Quod

Graven Hill, D1 Site, Bicester

Economic Impact Statement

May 2022

Contents

This Economic Impact Statement is prepared by Quod on behalf of Graven Hill Purchaser Ltd, which is applying for outline consent to redevelop Graven Hill, D1 Site, Bicester, OX26 6HF ("the site"). The outline application is for 104,008 sqm (GIA) of space to support the growth of warehousing and logistics activities in the Bicester area ("the scheme").

Graven Hill, D1 Site

Economic Benefits

01 EMPLOYMENT OPPORTUNITIES

Up to **2,430** new jobs as a result of the redevelopment of the Plot D1 Graven Hill site

Including in high-skill, high-wage professions

An average of **450** construction roles over the 22-month duration of the construction build programme

Working at the cutting edge in constructing state-of-the-art buildings

02 LOCAL SPENDING

Up to **£7,003,000 per year** additional local spending by workers

Investing money in local businesses, services and oducts in the Bicester area and Cherwell

03 SUPPLY CHAIN JOBS

Up to **2,160** new indirect jobs in the supply chain, in local and regional related businesses

04 LOCAL PRODUCTIVITY

Up to **£153,240,000 per year** in Gross Value Added

Supporting the local economy with productivity benefits

05 BUSINESS RATES

Up to **£909,000 per year** additional Business Rates raised

A portion of which can be invested in local services

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This infographic summarises the potential socio-economic benefits of the emerging proposals and are subject to change.

1 Introduction

1.1 The proposals for Graven Hill, D1 Site in Bicester will make a significant contribution to the local economy, allowing existing local firms to grow and attracting significant inward investment from a number of growing sectors. It is estimated that this 104,008 sqm commercial floorspace scheme could deliver:

- Up to 2,430 operational jobs, including high-skilled, tech-led employment
- Average of 450 construction workers over the duration of the 22 month construction build programme
- Up to £7,003,000 per year in local spending by employees
- Up to an additional 2,160 indirect jobs in the local supply chain
- Up to £153,240,000 per annum in GVA
- Annual business rates of £909,000, a portion of which will be retained by the council for investment in local services and facilities

1.2 On the site today are a number of vacant warehouses[1] which are not in use and thus not contributing to the local and regional economy. While there is an extant planning permission[2] for the redevelopment of this site, the new proposals will better meet the needs of the local market, in a timely fashion, and consequently bring to life a part of the Graven Hill masterplan that has remained undeveloped for the past decade.

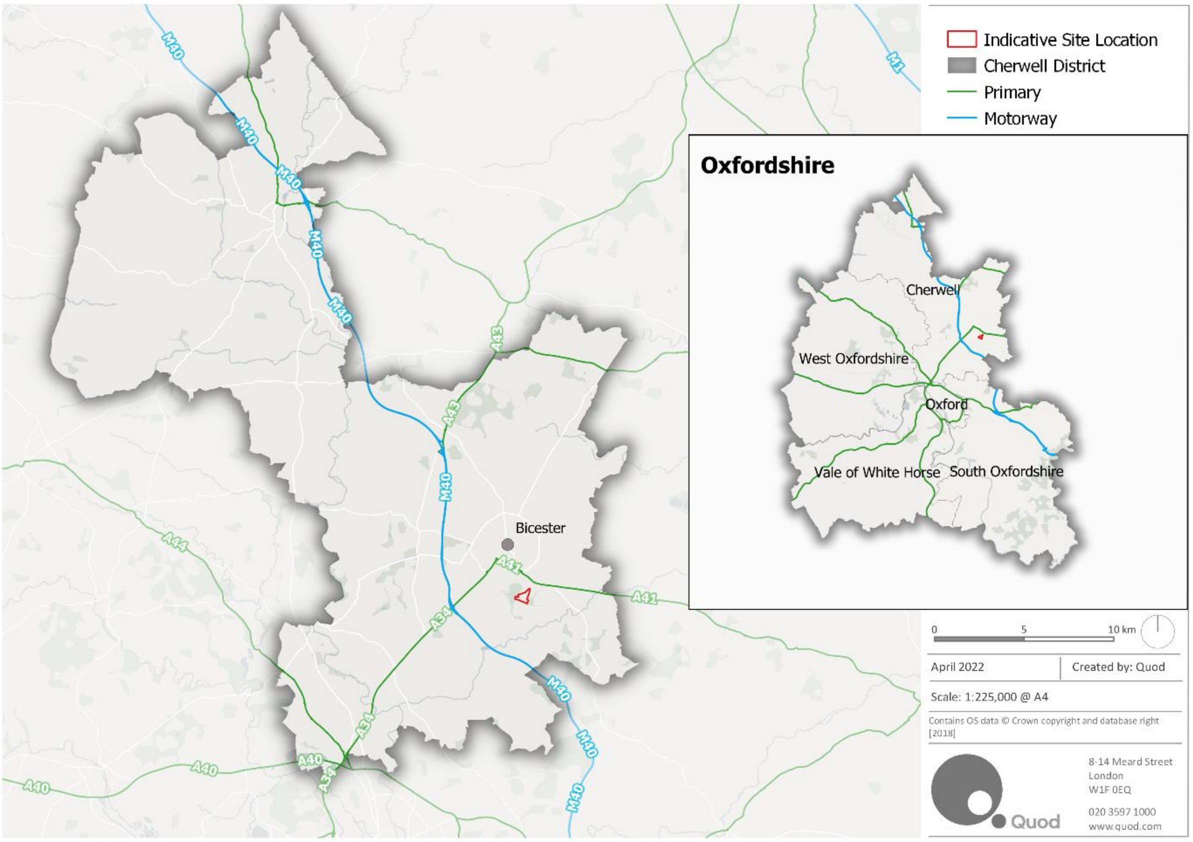
1.3 The site is in Cherwell District, which is part of the OxCam Arc of knowledge and high-productivity economic activity – as shown at Figure 1.1. Cherwell is part of a critical logistics transportation corridor – the M40 – which provides excellent connectivity between London, Oxford, Birmingham and beyond. The site is 2 miles from the M40 Junction 9, via the A41, placing it in an excellent location for easy access to the M40 spine, allowing it efficiently to support the local, national and regional logistics sector.

1.4 The site is to the south east of Bicester, within the Graven Hill strategic development area, which is allocated in the Cherwell Local Plan for residential and commercial development, and associated infrastructure. The site itself is allocated for commercial development and identified in the Local Plan as a critical location to:

"Support local economic growth including the warehousing and logistics sector in a location that lends itself to both national regional distribution"[3]*,* and to provide *"high quality job opportunities"*[4]*.*

[1] Storage and distribution, B8 use class.
[2] Original planning application reference: 11/01494/OUT.
[3] Paragraph C.58, supporting Policy Bicester 2: Graven Hill, Cherwell Local Plan.
[4] Policy Bicester 2: Graven Hill, Cherwell Local Plan.

Figure 1.1 Site Location Plan



1.5 The principle of commercial development at this site is established in Local Plan policy[5] and the extant permission establishes this further. The extant permission grants development for 92,040 sqm GIA of commercial floorspace, which means the proposed scheme will provide a relatively small increase (13%) in floorspace. Therefore, this Economic Impact Statement does not detail the principle of commercial development at the site, as this is already established.

1.6 This document sets out:

- What the market – a critical logistics spine of regional and national importance – needs
- That the local floorspace supply is not meeting this need, in part because tenant demands are changing
- How policy supports the proposals
- The socio-economic benefits for the residents and workers of Cherwell and beyond.

[5] Policy Bicester 2: Graven Hill. Cherwell Local Plan 2011-2031.

2 The Market Need

Logistics is a natural “fit” for Bicester and Cherwell

2.1 The OxLEP Strategic Economic Plan for Oxfordshire (2016) identifies logistics and distribution as one of the county’s most important employment sectors, and supports its growth in the district. The SEMLEP Strategic Economic Plan (2017) identifies the twin strengths of logistics and innovation in the South East Midlands Area (which includes Cherwell), and describes the opportunity to grow the commercialisation of ideas into products and their distribution, promoting growth.

2.2 Oxfordshire’s Local Industrial Strategy (2019) describes logistics as a “cornerstone business”, and a “backbone of the local economy” that provides a “platform for economic growth”[6].

2.3 The Cherwell Local Plan recognises the critical importance of logistics in this part of the world; under the section *Developing a Sustainable Local Economy*, the council states “we will support the logistics sector, recognising the jobs it provides and the good transport links that attract this sector”[7].

2.4 The council acknowledges that logistics is a high value industry with good quality jobs, as it goes on to say that “significant employment growth at Bicester will be encouraged, and we will…encourage higher value distribution companies”[8]. There is thus a meeting between the locational suitability of Bicester and Cherwell as a logistics hub, as well as the beneficial impacts of such development for the local economy and local people.

2.5 Specific to the site, the Local Plan states that it has “excellent transport connections”[9], as demonstrated by its historic use for logistics by the Ministry of Defence[10]. This is also backed up by the development for logistics and supply chain activity in the immediate local area – this location is a hub of logistics activity, making the most of the transport network to service the local, regional and national logistics sector.

It is a sector that has grown and is forecast to grow more

2.6 The logistics sector in Bicester and Cherwell has seen a lot of growth in the recent past. Over the latest economic cycle (2009 to 2020), jobs in transportation and storage sectors have increased in Cherwell by 50%[11], against an all-sector increase of 20% over the same period. The number of jobs in transportation and storage has increased from 3,000 in 2009 to 4,500 in 2020, representing 5% of jobs in the district.

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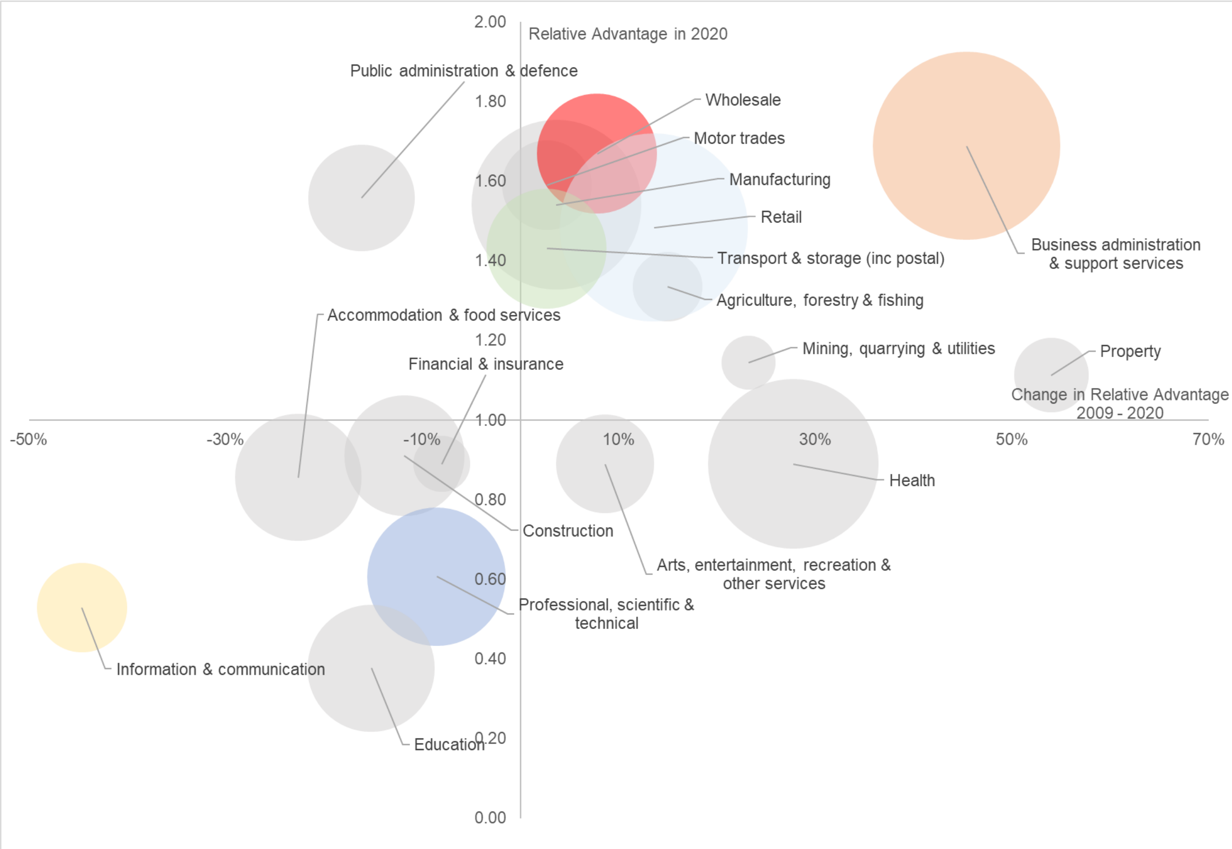
[6] Page 65, Oxfordshire Local Industrial Strategy, OxLEP (2019).
[7] Paragraph B.32, Cherwell Local Plan.
[8] Paragraph B.33, Cherwell Local Plan.
[9] Paragraph C.57, Cherwell Local Plan.
[10] Part of the MoD’s Logistics, Commodities and Services logistics hub, now surplus to the MOD’s requirements.
[11] BRES 2020.

2.7 Cherwell has a competitive strength in the transportation and storage sector compared to the rest of Oxfordshire, with a location quotient (a measure of the relative strength of a sector in one area compared to another) of 1.43. Figure 2.1 shows that this sectoral strength is longstanding over at least the past ten years and economic cycle.

Figure 2.1: Location Quotients, Cherwell vs Oxfordshire[12]



Size of bubble = number of jobs in 2020

2.8 The evidence of logistics market strength is strong. The Covid-19 pandemic and the agreements of the final Brexit deal have applied additional strain to supply chains, with the logistics sector growing and evolving to deliver against customer demand for online shopping, as well as to hold more inventory in the UK to protect against potential delays at the UK border. As a result of these factors, take up nationally hit an all-time annual record of over 5 million sqm in 2021[13].

2.9 In the Bicester logistics catchment area, take up in 2021 was in line with the area's ten-year average[14]. Over the past two years, agents have witnessed record levels of take-up in the area, and new developments such as at Symmetry Park and Axis J9 have let or sold all space that has been built. This space has been taken by a variety of occupier types, including Ocado, DPD, Bentley Designs and Arrival Automotive. These businesses are attracted to the area due

[12] Source: BRES 2020.
[13] Burbage Realty, Lambert Smith Hampton, Savills market intelligence.
[14] Ibid.

to the excellent transport connections as well as Bicester's proximity to key markets such as west London and the M25.

2.10 The logistics sector is not homogenous, but full of variety in terms of specification, tenant, and operational model. Agents report that a wide cross section of occupiers are hunting for space, and that it is not just those organisations responding to the recent up tick in online shopping that are seeking new and/or additional space, but also manufacturing, B2B and final mile logistics, and high street retail organisations as well[15]. There is not one particular type of tenant that the logistics and warehousing sector needs to provide floorspace for; the demand is strong from a variety of tenants. Table 2.1 shows the variety of sectors that have made enquiries for space in the Bicester logistics catchment area in the past twelve months.

Table 2.1 12 Month Enquiry Tracker – M40 Corridor, Bicester[16]

Tenant Sectors	No of enquiries	Total sq ft	Largest enquiry
Construction & Engineering	2	600,000	300,000
Energy & Utilities	0	-	-
Pharmaceutical, Medical, Healthcare	0	-	-
Public Sector, not-for-profit, Charities	0	-	-
Retail, Distribution & Transport	13	2,400,000	300,000
Technology, Media & Telecoms	4	820,000	300,000
Manufacturing	3	480,000	180,000
Other	21	5,165,000	1,000,000
Total	**43**	**9,465,000**	**N/A**

2.11 Table 2.1 also demonstrates that there is a strong speculative pipeline, indicating demand is stable – and that tenants are seeking space *now*. This scheme responds to this demand, by providing a significant addition of B8 floorspace to the local market.

The market for other sectors in Bicester is not as strong

2.12 Cherwell District Council's latest Economic Needs Assessment[17] sets out the market needs in the Bicester, Cherwell and Oxfordshire areas. It sets out the significant demand, construction and uptake of logistics and warehousing stock in the Bicester area, a trend which the market is set to continue to support.

2.13 The assessment identifies that Cherwell is located at the southern end of the Growth Corridor of the OxCam arc, so is expected to "make the most" of science and technology excellence across the region. However, the report notes that "this is effectively still in its infancy and so time will tell whether true economic gains will be made from this region".

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[15] Burbage Realty, Lambert Smith Hampton, Savills market intelligence.
[16] Ibid
[17] September 2021.

2.14 Demand for R&D space is being driven by academic research, and there is an appetite for R&D activity to cluster in and around Oxford and the satellite science parks. The Assessment states that "while there are some new opportunities arising in response to the Covid-19 pandemic. The majority of demand comes from latent demand for R&D exceeding supply in Oxford over the medium to long term, and future demand is similarly considered a long-term prospect".

2.15 It notes that Bicester is not a traditional office destination, and that the demand profile means that it is less feasible for a developer to create new office stock. Demand, take up and rents are low. The Assessment's stakeholder engagement reveals there may be long term demand for small scale office requirements in town centres.

2.16 Figure 2.1 shows the relative advantage between sectors in Cherwell compared to the rest of Oxfordshire, which shows that information and communication roles and professional, scientific and technical roles are not sectors that have a relative advantage in Cherwell, and are sectors where the relative advantage has in fact declined over the most recent economic cycle.

2.17 Table 2.2 breaks these broad industrial categories down further. It shows the Location Quotients of all sub-sectors within transportation and storage, wholesale, information and communication, business administration and support services, and professional, scientific and technical sector categories. It shows that logistics type uses have higher LQs (green, blue rows), whereas information and communication type uses have lower LQs. This evidence underlines the importance of logistics to the local economy, and that other more traditionally knowledge-based sectors are not as well established in Cherwell compared to Oxfordshire as a whole.

2.18 Together, the data and the Council's evidence base indicate that the Bicester and Cherwell market for B1 and B2 uses is, in the current and medium term, not strong. The evidenced demand in this location is for B8 uses. Providing the appropriate uses to respond to market demand and to sustain the local economy is the right approach, given it is set out in national policy (see Section 4). As set out in this application, the proposals for the site are in outline and therefore flexible enough that, should the market change direction in the long term, buildings or the phased design could be changed so as to accommodate other uses (subject to the necessary consents and planning policy at the time).

Table 2.2 Location Quotients for Select Sub-Sectors, Cherwell vs Oxfordshire 2020[18]

Sub-sectors	Location Quotient
51 : Air transport	2.37
81 : Services to buildings and landscape activities	2.02
78 : Employment activities	1.78
46 : Wholesale trade, except of motor vehicles and motorcycles	1.67
52 : Warehousing and support activities for transportation	1.56
49 : Land transport and transport via pipelines	1.48
53 : Postal and courier activities	1.34
75 : Veterinary activities	1.34
82 : Office administrative, office support and other business support activities	1.34
77 : Rental and leasing activities	1.11
74 : Other professional, scientific and technical activities	1.02
69 : Legal and accounting activities	0.99
80 : Security and investigation activities	0.95
61 : Telecommunications	0.89
71 : Architectural and engineering activities; technical testing and analysis	0.74
59 : Motion picture, video and television programme production, sound recording and music publishing activities	0.62
62 : Computer programming, consultancy and related activities	0.61
79 : Travel agency, tour operator and other reservation service and related activities	0.56
70 : Activities of head offices; management consultancy activities	0.56
58 : Publishing activities	0.53
73 : Advertising and market research	0.45
63 : Information service activities	0.37
60 : Programming and broadcasting activities	0.22
72 : Scientific research and development	0.22
50 : Water transport	0.00

Broad Sectors
Wholesale
Transport & storage (inc postal)
Information & communication
Professional, scientific & technical
Business administration & support activities

[18] BRES 2020.

3 Demand Has Outstripped Supply – and the Nature of Demand is Changing

3.1 Supply of logistics floorspace, at a national level, is at the lowest level ever recorded, at 2.91% (end of 2021)[19]. It is the same picture locally, and in the Bicester logistics catchment area this is in part due to a slowdown in the rate of construction in 2020/21 caused by the pandemic, as well as demonstrably high demand from a range of types of business. Across the South East, at the end of 2021 supply stood at over 340,000 sqm across 25 units, a fall of around a third from one year before[20].

3.2 Developers are responding by building, with over 190,000 sqm of space taken up in the past two years in the Bicester area[21]. The market pipeline is provided at Table 3.1. Agents observe that new speculative development is typically leased either during construction or shortly after practical completion, providing developers comfort in going ahead with speculative design and build. In summary, there is a shortage of quality stock in this catchment.

Table 3.1 Existing Supply of Units >100,000sqft in the Bicester Catchment[22]

Tenant Sectors	Size sq ft	Developer/Landlord	Grade	Quoting Rent
Frontier Park, Banbury	210,000 & 130,000	Euro Garages	A Spec	£6.75
Didcot Quarter 190 Didcot	190,000	Diageo Pension Fund	A Spec	£8.50
Symmetry Park, Bicester	270,000	Tritax Symmetry	A Spec	£8.50
Symmetry Park, Aston Clinton	115,000	Tritax Symmetry	A Spec	£9.50

3.3 Cherwell District Council's Economic Needs Assessment[23] identifies "a significant undersupply of available sites" for industrial and warehouse activity, along the M40 corridor and within Bicester. Additional space in this local catchment area is in demand. The Graven Hill D1 Site can help some way towards serving the high demand in this market.

Industrial requirements are changing at a fast pace

3.4 Not only is demand incredibly high, but the demand for different and new types of logistics and warehousing space is changing at a fast pace. A shift is underway, where forklifting and pick-and-packing is giving way to automation, and tech-enabled activities which require on-site maintenance and IT staff undertaking data analysis and software engineering. Robotics and automation are at the forefront of this new type of operation.

3.5 The rise in e-commerce is characterised by a shift from business-to-business distribution to business-to-consumer distribution, which requires a more diverse range of spaces within a

[19] Burbage Realty, Lambert Smith Hampton, Savills market intelligence.
[20] Ibid.
[21] Ibid.
[22] Ibid
[23] September 2021.

warehouse, including higher quality “back office” spaces such as photo studios or spaces for editing online content creation. Examples include Getir, Gousto and Hello Fresh.

3.6 Linked to e-commerce is also the raised expectation by consumers of faster deliveries, which requires a reshaping of the operating models of businesses, for both pure logistics companies as well as consumer-facing organisations. This requires warehousing space in regional as well as local distribution hubs, near to population centres, and this means an investment in technology and the upskilling of staff within these hubs, as well as an increased demand in gross warehousing space.

3.7 Near-shoring is also a growing characteristic of the logistics and warehousing market, particularly expedited by the pandemic and Brexit. Businesses are seeking to minimise disruption to their supply chains, requiring a bigger domestic inventory, which needs the requisite space.

3.8 Finally, a trend towards co-locating business functions on warehousing and logistics sites is useful for improving operational efficiency and improving collaboration between different functions. This trend means a wide range of activities are going on behind the façade of logistics and warehousing operations, from product design to marketing to packaging.

3.9 This shift is happening at a fast pace, and across the market there are examples of logistics business units that are now considered to be out-of-date even though they were constructed only ten years ago.

3.10 The District recognises this fast-changing landscape, with the 2021 Economic Needs Assessment noting that “some stakeholders stated that there needs to be a criteria-based policy to account for such step changes in future to ensure unforeseen market changes could be accounted for in the plan process”. The report goes on to state:

“The sector is increasingly forming an integrated part of the modern economy and operations at B8 sites have <u>changed and modernised</u> to include a range of jobs spanning industry and occupation groups. <u>Just-in-time delivery is an increasingly common operational model which supports highly skilled jobs</u> and requires a significant quantum of on-site office floorspace. Typically, larger B8 units will incorporate around 12% of ancillary office space with smaller units incorporating around 5- 7%. <u>Manufacturing processes such as assembly of component parts and servicing /maintenance of increasingly automated systems take place on site and increasingly require on-site maintenance and IT staff to ensure their smooth running 24 hours a day</u>. In Cherwell there has been demand for industrial units to be fitted out for lab space as the high bay units provide space for decontamination / filtration systems, and loading bays are attractive facilities for the sector” (underlining added for emphasis).

3.11 It follows that the types of jobs that are required on site are growing in variety and diversity of skill level. There is a shift underway towards a greater proportion of mid and high skill level jobs within the logistics sector.

The nature of demand is diverse – and flexibility is key

3.12 Market intelligence indicates that units of 10,000 to 20,000 sqm are particularly in demand in the Bicester and M4 corridor market. There has been a shift away from larger units in favour of smaller ones, as a result of changing preferences by occupiers. This demonstrates the fast changing nature of the requirements of occupiers – yet overall demand for gross space remains robust and significant. The indicative scheme design for the Graven Hill site provides a combination of different unit sizes, demonstrating the flexibility of the site and that it will be able to appeal to a range of occupiers, with a diversity of skill and job requirements.

3.13 This change is in evidence in Cherwell and Bicester. New entrants to the market taking logistics and warehousing space include a wide range of business types which offer a range of jobs at different skill levels, many of them highly advanced. Many of these occupiers have undertaken longer term investments into their supply chain and logistics networks to improve operational efficiencies to help sustain long term growth and future proof their businesses. They include:

- Arrival Automotive (at Link 9 / Axis J9, Bicester), an R&D-led advanced manufacturing business utilising autonomous agile robots to produce electric vehicles;
- Ocado (at Symmetry Park, Bicester) a robotics-led operation at the cutting edge of the grocery sector, with high-skill operating and maintenance requirements;
- DPD (at land adjacent to Symmetry Park), providing postal services;
- Bentley Designs (at Symmetry Park, Bicester), a trade-only furniture manufacturing company, running advanced automated finishing lines and processing machinery to ensure high quality workmanship;
- Medline (at Symmetry Park, Bicester), a medical products business using its space in Bicester for processing and logistical services;
- Origin Global (at Axis J9), a high-tech manufacturing company making aluminium architectural products; and
- MBS (Apple TV) (at Symmetry Park), a film production business.

3.14 These businesses represent a depth and breadth of sectors that means in recent years Bicester and Cherwell have become an established hub for logistics and associated activities. While the M40 corridor has long been an attractive location for commercial activity, Bicester's proximity to the M40 combined with historically low land values have made it an attractive place for investment in the recent past. The evidence demonstrated in this report – historic take-up, pipeline interest, and jobs and business growth in recent years – indicates there remains substantial demand for these sorts of businesses in the Bicester area in the medium term.

Summary

3.15 In summary, there is an evidenced high demand for B8 logistics and warehousing space in the Bicester area and in Cherwell, and supply is struggling to keep pace with demand. This is being driven by a range of exogenous economic factors, such as onshoring and the growth of multi-channel retail (physical and online), as well as changes in the logistics and warehousing sector itself, where innovative, tech-led businesses are growing and need space to operate from. Bicester and Cherwell exemplify the new ecosystem of logistics and warehousing businesses, many of which did not exist ten or twenty years ago.

4 Logistics Growth at Graven Hill Has Local and National Policy Support

4.1 Local policy is clear that this site is to be developed for B class commercial uses as per the allocation in the Local Plan. The Local Plan is also clear that development should attract high quality, high productivity businesses, and create training opportunities and jobs. For example, in order to "meet the challenge of developing a sustainable economy in Bicester", paragraph C.17 states:

"to meet the key economic challenges facing Bicester, we need to make it an attractive place for modern business … our plan seeks to make the most of its locational advantages drawing in new business and creating opportunities for knowledge and higher value companies and businesses that will help reduce the proportion of out-commuting, provide more education and training opportunities, and contribute to improving the image of the town"

4.2 National and local policy is clear that planning decisions should take account of local strengths, business conditions, timing, and specific locational requirements in evaluating the suitability of proposals.

4.3 In pursuit of sustainable development, paragraph 8 of the National Planning Policy Framework (NPPF)[24] states that "sufficient land of the right types" should be "available in the *right places* and *at the right time* to support *growth, innovation and improved productivity*" (italics added for emphasis), in order to achieve the economic objective of "building a strong, responsive and competitive economy".

4.4 The site is unequivocally the "right place", as demonstrated by the policy allocation. In terms of timing, the evidence shows that there is a substantial demand for logistics space in the local area, now and in the near future, where demand is outstripping supply, so it is appropriate for logistics development to take place on this site, in order to support growth, innovation and productivity. Finally, the logistics sector is at the forefront of productivity and innovation, creating high tech and high value jobs.

4.5 In order to build a "strong and competitive economy", NPPF paragraph 81 outlines that planning decisions:

"should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential".

[24] 2021.

4.6 As the site lies unused – and has done for over a decade – granting planning permission for a scheme that is more aligned to the market's needs will create conditions that businesses can invest in, and thus support economic growth and productivity. By focusing this activity on the logistics sector, redevelopment will allow the area to "build on its strengths".

4.7 Paragraph 82 part (d) of the NPPF states that "planning policies should be flexible enough to … enable a rapid response to changes in economic circumstances". The past two to three years have significantly changed and / or sped up changes to the national economy, and the logistics sector has grown and evolved in order to support these changes and weather these circumstances. Local Plan Policy SLE 1: Employment Development is in line this, stating that:

"development on new sites allocated in this Plan will be the type of employment development specified within each site policy … Other types of employment development (B Use class) will be considered in conjunction with the use(s) set out if it makes the site viable".

4.8 The supporting text to the policy at paragraph B.43 states:

"there may be a slight change in jobs on sites due to site constraints such as flood risk and differing B use class mixes, which will be determined at the master planning stage".

4.9 This policy and supporting text wording indicates a degree of flexibility regarding the specific type of B class uses to be provided on allocated sites, and that it is at master planning stage that the specific B class use should be settled.

4.10 While Policy Bicester 2: Graven Hill (the site allocation policy) seeks "mixed B1, B2 and B8 uses" on site, this is not a categorical requirement, and in line with local and national policy, the specific B class use(s) that are most appropriately aligned to local strengths, business conditions, and timing should be established at the master planning stage. The substantial need for logistics on this site, as explained in this Statement, is an appropriate use on this site to meet local and regional needs and demand. The design of the scheme does not however preclude other uses coming forward in the future (such as B2), should the market demand it.

4.11 Finally, NPPF paragraph 83 states that planning decisions "should recognise and address the specific locational requirements of different sectors", including for "storage and distribution operations at a variety of scales and in suitably accessible locations".

4.12 The logistics sector has specific transportation requirements that this site can meet, notably by being 2 miles from Junction 9 of the M40. It is a sought after location for logistics operations by a number of different types of tenants. It is therefore appropriate for permission to be sought for logistics operations on this site, taking advantage of the highly accessible location.

5 Achieving a Sustainable Local Economy and Creating Economic Benefits

5.1 The Local Plan's Strategic Objectives for developing a "sustainable local economy" include:

- SO1 which is *"to facilitate economic growth and employment and a more diverse local economy with an emphasis on attracting and developing higher technology industries"* (underlining added for emphasis), and

- SO3 which is *"to help disadvantaged areas to support an increase in skills and innovation, improve the built environment and make Cherwell more attractive to business by supporting regeneration"* (underlining added for emphasis).

5.2 These objectives are in line with the aspirations of the Levelling Up White Paper (2022), which has a goal of supporting a high-wage, high-skill economy by building skills and human capital (particularly in places where they are weakest), which complements two of the core pillars underpinning the principles of Build Back Better: skills and innovation[25].

Cherwell's Socio-Economic Profile

5.3 To these policy ends, the Graven Hill scheme can help address some of the socio-economic challenges in Cherwell and Bicester. Appendix 1 sets out the evidence which demonstrates:

- Cherwell is not a particularly deprived district, and, by national standards, has relatively low unemployment;

- While the skills and occupations profile is in line with the rest of the country, Cherwell's residents have lower qualifications on average, and tend to hold lower level occupations;

- Out-commuting for work is relatively high, and the pay for Cherwell's workers (rather than its residents) is typically lower than comparable averages.

5.4 The Local Plan recognises these challenges:

- Paragraph A.14 recognises a key challenge to achieving a sustainable local economy is that relatively large numbers of people in Cherwell are without qualifications and basic skills, and that the level of education and training needs to improve.

- Paragraph C.15 identifies the "need to improve standards of education and training in Bicester, areas of which are among the worst 20% in England in terms of skills, education and training".

[25] Page 13, Build Back Better: Our Plan for Growth, HM Treasury (2021).

- The Local Plan states: "There is a significant imbalance between homes and jobs. Out-commuting is a particular problem with a significant proportion of residents leaving the town to work. In 2001, Bicester South and Bicester North wards jointly had the second highest percentage of workers in Oxfordshire travelling 60km or over to work (8.8% each). The 2011 Census shows this continuing with over 3,000 people leaving Bicester"[26]. In Bicester specifically, the Local Plan identifies that: "There is significant out-commuting from Bicester to Oxford, London and elsewhere which this Plan will help address through the provision of employment land".[27]

- In order to "develop a sustainable local economy" and "meet the key economic challenges facing Bicester", the District would like to attract "modern business" and "make the most of its locational advantages, drawing in new business and creating opportunities for knowledge and higher value companies" to reduce out-commuting[28].

5.5 The scheme will deliver a range of economic benefits for the local and regional economy, including a range of jobs, some high skilled, alongside training and upskilling for local people. This will be achieved through attracting investment from growing, high-tech businesses. This can help to deliver Local Plan aspirations, including the Bicester 2031 Vision, which is to:

"Improve the attractiveness of existing employment areas and providing for new employment space that will be attractive to knowledge based and higher-technology businesses". (Paragraph C.32) (underlining added for emphasis).

5.6 At Graven Hill specifically, the Local Plan is clear that:

"Development of the site [Graven Hill] will identify Bicester as a prime location for investment through the creation of significant jobs-led economic growth to address the town's historic housing/jobs imbalance". (Paragraph C.54) (underlining added for emphasis).

5.7 The section below indicates the economic benefits of the scheme. The estimates outlined below are based on the floorspace areas proposed in this outline application, which may change subject to the final floorspace areas sought in the detailed planning applications that are made in the future.

Construction Employment

5.8 The construction of the scheme will generate employment in the construction sector. Construction jobs cover a wide variety of skills and expertise levels, and the construction of logistics schemes typically requires the latest expertise in on-site construction, such as bolting rather than bricklaying.

5.9 Due to the nature of construction employment, and given this is an outline application, it is not possible at this stage to accurately estimate the number of construction jobs that would based on site during the construction phases. This is in part due to the mobile nature of construction workers, and the way in which various trades move on and off site over a construction

[26] Paragraph C.15, Cherwell Local Plan.
[27] Paragraph C.9, Cherwell Local Plan.
[28] Paragraph C.17, Cherwell Lcal Plan.

programme. As a result, employment on-site fluctuates over the course of the build programme. Due to this, the contribution of the scheme towards the overall construction sector has been estimated.

5.10 The Construction Industry Training Board (CITB) Labour Forecasting Tool[29] provides an estimate of monthly labour requirements based on the estimated construction cost and projected duration by assessing the output of each occupation and trade within the construction sector. This figure has been used to estimate the quantum of employment generated by the Development within the sector as a whole.

5.11 It is estimated that the scheme would generate an average of 450 construction roles over the duration of the 22-month construction build programme.

Operational Employment

5.12 A common misperception about logistics and storage businesses is that they employ only low-skilled workers, working in manual roles, at a reasonably low job density. However, logistics businesses are becoming more complex, and more IT-driven, and the required skills and expertise to work in these businesses is changing and diversifying. Today, and looking to the future, there is a reduced need for more manual skills, such as picking and packing, and an increased need for higher skilled roles.

5.13 Technology advances mean that higher skilled jobs are now the norm, requiring expertise and skills across automation, data analysis, IT, robotics and engineering, at both more junior and senior levels. This upskilling transition has ushered in increased productivity, higher value jobs, and higher pay (which has knock on benefits for spending in the local economy).

5.14 The 2021 Cherwell District Council's Economic Needs Assessment states:

"The [logistics] sector supports a very wide range of activities, a range of jobs including very high skilled jobs, and can also support a very ***wide range of employment densities*** *depending on the particular operations of the site. Distribution is a dynamic sector with constantly evolving needs – particularly given the current economic climate". (Bold added for emphasis).*

5.15 The exact number of operational jobs, and the nature and skill required of these jobs, will be determined by the end-user occupiers. At this stage these are unknown, however, we can make estimates of the range of jobs, and the types of jobs, that could be created by the scheme, based on the outline plans for the site.

5.16 Standard job density guidelines[30] published by the Homes and Communities Agency (HCA) are the starting point for calculating an estimate of likely employment generation. The HCA recommends a density of between 70 and 95 sqm of floorspace per job. This range reflects

[29] Construction Industry Training Board (CITB), (2021). Labour Forecasting Tool (Accessed online by subscription: www.labourforecastingtool.com)
[30] Homes and Communities Agency, (2015). Employment Density Guide.

different B8 uses, from “final mile” distribution centres, through regional distribution centres, to national distribution centres.

5.17 Modern industrial business parks can have a much higher job density, at closer to 45 sqm per job. This is based on research undertaken in the logistics industry nationally.

5.18 The operational job density will depend on the occupier. For example, highly automated operations such as Ocado have relatively few staff, with many of the jobs on site being particularly high skilled. Others, such as retailers (e.g. TJ Morris), operate at around 70 sqm per job, requiring a high number of skilled workers to operate and maintain the systems on site.

5.19 Table 5.1 indicates the number of operational jobs that could be expected on the site under different density scenarios.

Table 5.1 Range of Density Scenarios and Corresponding Number of Jobs

Density scenario	Job Density (sqm)	Number of Jobs (including office jobs)
Low density – national distribution	95	1,150
Medium density – regional distribution	77	1,350
Lower high density – final mile distribution	69	1,510
Higher high density – industrial business parks	45	2,430

5.20 The proposed floorspace could support between 1,150 and 2,430 FTE jobs. This is a wide range, which is indicative of the range of occupiers who could make use of the buildings on site, and the range of employment requirements that different warehousing and logistics companies have.

5.21 These jobs will provide a range of roles, at different skill levels, including entry-level roles and low to high skilled roles. The scheme therefore presents a range of opportunities for local people including:

- Entry level roles – for school and training leavers, providing a first step into work that could lead to high-skilled work in the future;
- Apprenticeship opportunities – across a range of trades and skill levels. In 2020 just under half of these businesses hired apprenticeships (nationally)[31], indicating a healthy supply of apprenticeship roles in logistics and warehousing firms;
- Lower skilled roles – aligning to the evidenced skill profile of the district, which the latest Census data indicates is skewed towards lower level qualifications (see Figure 6.2). Around half of roles[32] in a typical warehouse would be at the more manual end of the skills

[31] Skills and Employment Report, Logistics UK 2021.
[32] Prologis

spectrum, although this split is fast-changing with a reduction of these sorts of roles in some types of logistics and warehousing businesses;

- Higher skilled roles – providing opportunities for local people to up-skill and train into new roles. Based on a typical warehouse operation, at least 20% of roles would be "back office" type roles, half of which would be management level.

Employee Spending

5.22 The operational employees will spend a portion of their wages in the local economy, such as picking up items before or after work, or going for lunch. Workers in the UK spend an estimated £13.10 per day in the local area around their place of employment[33]. On this basis, the 1,150 and 2,430 FTE jobs could generate up to between £3,314,000 and £7,003,000 per year in local spending.

5.23 Due to the location of the site, and the nature of the jobs, there may be a slightly lower spend than the national average. However, it is likely that local shops and services in the surrounding area will capture some of this spending.

Multiplier Effects

5.24 In addition to employment directly generated by the scheme on site, the scheme will create multiplier effects through expenditure by the tenant businesses directly, and by their workers. For every job created by the scheme, a further 0.9[34] jobs will be supported elsewhere in the economy – including in local firms in the district.

5.25 Spending by the businesses on materials and services required to run their operations will increase employment across the supply chain. This will, in turn, support the creation of new jobs at suppliers and those new jobs will in turn mean more wages and more spending by those workers. These are called indirect effects.

5.26 Based on ONS benchmark employment multipliers by sector[35], the scheme could generate an additional 1,020 to 2,160 indirect jobs.

5.27 As well as spending by business occupiers, the wages of employees also leads to additional spending. This spending would then support more employment and economic activity at other businesses. These are induced effects. It is not possible to quantify these effects for the scheme, however they will be beneficial.

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[33] Visa Europe, 2014. UK Working Day Spending Report. (Daily spending rate has been adjusted to account for inflation based on Bank of England inflation rate change since 2014).
[34] ONS, 2016. UK Input-Output Analytical Tables.
[35] Ibid.

Productivity Benefits

5.28 The increase in employment will make an economic contribution in terms of Gross Value Added (GVA). Using data on regional level GVA[36], the new jobs are estimated to generate between £72,520,000 and £153,240,000 per annum.

Business Rates

5.29 Business rates are a tax on non-domestic properties. Rates are levied on business properties on the basis of their rateable value and the national multiplier. The amount payable may then be subject to a number of reliefs or exemptions.

5.30 Research through the Valuation Office Agency provides information on the rateable value of similar uses within the local area surrounding the site. Applying these values to the proposed uses indicates that the scheme could generate business rate revenue of approximately £909,000 annually – a proportion of which can be retained by local authorities to spend on identified priorities.

Employment, Skills and Training

5.31 The scheme will present a range of employment opportunities, as well as opportunities to learn, train and upskill. This is particularly important in Cherwell District, where the skills profile indicates a slightly lower than average level of qualification attainment.

5.32 OxLEP and SEMLEP both emphasise the importance of training and skill enhancement to the economic success of the district and wider county areas. The OxLEP Strategic Economic Plan (2016) seeks to deliver and attract flexible skills at all levels, across all sectors, and to develop apprenticeship opportunities, including in STEM.

5.33 The latter in particular is underlined by the Cherwell Developer Contributions SPD (2018), and the Oxfordshire Local Industrial Strategy (2019), which seeks to increase apprenticeship uptake across the Arc. The SPD seeks an Employment, Skills and Training Plan secured through a S106 agreement, to support the promotion of apprenticeships through the construction of schemes. This is to support local people into new job opportunities. While the SPD indicates the number of construction apprenticeships per floorspace area, the apprenticeship yield is based on the approximate contract value of the development, which at this outline stage is difficult to establish in detail. This information will be provided at detailed application stage and the applicant will discuss the possible apprenticeship yield with the council at this stage.

[36] ONS, 2019. Regional gross value added by industry (ITL1). Business Register and Employment Survey (2019).

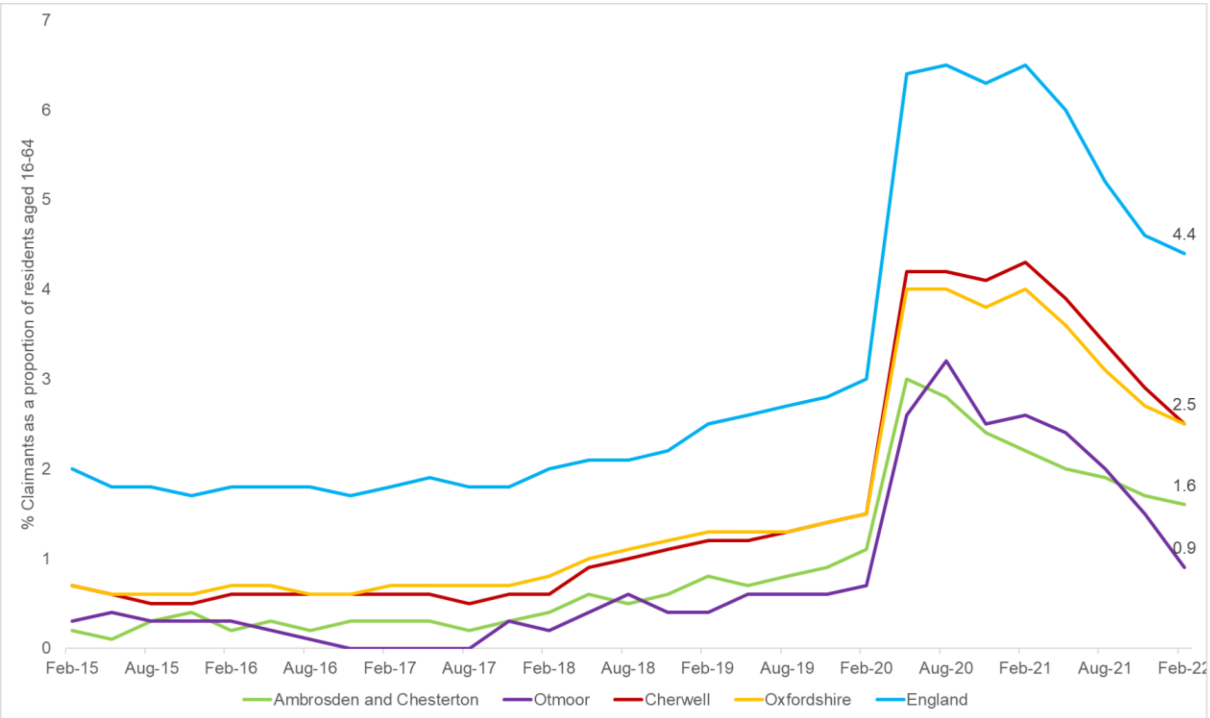
6 Appendix

Unemployment and claimant count rate is low

6.1 According to the 2011 Census, unemployment in the Local Area[37] (2%) is lower than the England average (6%). Unemployment across Cherwell (4%) is a little higher, and the same as across Oxfordshire. In the Local Area and Cherwell there is a lower rate of students in the economically active population. As such, the employment rate in the Local Area is 95% and in Cherwell is 93% - this is higher than the Oxfordshire (91%) and England (89%) averages.

6.2 Figure 6.1 shows the claimant count rate over the past five years. The claimant rate in the two wards comprising the Local Area has remained lower than the district and county averages over the past five years and throughout the course of the Covid-19 pandemic. The national claimant count rate is much higher over the past five years, reaching a high of 6.4% in May 2020.

Figure 6.1 Claimant Count Rate Over Time[38]



Skill and occupation levels have scope to improve in Cherwell

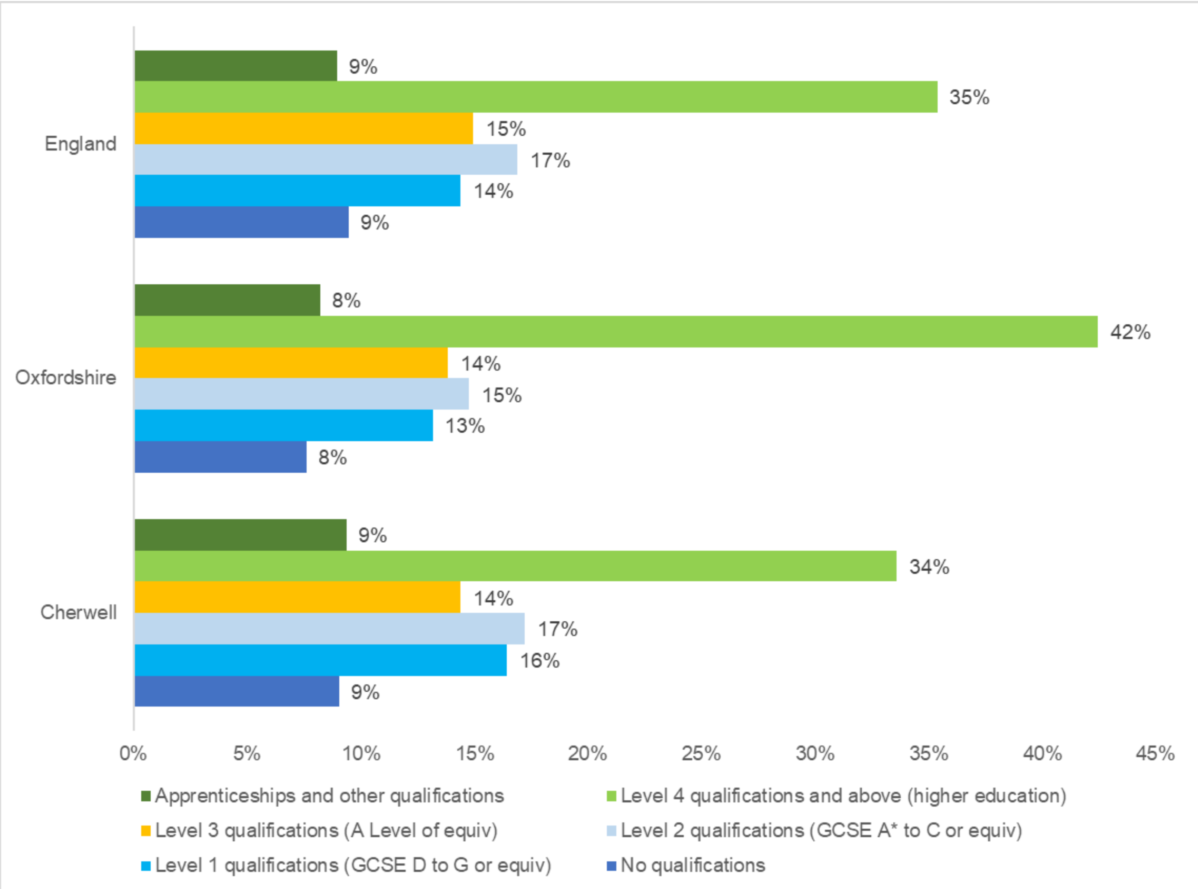
6.3 Census 2011 data set out in Figure 6.2 shows 42% of Oxfordshire's residents have a Level 4 qualification or above. Level 4 qualifications include higher education certificates and diplomas, whereas Level 3 qualifications are A levels and equivalents. A lower proportion of residents hold a Level 4 or above qualification in Cherwell, at 34% - this is also slightly below the national

[37] The Local Area comprises Ambrosden and Chesterton and Otmoor wards (2011 Census wards).
[38] ONS 2022.

average. The apprenticeship level in Cherwell is similar to that across Oxfordshire and England.

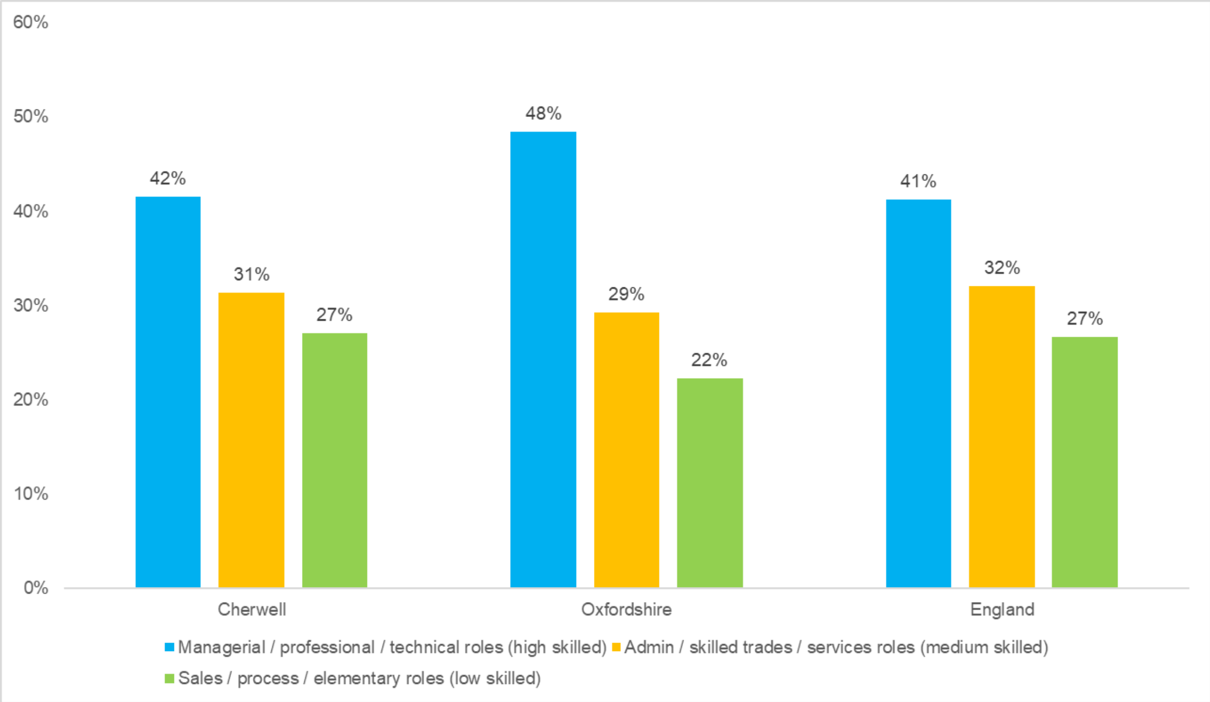
6.4 Figure 6.3 shows Census 2011 data for residents' broad occupational group. Cherwell's residents are less likely to hold higher skilled roles, such as managerial, professional or technical roles (42%), compared to the average Oxfordshire resident, where 48% of residents hold these sorts of roles. Breaking down the higher skilled roles category, the main difference between Cherwell and Oxfordshire is in professional occupations, with 17% of Cherwell residents holding such roles compared to 23% in Oxfordshire.

Figure 6.2 Highest Qualification Level[39]



[39] Census 2011

Figure 6.3 Broad Occupation Group[40]

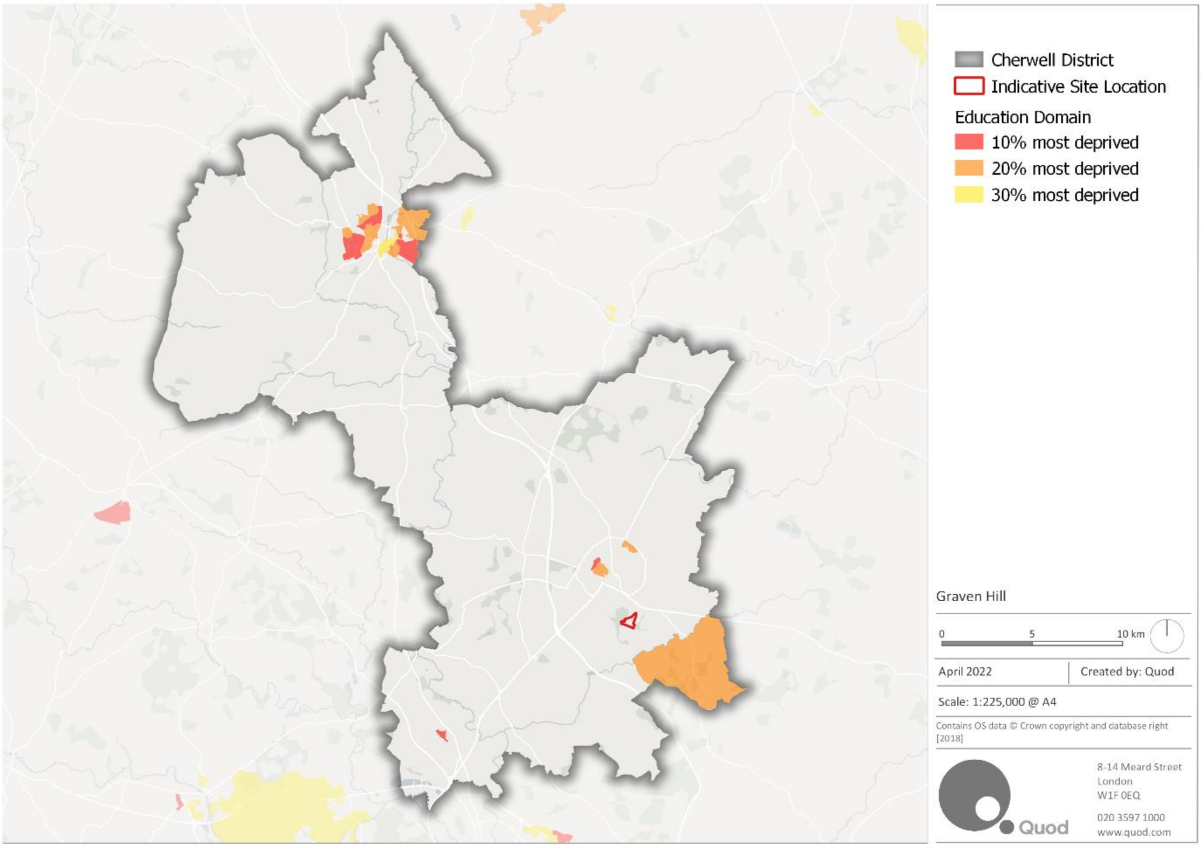


[40] Census 2011.

Deprivation and income

6.5 Cherwell is not a particularly deprived place, when measured against the official measure of deprivation, the Government's Indices of Multiple Deprivation (IMD). However, within the district there are pockets of reasonably high education deprivation (one of the seven deprivation domains): there are a number of neighbourhoods in the top 10 to 30% most deprived in England in Banbury, in Bicester, and in the area to the south east of the site around Arncott and Piddington. These are shown in red, yellow and orange shading in Figure 6.4.

Figure 6.4 Education Deprivation Map (IMD)



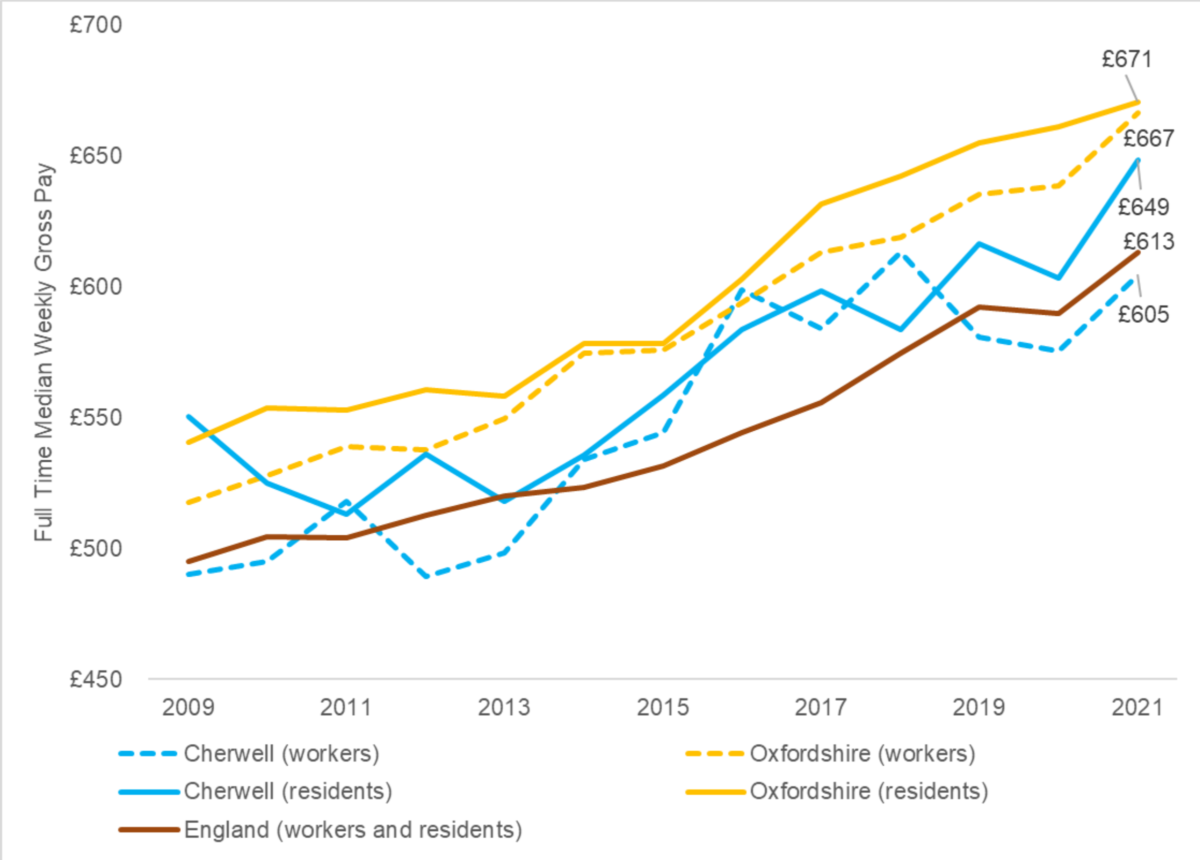
6.6 Figure 6.5 shows earnings for Cherwell's workers are below the national average and significantly lower than the Oxfordshire average; in 2021 the median full time weekly gross pay was £605 compared to £667 across Oxfordshire. Cherwell's residents earn more on average than its workers, taking home on average £649 per week. This data suggests that the jobs market in Cherwell provides on average less well paid work. This tallies with the sentiment in the Local Plan, which identifies that "household incomes for those who live in Bicester are relatively high, but wages for people who work in the area are relatively low"[41].

6.7 This data indicates there is an opportunity in the local labour market to reduce income and educational disparity. Addressing this is core to the Government's levelling up agenda. This can be achieved in a number of ways, but of particular relevance to this scheme is the

[41] Paragraph C.21, Cherwell Local Plan.

opportunity to introduce training and up-skilling in more highly skilled employment, roles which typically command higher salaries.

Figure 6.5 Pay Over an Economic Cycle for Workers and Residents



Out commuting is high

6.8 Cherwell has a relatively high rate of out-commuting, with 25% of its residents working elsewhere in Oxfordshire[42]. For those residents who don't work at home (86%), less than 30% use public transport or foot / bike to commute, relying mainly on private vehicles to get to work[43].

6.9 The benefits of reducing out-commuting include a reduction in transportation use (which is of benefit to the environment), retention of day-to-day spending within the district, and the growth of a more varied economy (through jobs) within the district as well.

[42] Census 2011
[43] Census 2011