Quod

Economic Statement

Axis J9 Phase 3

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Q210480

Contents

1 Introduction

1.1 This Economic Statement, prepared by Quod, sets out the expected economic benefits generated by the Proposed Development at Axis J9 – Phase 3 in Cherwell District, Oxfordshire.

1.2 The Development is the third phase of Development at the wider Axis J9 site. Planning permission was granted in 2017 for 53,000 sqm employment space at the Axis J9 site. This space is now nearing practical completion and is all either pre-let or occupied. Building on the success of the existing Site, the Proposed Development will extend the employment space offer at Axis J9 providing an additional 17,785 sqm GEA space across eleven high-quality units. It will transform the existing agricultural site delivering employment in flexible Eg(iii), and/or B2 and/or B8 uses.

1.3 The remainder of this report will set out the economic benefits that are expected to be generated during the construction phase and by the new end-uses on Phase 3 of the Site. Benefits are expected to be both local in nature – including generating new jobs and increased local spending, and make a contribution to broader economic objectives for the Bicester Eco-town, CDC and OCC economic areas.

1.4 Where relevant reference will be made to the Economic Strategy for Phases 1 and 2 of the Site. As Phase 3 will extend the existing employment area, its strategic function will be in line with the case made in that Strategy – more detail is set out below.

1.5 Section 2 of this Statement sets out a summary of the headline economic benefits the Development will deliver, and Section 3 provides further detail on the Development, its expected benefits and relevant policy and economic context.

2 Summary of Economic Benefits

2.1 A summary of the estimated economic benefits of the Development is set out below.

Construction and Demolition Phase

Construction jobs. An average of 110 FTE jobs needed over the approx. 12 month construction, including apprenticeship opportunities

Completed Development

End-Use Jobs. Around 250-700 FTE jobs in the completed development, depending on final occupiers

Support for CDC and Bicester Eco-town strategic economic objectives. Contribution to jobs targets and support for growth sectors

High quality, well-designed employment space. Modern architectural style and significant green infrastructure

Employment space suitable for local businesses. Supporting local business to grow and thrive

Local Skills and Training benefits. Associated with the temporary construction and long-term end use jobs on Site

Uplift in Gross Value Added. Uplift of at least £8.9 million per year

Local spending effects. A proportion of value added spent locally – more than £700,000 spending per year in local area by workers

Revenue for Cherwell District Council. Business Rates revenue to spend on local priorities

3 Economic impacts

Introduction

3.1 This section sets out details of the expected economic benefits of the Development, drawing on: the proposed construction programme; proposed schedule of end-uses; and an assessment of economic impacts in the context of the existing baseline conditions and CDC and OCC strategic policy priorities.

3.2 The local benefits identified below are in addition to those identified in the Economic Strategy for Phases 1 and 2 of the Axis J9 site. Phase 3 will inflate and expand the economic success of the built-out areas, providing additional jobs, skills and local economic benefits in line with strategic objectives for the Axis J9 site and as part of the Bicester Eco-town.

Construction Employment

3.3 The proposed construction works for the Development will create a significant number of jobs in construction over the approximately two year period of works. The number of jobs on site will vary over the period, and the trades involved will also be very varied, offering both entry-level opportunities, as well as more highly skilled and specialised roles.

3.4 The CITB's Labour Forecasting Tool[1] provides an estimate of the number of jobs that will be needed for construction works. This is estimated as an average of 110 FTE jobs over the 12 month construction period.

3.5 An Employment, Skills and Training Plan (ESTP) will be agreed between the developer and the Council (as set out by CDC's Developer Contributions SPD), including apprenticeship opportunities to be made available on the Site during the construction period.

End-Use Employment

3.6 Once completed and operational the Development would be expected to generate jobs on Site in the proposed flexible Eg(iii) and/or B2 and/or B8 employment space.

3.7 The 17,785 sqm (GEA) new space will be provided across eleven units ranging in size between approximately 350 sqm GEA and 5,000 sqm GEA.

3.8 Due to the flexibility of use classes across the space it is not possible to know the end-uses that will locate on the Site, which will depend on market demand once the space is complete and available to let.

3.9 To generate an estimate of the number of jobs that could locate on Site, HCA job density guidelines[2] have been applied across the types of likely uses could locate there (within Eg(iii),

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[1] Construction Industry Training Board (CITB), online: www.labourforecastingtool.com
[2] Homes and Communities Agency, 2015. Employment Density Guide.

B2 or B8 use classes and based on the size and location of the proposed units). These uses and the amount of jobs that would be accommodated by each alternative are shown in **Table 3.1**.

Table 7.9 – Employment Generation – potential uses on Site

Use	Floorspace	Job Density (HCA, 2015) (floorspace per FTE job)	Jobs scenarios on the site (FTEs)
Small Business Studios (eg. Light industrial start-up space)	17,785 GEA 16,901 GIA	20 – 40 (NIA)	360 - 720
Industrial and Manufacturing		36 (GEA)	495
Light Industrial		47 (NIA)	305
Final mile distribution centre		70 (GEA)	255

3.10 The number of jobs the Site could accommodate range from 255 to 720 depending on occupiers, but in practice a range of occupiers are likely to locate on the Site across these sectors, including smaller businesses, industrial and distribution uses. Based on the ranges above it is estimated as most likely that between 300-400 FTE jobs will be accommodated on the Site once it is fully occupied.

3.11 These jobs will contribute to strategic CDC policy targets to deliver 3,000 jobs across the Bicester Eco-town area, including 700-1,000 across the site which comprises all phases of the Axis J9 development (and of which the Axis J9 Site forms a part).

Support for Strategic Function of Bicester Eco-town

3.12 The Economic Strategy for Phases 1 and 2 of the Axis J9 development outlined in detail the strategic employment policy objectives for CDC and the Bicester Eco-town area, including:

- An objective to provide new jobs such that access to one employment opportunity per new dwelling that is easily reached by walking, cycling and/or public transport is available. The generation of 300-400 additional jobs on the Site would contribute to this objective by providing additional employment accessible to local people.
- Generation of training and apprenticeship opportunities for local people.
- An objective to increase opportunities for growth of production-based sectors in Bicester, building on existing competitive advantage in these sectors in this area of the district, and benefitting from opportunities associated with its geographic location within the wider Oxford – Milton Keynes – Cambridge growth corridor. The Site would be expected to contribute to this objective through the provision of high-quality space suitable for businesses including those in production-based sectors.

Uplift in Gross Value Added (GVA)

3.13 Gross value added is a measure of the increase in the value of the economy due to the production of goods and services.

3.14 Based on the minimum number of jobs likely to be located on the Site (250 FTE), once occupied the Site would generate a minimum of approximately £8.9 million in GVA per year[3]. In practice the actual GVA generated is likely to be much higher, and will be determined by the industries and occupiers that take up the new space.

Local Spending Effects

3.15 The net additional workers on site would be expected to spend money on goods and services in the local area[4]. Some of the GVA generated by the development would therefore be expected to represent spending in the locality of the Site, in turn supporting the local economy.

3.16 Based on the minimum likely number of jobs that would be generated on Site (250 FTE), spending by new workers would be expected to generate spending on local goods and services of approximately £700,000 per year. As above, in practice spending is likely to be higher, should a higher number of jobs be located on the Site.

Business Rates

3.17 National reforms have increasingly tied local government funding to revenues relating to development – including Business Rates retention.

3.18 Based on rates charged on employment space elsewhere in the area the Proposed Development could generate additional Business Rates revenue of several hundred thousand pounds per year.[5]

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[3] ONS, 2018. Regional GVA by industry: local authority level (CDC) 2018; and BRES, 2018

[4] Visa Europe, 2014. Worker spending data. 2014 data showed workers spend on average £10.59 a day in the area local to their work, for 220 days a year. This has been adjusted to account tor inflation (Bank of England averaged 2.3% a year) to generate expected spending in 2021 of £12.59 per day.

[5] Based on comparable space (Units 9&10 Empire Road) (Valuation Office Agency). The final amount payable will be determined by a valuation of the completed space.