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Oxford Airport Economic Needs Assessment and Benefits Statement

Oxford Aviation Services Limited

17 February 2023

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Executive Summary

This report was prepared on behalf of Oxford Aviation Services Limited ('the Applicant') to identify the local economic need for additional research and development ('R&D') and laboratory floorspace within Cherwell District, and highlights the economic benefits associated with the proposed development of the Gateway Site at the London Oxford Airport ('LOA') in Kidlington.

Proposed Development and Site Context

This analysis presented in this study is in support of the full planning application for the redevelopment of the site to include the demolition of existing buildings and development of new accommodation across 5 buildings for employment uses (use class E(g)(ii and iii)) plus ancillary amenity building, outdoor amenity space, car parking, cycle parking, landscaping and associated works ('the proposed development').

The site of the proposed development is situated at the south-eastern corner of the operational boundary of LOA immediately north of the junction between Langford Lane and The Boulevard which bound the site to the east and south and connect the A44 (Woodstock Road) and A4260 (Banbury Road), north of Kidlington. The site falls entirely within the operational boundary of LOA and forms part of the Airport planning unit, with all uses being ancillary to the principal airport use (Sui Generis).

Need for the Proposed Development

The adopted Cherwell Local Plan acknowledges that in order for the Cherwell District economy to be globally competitive, more jobs are needed within the knowledge-based sector, including supporting wider growth ambitions in R&D across the Oxford-Cambridge Arc ('OxCam Arc'). Adopted in 2016, the Kidlington Framework Masterplan Supplementary Planning Document ('SPD') builds on the Local Plan, and suggests that a small scale Green Belt review is required to accommodate expanding high-tech employment clusters in and around Kidlington. Whilst the SPD does not identify specific sites, the location of LOA on the edge of Kidlington, in addition to its strategic location within close proximity of the Oxford Technology Park (i.e. one of two R&D and laboratory clusters in Kidlington), makes it a prime location to accommodate growth in high-tech employment clusters.

Analysis of office floorspace (which often incorporates R&D and laboratory floorspace) data from the Valuation Office Agency ('VOA') indicates that total office stock in Cherwell District fell by around 1.5% (or the equivalent of 3,000 sq.m) between 2013 and 2022. Whilst this was in line with the trend seen across Oxfordshire, the overall quantum of office floorspace has remained relatively unchanged since 2018.

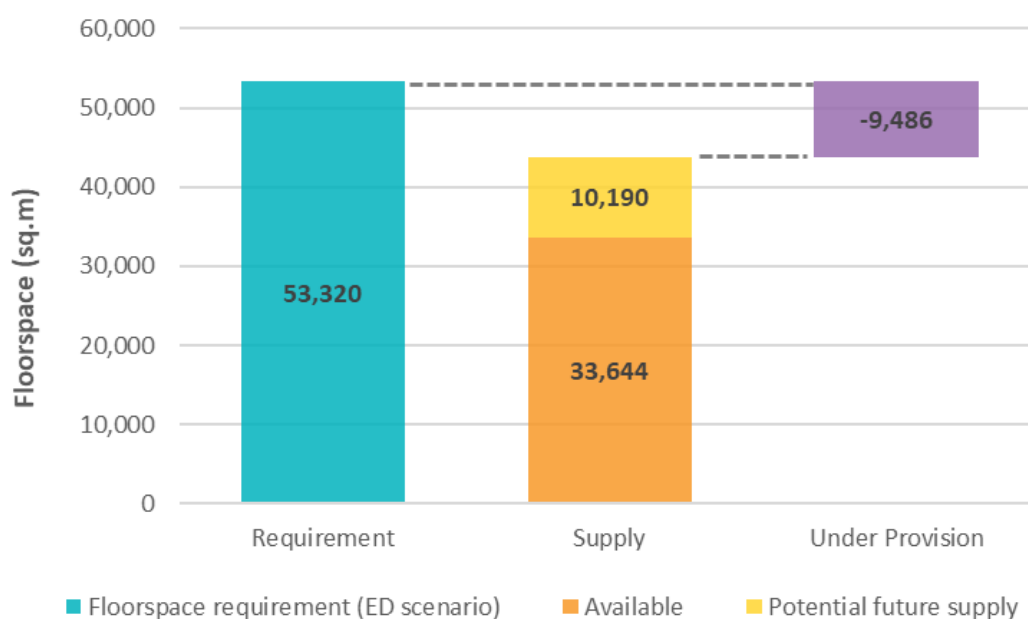
A review of office take-up across Oxfordshire suggests that around half (i.e. 50%) of all take-up during 2021 was for laboratory and R&D purposes. Whilst no equivalent figure is available for Cherwell District, the limited delivery of office floorspace within the District, in addition to the increased demand for R&D and laboratory floorspace across the sub-region are likely to result in increasing pressure on existing office floorspace, both locally and more widely. At the sub-regional level there is evidence that the increase in demand for laboratory and R&D floorspace is putting upwards pressure on rents, whilst also exacerbating challenges with office supply, as floorspace is being converted for R&D uses.

AMR data for Cherwell District indicates that in the 10-years to 2021, there was limited delivery of R&D and laboratory floorspace (defined as use class B1b) within the District. However, it should be noted that this data does not capture recent completions (at the Oxford Technology Park), ongoing construction and/or extant permissions (at both the Oxford Technology Park and the Begbroke Science Park).

A review drawing on the CoStar commercial property database puts current supply of R&D and laboratory floorspace within Cherwell District (i.e. based on available sites, ongoing construction and extant permissions at the Oxford Technology Park and Begbroke Science Park) in the region of 43,833 sq.m. Building on previous work, the 2022 Housing and Economic Needs Assessment ('HENA') identifies the need for up to 53,320 sq.m of R&D and laboratory floorspace in Cherwell District between 2021 and 2040.

This means that based on current evidence, Cherwell District faces a potential shortage of up to 9,486 sq.m of R&D and laboratory floorspace by 2040. In reality, the imbalance between supply and demand could be higher if extant permissions do not come forward.

Figure 1 Balance of supply and demand of R&D and laboratory floorspace, 2021-40 (sq.m)



Source: Lichfields analysis

Economic Contribution of the Proposed Development

Once completed, the proposed development will provide contemporary R&D and laboratory space, in the process strengthening the District's R&D clusters and supporting employment growth. In particular, the proposed development will complement and help expand the established R&D cluster at LOA. In addition, it will generate a suite of wider social and economic benefits locally, and more widely across Cherwell District and Oxfordshire.

Some of the more quantifiable economic impacts supported by the proposed development during its construction phase include:

- An investment in the region of £30-35 million, supporting 194-227 full-time equivalent ('FTE') jobs directly in addition to a further 293-342 FTE jobs more widely over a presumed two-year construction period.
- A direct economic (i.e. gross value added ('GVA')) contribution of £15.9-£18.6 million, in addition to a further £19.1-£22.3 million more widely (i.e. through supply chain and induced effects).

Once operational, the proposed development will generate the following quantifiable economic and social benefits:

- Support between 206-309 net additional high-skilled / high-value FTE jobs directly on-site, in addition to a further 225-338 FTE jobs more widely (i.e. through supply chain and induced effects).
- Generate an overall annual contribution of £38.4-£57.6 million to the economy (i.e. based on direct, supply chain and wider induced effects) in perpetuity.
- Once occupied, the employment floorspace has potential to generate in the region of £1.90 million in additional business rates revenue for Cherwell District Council, which has potential to help fund the Council's day-to-day operations, whilst also enabling investment in important local and wider infrastructure and services.
- More broadly, the proposed development will contribute to the growth and strengthening of the existing R&D cluster located within proximity of the LOA, as well as the District's role within the OxCam Arc.
- The proposed development also has potential to contribute to wider socio-economic benefits and the competitiveness of the District's economy in several other ways, including:
 - a Increasing local productivity and creating new high quality employment for residents;
 - b Promote sustainable economic growth, whilst also creating the conditions in which businesses can invest, expand and adapt;
 - c Play a role in supporting the vision for Oxfordshire as outlined within the Oxfordshire Local Enterprise Partnership's ('OxLEP') Strategic Economic Plan ('SEP'), in particular supporting innovation and the strength of Oxfordshire's research, business collaboration and supply chain potential;
 - d Support the ongoing recovery of the Cherwell District economy, and the priorities outlined within the Council's latest business plan.

1.0 Introduction

- 1.1 This report was prepared by Lichfields on behalf of Oxford Aviation Services Limited ('the Applicant') to identify the local economic need for research and development ('R&D') and laboratory floorspace, and highlights the economic benefits associated with the proposed redevelopment (as outlined below) of the Gateway Site, on land west of the junction with The Boulevard, London-Oxford Airport ('LOA'), Langford Lane, Kidlington ('the site') within Cherwell District.

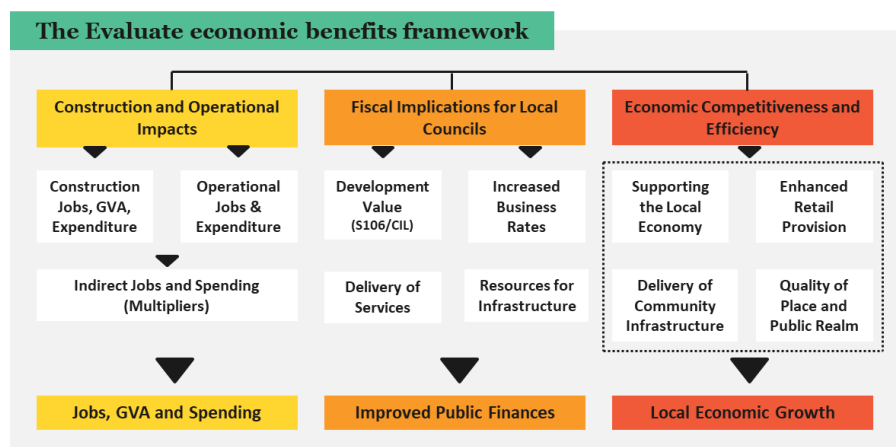
Proposed Development and Site Context

- 1.2 This study is in support of the full planning application for the redevelopment of the site to include the demolition of existing buildings and development of new accommodation across 5 buildings for employment uses (use class E(g)(ii and iii)) plus ancillary amenity building, outdoor amenity space, car parking, cycle parking, landscaping and associated works ('the proposed development').
- 1.3 The site is situated at the south-eastern corner of the operational boundary of LOA immediately north of the junction between Langford Lane and The Boulevard which bound the site to the east and south and connect the A44 (Woodstock Road) and A4260 (Banbury Road), north of Kidlington. The site of the proposed development falls entirely within the operational boundary of LOA and forms part of the Airport planning unit, with all uses being ancillary to the principal airport use (Sui Generis).

Scope of the Study

- 1.4 This report draws on the Evaluate methodology developed by Lichfields, which provides an analytical framework for assessing the economic benefits generated by new developments. The Evaluate framework, as it relates to the analysis of the proposed development at LOA is shown in Figure 1.1 below.

Figure 1.1 Lichfields' Evaluate economic benefits framework



Source: Lichfields analysis

- 1.5 When considering the impacts of the proposed development, this report focusses first on the key quantifiable benefits during its demolition and construction phase (i.e. until completion), which is then followed by both the quantitative and qualitative impacts that the completed proposed development could generate.
- 1.6 The scale and type of economic impacts are determined by:
- The scale of capital investment in the proposed development which generates employment and economic output during the demolition and construction phase;
 - The quantum and type of employment supported by the proposed development, as well as the additional benefits this could generate (i.e. more widely through indirect/supply chain expenditure and induced effects); and
 - The scale of fiscal benefits that would be generated on behalf of Cherwell District Council.

Structure of the Report

- 1.7 The remainder of this report is structured as follows:
- **Section 2.0** provides an overview of the local and sub-regional policy context influencing the provision and supply of R&D and laboratory floorspace at the Cherwell District level;
 - **Section 3.0** considers the current market position for office (as well as R&D and laboratory) floorspace within Cherwell District;
 - **Section 4.0** provides the latest view with regards to future R&D floorspace within Cherwell District, and considers the balance between supply and demand locally;
 - **Section 5.0** considers the socio-economic impacts that are likely to generated by the proposed development during both its construction and once fully operational; and
 - **Section 6.0** sets out the overall conclusions of this report and highlights the implications of the proposed development.

2.0 Economic Policy Drivers

- 2.1 This section considers the current and emerging economic policy context guiding office and R&D floorspace provision at the local (i.e. Cherwell) and sub-regional (i.e. Oxfordshire and Oxfordshire Local Enterprise Partnership ('OxLEP')) level.

Adopted Cherwell Local Plan

- 2.2 The Cherwell Local Plan¹ was adopted in July 2015 and sets out the vision and strategy for the development of Cherwell District between 2011 and 2031. The Local Plan contains policies that will assist in delivering its spatial vision for Cherwell to “*be an area where all residents enjoy a good quality of life*” and will be more economically prosperous than it is today. This includes developing a sustainable economy that is vibrant and diverse, with a growing economy that provides more diverse employment for an increasing population, whilst also reducing the need for residents to travel outside the District for work.
- 2.3 The Local Plan acknowledges that Cherwell has a high proportion of employment in industrial sectors, logistics and retail, all of which contribute towards the local economy. However, it argues that in order to be globally competitive and create a low carbon economy, more jobs are needed within knowledge-based sectors.
- 2.4 When discussing policies for developing a sustainable local economy and fostering economic growth within the District, the Cherwell Local Plan includes the objective to facilitate a diverse economy with an emphasis on attracting higher technology industries (see para. B.29). This includes support for securing the economic growth potential from the presence of the LOA including expansion of the exiting R&D cluster at the Airport.
- 2.5 **Policy SLE1 (Employment Development)** provides for a flexible approach to employment development on existing employment sites, and operational or vacant employment sites in Kidlington. Employment development will be focussed on existing sites (i.e. both existing operational and/or vacant), particularly where this makes efficient use of previously-developed land, and where it promotes intensification. The proposed development aligns with this policy as it seeks to redevelop the site making efficient use of previously used land.
- 2.6 **Policy Kidlington 1 (Accommodating High Value Employment Needs)** indicates that Kidlington plays an important role within the District’s wider employment context, and has potential to develop further to support the provision of land for high-tech university spin-offs, and help pave the way for a wider high value, economic base. In Kidlington, the LOA and Langford Lane industrial estate is identified as an employment cluster, with the area becoming a location for a wide range of commercial uses. The Local Plan seeks to improve the quality of the employment offer and, in doing so, establish a new gateway at this northern entrance to Kidlington. Over the medium to long-term progress improvements to the employment area will be encouraged to accommodate higher-value employment uses, in the process reinforcing and strengthening the emerging local cluster.

¹ Cherwell District Council (2016), *Adopted Cherwell Local Plan 2011-2031 (Part 1)*.

- 2.7 The Employment Land Review² ('ELR') informing the adopted Local Plan identifies a need for additional land to be allocated for employment use at Kidlington, owing in particular to its unique economic role within the District. The Local Plan continues by stating that the *"need for employment land to accommodate higher value employment uses in the R&D sector demonstrates exceptional circumstances leading to the need for a small scale review of the Green Belt"* (para. C.229), especially as the District seeks to build on / benefit from growth in nearby high-tech clusters (such as at the Begbroke Science Park).

Kidlington Framework Masterplan SPD

- 2.8 The Kidlington Framework Masterplan Supplementary Planning Document³ ('SPD'), provides detailed advice and guidance on policies in the adopted Cherwell Local Plan. It informs the preparation of Part 2 of the Local Plan, which includes a limited Green Belt review to accommodate high value employment needs in the parishes of Kidlington, Gosford, and Water Eaton.
- 2.9 The SPD focuses on opportunity areas, including economic growth areas identified in Local Plan Policies Kidlington 1 and 2, which includes the expansion of high-tech employment clusters around Langford Lane and LOA, as well as Begbroke Science Park. The objective of economic growth is supported by **Framework theme 5: supporting future economic success**.
- 2.10 To achieve this overarching economic growth objective, a small-scale Green Belt review is required to accommodate expanding high-tech employment clusters within Kidlington.
- 2.11 The SPD prioritises growth in the advanced manufacturing sector, highlighting in particular the importance of that clustered around LOA. It also prioritises growth in scientific R&D, particularly relating to activities within the Begbroke Science Park. Other key sectors include the automotive, digital, publishing, and media industries.
- 2.12 The SPD also suggests that potential for a business centre at Langford Lane, near LOA, should be supported with shared business support services and networking, and improvements to travel between Langford Lane, Begbroke Science Park, and Kidlington village centre (including through improved public transport links).
- 2.13 Drawing on Business Register and Employment Survey ('BRES') data from 2014, the SPD identifies the following areas of specialisation, measured using location quotients⁴ ('LQ') greater than 1 for key sectors in Kidlington:
- Publishing (with a LQ of 10.3);
 - Manufacture of computers and electronics (with a LQ of 7.3);
 - Repair and installation of machinery (with a LQ of 6.0); and
 - Manufacture of electrical equipment (with a LQ of 4.9).

² Cherwell District Council (2012), *Cherwell Employment Land Study Update 2012*.

³ Cherwell District Council (2016), *Adopted Kidlington Framework Masterplan Supplementary Planning Document*.

⁴ Location quotient ('LQ') is a measure of a region's industrial specialisation relative to a larger region. A LQ of 1.0 indicates that both regions have the same level of specialisation, whilst a LQ greater than 1 means that the smaller region has a higher concentration of a particular sector relative to the larger region.

- 2.14 The SPD concludes by advocating that expansion of high-tech industry in Kidlington will develop synergy with Oxford, whilst at the same time maximising opportunities to benefit from the OxCam Arc, the University of Oxford and associated R&D-focused spin-outs resulting from the University. This synergy is strengthened by the connectivity of LOA and the Begbroke Science Park to other major innovation parks and centres via the A34 and A44 towards Oxford.

Emerging Local Policy Context

- 2.15 Cherwell District Council commenced its Local Plan Review by issuing a call for sites in 2020, with the aim of replacing the 2018 Housing and Economic Land Availability Assessment⁵ ('HELAA') and updating its evidence base. The Planning for Cherwell to 2040 community involvement paper⁶ ('CIP') identifies several economic issues restricting growth and investment in Cherwell, such as low productivity, increasing wages and tackling deprivation, lower educational attainment relative to county-wide averages, in addition to rejuvenating and improving older employment areas. The proposed development contributes towards addressing these economic issues in Cherwell by way of redevelopment of an existing employment site to attract higher-value employment, in turn increasing wages.
- 2.16 The CIP seeks to address these issues by encouraging and facilitating higher skilled / higher wage jobs, facilitating regeneration of older employment areas, and positively planning for economic growth and productivity based on local strengths, countering weaknesses and addressing future challenges including the direct and indirect effects of the Covid-19 pandemic.
- 2.17 Kidlington continues to function as a local employment centre, drawing on employment clusters at LOA and Begbroke Science Park. Langford Lane, on which LOA is situated, is characterised as a further economic growth area.
- 2.18 Furthermore, the CIP outlines a number of key issues for Kidlington and surrounding villages which the new Local Plan will need to address. This includes supporting economic activity and innovation and research capacity in the local economy. Specifically, the CIP identifies scope for securing high-value employment in the vicinity of Kidlington's key assets (in particular, LOA and Begbroke Science Park).
- 2.19 The Local Plan Review will address these issues by considering the scope for detailed planning policies with regard to the Kidlington Framework Masterplan SPD and other development opportunities within the existing built-up area. The emerging Local Plan could also assist in implementing existing objectives and exploring other appropriate opportunities within the area, subject to Green Belt considerations.
- 2.20 The CIP is underpinned by three core themes, including maintaining and developing a sustainable economy. The emerging Local Plan is informed by the OxLEP's Local Industrial Strategy⁷ ('LIS'), which seeks to position Oxford on a global stage as a region exporting world-leading science and hosting numerous emerging transformative technology clusters.

⁵ Cherwell District Council (2018), *Cherwell District Council Housing & Economic Land Availability Assessment*.

⁶ Cherwell District Council (2020), *Planning for Cherwell to 2040, A community involvement paper*.

⁷ Oxfordshire Local Enterprise Partnership (2020), *the Investment Plan, Oxfordshire's Local Industrial Strategy*.

- 2.21 The LIS seeks to scale-up the R&D sector in Oxfordshire and promote opportunities for growth within the wider Oxford-Cambridge Arc (the ‘OxCam Arc’) to deliver an innovation ecosystem, making the OxCam Arc a globally competitive exporter of R&D and world-leading science. Within Kidlington, the Begbroke Science Park is home to over 60 world-leading research and technology companies employing over 900 staff in sectors including engineering and medical technology.
- 2.22 The LIS aims for 2.4% growth in R&D expenditure across the OxLEP area by 2027, and 3.0% thereafter, to accelerate private sector investment and create high-value jobs. In doing so, the LIS proposes:
- 1 Utilising considerable R&D assets within the OxCam Arc to meet national Net Zero commitments and the Future of Mobility Grand Challenge set out in the national Industrial Strategy⁸ (now superseded by the Levelling Up White Paper⁹);
 - 2 Utilising the OxCam Arc’s existing role as a testbed for new transport technologies, including automated vehicles and drones; and
 - 3 Collaboration between the British Business Bank and local SMEs in the OxCam Arc to access finance to promote business growth.
- 2.23 Building on the above, the emerging Local Plan seeks to create a positive environment to attract new companies in high-value sectors including manufacturing, engineering, the low-carbon economy, high-tech knowledge-based industries, and distribution, supporting long-term prosperity and growth in the region. The emerging Local Plan will implement policies and initiatives from Central Government and OxLEP in the interest of securing sustainable economic growth including securing high-tech knowledge-based and low-carbon employment.
- 2.24 Informing the emerging Local Plan, the Housing and Economic Needs Assessment¹⁰ (‘HENA’) provides an integrated evidence base to identify the appropriate level and distribution of housing and employment floorspace over the Local Plan period to 2040. The HENA acts as a refresh to the Oxfordshire Growth Needs Assessment¹¹ (‘OGNA’) published in 2021 and covers Oxford City as well as Cherwell District.
- 2.25 The HENA reports a strong need for laboratory space, including incubator space, grow-on space and headquarter facilities. It reports that take-up of office floorspace for laboratory space and science and technology has increased since the Covid-19 pandemic, representing around 50% of all office take-up between 2019 and 2021.
- 2.26 A detailed review of future employment/office floorspace needed in Cherwell is presented in Section 3.0 below. This includes insight from the 2022 HENA, in addition to other bespoke market analysis for office and R&D floorspace in Cherwell District.

⁸ HM Government (2017), *Industrial Strategy White Paper, Building a Britain fit for the future*.

⁹ HM Government (2022), *Levelling Up White Paper, Levelling Up the United Kingdom*.

¹⁰ Cherwell District and Oxford City Council (2022), *Housing and Economic Needs Assessment*.

¹¹ Oxfordshire Growth Board (2021) *Oxford Growth Needs Assessment*.

Summary

- 2.27 The proposed development at LOA is being developed within a supportive economic policy context. Whilst the adopted Local Plan emphasises the need to attract high-value employment to Kidlington (based on its position within the Knowledge Spine), the Kidlington Framework Masterplan SPD suggests that in order for Kidlington to grow employment within successful high-tech clusters, a small-scale Green Belt review is required.
- 2.28 Building on the adopted Local Plan, emerging policy acknowledges the need for encourage and facilitate the delivery of high skilled / high wage jobs, promote the regeneration of older employment areas, and positively plan for economic growth and productivity based on local strengths.
- 2.29 Furthermore, it is noted that both existing and emerging policy identify LOA as a key economic asset forming part of an existing R&D cluster, and strongly supports the growth of high value employment (including R&D activity) at LOA.

3.0 Current Market Conditions

- 3.1 This section considers current market conditions within Cherwell District, and explores how the R&D and laboratory floorspace market (i.e. often considered as a sub-set of office floorspace, i.e. use class E(g)(ii)) has performed since the early 2010s. For this reason, the analysis commences with a review of the office market (i.e. use class E(g)) in Cherwell District before focussing on R&D uses (albeit based on a qualitative analysis). This review also takes account of the impact of the Covid-19 pandemic on the office property market and encompasses data for up to the end of December 2022.
- 3.2 Data from the Valuation Office Agency ('VOA') indicates that in 2022, recorded a total office floorspace stock of 194,000 sq.m in Cherwell and 1.101 million sq.m across the whole of Oxfordshire. A high-level review of VOA data suggests an overall decline of -1.8% and -1.5% in the stock of office floorspace across Oxfordshire and Cherwell respectively since 2013. Figure 3.1 below shows historic trends in office stock across Oxfordshire and Cherwell based on the latest VOA data from 2022.

Figure 3.1 Index of total office floorspace in Oxfordshire and Cherwell compared with 2013 stock



Source: Valuation Office Agency (2022), *Non-Domestic Rating: Business Floorspace* / Lichfields analysis

- 3.3 Within Oxfordshire, the quantum of office floorspace averaged at around 1.123 million sq.m between 2013 and 2018, peaking at 1.138 million sq.m in 2020. Following the peak in 2020, the overall quantum of office floorspace fell slightly to just over 1.1 million sq. m in 2022 (or the equivalent of 98.2% of the stock in 2013).
- 3.4 In Cherwell, office floorspace peaked in 2014 (at 204,000 sq.m) before declining steadily to reach 192,000 sq.m in 2018. Between 2018 and 2021 (i.e. both years included), the stock of office floorspace in Cherwell District remained unchanged. This grew slightly by a further 2,000 sq.m during 2022, reaching an overall quantum of 194,000 sq.m (or the equivalent of 98.5% of the stock in 2013).

- 3.5 Whilst the evidence that the office property market in Cherwell performs in line with that of the wider sub-region of Oxfordshire, VOA data does not provide insight on the overall quantum of R&D and laboratory floorspace in Cherwell District.

Delivery of R&D and Laboratory Space

- 3.6 Annual Authority Monitoring Reports ('AMR') provide a detailed breakdown of completed developments by year based on use class, including the former use class B1 ('business') and B1b ('R&D of products or processes'), now use class E(g). AMR data on completions of B1 and B1b uses in Kidlington and Cherwell for the period 2011 to 2021 is provided in Table 3.2 below.

Table 3.1 B1 and B1b Use completions from 2011 to 2021 in Cherwell and Kidlington (sq.m)

Area	Cherwell		Kidlington	
Year / Use	B1	B1b	B1	B1b
2011	+13,199	+130	+7,777	0
2012	-1,904	0	+148	0
2013	-79	+750	0	0
2014	-3,717	0	0	0
2015	+2,778	0	+1,572	0
2016	+3,784.5	+997	-937	0
2017	+8,881.4	0	-1,882	0
2018	-441.6	0	-922.6	0
2019	+27,102.5	0	+740.2	0
2020	-244	0	-1,173	0
2021	+25,263.0	0	0	0
Total	+74,622.7	+1,877	+4,782.6	0

Source: Cherwell District Council (2011-2021) *Authority Monitoring Reports*.

- 3.7 AMR data shows that from 2011 onwards, the overall stock of office floorspace (i.e. use class B1a, B1b, B1c and/or general B1) in Cherwell District has increased by 74,623 sq.m, of which 1,877 sq.m was specifically B1b use class. However, the data shows that delivery in Kidlington was limited. Total completions between 2011 and 2021 in Kidlington amount to 4,783 sq.m, none of which is classified as use class B1b. The evidence suggests that demand for R&D floorspace in Cherwell District was delivered elsewhere (i.e. primarily at Banbury and Bicester).

Market Conditions for R&D and Laboratory Space

- 3.8 Evidence on market conditions of R&D and laboratory floorspace in Cherwell District is limited and relies primarily on the extrapolation of analysis of evidence at the sub-regional level. However, given that the office market in Cherwell district reflects long-term trends across Oxfordshire, the following analysis is included to provide the sub-regional context.

- 3.9 A review of the laboratory property market across Oxfordshire¹² shows that demand and take up for laboratory space increased sharply in 2021, driven primarily by an acceleration in developers' thrust to provide dedicated space for growing spin-out and tech businesses, as well as additional demand for incubator space, grow on space, and HQ facilities as companies mature.
- 3.10 Overall, total laboratory take-up in 2021 added up to around 26,850 sq.m across Oxfordshire, accounting for around 50% of all take-up within the office sector. Across Oxfordshire, supply is mainly being created from the repurposing of existing office stock.
- 3.11 The research also finds that the supply of space is becoming increasingly limited, with the availability of supply having remained limited throughout 2022, and occupiers being increasingly reliant of the repurposing of older office floorspace. Purpose-built accommodation is likely to come forward from 2023 onwards, with a further 441,300 sq.m of laboratory floorspace expected to reach the market by 2026. Whilst the imbalance between supply and demand remains, this is likely to result in upward pressure on rental prices locally.
- 3.12 Research¹³ from Q2 2022 puts total demand for laboratory floorspace across Oxfordshire over the previous 18-months (i.e. reaching back to winter 2020) at 79,900 sq.m. In contrast, the supply of laboratory floorspace during the Summer of 2022 was estimated to be just 1,700 sq.m. As echoed above, the 2022 research also finds that demand for laboratory floorspace is being serviced (in part) by the repurposing of existing office floorspace, which is worsening the overall strain in the supply of office space within central locations (including Oxford City), and exacerbating challenges with the loss of overall office stock across Oxfordshire (as highlighted by VOA data between 2013 and 2022).
- 3.13 Nevertheless, the first six months of 2022 saw an increase in investment activity in the office and laboratory market, rivalling investment over the previous 12 months, with a total of £314 million invested through five transactions across Oxfordshire. The largest deal involved the purchase of Oxford Technology Park in Cherwell District by Life Science REIT, a purchase which was valued at £183 million. At the time it was reported that Life Science REIT would commit a further £63 million to build out the remaining floorspace over an 18-month period, which is explored further below.

Market Conditions in Cherwell

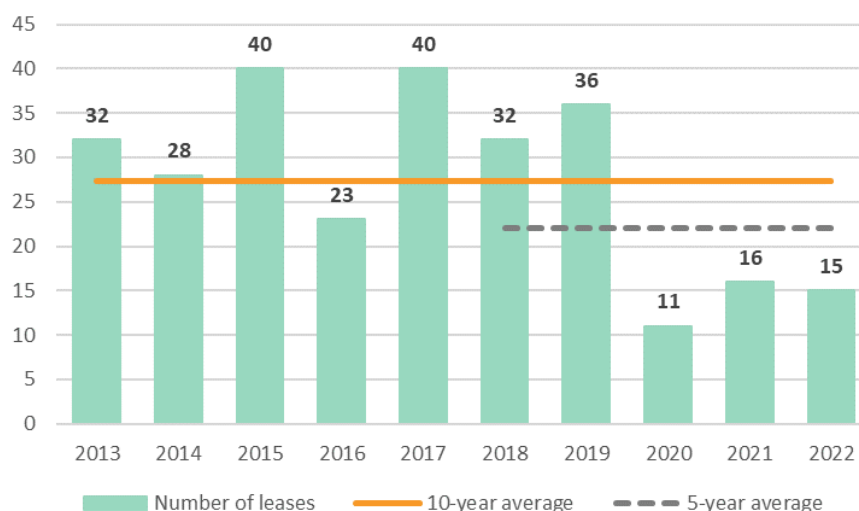
- 3.14 The following analysis builds on the premise that around half of all office floorspace leased across Oxfordshire is for R&D and laboratory uses and is included for illustrative purposes. Furthermore, the following analysis is intended to provide an overview of the scale of the potential R&D and laboratory market within Cherwell District.

¹² VSL (2021), *Oxfordshire A34 Commercial Property Market Update 2021*. [Available at: <https://www.vslandp.com/>].

¹³ Bidwells (2022), *Arc Market Databook, Offices and Labs Oxfordshire*. [Available at: <https://www.bidwells.co.uk/what-we-think/oxford-offices-and-labs-arc-market-databook/>].

- 3.15 Data from the CoStar commercial property database indicates that in 2022, 15 leases totalling around 4,700 sq.m of office floorspace were executed. Cumulatively, an aggregate of 270 leases were executed within Cherwell District between 2013 and 2022 (i.e. both years included), representing an average of 27 leases per annum over the long-term. Over the medium-term (i.e. five years between 2018 and 2022, both years included), the District saw an aggregate of 110 leases executed, representing an average of 22 per annum. This represents an overall slowing down in the office market, which is in line with the decline in office stock locally (as shown in Figure 3.1 above).

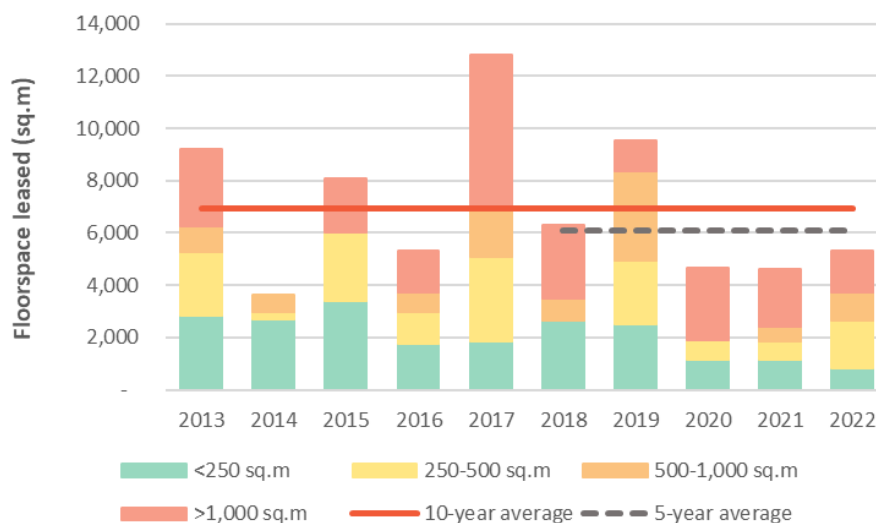
Figure 3.2 Number of leases agreed per annum, 2013-22



Source: CoStar (2023), *Commercial Property Database* / Lichfields analysis

- 3.16 In total, it is estimated that around 69,450 sq.m of office floorspace were leased across Cherwell District between 2013 and 2022 (i.e. both years included), or the equivalent of just under 6,950 sq.m per annum. Over a ten-year period, the majority of leases agreed in Cherwell District (i.e. 207 leases, or the equivalent of 75.8%) were for units smaller than 250 sq.m, with fewer than 10% of leases being for units larger than 500 sq.m.
- 3.17 Despite this, take-up across smaller units (i.e. under 250 sq.m) over a ten-year period adds up to just under 20,790 sq.m (or the equivalent of 29.9% of all floorspace leased in Cherwell District), compared with around 33,150 sq.m (or the equivalent of 47.7%) leased across units larger than 500 sq.m.

Figure 3.3 Floorspace leased by size of property, 2013-22



Source: CoStar (2023), *Commercial Property Database* / Lichfields analysis

- 3.18 Over the medium-term (i.e. between 2018 and 2022 inclusive), a total of 30,400 sq.m were leased, or the equivalent of just under 6,100 sq.m per annum. As per the long-term, the majority of leases executed between 2018 and 2022 (i.e. both years included) were for units smaller than 250 sq.m (i.e. an aggregate of 79 leases, or the equivalent of 71.8%), whilst 12.7% of leases were for units larger than 500 sq.m.
- 3.19 Likewise, take up across small units (i.e. under 250 sq.m) added up to just under 8,300 (or the equivalent of 27.2% of all floorspace leased), compared with 16,450 sq.m (or the equivalent of 54.0%) leased across units larger than 500 sq.m.

Supply of R&D and Laboratory Floorspace in Cherwell

- 3.20 Based on the above (and the overall view that around half of all floorspace leased across Oxfordshire is for R&D and laboratory uses), the evidence indicates that the supply of R&D and laboratory floorspace in Cherwell has been limited, i.e. both in terms of the number of leases agreed, as well as annual take-up.
- 3.21 Research¹⁴ into the office and laboratory market within Oxfordshire identifies two key locations in Cherwell District, namely the Oxford Technology Park (located south of Langford Lane) and the Begbroke Science Park (located at the end of Begbroke Hill Road, east of the A44). This is echoed within the 2022 HENA¹⁵ prepared on behalf of Cherwell District and Oxford City Councils at the end of 2022. It should be noted that the Begbroke Science Park is owned and managed by the University of Oxford and is primarily focussed on supporting University spin-outs and start-ups. For the purposes of this assessment, the two locations identified above are considered represent the main clusters for R&D and laboratory floorspace in Cherwell District. Whilst other R&D and laboratory floorspace may be available elsewhere within the District this is presumed to be limited in quantity, of low

¹⁴ Bidwells (2022), *Arc Market Databook, Offices and Labs Oxfordshire*. [Available at: <https://www.bidwells.co.uk/what-we-think/oxford-offices-and-labs-arc-market-databook/>].

¹⁵ Cherwell District and Oxford City Council (2022), *Housing and Economic Needs Assessment*.

quality (based on analysis of CoStar data) and/or not in line with typical modern requirements.

- 3.22 Based on a review of data from the CoStar commercial property database, it is estimated that together the Oxford Technology Park and Begbroke Science Park comprise of 5,949 sq.m of existing office floorspace, with a further 29,714 sq.m currently under construction. This includes 12,500 sq.m of new laboratory and office floorspace at the Begbroke Science Park.
- 3.23 A further 7,009 sq.m are at “*final planning*” stage at the Oxford Technology Park, suggesting that construction is due to commence within the next 12-months. It should be noted that the Oxford Technology Park has outline permission for 40,362 sq.m of office, R&D and storage and ancillary floorspace, although at this stage it is not known when the remaining floorspace (i.e. 10,190 sq.m) is likely to come forward.
- 3.24 In total, it is therefore estimated that together the two sites have an overall pipeline of 42,672 sq.m of office floorspace that is appropriate for R&D and laboratory floorspace. This increases to 52,862 sq.m once the total quantum of consented floorspace at the Oxford Technology Park is considered.

Table 3.2 Total quantum of R&D and laboratory floorspace across the Oxford Technology Park and Begbroke Science Park

	Oxford Technology Park	Begbroke Science Park	Total
Existing	5,949		5,949
Under construction	17,214	12,500	29,714
Final planning	7,009		7,009
Total	30,172	12,500	42,672
Proposed	10,190*		10,190
Total (including proposed)	40,362	12,500	52,862

Source: CoStar (2023), *Commercial Property Database* / Lichfields analysis

*Based on outline permission for 40,362 sq.m at the Oxford Technology Park

- 3.25 It should be noted that not all 52,862 sq.m is currently available, as a proportion of this has already been leased/sold. In the case of the Begbroke Science Park, the 2022 HENA indicates that, “*one of the two new buildings will be used by University research groups, with the other leased to innovative private companies*”. As such, for the purpose of this assessment it is estimated that up to 50% (i.e. 6,250 sq.m) of the floorspace under construction will be available to businesses not affiliated with the University of Oxford.
- 3.26 Based on data from the CoStar commercial property database it estimated that in aggregate the two sites have a total of 33,643 sq.m of floorspace as pipeline supply. This includes 3,170 sq.m that is currently on the market at the Oxford Technology Park, in addition to 23,464 sq.m which is currently under construction and 7,009 sq.m which is due to start construction over the next 12-months. Once the proposed floorspace at the Oxford Technology Park is included, total future supply with permission is estimated to add up to 43,833 sq.m.

Table 3.3 Available and proposed supply of R&D and laboratory floorspace across the Oxford Technology Park and Begbroke Science Park

	Oxford Technology Park	Begbroke Science Park	Total
Existing	3,170		3,170
Under construction	17,214	6,250	23,464
Final planning	7,009		7,009
Total	27,393	6,250	33,643
Proposed	10,190*		10,190
Total (including proposed)	37,583	6,250	43,833

Source: CoStar (2023), *Commercial Property Database* / Lichfields analysis

*Based on outline permission for 40,362 sq.m at the Oxford Technology Park

Summary

- 3.27 A review of the Oxfordshire office property market indicates that demand for laboratory floorspace has increased and will continue increasing over the coming years. Demand for laboratory space has, in some instances led to the loss of office floorspace due to older stock being retrofitted for laboratory purposes, which is limiting office supply in central locations (including Oxford). Demand for laboratory space across Oxfordshire in 2021 was 37,200-55,700 sq.m, whilst in 2022 this increased to 79,900 sq.m.
- 3.28 However, despite the increased demand for flexible working (including a greater role for home working), businesses continue to require good quality, modern office floorspace particularly in economically vibrant areas such as the OxCam Arc.
- 3.29 Throughout 2022, Cherwell recorded the execution of 15 office leases, totalling around 5,300 sq.m. Long-term lease activity data for Cherwell shows that the overall quantum of office floorspace leased within the District has been declining since 2014, with the exception of a slight increase in 2022. A detailed look at the size of office floorspace leased (i.e. per lease agreement) shows that the majority of leases are for small to medium-sized units of under 500 sq.m.
- 3.30 Research¹⁶ about the laboratory and office market in Oxfordshire suggests that the demand for floorspace is, in part driven by the increase in funding aimed at supporting maturing spin-out companies, in addition to the need for rapid vaccine development in the case of the Covid-19 pandemic.
- 3.31 A review of the commercial property market in Cherwell District identifies the Oxford Technology Park (located south of Langford Lane) and the Begbroke Science Park (located at the end of Begbroke Hill Road, east of the A44) as the two main clusters for R&D and laboratory floorspace within the District. In total, it is estimated that together the two sites have an overall pipeline of 52,862 sq.m (i.e. based on existing floorspace, under construction, in planning and extant permission), of which 43,833 sq.m is estimate to represent future pipeline supply.

¹⁶ As outlined in research reported in VSL (2021), *Oxfordshire A34 Commercial Property Market Update 2021*. [Available at: <https://www.vslandp.com/>].

4.0 Determining Future Need

- 4.1 This section considers the need for R&D and laboratory floorspace in Cherwell District, as outlined within its adopted Local Plan and the Council's latest employment land review. It then considers future economic need based on the Cherwell District Council's latest evidence presented within the 2022 HENA.
- 4.2 This is finally compared against the supply of R&D and laboratory floorspace estimated in Section 3.0 above, to derive the overall balance between supply and demand in Cherwell District over the emerging Local Plan period to 2040.

Future Need Based on Adopted Policy

- 4.3 Evidence of employment land need within the adopted Local Plan is informed by the 2006¹⁷ and 2012 ELRs. The earliest (i.e. 2006) ELR recommends an employment land supply of 89 hectares to provide a continuity of supply of sites, whilst the 2012 ELR calculates a net additional demand for between 52.6 and 87.2 ha (i.e. low growth and high growth scenarios respectively) across Cherwell to 2026, or approximately 85 hectares to 2031 (based on an extrapolation of the medium growth scenario from 2026 onwards). Of this, approximately 24.2 to 31.4 ha are expected to be required for office space (i.e. use class B1) uses across Cherwell District. Building on this scenario, it is estimated that 76,900 jobs will be located on all B use class land within Cherwell District.

Future Need Based on Emerging Policy

- 4.4 The 2022 HENA provides an integrated evidence base to identify the appropriate level and distribution of housing and employment floorspace need over the emerging Local Plan period for 2020 to 2040. The 2022 HENA acts as a refresh of the 2021 Oxfordshire Growth Needs Assessment ('OGNA').
- 4.5 The 2021 OGNA establishes an overall need for 149-233 hectares ('ha') of office and/or R&D floorspace up to 2050, depending on the growth trajectory taken forward. This was based on the assumption that office-based employment density (of one FTE job per 12 sqm GEA). Based on the overall need for office and/or R&D floorspace, will increase by 124,167 to 194,167 full-time equivalent ('FTE') jobs by 2050.
- 4.6 The 2022 HENA builds on this, and generates future employment need based on two scenarios: (1) a demographic scenario using the 2014-based standard method which has been adjusted to reflect population results from the 2021 Census of Population; and (2) an employment-led scenario based on the 2022 update of Cambridge Econometrics' projection of economic growth for Oxfordshire, which whilst "*accounting for the County's strong past performance, also reflects the adverse effects of the Covid-19 pandemic and subsequent recovery, plus the economic uncertainties surrounding Brexit*". The latter scenario was adjusted to reflect the two Councils' aspiration for a growth-focussed development strategy referred to as the Economic Development ('ED') scenario.

¹⁷ Cherwell District Council (2006), *Cherwell District Employment Land Review*.

Economic Growth

- 4.7 Focussing on future employment growth, the 2022 HENA estimates business employment growth in Oxfordshire to range between 17,524 and 29,386 FTE jobs between 2021 and 2040. Under the lower (i.e. baseline) scenario employment growth in Oxfordshire is driven by strong growth in office-based employment (+9,947 FTE jobs), as well as R&D (+8,882 FTE jobs), relative to moderate growth in warehousing (+2,493 FTE jobs) and a decline (of -3,798 FTE jobs) in manufacturing employment.
- 4.8 Employment growth under the ED scenario is also driven by strong growth in office-based employment (+14,680 FTE jobs) and R&D (+12,809 FTE jobs), in addition to moderate growth in warehousing (+4,113 FTE jobs). In contrast, whilst employment in manufacturing is anticipated to decline (by -2,216 FTE jobs), the decline is across Oxfordshire is anticipated to be less significant.

Table 4.1 Employment change in Oxfordshire and Cherwell, 2021-40

		Baseline scenario	ED scenario
Oxfordshire	Office	+9,947	+14,680
	R&D	+8,882	+12,809
	Industry	-3,798	-2,216
	Warehousing	+2,493	+4,114
	Total	+17,524	+29,286
Cherwell	Office	+2,115	+3,194
	R&D	+1,381	+1,904
	Industry	-739	-122
	Warehousing	+842	+1,353
	Total	+3,599	+6,329

Source: Cherwell District and Oxford City Council (2022), *Housing and Economic Needs Assessment*.

- 4.9 Drilling down to the local authority level, the 2022 HENA indicates that business employment in Cherwell District is expected to increase by around 3,599 FTE jobs under the baseline scenario and 6,329 FTE jobs under the ED scenario, with growth in R&D employment expected to range between 1,381 and 1,904 FTE jobs.
- 4.10 Once employment change between 2021 and 2040 is converted into employment floorspace requirements (i.e. based on sector-based employment densities), the 2022 HENA identifies the need for between 248,700 and 358,640 sq.m of R&D floorspace across Oxfordshire (i.e. based on the baseline and ED scenarios respectively). Of this, the demand for net additional R&D floorspace within Cherwell District between 2021 and 2040 is estimated to range between 38,670 and 53,320 sq.m as shown in Table 4.2 below.

Table 4.2 Net floorspace needs for R&D uses (sq.m)

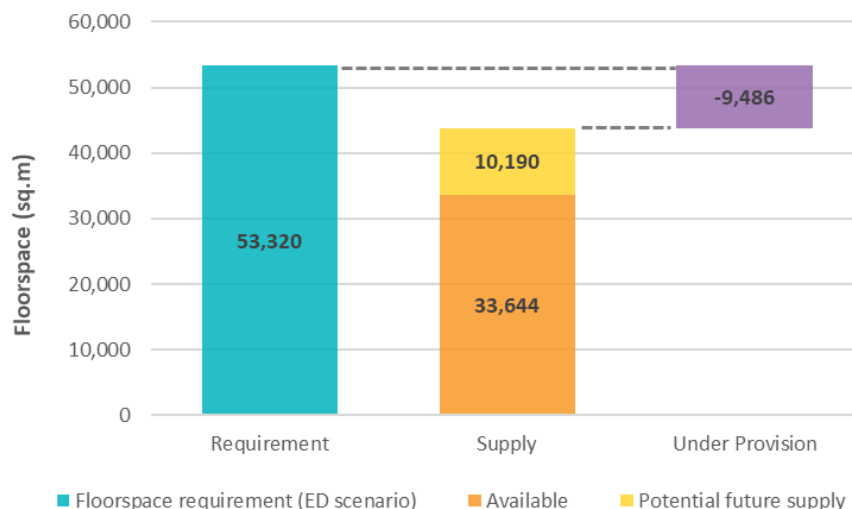
	Baseline scenario	ED scenario
Oxfordshire	248,700	358,640
Cherwell	38,670	53,320

Source: Cherwell District and Oxford City Council (2022), *Housing and Economic Needs Assessment*.

Balance of Supply and Demand

- 4.11 The supply of employment space in Cherwell District comprises of sites with extant planning permission (including those under construction) as identified above, in addition to potential for delivery (including sites with pending permission, and sites which are subject to legal review).
- 4.12 A review of completions data from the Council's AMRs indicates that from 2011 to 2021, there has been no additional R&D floorspace completed in Kidlington. This suggests a need to focus R&D development in Kidlington, particularly in the interest of facilitating economic growth and business clustering in the area for knowledge-based sectors including medical science and technology. The lack of R&D floorspace supply in Kidlington compared to demand (based on R&D and laboratory take-up rates) suggests an imbalance in the provision of R&D floorspace, which does not align with the economic vision for Cherwell set out in the adopted Local Plan and, more specifically, **Policy Kidlington 1 – Accommodating high-value employment needs**.
- 4.13 Drawing on the analysis presented in Section 3.0, Figure 4.1 below indicates the need for up to 53,320 sq.m of R&D and laboratory floorspace in Cherwell District between 2021-40 (i.e. under the ED scenario), relative to an overall supply of 43,834 sq.m. This comprises current and potential floorspace which is yet to be delivered on the Oxford Technology Park (estimated to add up to 10,190 sq.m), in addition to an estimate that only half of the floorspace currently under construction at the Begbroke Science Park (i.e. 6,250 sq.m of 12,500 sq.m consented) will be available to non-University based businesses.
- 4.14 This means that based on current evidence, Cherwell District faces a potential shortage of 9,486 sq.m of R&D and laboratory floorspace by 2040. In reality, the imbalance between supply and demand could be higher if the delivery of pipeline supply is below that identified in Figure 4.1 below.

Figure 4.1 Balance of supply and demand of R&D and laboratory floorspace, 2021-40



Source: Lichfields analysis

- 4.15 The evidence presented above suggests that Cherwell District should identify opportunities for increasing the overall provision of land to enable the delivery of additional R&D and laboratory floorspace, in the process supporting a thriving R&D sector within the District.

Summary

- 4.16 Current policy (based on research from 2006 and 2012) identifies the need for between 24.2 and 31.4 ha of employment land over the current plan period (i.e. between 2011 and 2031).
- 4.17 Recent evidence prepared on behalf of Cherwell District Council provides more up to date estimates of future need, based on updated economic forecasts (i.e. from the 2022 updated of Cambridge Econometrics' projection of economic growth) for Oxfordshire, which take account of the area's strong past performance, but also reflect the adverse effects of the Covid-19 pandemic and ongoing recovery, in addition to the uncertainties surrounding Brexit.
- 4.18 The 2022 HENA estimates employment growth in Oxfordshire to range between 17,524 and 29,386 FTE jobs between 2021 and 2040, of which 3,599 to 6,329 FTE jobs are likely to be in Cherwell District. Growth in the R&D sector is estimated to range between 1,381 and 1,904 FTE jobs, generating an overall need for up to 53,320 sq.m of R&D and laboratory floorspace by 2040.
- 4.19 Compared against current supply (i.e. of 43,834 sq.m), it is estimated that Cherwell District faces a potential shortfall of up to 9,486 sq.m of R&D and laboratory floorspace by 2040. In reality, the imbalance between supply and demand could be higher if the delivery of pipeline supply (i.e. including existing floorspace, under construction, final planning and/or extant permission) is below that identified above.

- 4.20 This evidence suggests that Cherwell District should identify opportunities for increasing the overall provision of land to enable the delivery of additional R&D and laboratory floorspace, in the process supporting a thriving R&D sector within the District. Furthermore, in addition to ensuring enough supply it is also important that the delivery of new R&D and laboratory floorspace enables businesses to benefit from clustering effects and build on existing relationships within the District.

5.0 **Economic Benefits of the Proposed Development**

- 5.1 This section sets out the potential short-term as well as long-term economic impacts arising from both the construction and operation of the proposed development. For construction, the key impacts relate to employment opportunities, as well as additional economic output that will be generated over the construction phase. Once operational, the key impacts relate to the employment supported on-site, in addition to the fiscal effects generated on behalf of Cherwell District Council.

Construction Benefits

Direct Employment

- 5.2 Estimates provided by the Applicant indicate that the construction cost of the proposed development will be in the region of £30-£35 million (in 2023-pricing). Construction activity expected to extend over a two-year period.
- 5.3 Using labour coefficients from the former Homes and Communities Agency¹⁸ ('HCA') – now Homes England – it is estimated that between 194-227 FTE jobs could be supported during each year of construction activity. As construction activity is made up of many discrete elements of work undertaken by different specialists (e.g. bricklaying, carpentry, plumbing, electrics) the number of workers on-site will inevitably fluctuate throughout this period.

Wider Employment

- 5.4 Construction activity involves the acquisition of a wide array of goods and services from across a range of suppliers, who in turn purchase similar goods and services through their own supply chain. The relationship between the initial direct expenditure and total economic effect is known as the multiplier effect. This demonstrates that an initial investment can have much wider benefits as the initial expenditure is reinvested through subsequent rounds of supply chain expenditure.
- 5.5 In addition, the wider economy could also expect to benefit from additional expenditure generated by employees whose is supported by construction activity (i.e. either directly and/or indirectly through supply chain expenditure). This is referred to as the induced effect, which sees expenditure being recycled within the local economy through workers' wage spending in local shops, bars and restaurants, as well as other services and facilities.
- 5.6 Evidence published by the Office for National Statistics¹⁹ ('ONS') indicates that nationally, the construction sector has an employment multiplier effect of 2.51, which means that for every direct job (i.e. 1 FTE), a further 1.51 FTE jobs are supported more widely across the economy. Applying this benchmark to the 194-227 FTE jobs supported directly through construction activity, it is estimated that a further 293-342 FTE jobs will be supported across all sectors of the economy.

¹⁸ Homes and communities Agency (2015), *Calculating Cost Per Job | Best Practice Note (3rd Edition)*.

¹⁹ Office for National Statistics (2022), *UK input-output analytical tables, 2018-edition*. [Available at: <https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/datasets/ukinputoutputanalyticaltablesdownload>].

- 5.7 Whilst it is not possible to quantify the number of supply chain and induced jobs supported within Cherwell District, it is anticipated that a high proportion of supply chain and induced employment benefits will accrue to businesses located within the wider Oxfordshire sub-region.

Economic Output

- 5.8 The construction phase of the proposed development will also generate additional economic benefits in the form of additional Gross Value Added²⁰ ('GVA') to the national economy. Drawing on GVA per FTE jobs benchmarks²¹, it is estimated that construction activity will generate an average GVA in the region of £81,900 per FTE job, per annum in the South East region. Based on this, it is therefore estimated that the direct employment supported by construction activity on the proposed development (i.e. 194-227 FTE jobs), will generate an estimated £15.9-£18.6 million GVA during each year.
- 5.9 Furthermore, ONS data suggests that construction activity has an overall multiplier of 2.20 for GVA generated. This means that for every £1 of GVA generated directly by construction, a further £1.20 of economic output is created more widely. Based on this, it is assumed that the direct economic activity associated with construction could generate a further £19.1-£22.3 million of additional GVA across the economy.
- 5.10 In total, it is therefore estimated that construction activity will support in the region of 487-569 FTE jobs, and generate £35.0-£40.9 million GVA each year of construction.

Operational Benefits

Direct Employment

- 5.11 Once completed, the proposed development will comprise of 19,394 sq.m (GEA) of high-quality and modern R&D floorspace, supporting high-value / high-skilled employment. Using employment density benchmarks from the HCA it is estimated that the once completed and fully operational, the proposed development has potential to support between 275-412 FTE jobs. This is based on a range of 40-60 sq.m per FTE job within HCA guidance.
- 5.12 It should be noted that whilst all jobs supported will be net additional to the site (i.e. owing to the fact that the site is currently vacant), a proportion of employment supported on-site is likely to have been displaced from elsewhere in Cherwell District and/or the wider Oxfordshire sub-region. However, it should be noted that any employment displaced from elsewhere is likely to be replaced by similar activity in the long-term. Based on the above, it is therefore estimated that once completed, the proposed development will support between 206-309 net additional, FTE jobs.

²⁰ Gross Value Added ('GVA') is a measure of the combination of employee compensation, gross operating surplus and mixed income and taxes, less subsidies on production. It represents the additional value that is added through the economic activity generated by construction activity on the proposed development. s

²¹ From the Experian Regional Planning Service.

Supply Chain and Wider Employment

- 5.13 Indirect employment will also be supported as a result of the additional day-to-day supply chain spending, which could include expenditure on goods, suppliers and/or services from within the local area. The spending of wages by employees of the proposed development will generate further (i.e. induced) employment locally (i.e. through local expenditure).
- 5.14 Benchmarks from the ONS for employment in scientific R&D indicate that the sector has an overall multiplier of 2.09, which means that for every direct 1 FTE job supported, a further 1.09 jobs are supported more widely. Based on this it is therefore estimated that the direct employment supported, will support between 225-338 FTE jobs more widely (i.e. through supply chain and induced effects).

Economic Output

- 5.15 The employment supported on-site will also contribute to the economy in the form of additional GVA. Using benchmarks of annual GVA per FTE job for employment in scientific R&D ²² (assumed to be around £97,400 per FTE job in the South East) it is estimated that the proposed development has potential to generate £20.1-£30.1 million of net additional GVA directly.
- 5.16 Furthermore, ONS benchmarks indicate that the scientific R&D sector has an overall multiplier of 1.91, which means that every £1 of GVA generates a further £0.91 more widely through supply chain and wider (i.e. induced) effects. Based on this, it is therefore estimated that direct activity on-site will generate a further £18.3-27.5 million GVA more widely.
- 5.17 In total, it is therefore estimated that once operational, the proposed development will support in the region of 431-647 net additional FTE jobs, and generate £38.4-£57.6 million GVA each year in perpetuity.

Fiscal Benefits

- 5.18 Once completed the proposed development will comprise of 19,394 sq.m of dedicated R&D floorspace supporting high value research and innovation, cementing the area's contribution/role within the wider OxCam Arc. The floorspace within the proposed development will also generate revenue for Cherwell District Council through business rates payments, and will provide the Council with much needed revenue through the Government's business rates retention scheme. This will help fund the Council's day-to-day operations, whilst also enabling investment in important local and wider infrastructure and/or services.
- 5.19 Drawing upon existing rateable values for R&D floorspace within the vicinity of the proposed development, as well as the UK's standard non-domestic ratings multiplier (of 51.2p in every £1 of rateable value), it is therefore estimated that the proposed development could have a rateable value in the region of £3.7 million, in the process generating around £1.90 million in additional business rates revenue each year for Cherwell District Council in perpetuity.

²² From the Experian Regional Planning Service.

Wider/Catalytic Benefits

- 5.20 The delivery of new R&D and laboratory floorspace as part of the proposed development also has potential to contribute to the wider economy in addition to the District's competitiveness. This is particularly relevant as the proposed development seeks to build on local strengths in R&D clusters, which has potential to further cement the District's contribution as part of the OxCam Arc.
- 5.21 More broadly, the proposed development has potential to contribute to a number of local, sub-regional and national economic objectives, some of which include:
- Increase local productivity and creating new employment to help levelling up, and support local economic growth, realises the District's potential, building on its uniqueness, and spreading opportunities as per the Levelling Up White Paper²³.
 - Promote sustainable economic growth, whilst also helping to create the conditions in which businesses can invest, expand and adapt as outlined within the National Planning Policy Framework²⁴ ('NPPF').
 - Contribute to the Government's ambition²⁵ *"to build a better economic, social and environmental future for the area [...] making the Arc an even more beautiful place to live, work and visit"*.
 - Play a role in supporting the vision for Oxfordshire for *"a world leading economy, driven by innovation, enterprise and research excellence"*, outlined within the OxLEP's Strategic Economic Plan²⁶ ('SEP'). This includes supporting innovation and the strength of Oxfordshire's research, business collaboration and supply chain potential.
 - Support the District Council's priorities outlined within the 2022-2023 Business Plan²⁷, particularly its priority to continue building an enterprising economy by supporting business retention and growth, and support skills development and innovation.
- 5.22 Furthermore, the proposed development also has potential to create opportunities related to skills development and local procurement during its construction phase. At this stage, it is not possible to confirm the number of jobs in construction taken up by unemployed residents in Cherwell District, as labour markets typically draw on the wider sub-region. Nevertheless, the proposed development is likely to create opportunities for residents to benefit from construction activity through training and upskilling initiatives, in addition to opportunities created through local supply chain linkages and expenditure.

²³ HM Government (2022), *Levelling Up White Paper, Levelling Up the United Kingdom*.

²⁴ Ministry of Housing, Communities & Local Government (3032), *National Planning Policy Framework*

²⁵ Department for Levelling Up, Housing & Communities (2021), *Policy Paper Oxford-Cambridge Arc*. [Available at: <https://www.gov.uk/government/publications/oxford-cambridge-arc/oxford-cambridge-arc#our-ambition-for-the-arc>].

²⁶ OxLEP (2016), *Creating the Environment for Growth, Strategic Economic Plan for Oxfordshire 2016*.

²⁷ Cherwell District Council (2022), *Cherwell District Council Business Plan 2022-2023*. [Available at: <https://www.cherwell.gov.uk/info/189/performance/934/business-plan-2022-to-2023/2>].

- 5.23 Other potential opportunities to enhance the benefits associated with construction could include:
- The provision of employment training opportunities to local residents;
 - Encouraging procurement with local businesses wherever possible and practical; and
 - Establishing links between local business, education establishments and training providers to offer training and employment opportunities via work experience, industry placements and apprenticeships.

Summary

- 5.24 Construction activity on the proposed development is anticipated to make a contribution to the local and regional economy during its construction phase, supporting in the region of 487-569 FTE jobs, whilst also generating an economic contribution (i.e. GVA) of £35.0-£40.9 million during each year of construction.
- 5.25 Once operational, the proposed development will comprise of 19,394 sq.m (GEA) of high-quality and modern R&D floorspace, supporting high-value / high-skilled employment. Using typical employment density benchmarks, it is estimated that once fully operational, the proposed development has potential to support between 275-412 FTE jobs, which once the number of jobs displaced from elsewhere in Cherwell District and/or the wider Oxfordshire sub-region is accounted for, is estimated to support between 206-309 net additional (FTE) jobs. Building on this, the direct employment is estimated to support between 225-338 FTE jobs more widely (i.e. through supply chain and induced effects), or the equivalent of between 431-647 net additional (FTE) jobs in total.
- 5.26 The direct and wider employment will also contribute to the economy in the form of additional GVA. In total, it is estimated that once completed and fully operational, the proposed development has potential to make an annual contribution of between £38.4-£57.6 million in perpetuity.
- 5.27 The proposed development will also generate revenue for Cherwell District Council through business rates payments, and will provide the Council with much needed revenue through the Government's business rates retention scheme. Overall, it is estimated that the proposed development could have a rateable value in the region of £3.7 million, in the process generating around £1.90 million in additional business rates revenue each year.
- 5.28 More broadly, the proposed development also has potential to contribute to the wider economy, in addition to the District's competitiveness. This is particularly relevant as the proposed development seeks to build on local strengths in R&D cluster, in the process cementing the District's role as part of the OxCam Arc.

6.0 Conclusions and Implications

- 6.1 The proposed development involves the delivery of new R&D and laboratory floorspace at LOA in Kidlington which is located in Cherwell District. It will provide 19,934 sq.m (GEA) of high-quality space within the current footprint of LOA (i.e. just north of Langford Lane and across the road from the Oxford Technology Park).

Need for the Proposed Development

- 6.2 Local policy acknowledges that in order for the Cherwell District economy to be globally competitive, more jobs are needed within the knowledge-based sector, including supporting growth in R&D across the OxCam Arc. Adopted in 2016, the Kidlington Framework Masterplan SPD builds on this, and suggests that a small-scale Green Belt review is required to accommodate expanding high-tech employment clusters around Kidlington. Whilst the SPD does not identify specific sites, the location of LOA on the edge of Kidlington, in addition to its strategic location within close proximity of the Oxford Technology Park (i.e. one of two R&D and laboratory clusters in Kidlington), makes it a prime location to accommodate/support growth in the high-tech employment clusters.
- 6.3 Analysis of office floorspace (which often incorporates R&D and laboratory floorspace) data from the VOA indicates that total office stock in Cherwell District fell by around 1.5% (or the equivalent of 3,000 sq.m) between 2013 and 2022. Whilst this trend was in line with the overall trend across Oxfordshire, the overall quantum of office floorspace has remained relatively unchanged since 2018.
- 6.4 A review of office take-up across Oxfordshire suggests that around half (i.e. 50%) of all take-up during 2021 was for laboratory and R&D purposes. Whilst no equivalent figure is available for Cherwell District, the limited delivery of office floorspace within Cherwell District, in addition to the increased demand for R&D and laboratory floorspace across the sub-region are likely to put increasing pressure on existing office floorspace, both locally and more widely. At the sub-regional level there is evidence that the increase in demand for laboratory and R&D floorspace is putting upwards pressure on rents, whilst also exacerbating challenges with office (i.e. use class E(g)) supply, as floorspace is being converted for R&D uses.
- 6.5 AMR data for Cherwell District indicates that in the 10-years to 2021, there was limited delivery of R&D and laboratory floorspace (defined as use class B1b) within the district. However, it should be noted that this data does not capture recent completions (at the Oxford Technology Park), ongoing construction and/or extant permissions (at both the Oxford Technology Park and the Begbroke Science Park).
- 6.6 A review drawing on the CoStar commercial property database puts current supply of R&D and laboratory floorspace within Cherwell District (i.e. based on available sites, ongoing construction and extant permissions at the Oxford Technology Park and Begbroke Science Park) in the region of 43,833 sq.m. Building on previous work, the 2022 HENA identifies the need for between 38,670 – 53,320 sq.m of R&D and laboratory floorspace in Cherwell District between 2021 and 2040.

- 6.7 This means that based on current evidence, Cherwell District faces a potential shortage of up to 9.486 sq.m of R&D and laboratory floorspace by 2040. In reality, the imbalance between supply and demand could be higher if future pipeline delivery is below that defined within extant permissions.

Economic Contribution of the Proposed Development

- 6.8 Once completed, the proposed development will provide contemporary R&D and laboratory space, in the process strengthening the District's R&D clusters and supporting employment growth. In particular, the development will complement and help expand the established R&D cluster at LOA. In addition, it will generate a suite of wider social and economic benefits locally, and more widely across Cherwell District and Oxfordshire.
- 6.9 Some of the more quantifiable economic impacts supported by the proposed development during its construction phase include:
- An investment in the region of £30-35 million, supporting 194-227 FTE jobs directly in addition to a further 293-342 FTE jobs more widely over a presumed two-year construction period.
 - A direct economic (i.e. GVA) contribution of £15.9-£18.6 million, in addition to a further £19.1-£22.3 million more widely (i.e. through supply chain and induced effects).
- 6.10 Once operational, the proposed development will generate the following quantifiable economic and social benefits:
- Support between 206-309 net additional high-skilled / high-value FTE jobs directly on-site, in addition to a further 225-338 FTE jobs more widely (i.e. through supply chain and induced effects).
 - Generate an overall annual contribution of £38.4-£57.6 million to the economy (i.e. based on direct, supply chain and wider induced effects) in perpetuity.
 - Once occupied, the employment floorspace has potential to generate in the region of £1.90 million in additional business rates revenue for Cherwell District Council, which has potential to help fund the Council's day-to-day operations, whilst also enabling investment in important local and wider infrastructure and services.
 - More broadly, the proposed development will contribute to the growth and strengthening of the existing R&D cluster located within the LOA proximity, in addition to Cherwell District's role within the OxCam Arc.

- The proposed development also has potential to contribute to wider socio-economic benefits and the competitiveness of the District's economy in several ways, including:
 - a Increasing local productivity and creating new high quality employment for residents;
 - b Promote sustainable economic growth, whilst also creating the conditions in which businesses can invest, expand and adapt;
 - c Play a role in supporting the vision for Oxfordshire as outlined within the SEP, in particular supporting innovation and the strength of Oxfordshire's research, business collaboration and supply chain potential;
 - d Support the ongoing recovery of the Cherwell District economy, and the priorities outlined within the Council's latest business plan.

Celebrating
60
years

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