

# Enterprise & Innovation

## The Oxfordshire Model

### Executive summary

In calling this report *Enterprise and Innovation in Oxfordshire: the Oxfordshire Model*, we want to draw attention to the distinctive features that make Oxfordshire the archetypal knowledge-based economy. The county has maintained its position as one of Europe's leading centres of innovation-led economic development. This is due to a combination of growing numbers of enterprises, an increasingly entrepreneurial science base, a high quality labour market, numerous business networks and a complex system of governance that reflects the government's current policies that are concerned with *the generation and exploitation of knowledge as the predominant part in the creation of wealth creation* (Competitiveness White Paper, 1998).

**Overall, Oxfordshire has performed well over the last five years across a range of headline economic indicators` and, on many measures of enterprise and innovation, compares favourably with South East and national averages.**

**Generally, Gross value Added (GVA) per capita (2003) was 14% above the regional average, and was increasing at a faster rate than both the region and the UK; in addition**

- the Oxfordshire unemployment rate (Oct 2006) of 1.1% was well below the regional and national averages, and one of the lowest in the EU;
- the number of VAT-registered businesses in the County increased by 9.4% in the five years to 2006, again well above regional and national averages;
- a total of 27 companies have been spun out from Oxford University from 2002 – 2006;
- there is considerable evidence of innovative firms across all sectors; and
- the Oxfordshire knowledge economy is characterised by 'diverse specialisation'.

**A particular strength of the Oxfordshire economy is the range and vitality of the high-tech activities which continue to make a very significant contribution to overall economic activity in the County:**

- the 2004 estimates of total high-tech activities includes about 3,500 businesses and 45,000 employees;
- these account for about 12% of businesses and 14% of employment in Oxfordshire-representing an increase over the last five years;
- the majority of the businesses are in high-tech services, especially in small software consultancies and in architecture, engineering and related technical consultancies;
- the largest businesses are in high-tech manufacturing, including pharmaceuticals, medical instrumentation, computers and motor vehicle engineering;
- the growth in high-tech activities has been accompanied by a considerable growth in (non-high tech) knowledge based services (financial, legal and business and management); and
- the Berks, Bucks and Oxon EU sub-region continues to outperform all other EU sub-regions in terms of proportion of employment in high-tech knowledge intensive services.

**However, set against these strengths are areas of concern about the County's recent economic performance, including:**

- Oxfordshire work-placed based earnings are relatively low;
- there have been below average rates of employment growth in recent years;
- recent employment growth has been relatively low in knowledge-based sectors;
- whilst there is a highly skilled workforce there are below levels of educational attainment for many; and
- high house prices are affecting staff recruitment and retention.

This report reviews both the positive and the negative features. It pays particular attention to the issue of what is being done to stimulate business growth and development. This, as much as promoting new start-ups, is one of the biggest challenges facing enterprises, universities and policy makers.

Helen Lawton Smith, John Glasson and Andrew Chadwick

First published in 2007 by  
**Oxfordshire Economic Observatory**  
Department of Geography  
Oxford University Centre for the Environment  
South Parks Road  
Oxford OX1 3QY