Starter-Unit Review Report

November 2013

Contents

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Purpose of Report

1. The Oxford Economic Growth Strategy was agreed and adopted by the Oxford Strategic Partnership (OSP) in January 2013. The second key recommendation is to 'support the growth of existing employers including large, global companies, high value small and medium sized enterprises, the Universities and the health sector.' The first action under this recommendation is to review the supply and choice of start-up businesses units in Oxford, the purpose of this report is to undertake this assessment.

2. This study therefore seeks to:

   - review the amount, type and range of start-up business accommodation within the City;
   - better understand the existing supply of units, choice available; the condition of the properties; and the importance of other factors, such as affordability;
   - show the spatial distribution of start-up units through-out the City;
   - assess the future demand for more start-up units
   - seek to compare the existing supply with the identified need and identify any shortages;
   - understand the barriers and challenges faced by the start-up unit sector; and
   - highlight the opportunities for improving the stock and increasing it if demand is shown; and
   - set out clear recommendations for change

3. **Scope:** For the purposes of this study the definition of 'starter-units' has been broadened to apply to a range of small business premises, principally comprising 'serviced offices' and innovation centres which include occupiers that are 'spin-out' from the Universities but also a number of other innovative start-ups that are not university spin-outs.

4. The research undertaken has included discussions and information provided by local operators and key stakeholders to better understand the amount and type of accommodation available within the City and the demand requirements from future occupiers.

5. The definition of SME's is usually defined by the scale and structure of the business. The most commonly used measure is that of employment, due to its simplicity and ease of data collection. The Oxford Employment Land Study therefore estimated a floor space threshold for 'micro-businesses' as an office unit with a floor space threshold of below 2,000 ft^2 (200 m^2) and generally employing less than 10 people. This study has therefore used this threshold as a reasonable basis for assessing the supply and demand for start-up units.

6. This assessment does not however include start-ups in small industrial units, such as Class B1 (c) light industrial premises and or Class B8 storage / distribution units, which are located either in industrial estates, business parks or individual sites through-out the City. This would require more extensive research that it is to be hoped will be carried out as part of a further subsequent review next year.

Policy context for the Study

7. **Oxford's economy**: Oxford is a national asset and is essential to the future of the UK economy. The city contributes £4.7bn[1] to the UK economy and has the fifth highest GVA per capita of all the UK cities – significantly higher than the national average. It is the engine of Oxfordshire's economy with the highest levels of business growth. Recent independent research[2] (The MJ) assessed the performance of local economies. The analysis of 325 local authority areas assessed their performance according to five key indicators. Oxford city came first in the top ten cities both for growth in business stock and for business and enterprise. This shows the resilience of Oxford's economy to generate growth through the challenging economic conditions experienced from 2008 to 2011.

8. **National advice:** National planning advice[3] (NPPF) requires local authorities to fulfil their economic role by contributing to building a strong, responsive and competitive economy by "ensuring that sufficient land of the right type is available in the right places and at the right time to support economic growth and innovation." Local authorities therefore need to 'set out a clear economic vision'; 'identify strategic sites for local and inward investment opportunities'; support existing and emerging business sectors; and promote networks and clusters of knowledge driven, creative or high technology industries.

9. **Oxford's planning policy approach:** The policy approach to the economy and the provision of employment land has been taken forward in the Core Strategy which promotes 'managed economic growth'. This policy seeks to secure the long-term future of its key sectors, whilst taking account of land supply constraints, and the need to improve the balance between jobs and housing supply. In the context of Oxford this means growth that is appropriately located in Oxford to take advantage of the city's strengths, such as spin-out companies from the universities and hospitals and medical / scientific research, rather than growth that could be located in any UK city.

10. **Economic Growth Strategy:** The City Council has sought to take a proactive approach to Oxford's economy by working in partnership with key partners, stakeholders and business. The Oxford Strategic Partnership (OSP) commissioned consultants (Shared Intelligence) to develop an Economic Growth Strategy[4]. This study has analysed the city's strengths and weakness and through active engagement with all interested parties has developed a clear

[1] Centre for Cities (2009) and ONS (2011) Mid-Year Population Estimates
[2] The MJ and Local Futures: An investment guide to England. No.1 Economic performance (31st January 2013)
[3] National Planning Policy Framework (NPPF): CLG (March 2012)
[4] Oxford Economic Growth Strategy: Oxford Strategic Partnership (Draft August 12, approved OSP January 2013)

vision for the future, which at its heart seeks to avoid 'complacency' but build on Oxford's strengths to ensure the city continues to make its contribution to the national economy.

11. Of the eleven key recommendations there are three in particular that are essential to the delivery of Oxford's economic success. These seek to: expand the knowledge economy and promote new start-ups; support the growth of existing employers; and ensure a sufficient supply of employment land. The Economic Growth Strategy has been approved by the Oxford Strategic Partnership (OSP) and an Action Plan setting out how and when the key recommendations and actions emerging from the strategy are to be implemented will be approved by Full Council in April 2013. Some of these key actions will also form part of the new Corporate Plan for the City.

12. **Oxford and Oxfordshire City Deal:** The Oxford and Oxfordshire City Deal[5] is a partnership of business, research institutions, the Local Authorities and the Local Enterprise Partnership. The bid to Government for funding towards infrastructure projects that will unlock future economic growth has been successful, and was formally announced on the 18th February 2013. It seeks to create a new partnership that will deliver transformational change at a scale that matches the opportunity and addresses the barriers to growth.

13. This new approach to collaboration will aim to accelerate the growth of the city region's knowledge based economy by creating a new 'knowledge economy spine', based on a network of centres supported by new enterprise and innovation centres. It will therefore aim to deliver more accommodation for small and medium sized businesses, to allow more start-ups to emerge and existing businesses to grow. These centres will link together the areas identified for future economic growth by the Local Enterprise Partnership centred on Oxford, Bicester and Science Vale.

14. **The Oxfordshire Innovation Engine Report:** This very recent study by consultants SQW on behalf of two main sponsors, Oxford University and Science Oxford (the public facing brand of the Oxford Trust), with support from the Local Enterprise Partnership recognises the advances made in developing a new high-tech strategy for a 'Knowledge Economy Spine' in Oxfordshire through the City Deal. However in the opinion of the consultants "it does not place sufficient emphasis on the crucial economic role of Oxford", since 'instead it focuses most attention on growth in Bicester and Science Vale.' The findings of the study consider that these three areas provide complementary resources and opportunities and therefore "all three need to grow."

15. The study highlights Oxford's importance in the local economy, which has 'the fastest growing, best educated workforce, and is the main centre of research and spin-outs in the county.' It confirms that most of the employment growth in the county between 2001-2011 was in the city, it is also the location where most high tech firms wish to locate, 30%

[5] Oxford and Oxfordshire City Deal: Submitted to Gvt (BIS) Jan 13; approved Feb 2013

of survey respondents are located within the city, including 6 of the 17 firms employing over 100 people.

16. The conclusions of the study clearly state that "Oxford has to grow to fulfil its role within the high-tech economy," and that with the right support the high-tech companies on Oxfordshire could generate an additional contribution of £1bn to the economy over the next 10 years.

17. The key recommendations therefore are:
    - to implement proposals for a 'Knowledge Economy Spine' for Oxfordshire, by supporting housing and high-tech employment growth in Oxford, Bicester and Science Vale;
    - to highlight the importance of making additional provision for growth to accommodate high tech businesses and employment needs in and around Oxford including to the north of the City (Northern Gateway Begbroke and Water Eaton)
    - to recognise that the choice for new firms who want to work closely with the Universities or other Oxford based research facilities will be locating 'either in Oxford itself or alongside another world class research centre outside of Oxfordshire.'
    - Oxford needs more office space within the city including (but not limited to) more incubator space.

Supply of accommodation

18. This section explains 'how' the nature of the workplace has changed over recent years and the diversity of different types of start-up accommodation available within Oxford. The study then goes on to quantify the amount of floorspace within the sub-region and how Oxford's broad provision compares to other areas. In relation specifically to Oxford it then assesses the various types of accommodation and the level of availability where known; together with some idea of its affordability. Finally a brief analysis is provided to highlight the spatial provision within the City.

Defining the 'work place'

19. **Work place:** The nature of the work place has changed significantly over recent years. It is now defined as much by "what we do" rather than "a place where we go." Today's workforce is often virtual, mobile, agile and collaborative. It is used by employees who use space differently according to the individual needs of their businesses and particularly with start-up businesses, issues around affordability and their working environment are central to their requirements. The diversity is considerable and comprises the following different types of accommodation that can make-up the 'work place'.

20. **Working from home**: There are a number of people within the City that do 'run their business from home'. The Census shows that this figure has significantly increased in Oxford from 5,100 people in 2001 to 7,500 in 2011. Whilst this provides a broad overview of the number of people that work from home and potentially start their business it is difficult to fully appreciate their needs and plan for them in the future. It is therefore considered that the next review should attempt to carry out some more detailed research to try to map their location within the City and estimate the proportion of these new businesses that would require either a 'virtual' office; serviced office or 'incubator' office.

21. **Jellies:** are casual co-working events that can take place in private living rooms or in public places such as suitable cafés, galleries or multi-functional spaces. During these events workers can experience the benefits of Co-working and get to know each other. Such informal events help with the process networking, building business to business relationships and demonstrate the benefits have having access to 'professional work space'. This is often the first step to joining a more formal co-working space.

22. **Co-working:** is a style of work that involves a shared working environment, often an office, and independent activity. Unlike in a typical office environment, those co-working are usually not employed by the same organization. Typically this offer is attractive to work-at-home professionals, high tech start-ups at the earliest stage, independent contractors, or

people who travel frequently who end up working in relative isolation. Co-working is also the social gathering of a group of people who are still working independently, but who share values and who are interested in the synergy that can happen from working with like-minded talented people in the same space. A work-hub is a flexible workspace offering an 'office when needed' service for modern micro businesses and mobile workers, including those of you who work from home. Shared facilities typically include bookable 'hot' desks, formal and informal meeting spaces, high speed broadband and access to costly or space-hungry professional equipment.

23. **Business incubators:** are programs and or centres designed to support the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts. Incubators vary in the way they deliver their services, in their organizational structure, and in the types of clients they serve.

24. **Traditional managed workspace** usually in urban areas, and in more rural or edge of town settings that comprise office facilities, workshop units and flexible workspace, with some onsite support mechanism – such as shared reception, limited IT support, photocopying and post.

25. A **university research park**, **science park**, or **science and technology park** is an area where innovation is key. It is a physical place that supports university-industry and government collaboration with the intent of creating high technology economic development and advancing knowledge. Have many of the support features of Business incubators but geared more to collaboration between the knowledge base and business.

26. **Traditional work place**, large office buildings, business parks and science parks. Usually rented space, on long term, relatively inflexible tenancies. They are generally used between 9am and 5pm, by daily commuters who work for a large employer and have a fixed space within that building. They include meeting rooms that are generally for use only by those who occupy the floor space.

Range, type and amount of accommodation

27. In Oxford the ‘work place’ comprises the following type and amount of accommodation which lies in the following different locations.

28. **Working from home:** The proportion of Oxford’s residents that work from home has increased from 8% (5,100) in 2001 to 11% (7,500) in 2011; which does represent a significant number of people. There is however a need to establish precisely where these people are located through-out the city and the opportunity to provide some greater

understanding of this figure to inform future 'latent' demand for businesses that wish to move into new start-up units. This information is not available at present but will be published later when more 2011 Census data is made available. There are other facilities, such as the creation of a 'virtual office', which does help to support the promotion of this group.

29. **Jellies and co-working:** This activity already takes place by different groups and businesses through-out the City. It can in principle be provided in a range of different forms of accommodation in Oxford, which can include existing office stock. For example the University Social Enterprise Student Hub is presently located in office accommodation in Turl Street, above the Turl Kitchen. The desired model for these student hubs, that are setting up their own businesses, comprise an open-plan office. This provides the right working environment for students to work on their individual business ventures but allows the opportunity to network and discuss their projects and ideas with others. The premises would be rented for an 'affordable rent and ideally be located within the City centre; it could be occupied for a limited period only.

30. The Old Music Hall at 106-108 Cowley Road is operated by Ethical Property Ltd (Charity) that provide office space for co-working. It is presently home to 30 organisations comprising international development, health and environmental groups within the charitable third sector. There is also the facility for these businesses to set up a 'virtual office' from the premises.

31. **Business incubators:** These exist at present in different locations and vary to a degree on the nature of the support provided. Oxford Innovation manages Oxford Centre for Innovation in New Road, which provides some 25,000 ft^2 of office space and has space for some 30 companies, as well as offering virtual office and hot desk facilities. The majority of occupiers are early stage, high growth potential companies which are science and technology based and average around 2 to 10 people per firm. However, and very importantly, a few occupiers are larger tech firms at a later growth stage (eg 30 people) in order to provide "role models" for the other occupiers and to foster opportunities for sharing experience, collaborations and connections. The accommodation model provides space on flexible terms and at fixed cost (typically, a one to three months, fully inclusive letting agreement), with reception facilities together with a support office of staff who can provide advice and contacts and / or signposting to other relevant support organisations. For example, Oxford Innovation offers access to funding through its own investment networks that link early stage and growing firms with "business angel" investors, and to coaching and business planning support through the Growth Accelerator service.

32. Oxford Centre for Innovation has a permanent ‘waiting list’ in recent years, which shows a high-level of demand for these units. In their view there is an ‘urgent need for additional start-up space in the City centre.’

33. **Science Park**: The Oxford Science Park has two key buildings that provide managed work space and in some cases laboratory space for advanced research and development. This includes the Magdalen Centre (80,000 ft^2) which comprises two principal buildings the South and North. The South building includes serviced office units generally for smaller companies 500 sqft and above; whilst the South building specialises in grow-on businesses together with some laboratories of 3,000 sqft and above. The MWB Business Exchange (21,000 ft^2), which is run by Regus, provides serviced office units.

34. **Managed workspace:** This includes ‘serviced office accommodation’, which makes up the majority of the office units available to small businesses, wishing to start up. This can range from the ‘virtual office’ accommodation which provides a point of contact for businesses to different forms of serviced accommodation. At the basic level this can comprise an office which is essentially a room with a desk (telephone and internet); the next level would comprise a room with a desk (telephone and internet) and use of meeting rooms within the building; and finally the fully furnished office with support including a room with furniture (telephone and internet) and use of meeting rooms and office support staff available.

35. In Oxford the range of ‘serviced office accommodation’ comprises two key providers on the Oxford Business Park, namely Regus (11,000 ft^2) and Pure Offices (four existing buildings that provide some17,600 ft^2), together with 8,500 ft^2 (and additional building to be refurbished), which provide flexible space requirements, telephone and internet facilities together with use of meeting rooms if needed. Whilst the Clarendon Business Centre has four key locations within the City that offer these facilities together with office support if required. Their sites are located in Prama House, Banbury Road Summertown (14,000 ft^2); Belsyre Court, Woodstock Road (2,250 ft^2); Clarendon House, City centre (3,000 ft^2); and East Point, Sandy Lane, Littlemore (Sandford Gate 11,000 ft^2 and Heritage Gate 14,500 ft^2).

36. Grow-on business accommodation: Until very recently this included St. Clement’s Business centre, 1-5 London Road, which was run by Jennings Ltd. The accommodation comprised 9 units with a floorspace of some 1200 ft^2. At the time of writing however it is clear that these units are in the process of being vacated and a new use likely to move in. In these circumstances these units are not included within the summary table in Appendix 1.

37. **City Council managed premises**: The Enterprise Centre, Cave Street, St. Clements which comprises 25 units with a total floorspace of 6,790 ft^2. The building, originally known as Standingford House was an industrial building dating from the 1960’s that was subdivided

into 18 units in total. This includes 11 office units (3,660 ft^2) together with 7 workshops (3,130 ft^2). At present there are 2 office units and 1 workshop vacant at the moment, which represents 17% of the total number of units.

38. A review of the condition and operation of the property was undertaken earlier in 2013. Since then a number of improvements have been made including a more active marketing campaign, which has increased the level of enquiries for vacant units. A new meeting room has been provided together with internal and external improvements to the building. The combination of all these active management measures has resulted in an increase in the overall occupancy levels.

39. **Sub-regional assessment:** In October 2012 a sub-regional assessment was made of the amount and availability of 'serviced office accommodation' in the area (Appendix 1). In Oxford there were 9 key sites identified, which provided in the region of 175,000 ft^2 (16,250 m^2), this compares to 3 sites at Science Vale 76,000 ft^2 (7,100 m^2), 2 sites at Bicester 25,000 ft^2 (2,325 m^2); West Oxfordshire 28,000 ft^2 (2,600 m^2 . The overall total for the sub-region therefore amounts to 304,000 ft^2 (28,245 m^2).

40. Oxford accounted for some 58% of all this provision within the sub-region, however notwithstanding this relatively high proportion the amount of accommodation that was unoccupied and available on the market in Oxford was the lowest at 13%, whilst Science Vale have 18% of their stock available compared to 20% in Bicester and 25% in West Oxfordshire. This does therefore suggest that there remains a significant demand for this type of accommodation in Oxford.

41. In Oxford the majority of the start-unit accommodation comprises a form of 'serviced office accommodation' together with some units specifically aimed at the University spin-out companies. In summary the total amount of floor space available within the City for new start-ups amounts to some 200,640 ft^2 (18,650 m^2); which comprises some 317 units.

Spatial distribution

42. The spatial distribution of this floorspace within the city is heavily concentrated in the South-Eastern area, which makes up some 75% of all existing stock; given the presence of the Oxford Business Park, Science Park and East Point this is not unduly surprising. The North area of the city provides some 8%; whilst the area to the East accounts for only 4%. The area of the city with the least provision is the City centre, which has only 3%. This includes Oxford Innovation that will need to decant their occupiers in the short-term pending the implementation of the 'Magnet' Science project.

43. A summary table is provided in Appendix 1, which lists the main clusters of units, together with the type, amount of floorspace and the level of accommodation available for rent. The availability of accommodation is expressed as an ‘occupancy level’; the higher the percentage the greater the occupancy. This assessment shows that the clusters / buildings with the greatest occupancy (100%) are in the City centre (Oxford Innovation, Student Hub Turl Street); together with the Enterprise Centre in Cave Street (88%), on the edge of the City centre. Whilst some buildings in Littlemore on the Science Park, Magdalen Centres North and South have high occupancy levels of 77% and 82% respectively; together with the Clarendon Business Centre at East Point at 84%.

Demand for accommodation

44. **Employment Land Study**: The Employment Land Study at the time considered demand to be 'strong for such units'. The consultants took the view that 'over the next 10 years, the rate of academic spin-offs and start-up new firms is expected to grow but supply of suitable specialist premises is likely to become a constraint'. To accommodate future growth in the high-tech sector in Oxford scope was seen for another Innovation Centre of a similar size in the City or near the ring road.

45. **Oxford Economic Growth Strategy**: During the course of workshops organised with key stakeholders to discuss issues around key challenges and opportunities for the emerging Economic Growth Strategy to address. The City centre, in particular was identified as an area where further provision of small start-up new units is required, particularly in relation to University spin-outs. The consultants, Shared Intelligence, confirmed that 'the Oxford Centre for Innovation (New Road) has a significant waiting list for accommodation and a wide range of other stakeholders has identified similar demand.'

46. **The Oxfordshire Innovation Engine**: The consultants SQW confirmed that 'Oxford has to grow to fulfill its role within the high tech economy'. This required the City to realise its potential development opportunities on key new sites coming forward such as the Northern Gateway; West / End Oxpens are; Magnet proposals (science discovery centre and Innovation centre in the City centre. In addition the bioescalator facility on the Chruchill Hospital campus, would link biomedical research and business, and greatly improve the supply of specialist and novel types of incubation spaces for bioscience. The City centre is identified as the area of greatest need for accommodation, the consultants state that " Oxford needs more office space within the city, including (but not limited to) more incubator space' (Para 7.23).

47. **Business Survey**: The business community in Oxford and the sub-region through their recent 'business barometer' survey[6], recognise that a shortage of suitable premises represents a significant barrier. For many businesses looking to expand this year, 'the prospect of finding suitable premises appears to be causing concern and in some case threatening growth.' The loss of a significant proportion of the existing supply of employment land will exacerbate the problem.

48. **Research**: The Centre for cities research and policy institute considered the 'impact of office development on employment and city economies' in 'Making the Grade'. Oxford was

[6] Withy King Business Barometer: Commercial Property Focus (Issue 4)

defined as a ‘buoyant city’ with an economy that has performed well and with the potential for future growth. The research and analysis of trends suggests that “ensuring a supply of appropriate office space in UK cities will be an increasingly important factor for future economic growth.” In their view “it is crucial that cities with the potential to support jobs and business growth are not restricted by a lack of suitable office space.”

49. **Oxford Centre for Innovation:** have confirmed that from their experience there is a need for office type units as well as virtual office services. However, laboratory areas are not expected as the occupiers typically still use the University laboratories. The exception to this are those occupiers involved with medical research who divide their time between OCFI and the laboratories on the Churchill campus. Beyond the immediate City centre, recent research by SQW for the Oxford BioEscalator incubator project for medical start-ups on the Churchill site could help to satify some that demand.

50. **Inward investment**: Of the foreign inward investment enquiries forwarded from the Invest in Oxfordshire Team a significant proportion are seeking small business premises from which to operate and create a base in Oxford. These companies often have a specific need to be within the City to link with the Universities and collaborate in research projects / development closely linked to the ‘knowledge economy’ around the education and health sectors.

51. There has recently been an increase in a requirement for an office base in Oxford for new small business premises for contractors wishing to be near to some of the major new development sites coming forward.

52. Other SME’s seek small business premises that have direct links to other key sectors in Oxford’s economy, such as advanced engineering (BMW) who need to be close to serve the supply chain. Generally however these businesses are seeking small industrial premises.

53. **Small Business Outlook 2013**: Recent research on Small and Medium Sized (SME) businesses was carried out by the Centre for Cities who analysed the performance and resilience of cities within the UK including Oxford. It highlighted the important role played by SME’s which states that “national and local economies both depend on the success of small and medium-sized businesses.” The study recognised that a combination of internal and external factors affect the resilience and growth of individual SME’s, but the performance is often down simply to ‘how a business is run.’

54. There are however a number of external factors relating to a particular sector or the business environment that can significantly influence an SME’s performance these include: consumer demand, workforce capacity and skills, ‘access to suitable business premises’, physical and digital connectivity, and access to finance.

55. In assessing the performance and resilience of UK cities Oxford performed well. Whilst the general trend showed an increase in business closures and the fall in the number of start-ups over all cities between 2008 and 2011, the exception was Birkenhead and Oxford. In addition Oxford, along with London and Aberdeen '**had the highest concentration of SME's growing by more than 50%**'.

56. The study goes on to explain that in cities, such as Oxford '**the overall increase in the proportion of SME's expanding was driven by micro businesses**'. The analysis showed a direct relationship between the performance of SME's which '**was stronger in cities with concentrations of employment in knowledge intensive services, like Oxford**.' Local markets are important to the success of SME's which to a degree explains why cities such as Oxford 'were hit less by the recession meaning the levels of local demand stayed relatively high.'

57. The resilience of cities is however also significantly influenced by those that have diverse markets, for example '**over a fifth of SME's in Oxford operate primarily in international markets**'. The diversity of their customer base makes them more resilient in the face of changes to local demand.

Barriers and challenges

58. In discussions with key operators and providers of start-up and serviced office accommodation in Oxford together with research undertaken as part of this study the following key barriers and challenges emerged:

- Oxford Innovation has confirmed that they have a permanent waiting list for accommodation at their present site Oxford Centre for Innovation, New Road, within the City centre and have recently even let out their basement area. They have even had experience of prospective occupiers who have delayed the next steps in their development plans in the hope of securing space in the building. Oxford Innovation consider that in their view there is an 'urgent need for additional start-up space in the City centre.' The 'Magnet' project will take some time to be realised and requires additional funding, in the meantime former occupiers of the present building who have outgrown it are forced to locate outside the City centre;
- The City centre was also identified by a number of 'serviced office' providers and Oxford University as the area of the city where the greatest need for additional provision;
- The University Social Enterprise student hub has out grown its existing site in Turl Street and is seeking new premises that fit largely the 'jelly' model, requiring basically office accommodation suitable to accommodate up to 25 people within an open-plan office 'shell' only, that needs to be affordable to rent; and would prefer a City centre location;
- Recent changes to the 'permitted development' rights that came into force in May 2013 which now allow buildings that were in use as offices prior to that date to seek prior approval to change their use and convert to residential. A number of applications have been submitted which could significantly reduce the supply of office accommodation within the City, and threaten Oxford's economic growth;
- High land values within Oxford show that residential uses are three times more valuable than office uses. So increasing the supply on 'serviced office', incubator and spin-out units can only really be provided as part of mixed-use developments, where other elements of the scheme provide greater value to cross subsidise such uses;
- The City Council through the Core Strategy and Sites and Housing DPD have protected employment uses by ensuring that employment sites were retained or that the number of employees was retained if a site is redeveloped to make more efficient use of these sites. However it is clear that the City do not have the opportunities to

increase the employment land supply to compensate for any losses of existing stock. The very real danger then is that once offices are converted to residential they will be gone forever.

- Some providers considered that more promotion and marketing of the start-up and serviced accommodation available within the City would be welcome; together with targeting more City centre sites for inward investment enquiries.
- Concern over high business rates within the City, which impact on prices higher particularly for the larger office units.
- The ‘serviced office market’ has in the past often included the provision of furnished space, increasingly the requirement is shifting towards simply a ‘shell’ (office room) of an affordable rent, flexible terms and an increasing desire to be located in the City centre, close to the train station.
- Some providers have identified the challenge from potential occupiers for a City centre location with some parking facilities if possible.
- The consultants (SQW) for the Oxfordshire Engine Report highlighted a concern that professional services providers (law firms, accounts, patent attorneys) have been forced to locate outside of the City centre, due to a lack of high quality office space to accommodate them, detracting from the support available to high growth firms.
- The ‘market’ for serviced office accommodation provision is changing with many operators now entering into ‘management agreements’ with landlords. This involves the creation of a new business model, which requires landlords and operators to work in partnership together for a specified term with the landlord providing the premises and the operator the serviced arrangements and the profit split between the two parties.
- Whilst the University start-ups have established incubator support networks, through for example Oxford Innovation and the Bioscience Network there does appear to be a ‘gap’ in the provision of units offering mentoring support for other non-University related start-up businesses.

Opportunities and potential areas of growth

59. This study through the research undertaken and discussions with key providers and stakeholders has identified the following opportunities for improving the existing stock and adding to the provision of start-up units as follows:

- The City centre was identified by a number of providers, including the University as the most appropriate location for additional provision. This applied to both University spin-outs, co-working and serviced office accommodation;

- There are a number of major new development sites likely to come forward in the near future including Oxpens and the redevelopment of the Station site which being mixed-use developments offer a real opportunity to provide accommodation for new start-up, incubator and or research and development units for the Universities;

- The Northern Gateway AAP has now commenced and offers the prospect as part of a strategic employment-led development to include research and development uses associated with the Universities and Health sectors including specifically science related uses with laboratories and other uses associated with the 'knowledge-based businesses';

- The proposed Regeneration Areas of the city such as Barton and Northway together with Blackbird Leys could offer the opportunity for small start-up units to be provided and or serviced accommodation;

- Prospects should be explored for 'temporary use' of vacant office accommodation for start-up businesses in the form of the 'jelly' model, with only basic 'shell' that could be used painted out and upgraded by new occupiers, with occupation on a limited 6 month period maximum. Suitable sites should be considered in both City centre and District centres to increase the supply of such units;

- To consider a range of measures that could improve and upgrade the condition and offer available at the City Council managed Enterprise Centre in Cave Street;

- To work with partners and providers to further explore the potential for identifying individual sites that with appropriate funding could be fitted out for new start-up, incubator and or serviced office accommodation.

Recommendations for change

60. This study proposes the following key recommendations together with the main means of policy delivery set out in brackets as follows:

- To undertake further research to quantify both the amount of people who run their businesses **from home** and try to forecast their future needs. Since this group does represent a latent demand for new business premises, assuming they are successful and wish to move to a small start-up unit;
  (For inclusion in next Review)

- To carry out an assessment of the existing stock and availability of **small industrial workshop** units which can meet the needs of those wishing to set-up their own business; (For inclusion in next Review)

- To work with Oxford University and Oxford Brookes University to realise the potential opportunities for **new** purpose-built research and development accommodation on some of the new development sites, such as Oxpens and the Station site in the City centre; (City Deal and Masterplanning)

- To work with existing providers of '**serviced office**' and innovation centre accommodation within the City to market and promote their sites, and identify any new premises that may come on the market particularly within the City centre that could contribute towards an increase in the overall supply of such accommodation;
  (Economic Growth Strategy)

- To improve the **marketing and promotion** of the serviced units available within the city by providing a new section within the Business Register and further information being made available on the City Council's website. This could include a promotional leaflet listing all the various operators within the City and details of their service, which could be used to target key sectors and SME's within the region. (Economic Growth Strategy)

- The City Council should explore the potential opportunities to improve the condition and marketing of the units at the **Enterprise Centre** in Cave Street. For example there is a real prospect that as part of the Super-connected city programme, high speed broadband could be provided as part of the ‘voucher’ scheme to these premises; (Economic Growth Strategy)

- The City Council will seek to identify with prospective management partners any suitable sites for **new start-up** units within the city, particularly for University ‘spin-out’ companies; together with any funding opportunities that might assist in bringing these sites forward to improve the prospects of viability and deliverability; (City Deal and Economic Growth Strategy)

- To explore and encourage the ‘**temporary**’ use of vacant office accommodation, particularly in the City centre for co-working uses, such as for example the student hubs as part of the University Social Enterprise programme; (Economic Growth Strategy)

- The City Council will encourage the provision of new start-up business premises that specifically include ‘**incubator programmes**’ and or ‘**mentoring services**’ to assist the successful development of these new companies. This would be particularly focused on non-University related businesses that appear to lack such business support and or network of contacts to promote their development and growth. (Economic Development Strategy)

- A future review of small start-up units should assess in further detail the size of units available to ensure that there is adequate provision available within the City for businesses to ‘**grow-on**’ to allow these early stage companies to move into larger premises and therefore ensure that there are opportunities in Oxford to promote the development of Small and Medium (SME’s) sized enterprises. (For inclusion in next Review)

Starter-Unit accommodation in Oxford

Appendix 1

Provider	**Location** (Ward)	**Type of unit**	**Total floorspace** (sq ft)	**Total floorspace** (sqm)	**Occupancy level**	**No of units**	**Comments**
Clarendon Business Centre, Belsyre Court, Woodstock Rd	North	Serviced offices	2,250	210	66%	14	
Clarendon Business Centre, Clarendon House	Carfax	Serviced offices	3,000	280	62%	16	
Clarendon Business Centre, Prama House Summertown	Summertown	Serviced Offices	14,000	1300	64%	65	
Clarendon Business Centre, East Point	Littlemore	Serviced offices	25,500	2370	84%	47	
Pure offices Oxford Business Park	Cowley	Serviced offices	26,100	2430	55%	44	29 at present plus estimated 15 to be refurbished in the future
Regus Oxford Business Park North	Lye Valley	Serviced offices	11,000	1020	No information available	55	
Oxford Innovation	Carfax	Incubator and	25,000	2320	100%	30	

New Road		serviced					
MWB Business Exchange (Regus) Oxford Science Park	Littlemore	Serviced offices including virtual offices, serviced and co-working units	21,000	1950	55%		
Magdalen Centre North Oxford Science Park	Littlemore	Research and development including laboratory space	33,000	3070	77%		
Magdalen Centre South Oxford Science Park	Littlemore	Research and development including laboratory space	30,000	2790	82%		
Enterprise Centre, Standing House, Cave Street St. Clements	St. Clements	Mix of serviced offices and workshops	6,790	630	88%	25	
University Student Enterprise Hub Turl Street	Carfax	Co-working office	3,000	280	100%		
The Old Music Hall, 106-108 Cowley Rd (Ethical Properties)	St. Mary's	Co-working office and virtual space	Awaiting info	Awaiting info	Awaiting info		Provided by charity with space available to individuals running their own business
Total			**200,640**	**18,650**	76%	**296**	