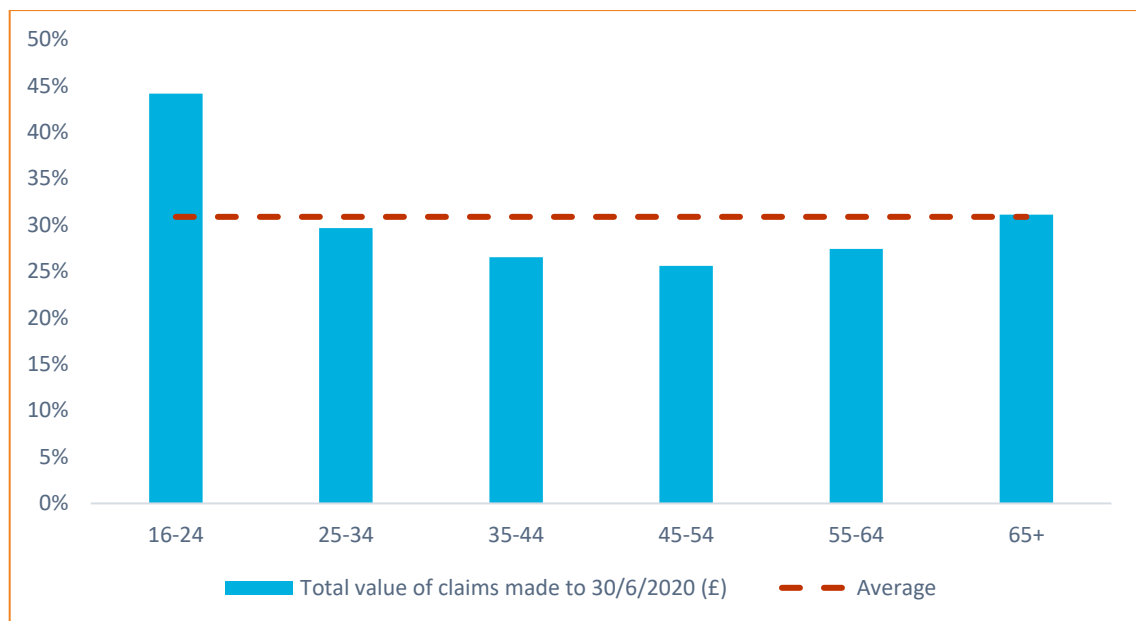
- 3.31 Figure 3-8 indicates that a large proportion of people in most industries have returned to work. However, the percentages of those returning to work in Arts/Entertainment/Recreation and Accommodation/Food Services have been well below 50 %. These sectors are still struggling and are equally those subject to the most immediate impacts of further lockdown measures and will most likely need intensive and targeted support.
- 3.32 Age related *furlough* data is available at the national level. In terms of demographics, the younger and older workers within the labour market have been hit hardest according to JRS statistics, with a higher proportion of claims being made in the 16-24 and 65+ categories than other age groups (Figure 3-9). Importantly, older citizens have been hit harder during the pandemic, as a proportion of the labour market, than other previous economic recessions. This is particularly concerning given the barriers to training and employment in existence for older people<sup>7</sup> at later stages of their career.

**Figure 3-8: Percentage of employees returned from *Furlough***



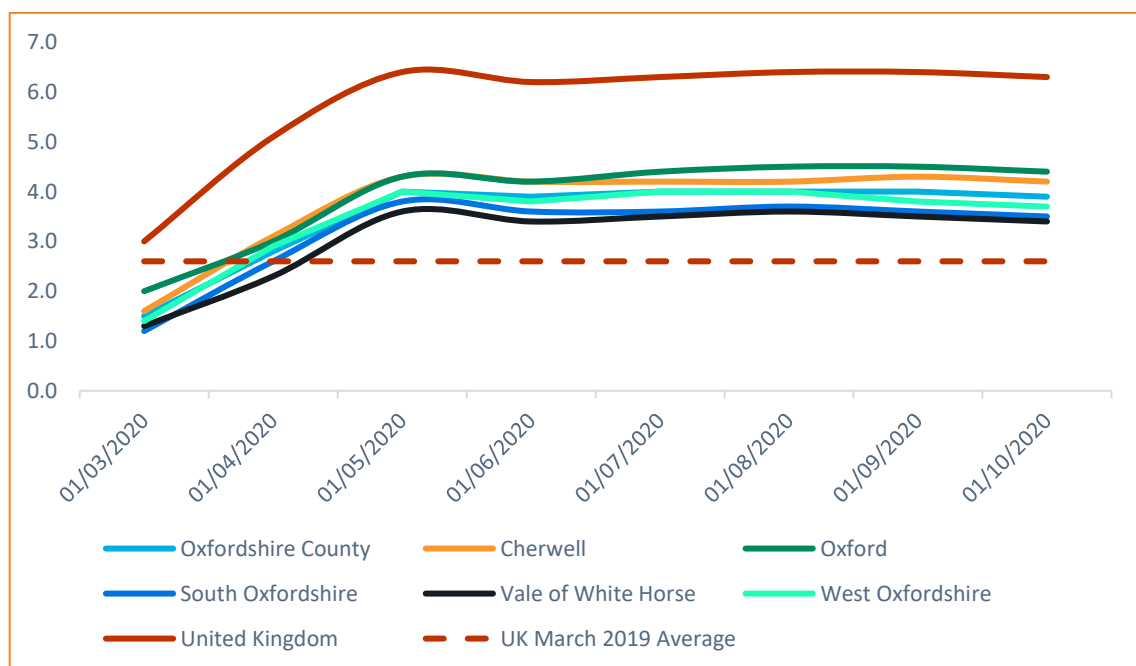
Source: BICS Survey, November 2020

<sup>7</sup> The University of Birmingham, The Impact of the COVID-19-19 Crisis on Older Workers, 2020

**Figure 3-9: Proportion of working population in each age group registered to JRS to July 2020**

Source: HMRC, Coronavirus Job Retention Scheme statistics, July 2020

- 3.33 Claimant count data is available down to District level as a percentage of the population. In terms of unemployment, this rose quickly through April 2020, but has since levelled off. Relative to the UK, Oxfordshire has seen a larger proportional increase, but from a much lower base (Figure 3-10). Cherwell and West Oxfordshire have shown the highest proportional increases, replicating the JRS data.
- 3.34 Unemployment has been protected to a degree by the JRS. However, this will need to be continually monitored as JRS comes to an end, as there is likely to be a further spike in claimant counts depending on how and when this occurs.

**Figure 3-10: Claimant Count as a percentage of population**

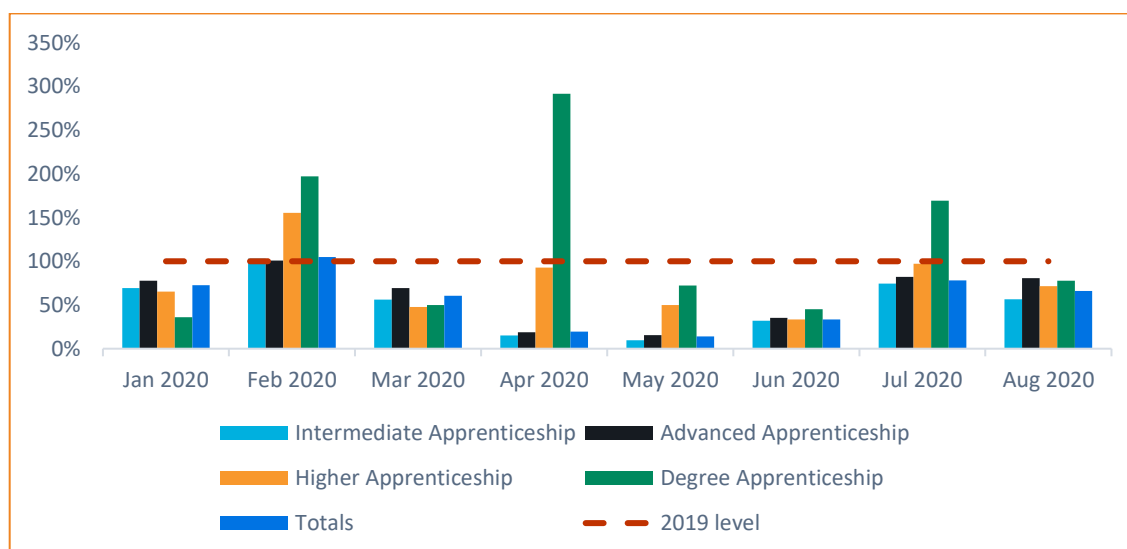
Source: Annual Population Survey/Labour Force Survey, 2020

- 3.35 Although Oxfordshire has a strong economy, it has 10 wards in the most deprived 20% of the Index of Multiple Deprivation (IMD). These places are frequently home to key workers, BAME communities, and will be disproportionately affected by COVID-19. On this note, it is important to recognise that the jobs that are being lost (largely in lower skill, lower value sectors such as town/city centre Retail and Arts/Entertainment) are different to those that are being, and will be, created in growing sectors (largely higher value, higher skilled jobs in Professional, Scientific and Technical sectors). This mismatch creates a risk that there will be skills barriers for those people who become unemployed from lower skilled sectors, with the jobs available requiring retraining and/or upskilling. This will hit particularly hard older workers and those residents living in the most deprived areas, particularly in Cherwell and South Oxfordshire.

#### *Apprenticeships and training*

- 3.36 Apprenticeship data is available at national level, though there is limited data available on apprenticeships and training post-March 2020. However, the Department for Education produces monthly statistics on the number of apprenticeships advertised on the Find an Apprenticeship website in the UK by type. This is available to August 2020 and shows that after a drop from March to May (based on the same month in the previous year), levels picked up in June and were up to 66 % of 2019 levels by August 2020. It appears that degree apprenticeships were less hard hit than other forms, likely due to the longer-term nature of this apprenticeship type.

**Figure 3-11: Vacancies posted on the Find an Apprenticeship website, by level in 2020 as a percentage of the same month in 2019**



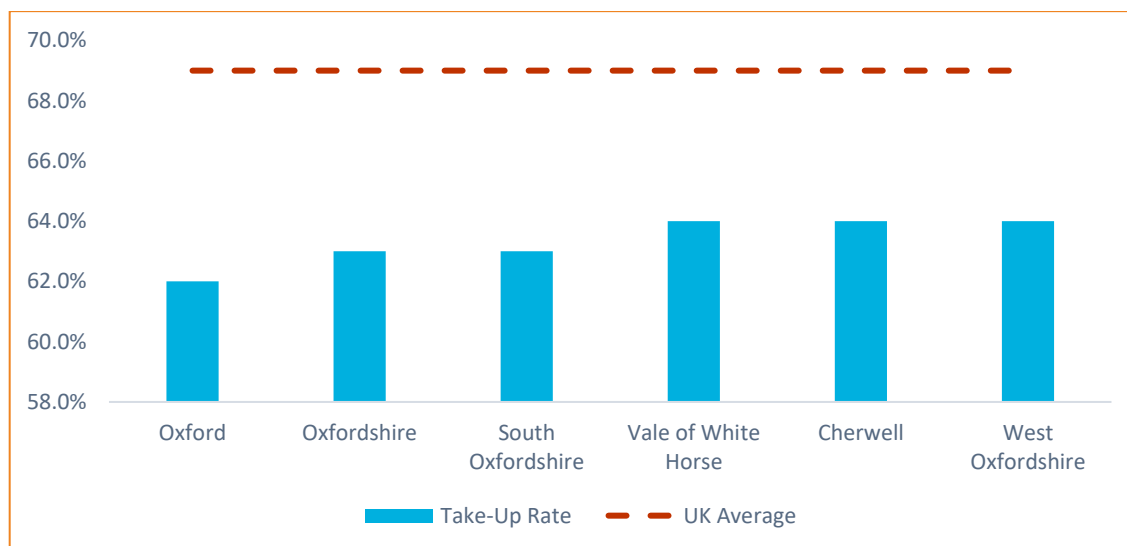
Source: Department for Education, November 2020

#### *Self-Employment*

- 3.37 Self-employment support claims data is available to District level, as a percentage of total self-employed people. The percentage of self-employed people claiming support in Oxfordshire is below the national average in all local authorities, highlighting stronger resilience than in the UK as a whole (Figure 3-12). However, it is important to note that there have been eligibility issues related to receiving self-employment support, which may impact the data presented nonetheless, this is likely to be throughout the UK rather than isolated locations. Data by

sector is only available to a South East level but indicates that there is less variation between sectors than in JRS and turnover impacts (a take-up rate range of c. 40%), with construction, transport and storage, and education hardest hit. Those working in Agriculture and Real Estate have made the lowest percentage of claims.

**Figure 3-12: Percentage of self-employed claiming government support**



Source: HMRC, PAYE RTI, November 2020

## Place

### Key Messages

- Commercial and private transport use has recovered steadily since May 2020, with heavy goods use now above pre-lockdown levels
- Public transport use is still well down on pre-lockdown levels, and of great concern for the Visitor Economy and lower value service sectors
- Use of cycles increased greatly throughout the summer months, but has tailed off subsequently; this travel mode could be capitalised on to infill for reduced public transport use
- Ultrafast broadband coverage is largely good for Oxfordshire, but Fibre to the Premises (fastest) broadband coverage must be expanded to adapt to the new ways of remote working
- The Visitor Economy has been hit very hard, with town centre footfall still well below pre-lockdown levels. Expected to cause up to 20,000 job losses in the sector and a reduction in revenue of 50% from £2.3bn<sup>8</sup>
- A trend of localisation of economies has occurred, as evidenced by lower footfall in the main UK cities and the fall off in the use of public transport; which is still significantly below pre-COVID-19 levels

3.38 COVID-19 has changed the way society travels and the places where time is most spent. Understanding these changes and the likely temporal scale of these is crucial to providing a robust recovery plan, particularly with regard to how places, including town centres, rural areas, and local neighbourhoods are, and will be, used in the future.

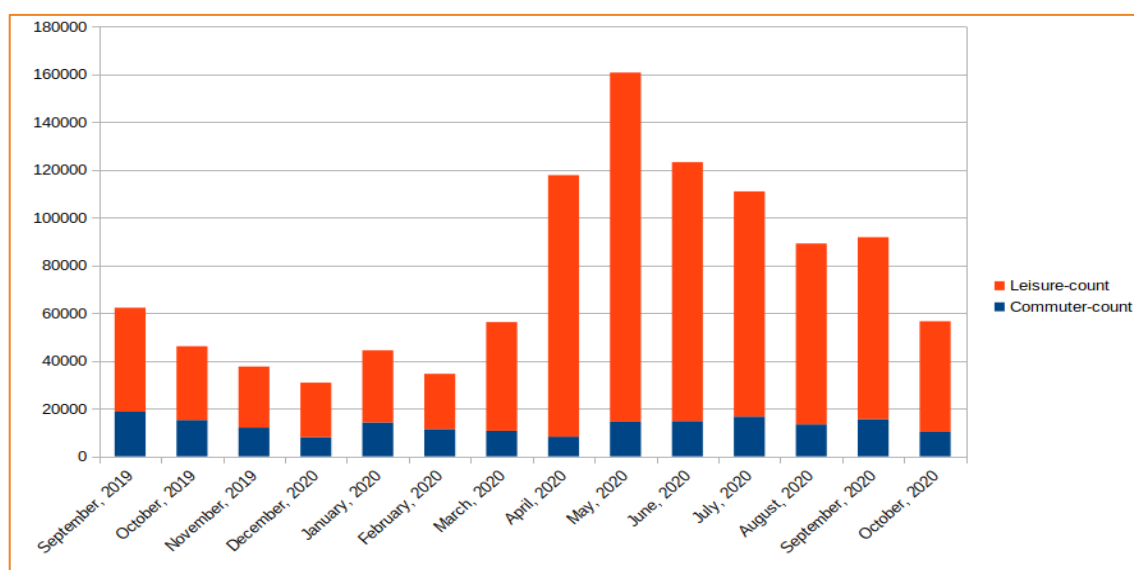
<sup>8</sup> Oxfordshire LEP, 2020



### Transport – Active Travel

- 3.39 Oxford has a high baseline level of active travel, with the 2<sup>nd</sup> highest cycling commute level in the UK. Therefore, it is unsurprising that during lockdown and the summer months, data showed major increases in cycling for leisure purposes, while remaining relatively high as a commute mode for those still travelling to work. Figure 3-13 shows that in Oxfordshire cycling use has continued to remain slightly higher than in 2019, with leisure cycling consistently higher. Commute trips are down but close to pre-COVID-19 levels in September and October. This is with sensor data captured by Oxfordshire County Council which indicates that October 2020 cycle count data was only 5% down year on year and, despite a high percentage of people still working from home.

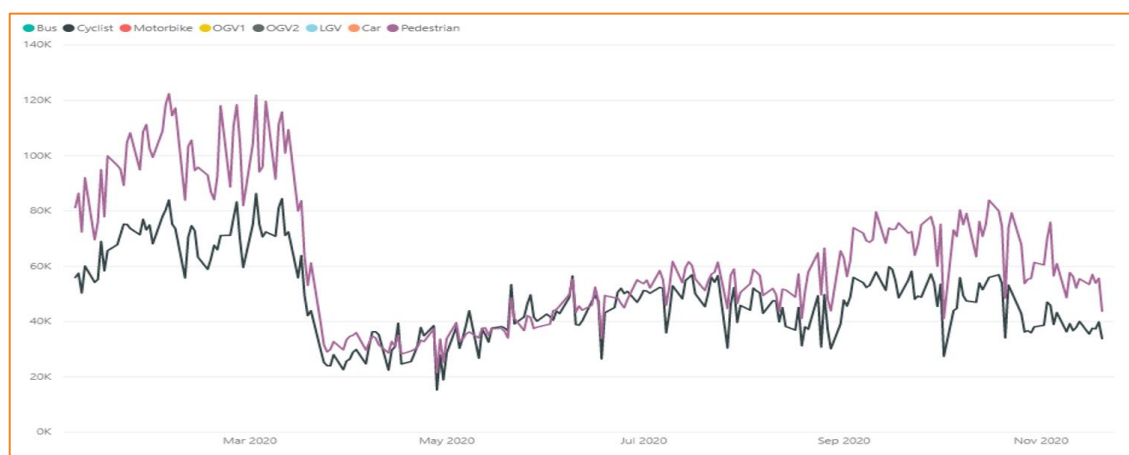
**Figure 3-13: Cycling data by trip Purpose, Oxfordshire**



Source: Oxfordshire CC, Strava data feed

- 3.40 Pedestrian count data showed that late October figures peaked closer to levels seen in early February compared to April and May when figures were at least 50% down (Figure 3-14). However, there was a clear gap in October Half Term visitor figures compared with previous years, showing the decline in Oxford's visitor numbers has continued.

**Figure 3-14: Active Travel counts – Oxfordshire 24hr Sensors (Primarily Oxford data)**

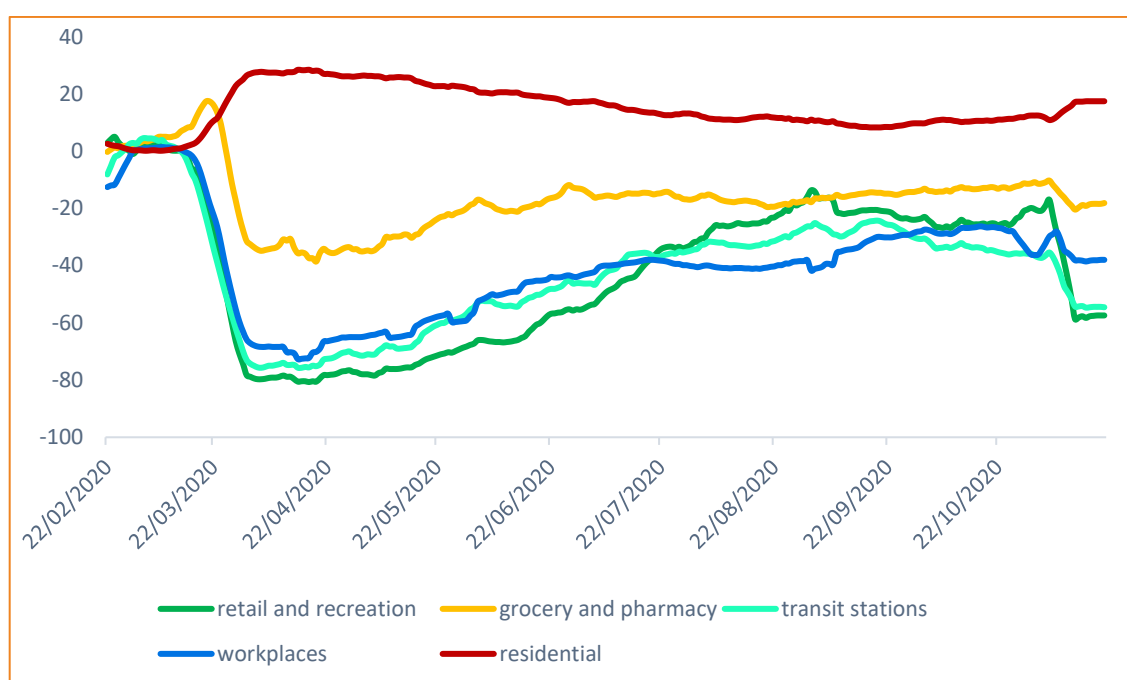


Source: Primary data supplied by Oxford County Council, 2020

### Changing Behaviours

- 3.41 Google Mobility data, reporting trends in people's location, is available to district level. Trends in Oxfordshire's five districts are very similar, so Figure 3-15 shows that for Oxfordshire, from March 2020, there was a steep drop-off in time spent at workplaces, retail and recreation, and transit stations. This coincided with an almost 30 % increase in time spent at residential premises, reflecting first the lockdown measures, and the continued trend of working from home. The working from home trend is visible in all districts, but less pronounced in Cherwell due to the higher degree of service sector jobs. Use of parks grew rapidly and stayed high throughout summer but has tailed off rapidly towards the end of September, indicating that seasonality boosted this trend.

**Figure 3-15: Post COVID-19 Mobility**

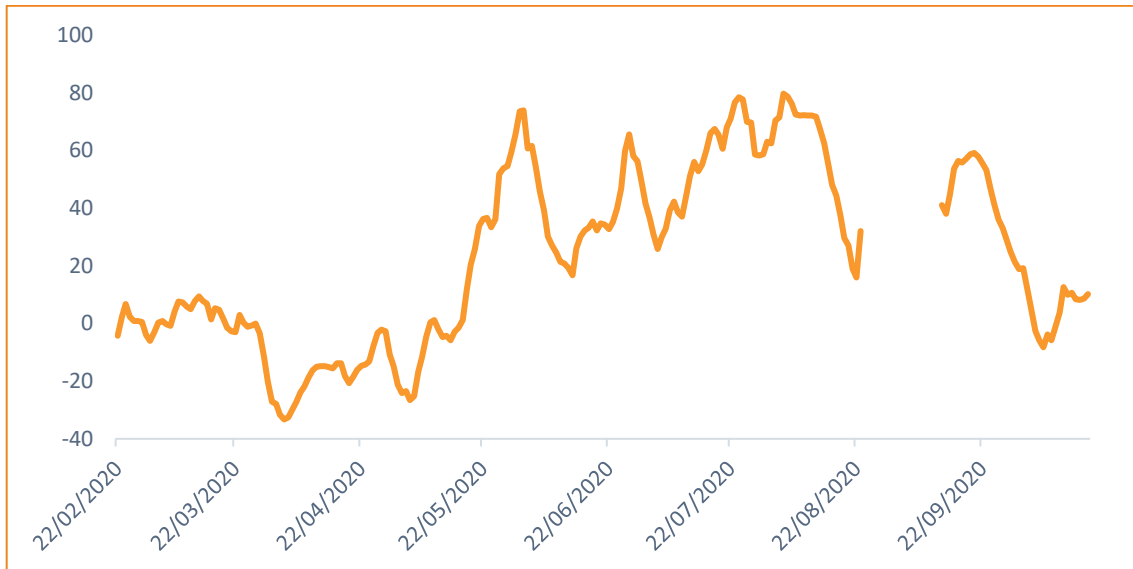


Source: Google Mobility, 2020

- 3.42 Use of public transport, as indicated by the time spent at transit stations is still well below average and has decreased from September through to November following both stricter local and regional restrictions and the National Lockdown, which was re-imposed at the start of November. This has also noticeably impacted on the time spent on retail and recreation. This highlights the vulnerability of sectors reliant on transport and retail and recreation to changes in lockdown levels. Broadly, this means that the tourism industry as a whole is continuing to be hit hard by COVID-19 mitigation measures.
- 3.43 The data also point towards localisation of the economies. More individuals are spending time in their homes and using less public transport. Furthermore, these data are supported by the October 2020's Business Impacts of COVID-19 Survey (BICS), in which businesses reported that 28 % of the workforce is working from home.
- 3.44 Notable areas of increase in the use of parks for recreation were observed in summer, above seasonal averages (Figure 3-16). The uptake in the use of parks was a trend in all local authority areas in the County, according to Google Mobility data. However, as we move towards cooler conditions, levels have returned to close to pre-COVID-19 levels. This does,

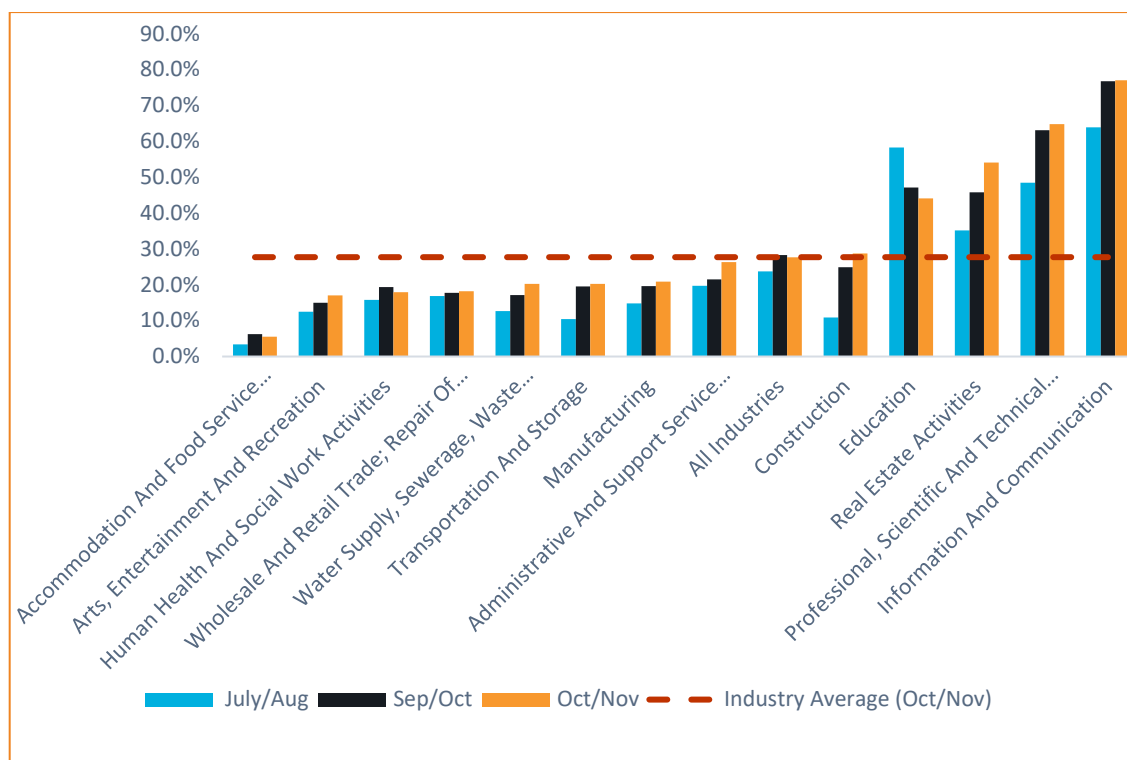
however, show that there is a willingness to use active modes of transport and can be used as evidence for the rationale for improved provision of active travel routes in the County moving forward.

**Figure 3-16: 5 day moving average of changes in use of parks in Oxfordshire**



Source: Google Mobility Report and Department for Transport statistics, 2020

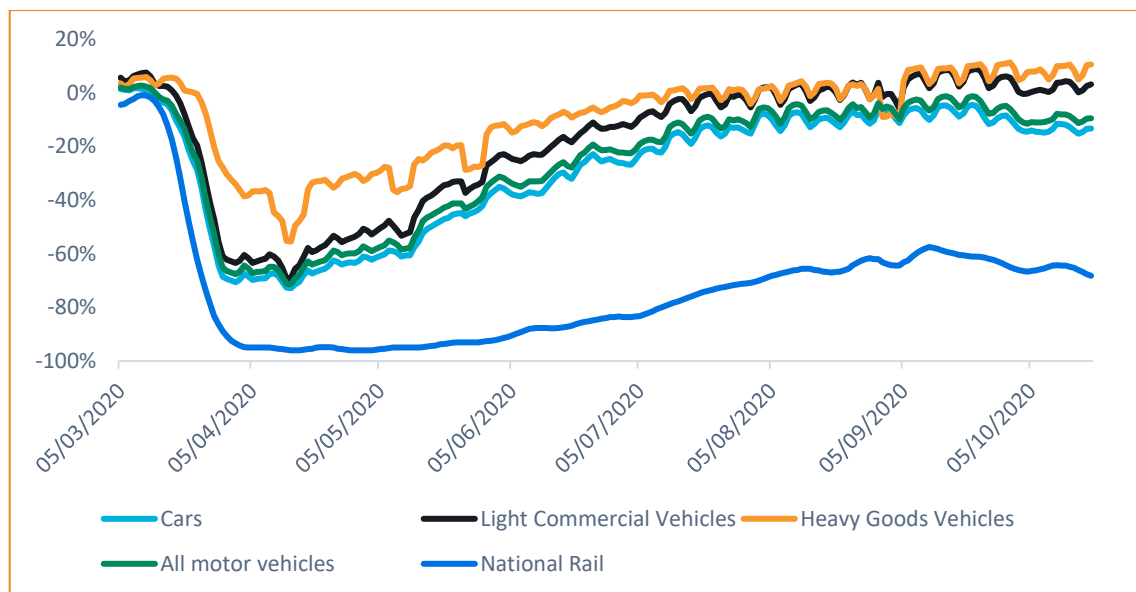
- 3.45 In terms of working from home, 77 % of staff in Information/Communication and 65 % for Professional/Scientific/Technical activities are working from home (Figure 3-17). These are two relatively important industries for Oxfordshire. Therefore, the ability of these sectors to continue with people working from home can explain to a degree the general lower level of economic impact felt in Oxfordshire than other counties.

**Figure 3-17: Percentage of staff working from home by broad industry**

Source: BICS, 22 November 2020

*Physical Connectivity – Overview*

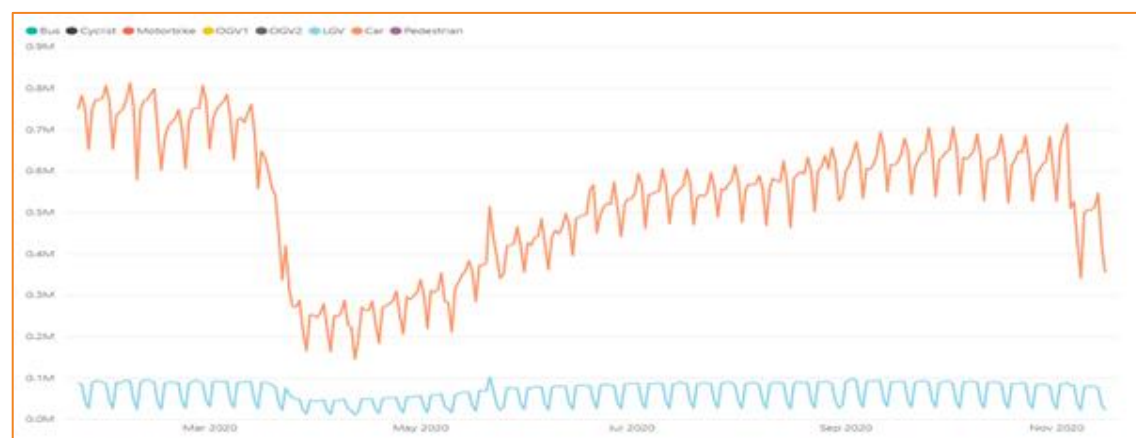
- 3.46 Data on transport use by day is available to national level, with bus usage data available to Oxfordshire level. Figure 3-18 shows how the initial national lockdown and subsequent restrictions have altered the volume and way people have travelled in 2020. All transport modes saw a dramatic fall in use from March 2020, with a relatively steady but modest rise from mid-April.
- 3.47 Rail and bus travel suffered much larger drops in March 2020 and have not come close to pre-COVID-19 levels since then. Bus travel in Oxfordshire recovered to around 40 % below pre-COVID-19 conditions in September 2020, and UK rail travel to 60 % below in the same month. Both have since started to fall since, bringing implications for the transport industry.

**Figure 3-18: Five day moving average of changes in UK public transport use relative to pre COVID-19 levels**

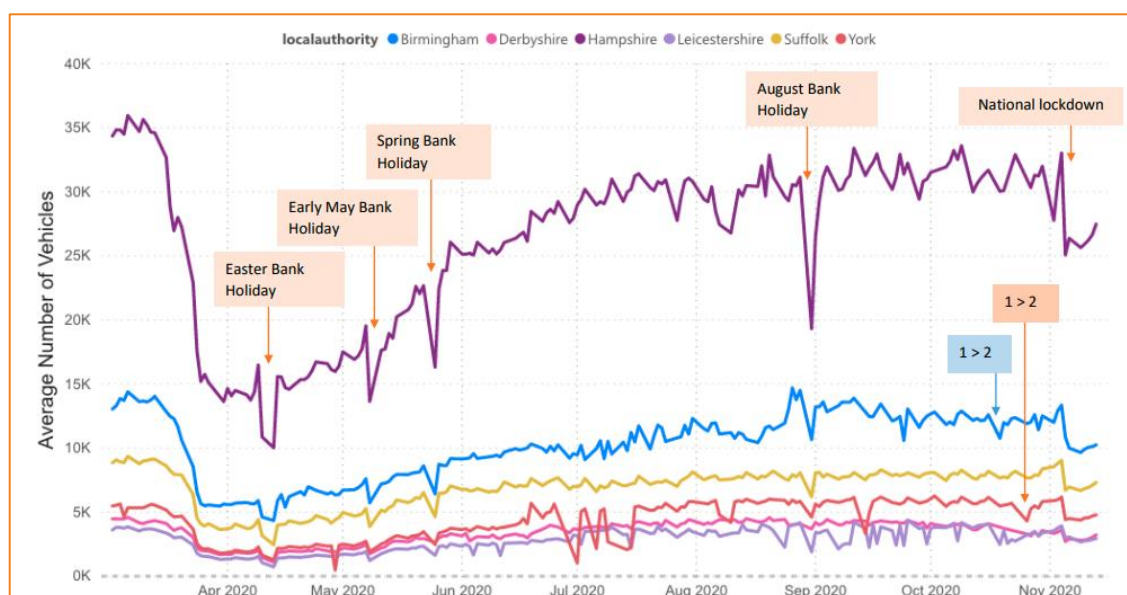
Source: Department for Transport statistics, October 2020

#### *Physical Connectivity – Road traffic*

- 3.48 Oxfordshire's levels of car use still remain below the pre-COVID-19 levels, with differences depending on locations. Oxford is still approximately 20% below pre-COVID-19 norms, while Bicester and the A40 returned to pre-COVID-19 levels in October before the November Lockdown drop. When comparing Oxford against other parts of the UK (Figure 3-20) we can see that car use is similar to but slightly below wider trends, with some cities reaching pre-COVID-19 levels on occasions in September and October. Light Goods Vehicle (LGV) numbers have remained consistent after a small drop in April into May.
- 3.49 The use of commercial road vehicles had returned to pre-COVID-19 levels by September and has remained slightly higher since then, particularly for heavy goods vehicles. Private car use was still hovering around 12-15 % below average leading up to November and has seen a recent dip, coinciding with the introduction of tighter restrictions.

**Figure 3-19: Oxfordshire Car and LGV daily volumes**

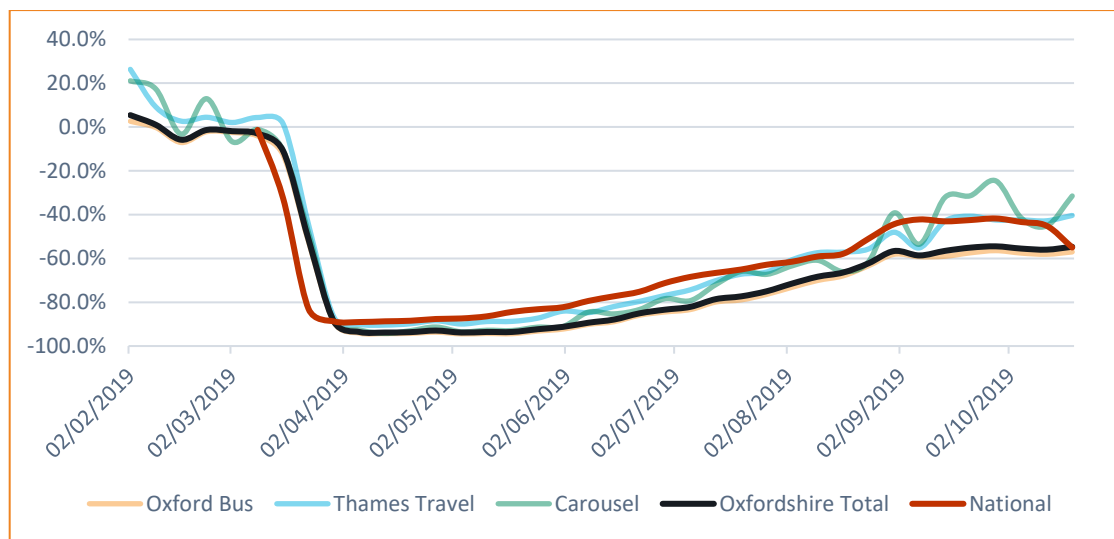
Source: Data from OCC 24hr sensors primarily Oxford some in Bicester and Didcot.

**Figure 3-20: TTF Sample of UK Cities change in daily traffic volumes**

Source: Transport Technology Forum UK Weekly Travel Digest 16/11/20 sample of UK Cities

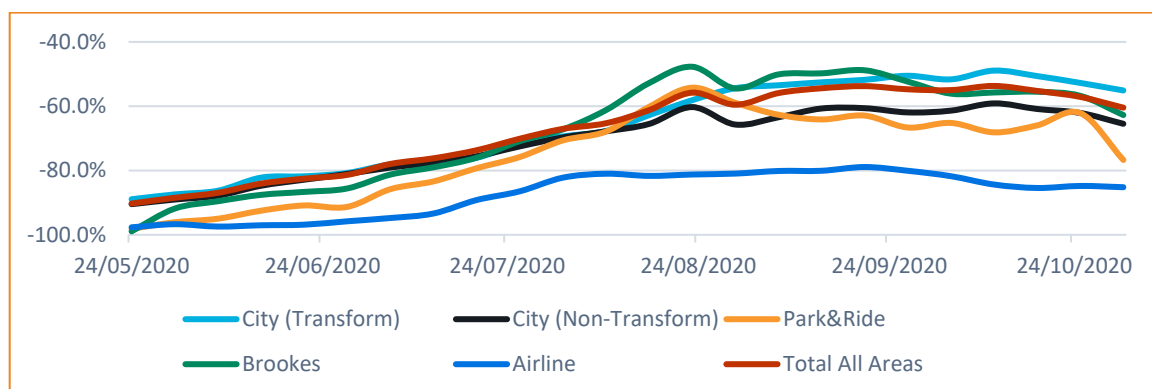
#### *Physical Connectivity – bus use*

- 3.50 Compared to the wider UK, bus travel lagged by 10% in Oxfordshire prior to the latest lockdown. A main driver of this is that a higher percentage of bus use in Oxfordshire is discretionary (i.e. people using buses to, for example, reach leisure and retail centres, rather than for commuting).
- 3.51 Bus use across Oxfordshire has been hit to varying degrees, with inter-urban routes having recovered more than others. Park and Ride is now a real cause for concern for operators and will have knock-on effects to users if they not supported through recovery. Park and Ride is operating at 20% of normal levels as of early November (Figure 3-21) but car parking at the Westgate Shopping Centre was almost at capacity in the weekend of 7 November. The balance of private car use to bus use will need to be reversed in order for the economy to recover sustainably and with lower congestion levels.
- 3.52 Bus use in areas with low car ownership, such as Didcot, have also seen greater rates of recovery of bus use, due to the higher levels of non-discretionary use, as reflected in the percentage use data for Thames Travel (Figure 3-22).

**Figure 3-21: Bus use as a percentage of the same week in 2019 (March – November 2020)**

Source: Oxford Bus Company and Department for Transport, November 2020

- 3.53 More broadly, the lower levels of travel have severe implications for the Visitor Economy and more broadly for lower end employment in retail (and beyond). Tourism relies heavily on people traveling to Oxfordshire from outside the County, whereas workers in retail and other low skilled jobs rely heavily on public transport to travel to employment sites. Without being able to use these services as they are reduced or stopped, many people will not have access to employment opportunities. Further to this, Lower levels of bus use also indicate a growing trend of the localisation of economies, with people working, and shopping closer to home.
- 3.54 As restrictions ease, public transport use will increase again but it is highly vulnerable to mitigation responses and passenger attitudes to public safety of traveling on public transport.
- 3.55 There will be major pressures on bus operators to attract passengers back onto buses as it forms an integral part of the transport system in Oxfordshire. Measures such as creation of a zero emissions zone in Oxford should start to improve the reliability of some corridors through the restriction of certain vehicle types, as well as continuing to look at restrictions to make through routes to general traffic unattractive in the city.

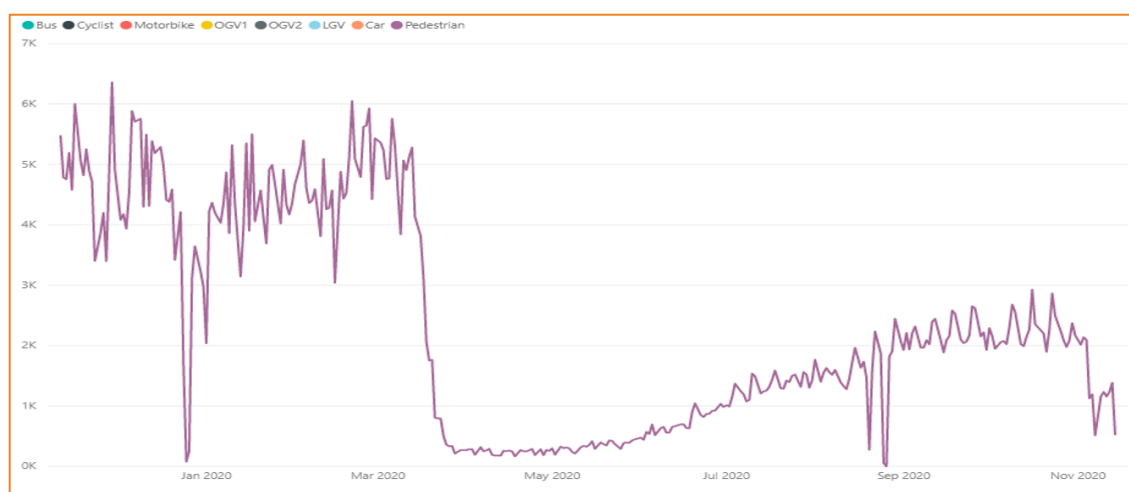
**Figure 3-22: Bus use as a percentage of the same week in 2019 by type (May – November 2020)**

Source: Oxford Bus Company, November 2020



*Physical connectivity – rail use*

- 3.56 Latest regional rail figures are yet to be released. However, data from the pedestrian crossing sensor outside Oxford station provides a good indicator of levels of use of the station. Figure 3-23 shows that pedestrian levels at Oxford Rail station reached, at best, 50% below the pre-COVID-19 levels in October before a further fall in November.
- 3.57 These figures reflect passenger numbers on trains, with Great Western Rail (GWR) estimating that passenger loadings are running at around 30% (to November 2020). This is higher than the first lockdown, when loadings were as low as 10%, but has fallen back from the 40-50% seen over the summer. GWR, along with most franchises, have noted more off peak and weekend leisure travel, but continually low levels of commuting.
- 3.58 Trends suggest that people travelling to work do so one or two days a week rather than 4 or 5 days a week. This appears to be a pattern that could continue post COVID-19, with balanced work from home patterns seemingly popular. If this pattern does become permanent, it presents challenges in terms of balancing demand for 'new peaks', as well as for the profile of revenue, ticketing and pricing. These challenges and nationalised management of the network as it stands do, however, offer major opportunities to deliver change quickly to meet modern user requirements.

**Figure 3-23: Daily counts of pedestrians crossing at entrance to Oxford Rail station**

Source: Oxford County Council, 2020

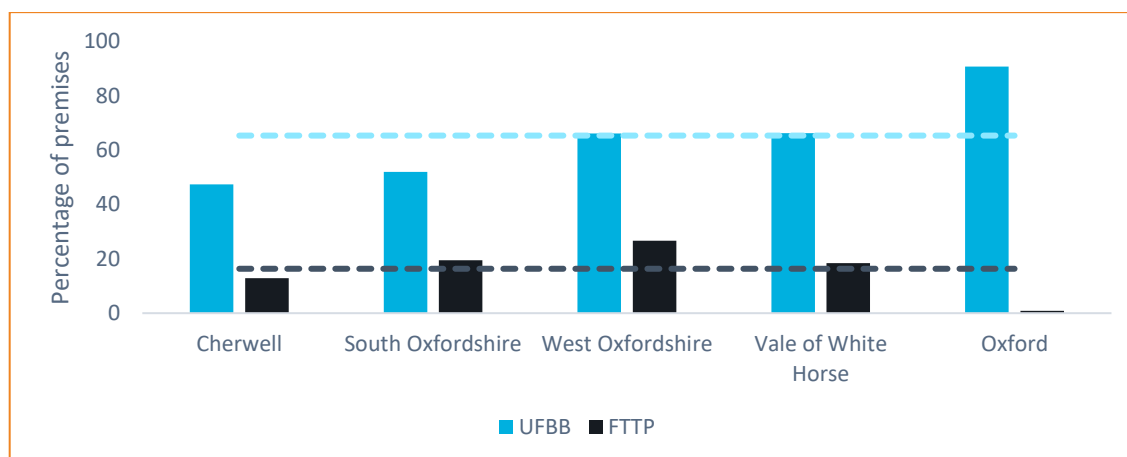
*Digital Connectivity*

- 3.59 Broadband coverage by speed is available to district level. Digital infrastructure is even more important under COVID-19 conditions than before. Demand for Ultrafast (UFBB) and Fibre to the Premises (FTTP) broadband, offering speeds of >10mbps and >300mbps respectively, was already high in early 2020 due to the increased use of cloud storage for businesses and on the trend of digitalisation in innovative firms. Since March 2020, and with the requirement for many professions to be home-based, the need for extended coverage of UFBB and FTTP is even more pressing.
- 3.60 Superfast broadband (>30mbps) coverage across Oxfordshire is 98 %, just above the UK average (97 %), but with the increase in working from home, with the increase in remote conferences and meetings that this brings, UFBB is now a requirement in many homes. Figure 3-24 shows the coverage of UFBB and FTTP in Oxfordshire. West Oxfordshire, Vale of White



Horse, and Oxford all have UFBB coverage at or above the national average, with coverage being particularly strong in rural areas. This means that working from home has been relatively effective, although coverage is lagging in Cherwell and South Oxfordshire.

**Figure 3-24: percentage of premises with Ultrafast (UFBB) and Fibre Broadband (FTTP) – dashed lines are UK Average**



Source: Think Broadband, October 2020

- 3.61 Regarding FTTP, rural areas are again well served relative to the wider UK, but Oxford is noticeably behind. This is likely due to the requirement for additional physical infrastructure to link up FTTP, which is more difficult and costlier in urban centres. For the County to adapt to new ways of working, coverage increase of FTTP is a priority, and has been assisted already by the January 2020 Digital Infrastructure and Delivery Plan.
- 3.62 5G mobile connectivity, also highlighted in the Plan Strategy is also of great importance, enabling further flexibility in working and also advancing the potential for use of automated/autonomous vehicles across the County.

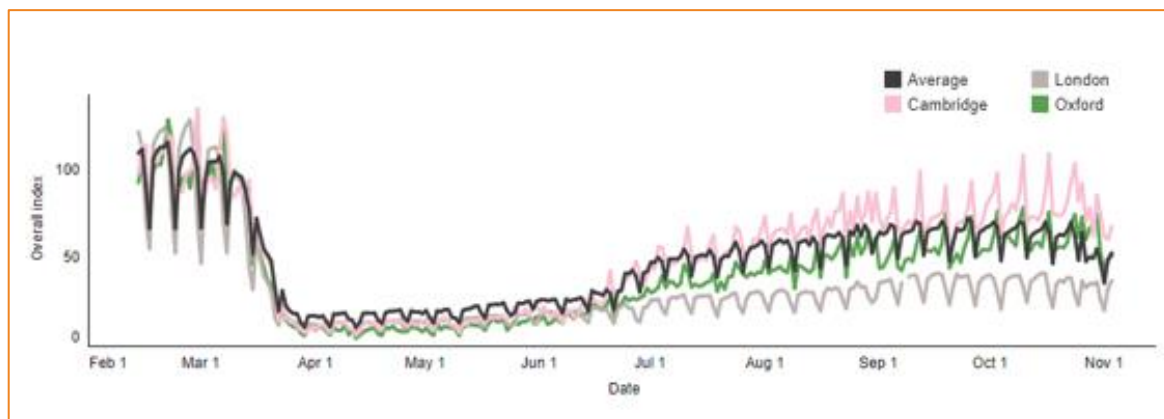
#### *The Visitor Economy*

- 3.63 Data on impacts to the Visitor Economy specifically is available at a national level, with some statistics produced by Experience Oxfordshire, Oxfordshire's destination management organisation, in May 2020. City centre footfall data is available for Oxford City. The impact of COVID-19 on Oxfordshire's Visitor Economy is one of the greatest concerns facing the County economically, with the large losses caused by reduction in travel and restriction on business operation impacting the vast majority of businesses in the Tourism Sector. 85 % of businesses in tourism in Oxfordshire reported at least a 50 % reduction in revenue, with £140m lost each month to May 2020, estimated to be £1.2bn in total.

Local increased spend is not offsetting the losses incurred from fewer international visitors, with Oxford City showing significant drops in footfall. In October, of the c. 60 cities tracked for footfall and city centre spend in the UK, Oxford had been the fifth hardest hit for footfall losses and sixth hardest hit for reduction in spend (Figure 3-25). Likely reasons for Oxford being particularly hard hit beyond the national and international travel restrictions are a reduction in summer schools and conference activities associated with the universities and the wider conference scene. Furthermore, reductions in coach travel and rail use, particularly from London have impacted visitor numbers. This trend will need to be continually tracked throughout the recovery process as a key indicator.

- 3.64 Additionally, the COVID-19 Pandemic and the introduction of distance learning and other measures presents a real risk for Oxfordshire. The County is highly dependent on the education sector, and as the funding for universities continues to weaken, there is a threat of this impacting its knowledge intensive eco-system.

Figure 3-25: Footfall as a percentage of pre-lockdown averages



Source: Centre for Cities, November 2020

## Conclusions and Implications

- 3.65 Overall, significant impacts of COVID-19 has been felt around the county in terms of employment, business turnover, travel, and indeed how and where people work. The two national lockdowns have demonstrated that some sectors have been able to adapt to restrictions to a greater degree than others, based on the ability for work to be conducted remotely and products and services to be conducted in this manner.
- 3.66 Sectors dependent on face-to-face interaction and trading with customers and those reliant on free movement of people have been severely impacted. Although we saw a recovery in these sectors as restrictions were eased in the summer, they remain vulnerable to further restrictions, which can be imposed at very short notice. Real consideration needs to go into how to support these sectors during periods of restrictions and going forward how to help them recover once restrictions are eased.
- 3.67 Oxfordshire has been hit less hard than the UK as a whole due to due to a mix of helpful factors:
- **Its strengths in knowledge intensive industry** – in times of crisis, innovative industries are key to recovery and thus are in high demand. For instance, the Life Sciences sector in Oxfordshire has reported increased sales and demand for services since March 2020
  - **Its dispersed and (to a degree) polycentric geography**, which lends more easily to adaptive ways of working. The polycentric nature of the county has lent itself to localisation of economies caused by restrictions on movement
  - **Extant high skill levels.** The jobs most impacted by COVID-19 restrictions have been in service industries. Oxfordshire's strength in professional, scientific and technical services and high value manufacturing have meant that impacts have been limited to a degree by the ability to work flexibly and by continued demand for high quality products.
- 3.68 However, there are clear causes for concern. The Visitor Economy in Oxfordshire has been hit hard, whilst city centre footfall and spend is dramatically down and will further reduce in

November. The Education sector, reliant on influxes of international students and researchers has been impacted, and Arts and Entertainment has seen the highest rates of employees placed on *furlough*. The impacts in these sectors have been driven by national level interventions, but renewal will require County-level responses to boost levels to pre-COVID-19 norms and beyond.

- 3.69 A business survey conducted by South Oxfordshire and Vale of White Horse indicates that home-based businesses, the newly self-employed and limited company freelancers, predominantly in professional services, are really feeling the impact of the economic crisis and are not benefitting from sufficient support. Supporting businesses is crucial for recovery and will form a key part of the ERP.
- 3.70 In the next Section, projections of economic growth in Oxfordshire at sector level are presented, with focus on the pre- and post-COVID-19 positions, and the economic delta which has resulted.

## 4 Looking forward – The Structural Impacts

### Headline Messages

#### Headline Messages

- Pre-COVID-19 forecasts show the Oxfordshire economy was expected to maintain its impressive growth moving forwards, with performance set to exceed peer areas and the national average
- However, updated forecasts incorporating the impact of the COVID-19 Pandemic indicate a comparatively short, but substantial, impact to economic activity in Oxfordshire
- Relative to a pre-COVID-19 trajectory, over the next decade the Oxfordshire economy could expect to have in the region of 6,000 fewer jobs and output £522 million lower.
- Sectors such as Retail, Tourism and Food will bear the brunt of the impact. But some of Oxfordshire's breakthrough industries, such as Professional Services, IT and Health and Science could emerge stronger
- Within Oxfordshire, Cherwell and Oxford are set to face the biggest shock to economic activity, with Vale of the White Horse the least impacted. This said, all areas are expected to experience a smaller shock and recover faster than the UK average
- Reflecting the resilience of the Oxfordshire economy, the short-run impact is expected to be less pronounced in Oxfordshire, whilst Oxfordshire's recovery will also outperform the UK average, resulting in a smaller relative 'lost growth' shortfall.

### Purpose of this Section

- 4.1 The evidence presented in the previous section this can be used to quantify the immediate and present impact of the COVID-19 crisis on different sectors and places within Oxfordshire's economy. However, in order to forecast the potential recovery and subsequent stabilisation period and return to long-term trends, a more future-facing approach is required.
- 4.2 Accordingly, this section augments the data insights set out in previous chapter with econometric modelling, detailing the impacts of COVID-19 on the growth of the County, both absolutely and relative to the wider UK. More details of the methodology can be found in Appendix A.

### Oxfordshire – the pre-COVID-19 outlook

#### Key Messages

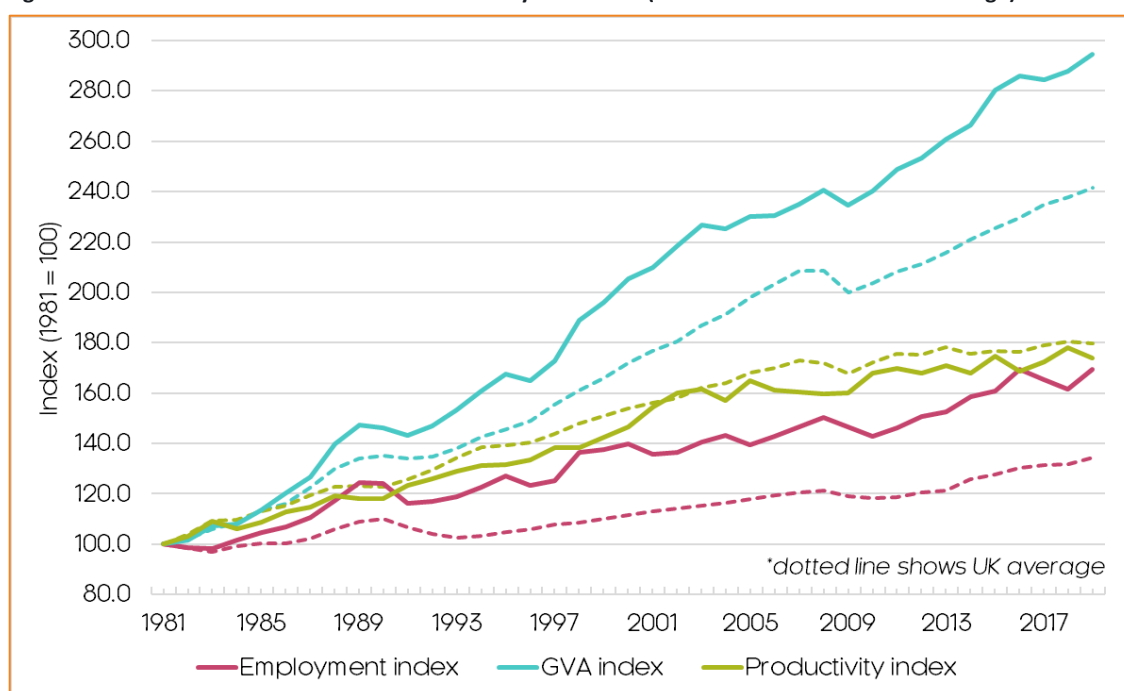
- Pre-COVID-19, the Oxfordshire economy contributed an estimated £21.1 billion to the UK economy, supported some 430,000 highly skilled jobs, and was home to 32,250 active businesses.

- Economic growth was strong over the past decade, with the Oxfordshire economy emerging as one of the fastest growing in the country, whilst more jobs were created relative to any other period in the last 50 years
- Pre-COVID-19 forecasts expected this impressive rate of growth to be maintained moving forwards, with performance set to exceed peer areas and the national average. By 2030, £4 billion of additional growth could have been delivered
- This projected growth was driven by Oxfordshire's diverse sectoral base, with particularly robust growth forecast for Professional Services, Health and Science, and Manufacturing. Spatially, this was to be well balanced across Oxfordshire's local authorities, led by West Oxfordshire and Oxford.

4.3 As of 2019, the Oxfordshire economy contributed an estimated £23.1 billion to the UK economy, supported some 430,000 highly skilled jobs, and was home to 32,250<sup>9</sup> active businesses.

4.4 Since 1981, the Oxfordshire economy has consistently grown faster than the UK average. As Figure 4-1 shows, this has been driven by stronger employment growth rather than productivity growth, which has more closely tracked average UK growth

**Figure 4-1: Performance of the Oxfordshire economy since 1981 (note: dotted line shows UK average)**



Source: Cambridge Econometrics, 2020

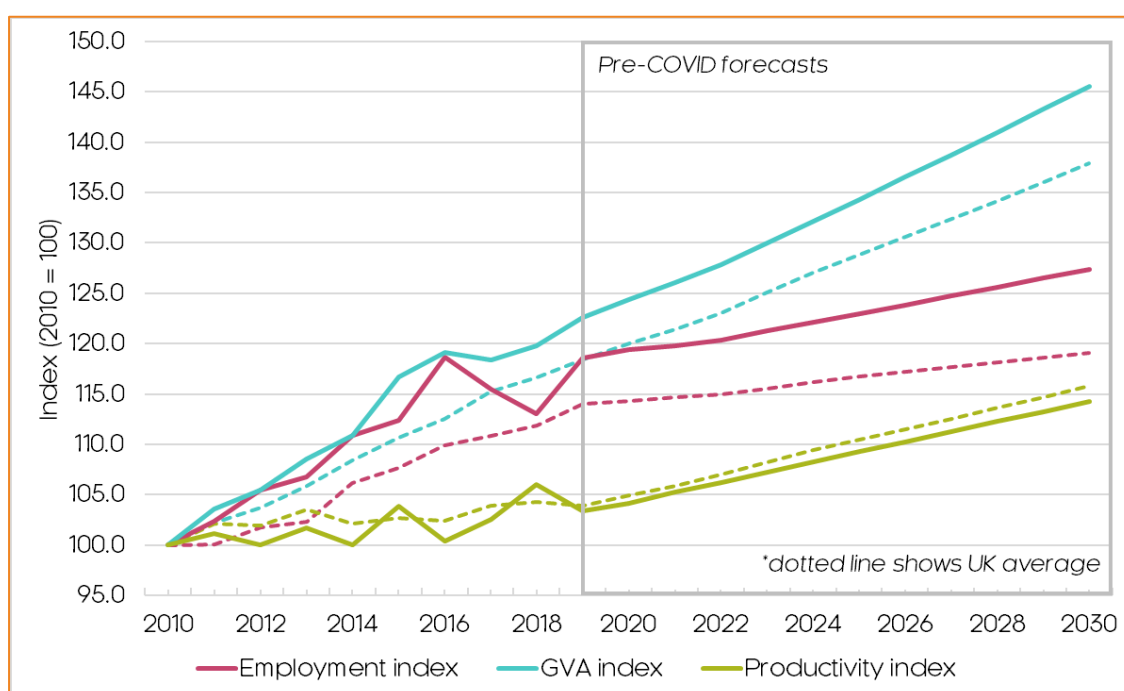
- 4.5 The Oxfordshire economy has performed particularly well over the past decade, emerging as one of the fastest growing in the country following the 2008-09 recession, ranking third of 38 LEP areas for growth. Since 2010, Oxfordshire's economy has grown on average by over 3% per annum in real terms, relative to a UK average of 1.9%. Oxfordshire has delivered significant and sustained growth.
- 4.6 Since 2010, on average more jobs had been created in Oxfordshire than any other equivalent period in the last 50 years. Resultantly, at the start of 2020, Oxfordshire had the highest

<sup>9</sup> ONS 2020, UK Business Counts - enterprises by industry and employment size band

employment rate in the country, with 82.8% of working age residents in work, exceeding the UK average of 75.5%.

- 4.7 Looking ahead, under a pre-COVID-19 trajectory, Oxfordshire was expected to maintain a robust pattern of growth. As Figure 4-2 and Table 4-1 show, across key measures of economic performance (Employment, Output – or GVA – and Productivity, indexed to 100 in 2010 to highlight the relative change between areas), central forecasts suggest the Oxfordshire economy would continue to outpace the rest of the country.
- 4.8 In terms of employment, there was pre-COVID-19 the potential for 32,000 net additional jobs to be created in the county by 2030, equivalent to an increase of 2,900 per annum. This would have resulted in a total of 462,400 jobs in the County by 2030, a 7.4% increase on current levels, almost twice the expected increase of the UK average (4.5%).

**Figure 4-2: Forecast performance of the Oxfordshire economy under a pre-COVID-19 trajectory**



Source: Cambridge Econometrics, 2020

**Table 4-1: Forecast performance of the Oxfordshire economy under a pre-COVID-19 trajectory**

	2019 (forecast baseline)	2025	2030	Growth, 2019-30	% growth, 2019-30
Employment	430,300	446,200	462,400	32,000	7.4%
GVA (£2016, bn)	£21.1	£23.1	£25.1	£4.0	18.7%
Productivity (£2016)	£49,100	£51,800	£54,200	£5,200	10.5%

Source: Cambridge Econometrics, 2020

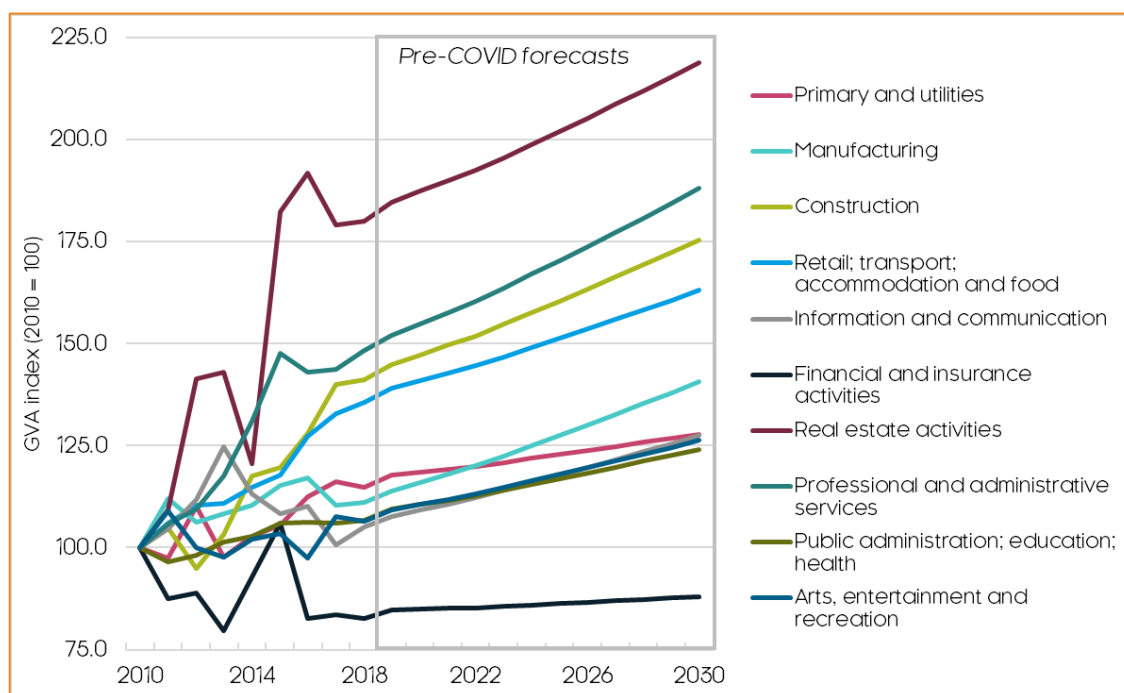
- 4.9 As a consequence, the size of Oxfordshire's economy was also expected to increase, being worth a potential £25 billion by 2030, £4 billion more than it is worth currently. As with employment, the 18.7% increase in GVA would outpace the UK average (16.4%).

- 4.10 Oxfordshire's subdued productivity growth was expected to continue though, with the 10.5% improvement to 2030 tracking below the UK average (11.4%). This 'productivity puzzle' is already estimated to have cost the Oxfordshire an estimated £3.7 billion and is being keenly felt in a number of industries, largely service-based.

### Sectoral Expectations

Figure 4-3 and Table 4-2 consider the high-level sectoral composition of growth under the pre-COVID-19 trajectory (graphs are indexed to 100 in 2010 to highlight the relative change between sectors). Given Oxfordshire's increasing strength and ambition in the sector, Professional and Administrative Services was expected to see the highest overall employment and GVA growth.

**Figure 4-3: Forecast GVA performance of Oxfordshire's sectors under a pre-COVID-19 trajectory**



Source: Cambridge Econometrics, 2020

- 4.11 The Public Administration/Education/Health sector was also expected to continue being a significant growth generator in the County, accounting for a quarter of additional economic activity by 2030, reflecting increased demand in the Health (aging population) and Education (particularly higher education) sectors (demanding high-level and technical skills).
- 4.12 Given strong projected economic and household growth in Oxfordshire as well as an increasing tourism offer, the demand for Consumer Services (Retail; Transport; Accommodation and Food) was also expected to increase, and as such its employment and GVA would continue to grow strongly.
- 4.13 Automation, Digitisation and Outsourcing were expected to lead to robust GVA growth in Manufacturing, driven by rapid productivity improvements underpinned by the adoption of frontier technologies, the flipside of this being the continued longer-term downward trend in Oxfordshire's manufacturing employment demand.

- 4.14 Continued economic growth alongside ambitious policy aspirations around housing delivery, infrastructure and commercial space resulted in an expectation that Oxfordshire's construction (and related real estate) sectors would also grow strongly, in both employment and GVA terms.

**Table 4-2: Forecast performance of Oxfordshire's sectors under a pre-COVID-19 trajectory**

	Employment growth, 2019-30	Employment% growth, 2019-30	GVA growth £m, 2019-30	GVA% growth, 2019-30
Primary and Utilities	-300	-3.8%	£40	8.5%
Manufacturing	-500	-1.7%	£660	23.6%
Construction	3,000	9.7%	£240	21.1%
Retail; Transport; Accommodation and Food	8,500	8.5%	£540	17.2%
Information and Communication	1,900	8.5%	£280	18.5%
Financial and Insurance Activities	-200	-3.8%	£5	3.9%
Real Estate Activities	600	9.7%	£150	18.5%
Professional and Administrative Services	9,300	12.1%	£680	23.7%
Public Administration; Education; Health	8,000	6.2%	£640	13.4%
Arts, Entertainment and Recreation	1,500	6.7%	£140	15.5%

Source: Cambridge Econometrics, 2020

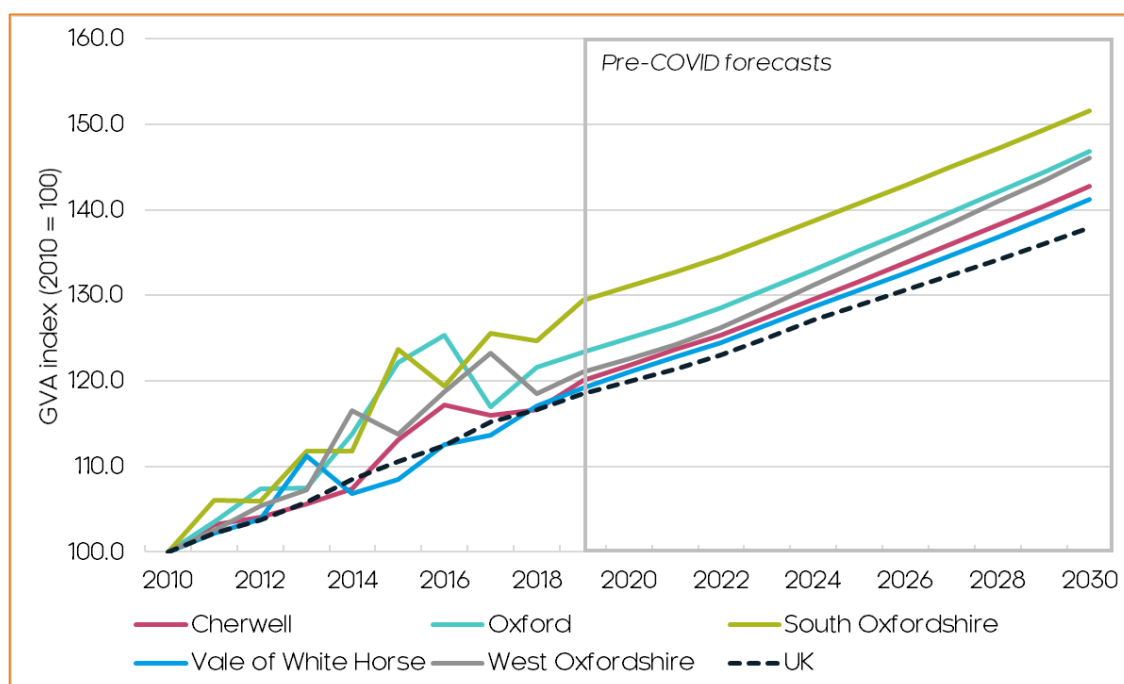
### District Expectations

- 4.15 Figure 4-4 and Table 4-3 summarise the expected spatial pattern of growth across the County under the pre-COVID-19 trajectory (graphs are indexed to 100 in 2010 to highlight the relative change between areas). A robust and relatively balanced growth picture was expected to emerge, with local growth rates showing relatively minor deviations relative to the Oxfordshire average, whilst all were expected to continue outpacing the UK average.
- 4.16 Reflecting the favourable sectoral structure of the area (including advanced Manufacturing, Professional and IT Services), stronger growth was expected to continue along the 'Knowledge Spine', particularly around Didcot (South Oxfordshire) and Abingdon (Vale of White Horse) to the south, through to Oxford City, and up to Bicester (Cherwell) in the north. Again, potential productivity growth was expected to remain subdued in parts.
- 4.17 Robust growth was also expected in West Oxfordshire, in and around the market towns such as Witney. Reflecting its concentration of high-growth service sectors, Oxford City was



expected to remain the main driver of growth though, accounting for almost a third of additional economic activity to 2030.

**Figure 4-4: Forecast GVA performance of Oxfordshire's districts under a pre-COVID-19 trajectory**



Source: Cambridge Econometrics, 2020

**Table 4-3: Forecast performance of Oxfordshire's districts under a pre-COVID-19 trajectory**

	Employment growth, 2019-30	Employment% growth, 2019-30	GVA growth £m, 2019-30	GVA% growth, 2019-30
Cherwell	6,300	7.0%	£896	18.9%
Oxford	9,500	6.9%	£1,108	19.1%
South Oxfordshire	5,900	7.8%	£704	17.2%
Vale of White Horse	6,500	9.0%	£752	18.5%
West Oxfordshire	3,800	7.0%	£495	20.7%

Source: Cambridge Econometrics, 2020

## Oxfordshire – the position with COVID-19

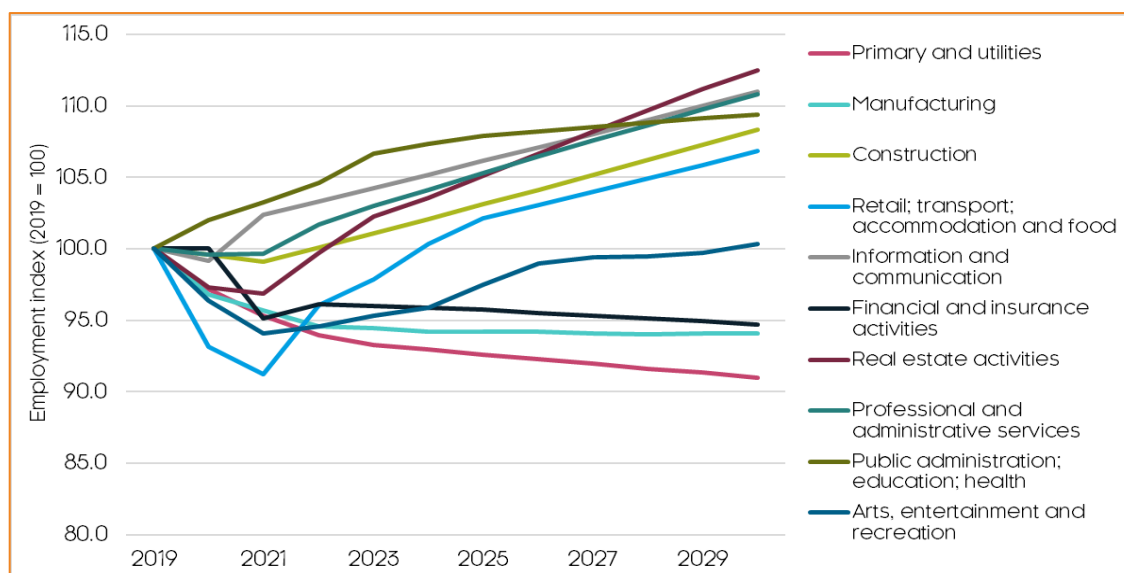
### Key Messages

- Updated forecasts incorporating the impact of the COVID-19 Pandemic indicate a comparatively short, but unprecedented, impact to economic activity in Oxfordshire. At its peak, up to 7,000 jobs could be lost, whilst output could contract by 7.2%
- Though Oxfordshire will recover faster than other areas, relative to a pre-COVID-19 trajectory, the Oxfordshire economy could still expect to have in the region of 6,000 fewer jobs and output £522 million lower by 2030.

- Sectors such as Retail, Tourism and Food will bear the brunt of the impact, particularly short-term. But some of Oxfordshire's breakthrough industries, such as Professional Services, IT and Health and Science could emerge strongly and lead the economic recovery.
- Within Oxfordshire, Cherwell and Oxford are set to face the biggest shock to economic activity – reflecting their slightly higher incidence highly-impacted industries, such as Retail and Tourism - with Vale of the White Horse the least impacted.

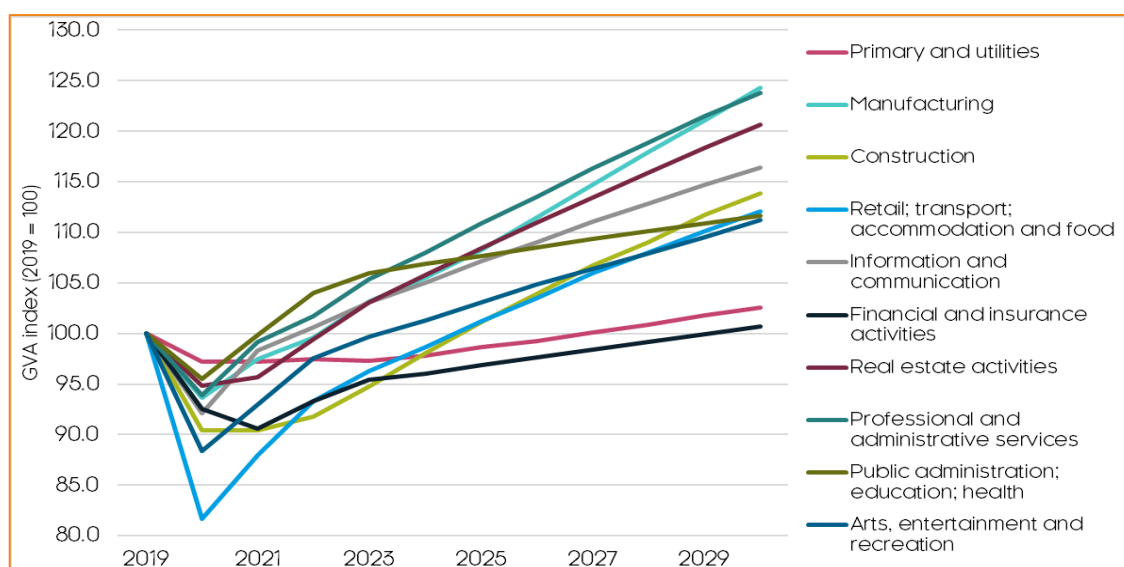
- 4.18 Given the nature of the shock associated with the COVID-19 pandemic and the accompanying local area modelling assumptions (see earlier *Approach and Work Done*), the response of local areas will largely be determined by sectoral structure. Areas overrepresented with industries most strongly impacted by the pandemic and associated restrictions (e.g. retail, accommodation, food) for instance will likely experience a greater shock to economic activity.
- 4.19 Figure 4-5 and Figure 4-6 show the expected impact of the pandemic on industries across the UK, and the resulting representation of these industries in Oxfordshire (relative to the UK average). Generally, Oxfordshire has a similar if not slight under-representation of highly impacted industries, such as accommodation, food and business services, and a relative overrepresentation of lower impacted (even growth) industries, notably public administration, health, media and professional services.
- 4.20 It is, therefore, reasonable to expect Oxfordshire will experience a gentler impact to economic activity than the UK average, and potentially even more so depending on the relative historical resilience and recovery of these sectors. And, with greater spatial detail, the magnitude of these effects will increase, reflecting greater sectoral diversity; for instance, Cherwell's sectoral structure differs from South Oxfordshire's, and so will their impacts.

**Figure 4-5: Forecast impact of the COVID-19 pandemic on sectoral GVA in Oxfordshire**



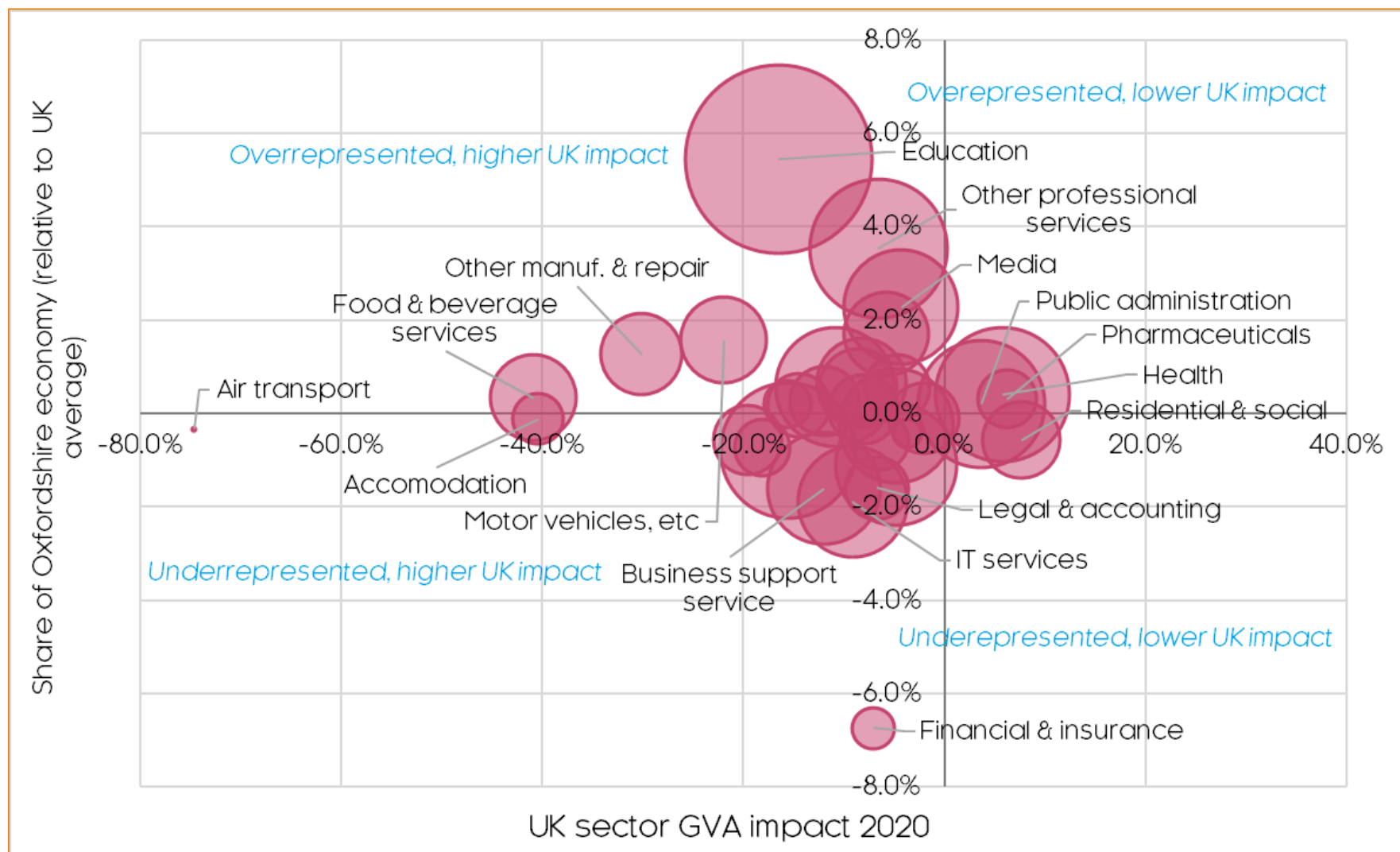
Source: Cambridge Econometrics, 2020

**Figure 4-6: Forecast impact of the COVID-19 pandemic on sectoral employment in Oxfordshire**



Source: Cambridge Econometrics, 2020

**Figure 4-7: UK sector impacts (as measured by GVA) and relative representation of the sector in Oxfordshire (note: size of bubble refers to size of sector in Oxfordshire as measured by GVA)**



Source: Cambridge Econometrics, 2020

**Table 4-4: Forecast impact of the COVID-19 pandemic on sectoral performance in Oxfordshire, relative to a pre-COVID-19 trajectory**

	Employment growth, 2019-30 relative to pre-COVID-19	Employment% growth, 2019-30 relative to pre-COVID-19	GVA growth £m, 2019-30 relative to pre-COVID-19	GVA% growth, 2019-30 relative to pre-COVID-19
Primary and Utilities	-400	-5.2%	-£30	-6.0%
Manufacturing	-1,200	-4.2%	£10	0.7%
Construction	-400	-1.3%	-£85	-7.2%
Retail; Transport; Accommodation and Food	-1,700	-1.7%	-£160	-5.1%
Information and Communication	500	2.5%	-£27	-2.1%
Financial and Insurance Activities	-100	-1.5%	-£5	-3.1%
Real Estate Activities	200	2.8%	£15	2.2%
Professional and Administrative Services	-600	-1.3%	£20	0.1%
Public Administration; Education; Health	3,900	3.2%	-£90	-1.8%
Arts, Entertainment and Recreation	-1,400	-6.4%	-£40	-4.3%

Source: Cambridge Econometrics, 2020

4.21 Table 4-4 considers the impact of the COVID-19 pandemic on Oxfordshire's sectoral growth trajectories, in terms of both output (GVA) and employment (this distinction is important, given the employment-focussed nature of accompanying policy interventions e.g. *furlough*. Graphs are indexed to 100 in 2019 to highlight the relative impact across sectors). Naturally, the magnitude of the expected impact varies greatly across and even within sectors in Oxfordshire:

- **Primary and Utilities:** only a gentle impact to output is expected, largely a result of the general deterioration in economic conditions and decreased demand from restriction impacted industries. The recovery however could be slow and uncertain. Employment also contracts whilst employment growth remains subdued, continuing along its long-term trend. *Relative to a pre-COVID-19 trajectory: 400 fewer jobs and £30 million lower output.*
- **Manufacturing:** a short contraction in output is expected given the deterioration in wider economic conditions and decreased demand from restriction impacted industries, though performance varies between Oxfordshire's sub-sectors: e.g. pharmaceuticals and health could be buoyant, whilst aerospace faces an unprecedented shift in demand. A robust

recovery has the potential to accelerate in the latter half of the 2020's, driven by strong productivity growth as local industries re-establish and exploit their comparative advantage. Employment continues along its long-term decline, as automation, digitisation and outsourcing could be accelerated. *Relative to a pre-COVID-19 trajectory: 1,200 fewer jobs but £11 million additional output.*

- **Construction:** a relatively deep and protracted contraction is expected, given reduced demand and increased uncertainty short term, though growth could accelerate 2023-onwards. *Furlough* and related employment support dampen the employment impact, whilst the adaptable nature of the sectors labour market could see a rapid return to growth. *Relative to a pre-COVID-19 trajectory: 400 fewer jobs and £84 million lower output.*
- **Retail; Transport; Accommodation and Food:** the impact of social distancing measures and related restrictions in Oxfordshire will be most keenly felt in these industries. Resultantly, output is expected to contract sharply, by approx. 20% in 2020. Naturally, performance varies within sector; wholesale, some retail and transport (particularly logistics and distribution) will prove resilient and may benefit from increased demand. Accommodation and food, encompassing tourism and leisure related industries, will face the brunt of impact. Once a recovery is underway though, the sector has the potential to recover rapidly. *Furlough* and related employment support will dampen the employment impact, though greater job losses could emerge moving into 2021, disproportionately impacting the young, low-paid and those on flexible contracts. *Relative to a pre-COVID-19 trajectory: 1,700 fewer jobs and £158 million lower output.*
- **Information and Communication:** underpinned by a strong research base and skilled workforce in Oxfordshire, the sector could prove resilient and adaptable. An accelerated recovery is likely after a brief output hit, driven by post-COVID-19 demand for innovative services e.g. around cloud computing, e-commerce, streaming and conference services. Employment could remain stable with the potential for robust growth 2021-onwards, though productivity growth will remain disappointing. *Relative to a pre-COVID-19 trajectory: 500 additional jobs but £27 million lower output.*
- **Financial and Insurance Activities:** output could experience a fundamental shift downwards, whilst the pandemic could accelerate and maintain the ongoing contraction in employment, driven largely by automation, digitisation and out-sourcing, though the sector is a comparatively small part of the Oxfordshire economy. *Relative to a pre-COVID-19 trajectory: 100 fewer jobs and £4 million lower output.*
- **Real Estate Activities:** after a relatively sharp contraction, output could accelerate strongly in the latter half of the 2020's, given Oxfordshire's potential to attract additional residential and commercial demand from less-desired and expensive urban agglomerations in a post-COVID-19 world. Employment could also grow given the need to expand to manage and oversee a potential increase in demand. *Relative to a pre-COVID-19 trajectory: 200 additional jobs and £15 million additional output.*
- **Professional and Administrative Services:** Oxfordshire has shaped a strong comparative advantage in this sector, and there is the potential it could prove resilient and adaptable to the challenge of the pandemic. Despite a short term hit to output due to shifting demand and uncertainty, productivity-driven growth could accelerate through the 2020s. Underpinned by a skilled workforce, employment will be insulated from the worst of the pandemic's labour market effects, though admin-level jobs (e.g. security guards, cleaners, temps) will be susceptible to losses given the decreased demand from restriction

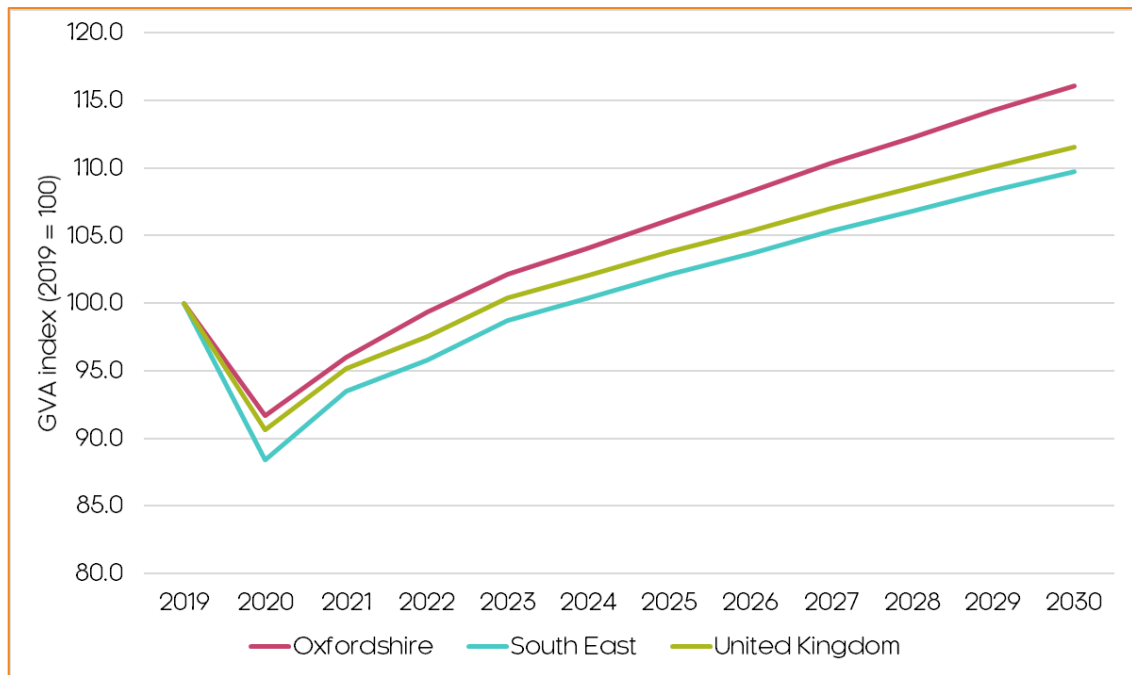
impacted industries. *Relative to a pre-COVID-19 trajectory: 600 fewer jobs but £20 million additional output.*

- **Public Administration; Education and Health:** given the COVID-19 pandemic is a public health problem, demand is expected to increase and remain high (given the need to manage the demand backlog) as Oxfordshire leads the global pursuit of a resolution to the virus. Output is however expected to marginally contract, largely driven by shifting demand in public admin and education, but this will rebound 2021 onwards as increased resources are put into health and related initiatives. Given these industries have largely continued to consistently operate even during strict restrictions, employment losses are expected to be minimal, with the potential for further growth to manage and oversee increased demand for health and related services. Fragile productivity growth could be stymied during the recovery though. *Relative to a pre-COVID-19 trajectory: 3,900 additional jobs but £90 million lower output.*
- **Arts, Entertainment and Recreation:** broadly covering non-accommodation tourism, hospitality and leisure, this sector will be amongst the worst-affected by social distancing measures and related restrictions. The sectors labour-intensive nature and consumer-facing dependency means it will be even more susceptible to employment losses and a slower recovery, despite *furlough* and related support. Job losses could be greatest in 2021, and will disproportionately impact the young, low-paid and those on flexible contracts. *Relative to a pre-COVID-19 trajectory: 1,400 fewer jobs and £40 million lower output.*

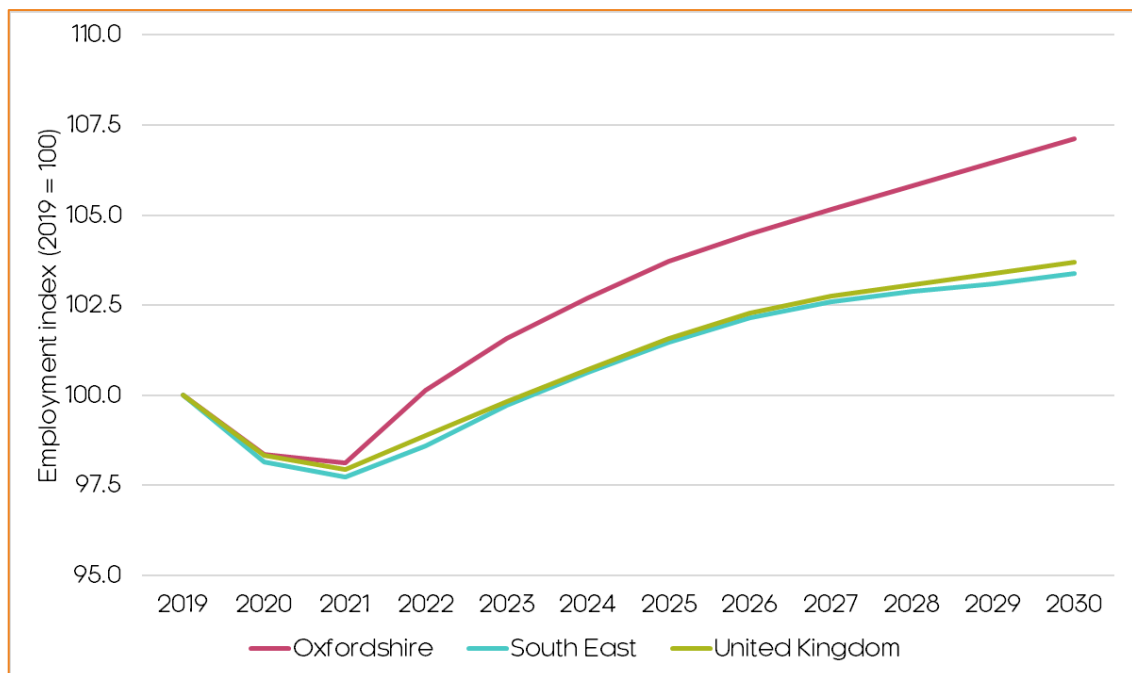
#### Key Messages

- The short-run impact from the Pandemic is expected to be less pronounced than elsewhere in the country reflecting the intrinsic resilience and adaptability of the Oxfordshire economy but there are variations within the districts, with Cherwell projected to be hardest hit.
- Following every recession over the past 50 years, the Oxfordshire economy has recovered more strongly than the UK average, and it is expected to do so again during the recovery from the COVID-19 Pandemic, opening up a 5% performance gap relative to the UK average by 2030
- Importantly, over a longer timeframe, this results in a smaller relative 'lost growth' shortfall for the Oxfordshire economy. This will enable Oxfordshire to establish and maintain a strong performance advantage relative to the rest of the country, as it did after the 2008 Global Financial Crisis.

- 4.22 With these sector impacts in mind, Figure 4-8, Figure 4-9 and Table 4-5 summarise the potential Oxfordshire-wide impacts of the COVID-19 pandemic on economic activity (similarly, graphs are indexed to 100 in 2019). As expected, compared with regional and national comparators, the Oxfordshire economy will likely experience a much gentler, though still significant, contraction to economic activity, and could also undergo a much stronger recovery.

**Figure 4-8: Forecast impact of the COVID-19 pandemic on GVA in Oxfordshire relative to the South East and UK**


Source: Cambridge Econometrics, 2020

**Figure 4-9: Forecast impact of the COVID-19 pandemic on employment in Oxfordshire relative to the South East and UK**


Source: Cambridge Econometrics, 2020

**Table 4-5: Forecast impact of the COVID-19 pandemic on economic performance in Oxfordshire, and relative to a pre-COVID-19 trajectory**

	2019 (forecast baseline)	2025	2030	Growth, 2019-30	% growth, 2019-30
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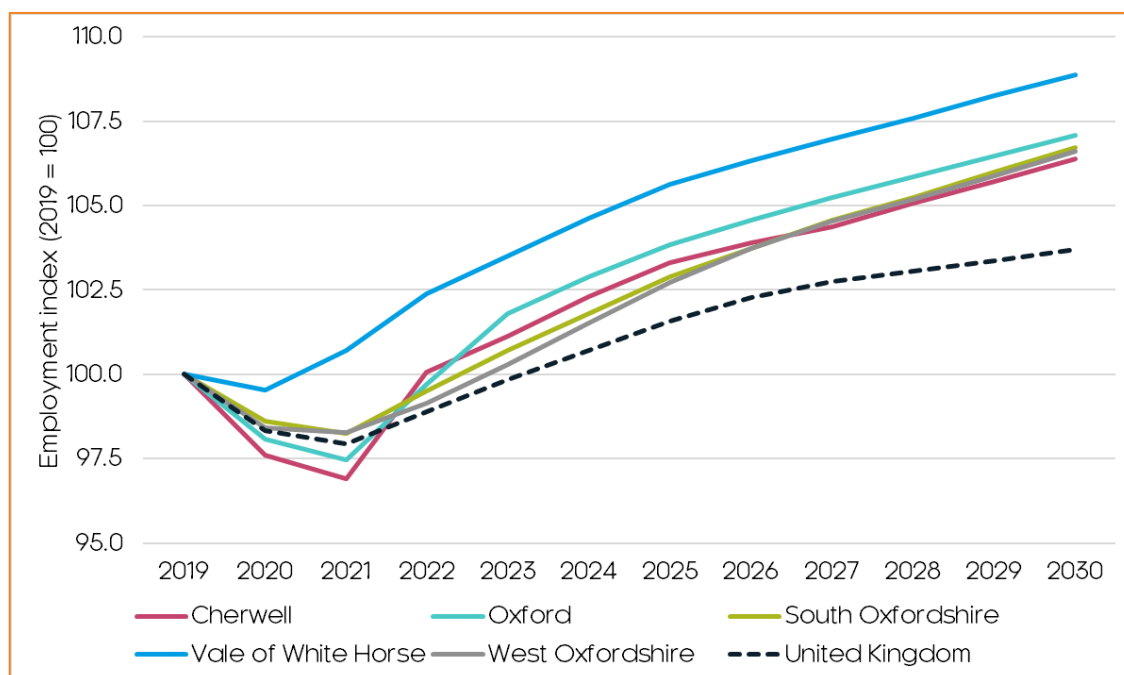


<b>Employment</b>	430,300	439,100	456,400	26,000	6.0%
<i>relative to pre-COVID-19</i>	-	-7,100	-6,000	-6,000	-1.4%
<b>GVA (£2016, bn)</b>	£21.1	£22.7	£24.5	£3.4	16.3%
<i>relative to pre-COVID-19</i>	-	-£0.5	-£0.5	-£0.5	-2.5%
<b>Productivity (£2016)</b>	£49,100	£51,600	£53,800	£4,700	9.6%
<i>relative to pre-COVID-19</i>	-	-£300	-£400	-£400	-0.9%

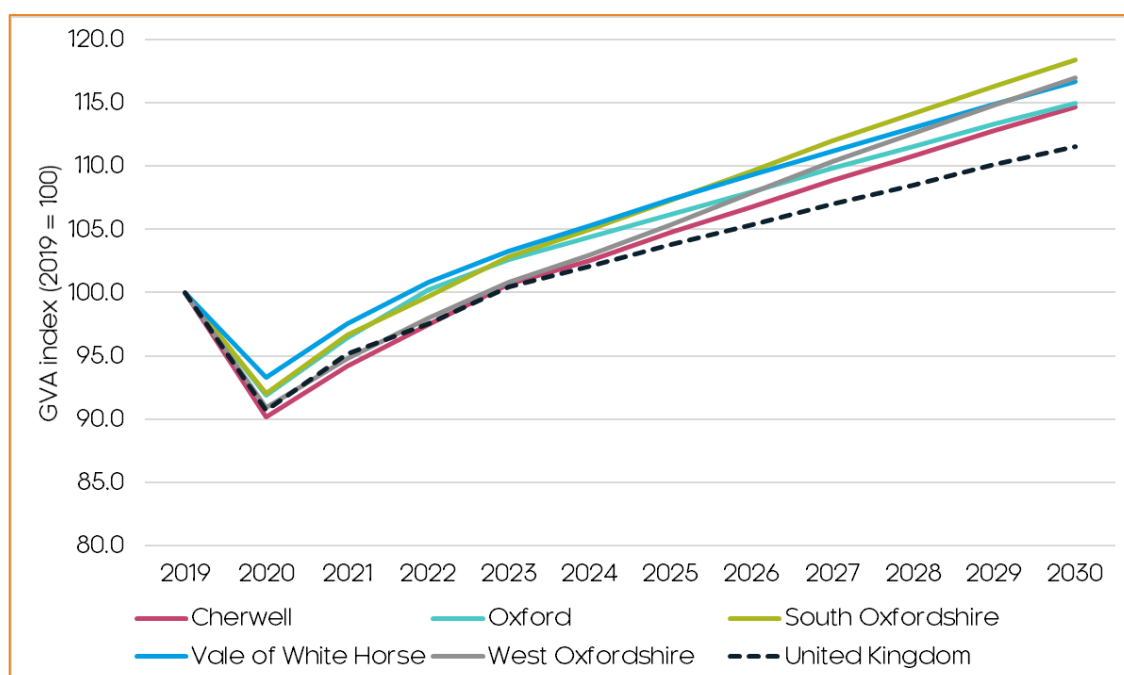
Source: Cambridge Econometrics, 2020

- 4.23 Given the *furlough* scheme and related employment support, alongside the desires of firms to retain staff in spite of falls in output, employment is expected to contract much less than output (approx. -2% rather than -9%). However, this also leads to a delayed recovery in employment, with the worst job losses occurring by 2021 before starting to recover rapidly in 2022.
- 4.24 Output, meanwhile, is expected to recover quickly following a sharp bottoming-out in 2020. Indeed, Oxfordshire could open up a 5% gap relative to the UK recovery by 2030. Given the contrasting response of output and employment, productivity consequently undergoes a sharp drop in 2021 and could recover slowly, exacerbating Oxfordshire's 'productivity puzzle'.
- 4.25 Relative to a pre-COVID-19 trajectory, these preliminary forecasts show that by 2030, as a legacy of the pandemic, the Oxfordshire economy could expect to have in the region of 6,000 fewer jobs, output £522 million lower, and a workforce £400 per annum less productive.

Figure 4-10: Forecast impact of the COVID-19 pandemic on employment in Oxfordshire's districts



Source: Cambridge Econometrics, 2020

**Figure 4-11: Forecast impact of the COVID-19 pandemic on GVA in Oxfordshire's districts**

Source: Cambridge Econometrics, 2020

**Table 4-6: Forecast impact of the COVID-19 pandemic on the economic performance of Oxfordshire's districts, relative to a pre-COVID-19 trajectory**

	Employment growth, 2019-30 relative to pre-COVID-19	Employment% growth, 2019-30 relative to pre-COVID-19	GVA growth £m, 2019-30 relative to pre-COVID-19	GVA% growth, 2019-30 relative to pre-COVID-19
Cherwell	-600	-0.7%	-£156	-3.3%
Oxford	400	0.2%	-£194	-3.3%
South Oxfordshire	-800	-1.0%	£67	1.6%
Vale of White Horse	-100	-0.1%	-£46	-1.1%
West Oxfordshire	-300	-0.4%	-£58	-2.4%

Source: Cambridge Econometrics, 2020

### District Expectations

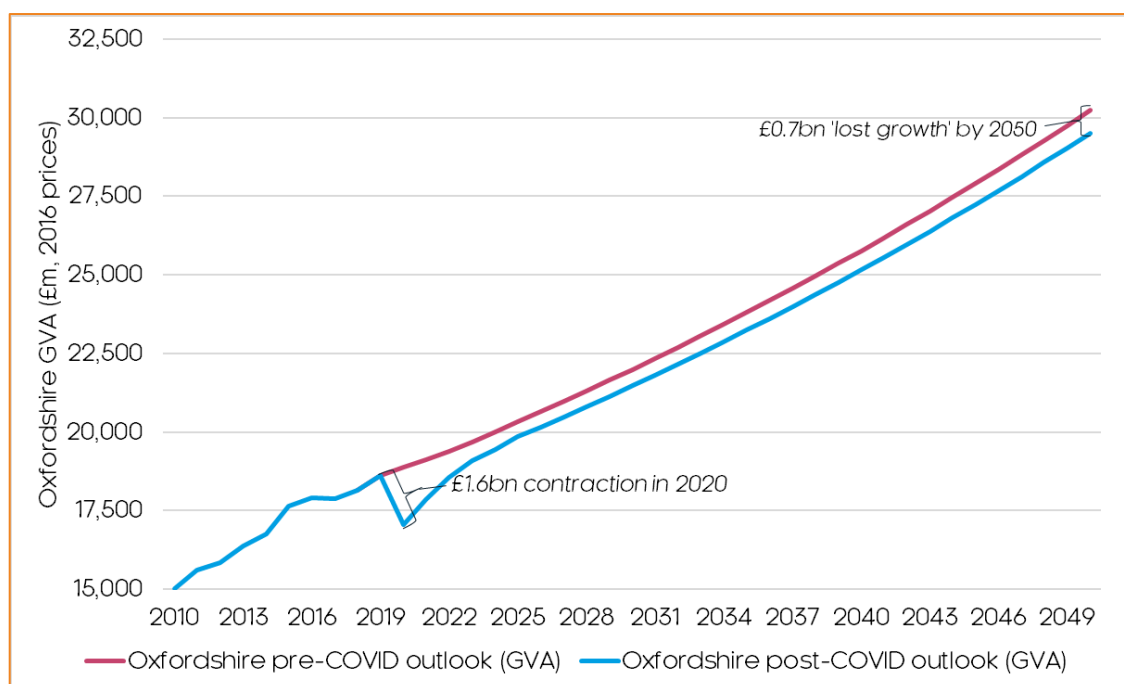
- 4.26 The expected impact at district level depends on an area's sectoral composition and history of performance during previous recoveries. Figure 4-10, Figure 4-11 and Table 4-6 consider the impact of the COVID-19 pandemic on local economic activity in Oxfordshire (graphs are indexed to 100 in 2019, to highlight the relative impacts experienced by different areas).
- 4.27 In terms of output, Cherwell and West Oxfordshire are initially the worst affected within the County; however, this is still around, rather than significantly below, the UK average. The Vale of White Horse is the least severely impacted, reflecting its favourable sectoral structure. All areas are fully recovered by 2023 and are all projected to outperform the UK recovery from 2023 onwards.

- 4.28 As noted previously, the picture for employment is subtly different. Here, Cherwell and Oxford, with their concentration of labour-intensive, restriction-impacted industries such as Retail, Accommodation and Food, and Recreation (i.e. Tourism), track marginally below the UK average, yet as with output, all areas are projected to return to 2019 employment levels by 2023, and to see higher year-on-year employment growth than the UK average from 2023 onwards.
- 4.29 Relative to a pre-COVID-19 trajectory, the employment shortfall for areas in Oxfordshire in 2030 ranges from -800 in South Oxfordshire to a potential +400 additional jobs in Oxford City (the latter, reflecting the City's global role in Public Health). The GVA shortfall, however, is expected to be greatest in Oxford, at a loss of £194 million, closely followed by Cherwell, at a loss of £158 million, highlighting the longer-term legacy of the pandemic's 'lost output' for some industries.

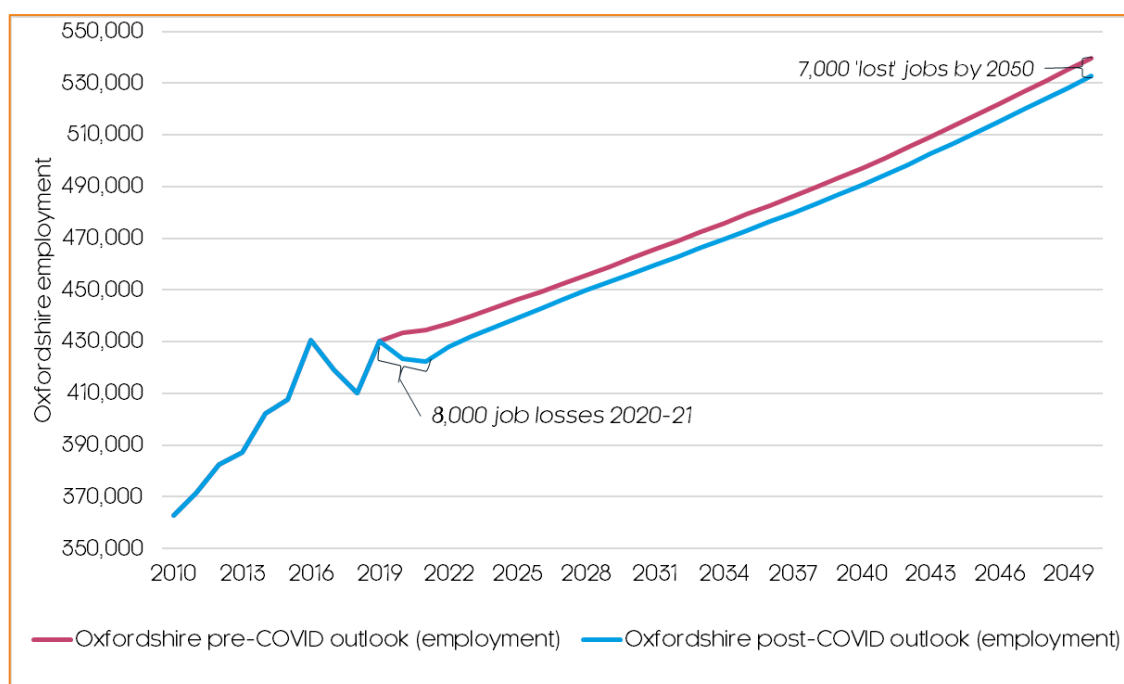
## Conclusions and Implications

- 4.30 Even after an extended period of recovery and growth, it is likely that the legacy of the pandemic's impact on the Oxfordshire economy will continue to be evident in terms of a 'lost growth' shortfall, as Figure 4-12 demonstrates (for both employment and output). This highlights the longer-term scarring effect of the recession, as well as the fundamental changes the pandemic will bring for Oxfordshire's industries and businesses.

**Figure 4-12: Comparison of Oxfordshire's GVA outlook pre and post-COVID-19**



Source: Cambridge Econometrics, 2020

**Figure 4-13: Comparison of Oxfordshire's employment outlook pre and post-COVID-19**

Source: Cambridge Econometrics, 2020

- 4.31 However, it is important to set these trends within the wider national context; as Table 4-7 shows, not only is the short-run impact expected to be less pronounced in Oxfordshire (see column 1), Oxfordshire's recovery will also outperform the UK average (column 2), resulting in a smaller relative 'lost growth' shortfall over the longer timeframe (column 3).

**Table 4-7: Response of the Oxfordshire economy to the COVID-19 pandemic relative to the UK**

Geography	GVA impact, 2020 (relative to 2019)	GVA recovery per annum, 2021-30	GVA shortfall relative to pre-COVID-19, 2050
Oxfordshire	-7.2%	2.1%	-2.1%
UK	-9.3%	1.8%	-3.3%

Source: Cambridge Econometrics, 2020

- 4.32 This can be attributed to the intrinsic resilience and adaptability of the Oxfordshire economy and its sectors to national economic shocks, as Table 4-8 summarises. It shows that Oxfordshire's resistance to economic shocks (as seen in columns 1, 3, 5 and 7) has generally been stronger than the wider UK economy, although there are some exceptions (e.g. 1974-75 and 1990-91 recessions).

**Table 4-8: Oxfordshire's past response and recovery from economic shocks, relative to the UK average (as measured by GVA)**

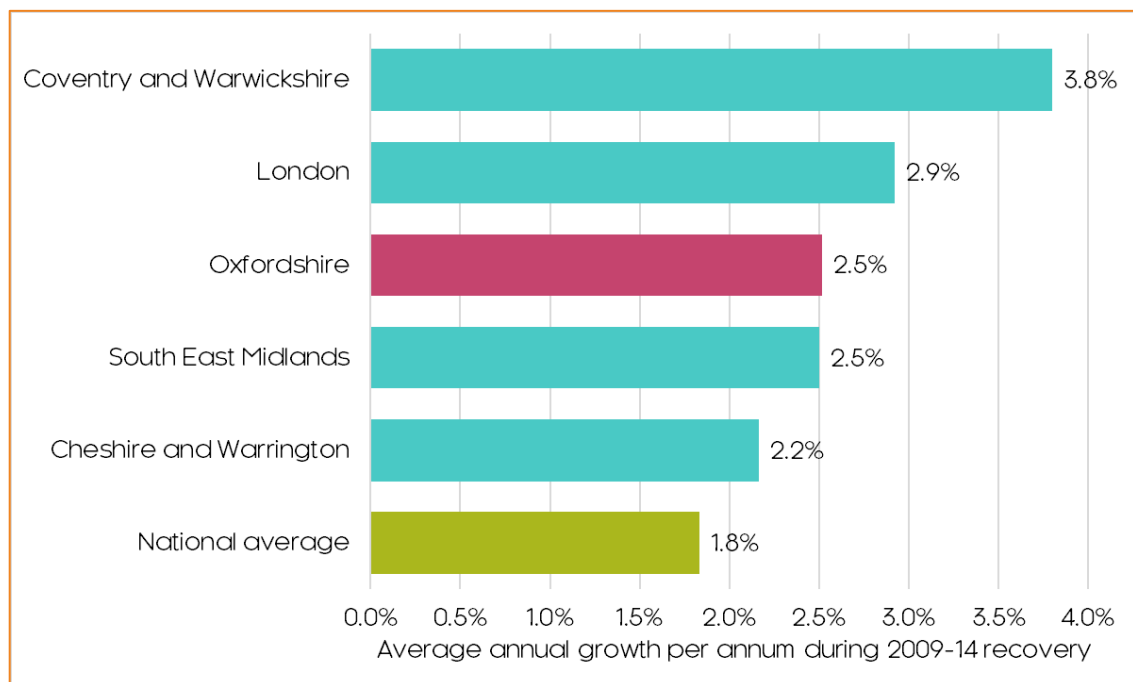
	Actual data								COVID-19 forecast	
	1974-75	1975-79	1979-81	1981-90	1990-91	1991-07	2007-09	2009-19	2019-20	2020-30
	Recession	Recovery	Recession	Recovery	Recession	Recovery	Recession	Recovery	Recession	Recovery

<b>Oxfordshire relative to UK</b>	<b>-5.8</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>-1.5</b>	<b>0.2</b>	<b>1.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>
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Source: Cambridge Econometrics, 2020

- 4.33 As observed previously, it is expected that the Oxfordshire economy will show greater resilience to the shock of the COVID-19 pandemic (Column 10 ) relative to the wider UK economy, although this will not be to the extent of its resilience to the 2007-09 Global Financial shock.
- 4.34 Of particular interest, though, is the ability of the Oxfordshire economy to rapidly recover, stabilise, and return to long-term trends following an economic shock. In fact, following every recession over the past 50 years, the Oxfordshire economy has recovered more strongly than the UK average.
- 4.35 This has enabled Oxfordshire to establish and maintain a strong performance advantage relative to the rest of the country. In fact, as Figure 4-14 shows throughout the recovery period following the 2007-09 recession – the deepest economic contraction in the county since the 1970s - Oxfordshire emerged as the third fastest growing economy in the country (ranked out of 38 LEP areas).

**Figure 4-14: Oxfordshire's recovery to the 2007-09 recession**



Source: Cambridge Econometrics, 2020

**Table 4-9: The impact of previous recessions on the Oxfordshire economy**

	<b>GVA loss in Oxfordshire (% loss relative to pre-shock peak)</b>	<b>Employment loss in Oxfordshire</b>
1974-75 recession	-14.1	-12,900
1979-81 recession	-2.9	-900

1990-91 recession	-2.0	-19,900
2007-09 recession	-2.4	-9,600
2019-20 recession (forecast)	-7.2	-7,000

Source: Cambridge Econometrics, 2020

- 4.36 Of course, this is not to suggest the road to recovery from the shock of the COVID-19 pandemic will follow a similar pattern, with the nature of this shock presenting a number of unique and unprecedented challenges for Oxfordshire and its businesses. The novelty of the shock is demonstrated in Table 4-9, which shows the loss to employment could be relatively modest compared to historic shocks, but output could experience a sharp and sudden contraction.

## 5 Qualitative Insights

### Headline Messages

#### Key Messages

- In terms of the business base, the COVID-19 crisis to-date has had some winners (tech-/ R&D / innovation) losers (non-food retail, transport) and sectors largely unchanged (agribusiness).
- Working from home spawned a new localism which, depending on the COVID-19 trajectory, could have lasting impacts on commuting patterns, and the hierarchy of use between cities like Oxford and market towns and villages. The 15-minute community concept has resonated deeply across the County.
- Whilst aspects of the property market have been negatively affected, demand for R&D floorspace property market and given Oxfordshire's historic supply constraints there is a strong desire to ensure that R&D demand can be met, including through adaptation of vacant city centre space.
- The hardest hit sector is the Visitor Economy; businesses will need support in the face of ongoing government lockdowns as will the individuals employed in the sector (disproportionately those with lower skill levels and women – both core to Oxfordshire's inclusive economy aspirations)
- The Green Recovery ranks high in the public and professional sector minds-eye but the policy mandate and incentive mechanisms are insufficient to match the scale of the challenge/opportunity.
- Ladders of opportunity for local youth and the newly unemployed will become more essential, heightening the need for targeted employment and skills initiatives with tailored packages of wrap around support.

### Purpose of this Section

- 5.1 Alongside the 'hard' data analysis presented in Sections 2 and 3, the Baseline Assessment has captured qualitative local insights and intelligence drawing on business and stakeholder views of the economic impact of the pandemic. A series of 'Insight Groups', comprising cross sector representatives, and spanning the following thematic areas were convened: *Strategic Sites and Assets; Green Transition; Town Centres; Visitor Economy; Rural Economy; Business Growth and Supply Chains; and Inclusive Growth.*
- 5.2 This Section summarises the key qualitative findings of these sessions and is organised around the following structure: the impact on COVID-19 (to-date and anticipated); key issues and concerns; potential intervention responses and opportunities.

### Findings by Insight Group

#### The Business and Supply Chain Theme

##### *The Impact of COVID-19*

- 5.3 The impacts of COVID-19 have varied significantly across sectors and businesses. Some sectors, including tourism, hospitality, non-food retail and the automotive industry and their respective supply chains have been severely hit and has raised uncomfortable questions on

their underlying preparedness and business continuity plans for major economic shocks and trading disruption.

- 5.4 The impact has been less severe in other sectors, and some business (i.e. retailers with online platforms) have benefited from the disruption, changes in consumer behaviours and increased demand for products and services. Reduced levels of congestion have also benefited certain business in their use of the road and rail networks.
- 5.5 The variation in impacts on businesses, both across and within sectors, illustrates that there is underlying resilience in the Oxfordshire economy but that interventions to aid recovery will need to be highly targeted. Additionally, the economic shock has challenged all sectors to consider their existing business models, business plans and investment strategies to assess where improvements can be made with technology adoption, skills development and market positioning to ensure that they are more resilient and agile for future economic challenges including new UK trading arrangements in 2021 following the end of the EU transition period.

#### *Key Issues and Concerns*

- 5.6 In defining the 'new normal', four issues were highlighted for business. First is the role of property in a future business model. Businesses have been forced to consider their present operating space and whether it is too large or if it is sufficiently agile for flexible working. As a sector, property in particular has undergone major change with the pandemic accelerating a decade's worth of change in barely ten weeks. Second, is the urgent need for businesses to ensure that the resilience challenges of supply chains are better understood, characterised and strengthened for it to be able to respond to future shocks. Third, is the role of digital technology in business transformation and the urgency in the accelerated adoption of 'Industry 4.0' standards in business processes, manufacturing and operations. Fourth, businesses will have to be agile in understanding and anticipating shifts in consumer behaviours, preferences and requirements that the pandemic may have profoundly altered.
- 5.7 An important further cultural shift – impacting both business models and consumer behaviours – which businesses will also need to consider is the growth of the 15-minute neighbourhood concept and the ways in which the County's cities, towns and business parks are starting to remake/repurpose their property offers to adapt to this new phenomenon.
- 5.8 More generally, the employee-working-from-home model has received mixed responses and raises important questions for businesses moving forward. For some, it has undoubtedly provided greater flexibility in the operating model, for others there are concerns about trust and productivity. Working hours are probably longer at home than they were in the factory/office, and it is clear that, in many cases, for younger workers in rental accommodation 'working from kitchen tables' is far from ideal.
- 5.9 For parents, home schooling has been hugely disruptive for working patterns and created significant pressures for employers as they have sought to balance staff availability and production/service demands. Different technical and cultural challenges have been faced by employees over 60, many of whom have senior business roles and place a premium on face-to-face engagement. All of these issues mean businesses will need to invest in skills development and new flexible working policies to attract and retain staff eager to retain some of the positive experiences that have been created by the pandemic



### *Potential intervention responses and opportunities*

- 5.10 There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels. This included, for example, using the experience of COVID-19 to design a new paradigm for learning i.e. take the entire educational system and restructure it to work online, focusing on building essential skills for the workforce. There is a vital role for education and training providers to embrace this new operating model and build new approaches to support businesses to invest in training and their workforce.
- 5.11 At the local level there are opportunities to:
- Develop new models for town and city centre growth across Oxfordshire to ensure that they provide the environment and amenities that meet the evolving needs of residents, visitors, businesses and service providers.
  - Embrace the Social Value Act, and work to ensure that the imperative for social value underpins all public procurement activity to facilitate meaningful inclusive growth;
  - Re-prioritise 'buying local' to ensure we build the resilience of local businesses and their communities.

### **The Green Recovery Theme**

#### *The impact of COVID-19*

- 5.12 COVID-19 has triggered significant business and public interest in a 'Green Recovery' with 'The Climate Emergency' and the road to zero carbon now featuring consistently in public dialogue. The pandemic is seen as an opportunity to rethink how we recover, with zero carbon principles at the core of a renewed economy. This has culminated in the Government's publication (November 2020) of its 10 Point Plan for a Green Industrial Revolution which aims to "build back better, support green jobs, and accelerate our path to net zero."
- 5.13 In building consensus and support for a zero carbon approach to economic recovery, it will be important to recognise that many businesses are 'firefighting' in order to stay afloat with their focus on cashflow and workforce issues. Developing a clear and coherent case which offers demonstrable benefits to trading and operating will be important factors in achieving the step change being sought as part of rebuilding key economic sectors of Oxfordshire's economy.

#### *Key Issues and Concerns*

- 5.14 *Green Recovery* is influencing and shifting thinking in wide ranging ways:
- *Transport* – a fundamental shift has occurred in the propensity for daily commuting and traditional models for office-based working in major city centres.
  - *House building* – some developers have devised ambitious targets and are committed to trailblazing pathways to zero carbon;
  - *Commercial property* - a major financial asset held by institutional investors. Whilst expressing short-term support for working-from-home, some are beginning to exert pressure to reverse the trend
- 5.15 From a business leadership perspective there are significant challenges to overcome in moving from concept to implementation of a *Green Recovery* given:
- High capacity/competing objectives - large scale companies are most able and have, in many instances, implemented 'Green' policies but COVID-19 and a focus on business margins and profitability threatens to divert this commitment;

- Low capacity/high interest - companies at the SME-level, generally inclined to support Green measures are focussed on growth and, in many instances, survival in the face of COVID-19;

5.16 Oxfordshire has deep expertise in 'Green' policies and common ambition within local authorities, universities and other local partners; however, the policy levers and/or incentive mechanisms are not sufficient to address the scale of the challenges and opportunities which are being created.

*Potential intervention responses and opportunities*

5.17 There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels. This includes, for example, establishing 'Green Recovery' campaigns for the public sector, businesses and young people and those most impacted by COVID-19 to engage them in jobs to contribute to a green recovery and the commercial and employment opportunities it offers.

5.18 At a local level there are opportunities to:

- Building a range of active travel corridors between key employment sites and residential sites and provide the bike/e-bike/e-scooter hardware. Oxfordshire is a relatively flat geography and more could be done to encourage cycling through investment in the bike network.
- Connect 'Interventions' to the local and national Climate Emergency Frameworks – Oxfordshire has great potential to lead the way for UK through its academic and spin-off enterprise resources.
- Capitalise on the leading-edge expertise across local businesses and universities to work in partnership with local government and other stakeholders to drive forward the green revolution across Oxfordshire.

**The Inclusive Growth Theme**

*The impact of COVID-19*

5.19 In line with the national picture, low income families and vulnerable groups are likely to be the hardest hit by COVID-19. Lower skilled workers in the hospitality and tourism industries, for example, are at a higher risk of unemployment which will have a negative impact on household incomes.

5.20 COVID-19 has had major impacts on individuals' mental health, particularly those who have lost work, those Key Workers under pressure, and those in 'unstable' work characterised typically by 'zero hours' contracts. As demand for services increases, there is major pressure on both mainstream health and the charitable sectors to deliver these services.

5.21 On the positive side, there are signs that the increase in homeworking and the '15-minute neighbourhood' concept can play an important role in local community wealth building and generating employment opportunities for local residents.

*Key issues and concerns*

5.22 Although Oxfordshire has a strong economy, it has 10 wards in the most deprived 20% of the Index of Multiple Deprivation (IMD). These places are frequently home to key workers, BAME communities, and will be disproportionately affected by COVID-19. Care must be taken to

ensure that the relatively strong economic position of the County post-COVID-19 does not mask the significant specific challenges that exist locally.

- 5.23 The evidence from the 2008 recession was that graduates suffered from significant underemployment. Graduates are also likely to be affected under COVID-19 but of greater concern will be non-University educated young people aged 16-24-years old in deprived areas of the County who may be at risk of long-term unemployment, especially as sectors which have historically provided important entry level employment such as tourism, retail and hospitality have been the most affected by COVID-19.
- 5.24 COVID has also had a disproportionate impact on women, who have been critical in enabling home-schooling, are frequently in part-time jobs (which are often easy to cut), as well as providing caring support to older generations. Older people have also been seriously affected, with many expressing profound senses of isolation by dint of lockdown measures and the need to shield.

*Potential intervention responses and opportunities*

- 5.25 There is a key need for an Oxfordshire system-wide approach to drive and sustain its approach to inclusive growth, following the impact of COVID-19. There is the opportunity to work with 'Anchor Institutions' (healthcare system, universities, local councils) to redefine Oxfordshire's local growth model as part of its economic recovery and rewire the County's approach to achieving a truly Inclusive Economy. This ambition cannot be achieved by the public sector alone, but requires genuine partnership and leadership across government, business, the third sector and local communities to move the commitment forward.
- 5.26 Areas where progress could commence and be explored at the local level include:
- Re-engage our key anchor institutions as key actors in our inclusive economy agenda under the proposed *inclusive Economy Commission*. The NHS, universities and local authorities have major roles to play in supporting entry-level employment, supporting progression in the workplace and showcasing good employment practices.
  - Promoting an Oxfordshire wide commitment to the living wage, recognising the variation in living costs across the County and balancing employer and employee needs;
  - Building on existing and augmenting targeted employment and skills initiatives to connect local resident to employment opportunities including better integration of education, skills, DWP provision and community-led services to support young people into employment
  - Recognising the development of the 15-minute neighbourhood, ensuring that employment support is delivered in the community and values the importance of volunteering.
  - Promote Oxfordshire as a place for great opportunities for all, built around inclusion and diversity. Identify and demonstrate good practice, to encourage more activities and cultural change, where required.
  - Develop high-quality walking and cycling path network across the County, fully linked into GP prescribing, and connected to high streets, recognising the key role of walking and cycling in maintaining well-being

## The Jobs and Skills Theme

### *The impact of COVID-19*

- 5.27 It is clear that the impacts of COVID-19 are wide ranging and cross sectoral spanning: Retail/Hotel/Catering, Cultural/Arts, Manufacturing and Property. Whilst each sector has its own unique issues, business models and operations the evidence suggests that a common thread is reduced end-consumer demand.
- 5.28 COVID has brought about some fundamental shifts in attitudes and behaviours, some of which may be permanent. Key examples of these shifts include: the move online for workers and students, and the digital skills and resilient broadband platforms required; the environmental benefits of reduced travel-to-work (and the contribution this can make to Net Zero); the move to distributed workplace 'hubs', rather than centralised offices, and homeworking to provide more flexibility and agility.

### *Key Issues and Concerns*

- 5.29 There are concerns that young people who have been unable to attend school /college /university /work experience for six months, and whose learning-in-a social-context has been put on hold, will be severely impacted in their skills and education progression. This will have long-term implications and will require schools and educators to put in place remediation measures for many in getting young people back into the ways of disciplined learning, exam preparation, and readying them for a changed world of work.
- 5.30 There is a common expectation that COVID-19's effects will be felt more severely in the County's disadvantaged wards (where the issues are exacerbated by housing and caring challenges, and families without appropriate ICT facilities). There is also evidence from colleges that some parents are uneasy about taking on study-oversight responsibilities and further evidence of a marked increase in the demand for food parcels in our deprived communities.

### *Potential intervention responses and opportunities*

- 5.31 There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels. This includes clear recognition of the need for targeted investment in labour market programmes, such as:
- Renewed emphasis on closing the attainment gap
  - Support the development of skills and engagement of all members of society – building upon local resources via schools, colleges, DWP, councils etc.
  - Target employment and training initiatives at people exiting the tourism and hospitality sectors to support transition into the health and social care sector, where labour shortages exist.
  - Build on the Oxfordshire Social Contract with additional reach and wrap around support and develop more extensive and effective mentoring programmes for all.
  - Ensure that people with Special Educational Needs and disabilities are supported into the labour market and work with employers to design jobs that can be access and fulfilled by these groups.
- 5.32 Areas where progress could commence and be explored at the local level include:

- The need to ensure that the transition to increasingly pervasive online working is matched by the skill sets and capabilities of users. This should be achieved through partnership between government and industry (who all have affected workforces).
- Supporting the delivery of the Oxfordshire Digital Strategy with continuous review and investment to ensure that all our communities and business are equipped with up to date digital skills and infrastructure.
- Building on the shift towards home working and the more localised office hubs, explore the potential for expanding the model beyond the traditional centres to smaller towns and villages e.g. adapted space alongside the village hall/shop, providing skills, self-employment support services, etc.
- Undertake more sophisticated supply chain mapping to identify opportunities for spin-out enterprises to expand within the county to lower cost local sites, providing jobs close to where people reside.

## The Rural Economy Theme

### *The impact of COVID-19*

- 5.33 COVID-19 has not been as severe as anticipated within the agricultural sector with animal slaughter continuing and concerns over the availability of seasonal workers largely not being realised.
- 5.34** The impact on non-farming rural businesses, however, has been more varied. The visitor economy and group activities, including rural hospitality and events (e.g. weddings) have been hit hard. However, the new 'Localism' spawned by home working and the avoidance of cities/major shops, resulted in more reliance on local enterprises for food. Many pubs/shops pivoted and diversified in response to COVID-19 selling alternative produce and providing home deliveries; however, those that were less adaptive have suffered. In terms of property, residential tenancies are considered to be relatively unaffected but the market for commercial premises has shown signs of weakening.

### *Key Issues and Concerns*

- 5.35 The hospitality sector is an important component of the rural economy with expectations that as much as 50% of businesses may be forced to stop trading in the first twelve-to-eighteen months of COVID-19. Open space and the Countryside has seen unprecedented use during the pandemic with increases in new users and visitors but this equally raises challenges of degradation/threats to biodiversity, as well as opportunities for growing the rural economy.
- 5.36 The wider concerns for local agriculture is the continued uncertainty associated with the imminent end of the EU transition period and the status for a future trading landscape, particularly for the rural sector with the end of the Common Agricultural Policy.

### *Potential intervention responses and opportunities*

- 5.37 Critically, it was acknowledged that more needs to be done to encourage rural locations to be entrepreneurial and to promote and encourage young people to enter the rural economy as viable career opportunities. Moving forward, it will be important to push for rural areas to be properly supported under the UK Shared Prosperity Fund as a replacement for the LEADER and EAFRD programmes.
- 5.38 There is also opportunity to capitalise on the 'new localism' through provision of multi-purpose co-working and service hubs in smaller towns and villages. This 'new localism' has

provided a benefit to local community food infrastructure and to the environment (lower car-based travel) and public, private and third sector partnership and leadership is required to ensure that these benefits are not just temporary.

## **The Strategic Sites and Assets Theme**

### *The impact of COVID-19*

- 5.39 The COVID-19 crisis has brought Oxfordshire's R&D capabilities to the forefront and into the public domain through UK leadership in vaccine and ventilator development. Demand for premises within Oxfordshire continues to outstrip supply and has been stronger than anticipated in the face of COVID-19 (e.g. Brookfield completed their 50% acquisition of Harwell and there has also been notable progress with the construction and sale/letting of new premises on the new out-of-town business parks at Banbury and Bicester).
- 5.40 In parallel, increasing interest in the 'new localism' presents the opportunity to redefine the roles of cities, towns, villages and science parks and explore further new ways of developing mixed used developments. It is also apparent that the pattern of working from home is not an attractive long-term model for many individuals in R&D and other high growth sectors across the County: Zoom fatigue is resulting in collaborators seeking to get back into their lab/office environment.

### *Key Issues and Concerns*

- 5.41 Whilst some business sectors have been severely impacted by the pandemic technology lab and science based premises are in demand. The increasing demand for R&D space (and in some sectors such as Life Sciences because of COVID-19) gives rise to an opportunity for repurposing of the existing property stock. With an increasing number of vacant spaces in town and city centres comes the potential to repurpose these as R&D spaces for use by businesses and sectors who have high demand for physical workspaces, while at the same time, bringing people back to town centres and enable innovative businesses to establish and grow in Oxfordshire.
- 5.42 This may, however, require support for businesses and investors to interpret and navigate the planning system and for Local Planning Authorities to review their planning policies in response to changes in demand within local urban centres.

### *Potential intervention responses and opportunities*

- 5.43 The dynamic response by many of the County's world leading scientists and innovators to COVID-19 has elevated the image of Oxfordshire as a pioneering Innovation hub.
- 5.44 With demand historically outstripping supply there is also a need for a broader examination of the roles, relationships and connectivity between the science parks, established town/city centres and more rural communities across Oxfordshire. There is a need to review planning and growth policy within the new localism paradigm (e.g. 15-minute communities), striking the appropriate balance and flexibility in co-locating employment and residential land uses. There is also a desire to look, County wide, beyond the established strategic sites and science parks to ensure Oxfordshire can retain, grow and attract businesses and employment opportunities.



## The Town Centres Theme

### *The impact of COVID-19*

- 5.45 COVID-19 has had a huge impact on large town and city centres fuelled by: a shift away from offices to home working; constraints in accessing retail, leisure and hospitality offers and corresponding shifts in consumer (residents, students and visitors) behaviours; a dramatic reduction in public transport patronage and use of centrally located transport hubs. Business and political leaders are reimagining the role of urban centres across the globe.
- 5.46 A 'new localism' has emerged, aligned to the concept of 15-minute communities which draws into focus the wider network of Oxfordshire's settlements and the roles and relationships between these in terms of places to live, work and play.

### *Key Issues and Concerns*

- 5.47 The nature of high streets has changed from destination/experiential shopping to shorter trips and 'picking-up what is needed'. Those high streets that are adapting to challenging retail conditions prior to COVID-19 are likely to survive; others will continue to struggle.
- 5.48 Some of the micro-centres across Oxfordshire are within local communities are doing relatively well despite trading restrictions (e.g. Summertown) but the backdrop is one of lower overall economic activity, as footfall has reduced. Uncertainty generated by the economic outlook is impacting negatively on consumer confidence and spending.
- 5.49 Co-working hubs initially dropped-off but are experiencing a resurgence as work patterns morph from pre-COVID-19 office to home working to localised co-working.

### *Potential intervention responses and opportunities*

- 5.50 There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels including:
- Greater investment to ensure that high streets are able to open safely focused exclusively to support business and local areas to implement the actions required to create safe environments and reassure consumers.
  - The taxonomy within Oxfordshire of use between city, market town and village should be mapped and understood through the lens of the new localism, emerging travel patterns, evolving business models and changing consumer preferences.
  - Changes to uses/planning to enable R&D/offices in vacant city centre spaces and more integrated employment and residential uses should be explored; this should include co-working hubs in smaller settles
  - Major landowners should be convened to review the existing uses of land and buildings and consider new and innovative uses/initiatives that meet the needs of the County's businesses, residents, visitors and service providers.

## The Visitor Economy Theme

### *The impact of COVID-19*

- 5.51 Visit Britain estimates the Visitor Economy will not recover until 2024, and that will likely be to 'new normal' levels. Oxfordshire's Visitor Economy is valued at £4.3b and supports 40k jobs but a 40% decline in tourists is having a devastating impact on the sector. This is further exacerbated by the drop in international and business visitors which, historically, have the highest levels of spend.

- 5.52 Loss in employment within the sector also has major socio-economic implications for the Oxfordshire economy. The demographics of the Visitor Economy are disproportionately skewed towards those with lower level skills, women and those just entering the labour market or returning to employment. These groups are, therefore, being disproportionately impacted and more vulnerable to longer term unemployment without targeted skills and careers support.

*Key Issues and Concerns*

- 5.53 There are major concerns around the short, medium and long terms impacts of COVID-19, in particular the County's ability to attract high spending international and business visitors in light of changing business models (i.e. move online), transport behaviours and consumer preferences. 46% of visitor expenditure in Oxfordshire comes from inbound visitors. Oxford City Centre attracts the most visitors and its hospitality sector is suffering disproportionately, relative to the rest of the County. The high-end is performing better than budget/ business hotels but occupancy levels are well down at 30-50%.
- 5.54 This trend is being felt more widely including at Bicester Villages where a decline in relatively high-spending tourists (who spend c.£1,000 per person per visit average) is not being offset by an increase in domestic visitors spending more (typically £80-£100 per person per visit). The imminent proposed abolition of Tax-free shopping is also likely to reduce Oxfordshire's European competitiveness in regaining the higher spending visitors.
- 5.55 Major visitor attractions like Blenheim and the Ashmolean are operating at restricted/reduced capacity – sustainable for a short-period only. Oxfordshire's wider arts and cultural offer including libraries, galleries, museums and gardens are also suffering with some reporting a 76% reduction in footfall/numbers.
- 5.56 It is important to recognise that tourism and hospitality businesses are destinations in their own right and require a physical property to operate. This means that there will continue to be challenging environments within which existing business rates costs will continue to be needed to be absorbed whilst turnover shrinks, The sector will equally need to consider how it innovates and competes for customers and what can be offered through online channels. This is increasingly critical, when many businesses and destinations are seasonal, meaning that they have only have 3-4 months to generate sufficient revenue to survive through winter.
- 5.57 Generally, 70% of tourism businesses in UK (168,000) are micro-businesses employing less than 10 people. A large number of these businesses are not members of trade associations, DMOs or other bodies, making communication with them very difficult as well as building a coherent package of support measures which can support the sector during recovery.

*Potential intervention responses and opportunities*

- 5.58 There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels including:
- the need to design a visitor economy strategy which responds to the 'new normal', less focussed on commuting, retail, and city centre-based businesses and more aligned to localism, digital and cultural hubs.
  - closer integration is required between the visitor economy, the arts and culture sectors, alongside wider creative industries.
  - create new digital platforms for cultural content to be brought to the forefront and to find a way to monetise that delivery and attract new audiences



- looking beyond Oxford City Centre to develop a broader and more resilient visitor economy and to recognise the importance of domestic visitors and local residents visiting local attractions.
- embedding visitor economy ambitions and initiatives within existing/planned Town and High Street Funds and other programmes such as the Getting Building Fund.

## Conclusions and Implications

- 5.59 COVID-19 has had far reaching impacts across Oxfordshire's businesses, people and places. The impacts have been uneven in terms of: the spatial spread across the County; varied impacts, both negative and positive, between and within different business sectors; and on different individuals, households and vulnerable groups.
- 5.60 The first wave of lockdown created a new localism, captured in the concept of '15-minute communities,' that could bring lasting change to how businesses and residents use cities, market towns and villages.
- 5.61 Local communities, businesses and the public agencies have responded with innovation and agility to mitigate the impacts of the pandemic and Oxfordshire has demonstrated great resilience to the economic and social shock caused by COVID-19.
- 5.62 For many, the recovery will be long and slow, with the worst of the impacts, around unemployment and business closures, yet to be felt. There is a clear need for a targeted and well-resourced recovery plan to ensure Oxfordshire can continue to adapt to the new normal. This recover plan must: support businesses to navigate and overcome the challenges they are facing and to enable them to grow back stronger; to support individuals back into work through targeted employment and skills support; and to revitalise Oxfordshire's town centres and key settlements to create environments which attract places to live, work and play.
- 5.63 Alongside this support to mitigate negative impacts, the County must also seize the opportunities emerging from the pandemic, including in continue to develop its existing sector and innovation strengths in areas such as the Life Sciences. There is also increased emphasis on more inclusive and sustainable growth, and the potential of the Green Industrial Revolution to create jobs and transition towards a zero-carbon economy.

## 6 Conclusions & Implications for Economic Renewal Action

### Overall Messages

- 6.1 COVID-19 has had significant impacts across Oxfordshire in terms of employment, business turnover, travel, and indeed how and where people work. The two national lockdowns have demonstrated that some sectors have been able to adapt to restrictions to a greater degree than others, based on the ability to 'move online' and/or agility in flexing the provision of goods and services within the extraordinary circumstances generated by the pandemic.
- 6.2 A strong economic base in industries less impacted by COVID-19 restrictions means Oxfordshire's economy has been more resilient to the Pandemic than most areas of the UK. Oxfordshire's strength in Professional, Scientific and Technical Services and high-value Manufacturing has meant that impacts have been limited to a degree by the ability to work flexibly and by continued demand for high-quality products. Reflecting the resilience of the County's economy, the short-run impact of COVID-19 is expected to be less pronounced in Oxfordshire, whilst Oxfordshire's recovery will also outperform the UK average, resulting in a smaller relative shortfall in 'lost growth'.
- 6.3 Sectors dependent on face-to-face interactions/trade with customers and those reliant on consumer footfall have been impacted severely. Although we saw a recovery in these sectors as restrictions were eased in the summer, they remain vulnerable to further restrictions, and potential long-term shifts in consumer preferences and behaviours.
- 6.4 Critically, these impacts are being felt unevenly across Oxfordshire's residents. In line with the national picture, low income families, vulnerable groups, and the most deprived areas are likely to be the hardest hit by COVID-19. This will lead to heightened levels of inequality and may undermine Oxfordshire's inclusive growth aspirations. The evidence indicates that both young and old workers have been disproportionately affected by redundancies and job losses. Sectors such as Tourism and Hospitality have a high proportion of female employees and lower skill workers, and these groups will be suffering disproportionate impacts.
- 6.5 Working from home has spawned a new localism which, depending on the COVID-19 trajectory, could have lasting impacts on commuting patterns, and the hierarchy of use between cities like Oxford and the County's market towns and villages. The '15-minute community' concept has resonated deeply across the Oxfordshire, and the County's dispersed and (to a degree) polycentric geography lends itself more easily to adaptive ways of working and the localisation of economies caused by restrictions on movement.
- 6.6 The 'deep dive' views by our theme areas – Business, People and Place – are summarised below.

## Business

- 6.7 Oxfordshire had a strong economic baseline position prior to COVID-19, particularly in Knowledge Intensive Industries (KIBs), driven by its high skill levels. Pre-COVID-19 forecasts show the Oxfordshire economy was expected to maintain its impressive growth moving forwards, with performance set to exceed peer areas and the national average.
- 6.8 Importantly, updated forecasts incorporating the impact of the COVID-19 Pandemic indicate a comparatively short, but substantial, impact to economic activity in Oxfordshire. Relative to a pre-COVID-19 trajectory, over the next decade the Oxfordshire economy could expect to have in the region of 6,000 fewer jobs and output £522 million lower.
- 6.9 Sectors such as Retail, Tourism and Food will bear the brunt of the impact. The Visitor Economy has been hit very hard. Furlough and job losses are highest in this sector, and city centre footfall and spend are down 50 % to October 2020. The scale of this damage means that the Visitor Economy is not expected to recover until 2024. The Education sector, reliant on influxes of international students and researchers has also been hit, and Arts and Entertainment has seen the highest rates of employees placed on Furlough.
- 6.10 Broad industry-level data do not, however, tell the full story, with some businesses (particularly in Life Sciences) having increases in turnover, while others suffer losses of over 50 per cent. The COVID-19 crisis to-date has had some winners (e.g. Tech-/Solution-driven businesses), losers (e.g. Automotive, non-Food Retail, and Transport) and sectors largely unchanged (e.g. Agribusiness). The Life Sciences sector in Oxfordshire has reported increased sales and demand for services since March 2020, and some of Oxfordshire's breakthrough industries, such as Professional Services, IT, and Health/Science could emerge stronger.
- 6.11 Size-wise, many SME business have been hard hit by COVID-19 and have accessed approximately £400m in loan funds. A business survey conducted by South Oxfordshire and Vale of White Horse indicates that home-based businesses, the newly self-employed, and limited company freelancers, predominantly in Professional Services, are really feeling the impact of the economic crisis, and are not benefitting from sufficient support.

## People

- 6.12 In line with the national picture, low income families and vulnerable groups are being the hardest hit by COVID-19. Lower skilled workers in the Hospitality and Tourism industries, for example, are at a higher risk of unemployment which will have a negative impact on household incomes
- 6.13 Younger and older workers within the labour market have been hit hardest according to JRS statistics, with a higher proportion of claims being made in the 16-24 and 65+ categories than other age groups. The old have been more impacted than in previous recessions, likely resulting from the explicit impact of COVID-19 on older members of our population.
- 6.14 There was a big reduction in furloughed workers from September to October, when the scheme was scheduled to close in November. It is yet too early to predict what the impacts of the furlough scheme's extension to Spring 2021, but further unemployment effects are widely expected (and indeed reported in the Chancellors recent Autumn Statement 2020). Arts/Entertainment and Accommodation/Food have been the hardest hit sectors, with employment in these sectors continuing to be highly vulnerable to further control measures.

- 6.15 COVID-19 has had major impacts on individuals' mental health, particularly those who have lost work, those Key Workers under pressure, and those in 'unstable' work characterised typically by 'zero hours' contracts. As demand for services increases, there is major pressure on both mainstream health and the charitable sectors to deliver these services.
- 6.16 Although Oxfordshire has a strong economy, it has 10 wards in the most deprived 20% of the Index of Multiple Deprivation (IMD). These places are frequently home to key workers, BAME communities, and will be disproportionately affected by COVID-19. Care must be taken to ensure that the relatively strong economic position of the County post-COVID-19 does not mask the significant specific challenges that exist locally.
- 6.17 More needs to be done to increase STEM skills across the workforce and to grow apprenticeships; the number of science- and technology-related companies on the doorstep is not translating to local opportunity for all.

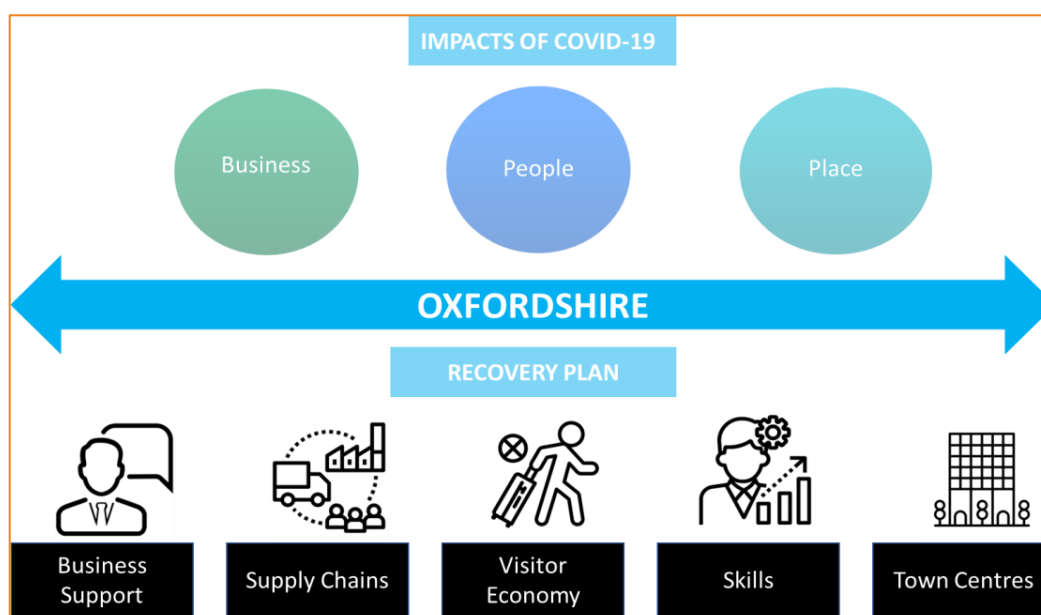
## Place

- 6.18 Within Oxfordshire, the Cherwell and Oxford districts are set to face the biggest shocks to economic activity, with Vale of the White Horse the least impacted. This said, all areas are expected to experience a smaller shock and recover faster than the UK average.
- 6.19 Working from home is driving a new localism which, depending on the COVID-19 trajectory, could have lasting impacts on commuting patterns, and the hierarchy of use between cities like Oxford and market towns and villages. The 15-minute community concept has resonated deeply across the County.
- 6.20 Importantly, commercial and private transport use has recovered steadily since May 2020, with heavy goods use now above pre-lockdown levels. Public transport use, vital for those workers with lower value jobs in directly consumer-facing sectors is still well down on pre-lockdown levels, and so of great concern for the Visitor Economy and its revitalisation. The use of cycles increased greatly throughout the summer months, but has tailed off subsequently as a colder, darker and damper Autumn has arrived; over time, this travel mode could be capitalised on to infill for reduced public transport use.
- 6.21 Whilst broadband coverage is regarded to be good across most parts of the Oxfordshire, investment is needed in next stage Ultrafast and Fibre broadband across the County to serve data-driven businesses and home workers connecting to corporate networks ( both for data and video).
- 6.22 Many parts of the property market have been negatively affected, especially in the agglomerated areas, yet demand for R&D floorspace property market and Oxfordshire's historic supply constraints is driving a strong desire to ensure R&D demand can be met, including through adaptation of vacant city centre spaces.
- 6.23 The Green Industrial Revolution is increasing in profile but policy mandate, incentive mechanisms and business leadership are insufficient to match the scale of the challenge/opportunity.
- 6.24 Across the Country, with its diverse and rich mix of settlements, much thinking is being given to the role of place, and how formal renewal activity can reposition and equip town and village settlements.

## Moving to an Economic Recovery Plan

- 6.25 The impacts of COVID have been felt across Oxfordshire's businesses, people and places and a co-ordinated County-wide response is required. For many, the process of recovery could be long and slow, with the worst of the impacts, around unemployment and business closures, yet to be felt. There is a clear need for a targeted and well-resourced Recovery Plan to ensure Oxfordshire can continue to adapt to this 'new normal'. Alongside this support to mitigate negative impacts, the County must also seize the opportunities emerging from the Pandemic, including growing existing and new sector strengths and transitioning transition towards a zero-carbon economy.
- 6.26 Drawing together the findings from this comprehensive evidence base we have identified the following five priority focus areas for specific action:
- *Business Support* – augmenting our existing provision to provide tailored packages of support, advice and finance to ensure our local businesses are well positioned overcome the challenges they are facing and enable them to grow back stronger;
  - *Supply Chains* – to better understand the scope, nature and potential fragility of local supply chains and to identify how to improve resilience and identify opportunities for local- and County-level business growth;
  - *Visitor Economy* – a sector-focussed programme reflecting the severity of the impact of COVID-19 on our Visitor Economy, and which can address in a targeted and coordinated way the multitude of pressures facing such businesses;
  - *Skills* – to support residents back into work including targeted support for our most vulnerable groups and those hit hardest by redundancies and business closures.
  - *Town Centres* – a County-wide programme to reimagine and revitalise our key settlements to ensure they are viable and attractive places to live, work and play.

Figure 6-1: Oxfordshire's Response to COVID 19



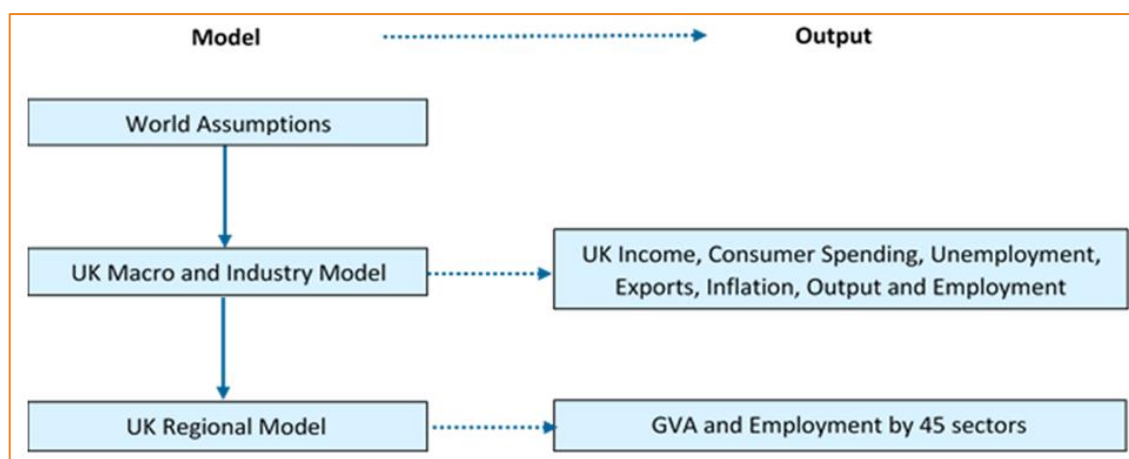
Source: Steer-ED, 2020

Working closely with local stakeholders from across sectors and across the County, we are developing these thematic priorities into our Economic Recovery Action Plan.

## A Econometric Methodology

- 6.27 To better understand the likely longer-term impact of the COVID-19 pandemic on the Oxfordshire economy, Cambridge Econometrics (CE) were commissioned to develop a series of credible econometric forecasts for the County and its constituent local authority areas.

**Figure 6-2: Links between Cambridge Econometrics' suite of models**



Source: Cambridge Econometrics, 2020

- 6.28 An important feature of this modelling approach is the link to CE's wider modelling suite, ensuring any local area forecasts are consistent with CE's world, UK national and UK regional forecasts and assumptions (Figure 6-2). CE's headline UK forecasts are developed within the context of its position within global trade networks, the worldwide impact of COVID-19, and the changing nature of the UK's trading relationship with the European Union. These national level impacts are then systematically distributed to regions and local areas, based on historic sectoral relationships.
- 6.29 The regional and local impacts depend, therefore, on the historic precedent of how local sectors have historically performed relative to their national or regional equivalents, thereby capturing the differing intrinsic resilience of local sectors to national economic shocks. For example, if the Professional Services sector in Oxfordshire has historically been impacted less hard, and/or recovered more rapidly from past shocks, than the UK Professional Services sector as a whole, then this will be reflected in the local forecasts.
- 6.30 For the Oxfordshire results, the most up-to-date additional data have been incorporated into the forecasts, specifically for the year 2020, for which early data is now partly available. By utilising the 'live' indicators collected by Steer-ED, for instance Job Retention Scheme data, it has been possible to enhance the quality of the local forecasts in the very short term whilst ensuring alignment between the two workstreams.

- 6.31 It should be emphasised that at this early stage, any efforts to determine the quantitative implications of COVID-19 on national and local economies are highly uncertain and indicative. Even when accounting for this, as with all kinds of forecasting, there are margins of error associated with the results which tend to widen over time. Furthermore, it should also be noted that the quality and reliability of data decreases at more detailed levels of geography.
- 6.32 Whilst CE's/Steer-ED's approach incorporates a wide number of factors, including global, national and local interrelationships and detailed sectoral impacts, there are factors it cannot account for, including any long-term behavioural changes due to the pandemic, or large and unanticipated policy changes at the local or national level.

