Wessex Economics
Economics Housing Regeneration

Housing Delivery Strategy for South Oxfordshire and Vale of White Horse

Background Paper 3: Employment and Housing Growth

Submitted to
South Oxfordshire & Vale of White Horse District Council
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Contents

Appendices

1. Background and Scope of Working Paper

1.1 South Oxfordshire and Vale of White Horse Councils (referred to hereafter as South and Vale) are developing a joint Housing Delivery Strategy. The two Councils have ambitious plans for economic development, linked particularly to the Science Vale initiative. It is important, therefore, that the Housing Delivery Strategy is aligned with the Science Vale proposals, and vice versa, and indeed that across both local authorities, Local Plans achieve alignment between economic development and housing objectives.

1.2 In addition the City of Oxford is a significant growth hub, and the South and Vale area borders the Thames Valley Berkshire area, one of the UK's most vibrant economic sub-regions. There is significant commuting from South and Vale into Oxford City, into Berkshire, and also to London. Therefore, to some degree, the South and Vale is home to the labour force on which employers in these areas depend.

1.3 The Housing Delivery Strategy does not address the issue of how many homes should be provided in South and Vale; this has been and is being addressed in the Oxfordshire Strategic Housing Market Assessment and subsequently through the Local Plan process. However, this background paper briefly summarises the employment assumptions used in the SHMA, and how this has informed the planned level of housing provision.

1.4 The scale and type of jobs to be created also has a bearing on what type of homes are likely to be required in the future in South and Vale. The type of jobs being created will have a bearing on household incomes and aspirations and will have a bearing on the assessment of the type, tenure, size and price/cost of housing needed to meet the full range of market and non-market housing needs and requirements.

1.5 Further insight can be gained into the type, tenure, size and price/cost of housing needed in South and Vale has been sought through contact with employers. Telephone discussions have been held with around 10 employers in South and Vale, how they think housing issues affect their business, and what the potential solution to any problems they identify might be.

1.6 This working paper is structured around these key themes:

- Section 2 draws out key points from the Oxfordshire SHMA, and supporting work, as regards employment growth in Oxfordshire generally, and South and Vale specifically, and how this has informed the assessment of Objectively Assessed Housing Need.
- Section 3 examines the sectoral profile of anticipated job growth which provides some insight to the likely skill level and hence incomes of additional workers, and hence the impact on the demand for different types of home.

- Section 4 presents the feedback from employers in South and Vale on how housing issues affect their business or service; and the thoughts that employers have about how the issues they identify might be addressed.

1.7 Appendix 1 sets out in full detail the employment assumptions that underpin the Objectively Assessed Housing Need as set out in the Oxfordshire SHMA. This is set out so that it is possible to review actual patterns of employment growth over time; and, hence, make it easier to identify whether elements of the Housing Delivery Strategy should be modified.

1.8 Appendix 2 presents broader commentary on the relationship of the housing and the economy. This sets out the impact of housing on the economy and vice versa, at the national level. This helps to identify how at the sub-regional and local level, housing provision and economic development are related.

2. Forecast Employment Growth in Oxfordshire

2.1 It is important for the Housing Delivery Strategy to take account of the scale and pattern of employment growth, since the overall scale of employment growth will not only have an impact on the total quantum of housing required in South and Vale over the next 10 years and through to the end of the local plan period in 2031 or 2032; but the scale and nature of employment growth will have an impact on the size, type, tenure of housing required.

2.2 As part of this exercise Wessex Economics have reviewed a range of different documents that set out the scale and nature of employment growth in Oxfordshire generally and in South and Vale specifically. The key documents relevant to the study are set out in the box below.

Wessex Economics has drawn on a variety of studies and policy documents to understand and summarise the anticipated scale and characteristics of employment growth in Oxfordshire generally and in South and Vale specifically. These documents are as follows:

- Oxfordshire Strategic Economic Plan (Draft, August 2016);
- South Oxfordshire Draft Local Plan 2032 Preferred Options Third Stage (June 2016);
- Science Vale Area Action Plan, Issues and Scope Document (February 2015);
- Vale of White Horse Draft Local Plan 2031 (November 2014);
- Science Vale Housing and Employment Study (October, 2014);
- Oxfordshire Strategic Housing Market Assessment (April 2014);
- Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment (February 2014);
- Oxford and Oxfordshire City Deal (January 2014);
- The Oxfordshire Innovation Engine, Realising the Potential (October 2013).

Level of Employment Growth Anticipated

2.3 The 2014 Oxfordshire Strategic Housing Market Assessment (hereafter referred to as the Oxfordshire SHMA) is the key document which underpins the assessment of the overall quantum of housing to be provided in Oxfordshire as a whole over the period to 2031. The anticipated level of employment growth is an important element in the process of determining Objectively Assessed Need in the Oxfordshire SHMA, and in each District.

2.4 In determining the Objectively Assessed Housing Need (OAHN) the Oxfordshire SHMA draws upon a separate report published in February 2014, '*Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment*[1]'. This document sets out three different employment scenarios; a Baseline Scenario; an Alternative Population Scenario; and a Planned Economic Growth Scenario[2]. The Local Enterprise Partnership's (LEP) Strategic Economic Plan (SEP) is based on the Planned Economic Growth Scenario; and the OAHN figure for South and Vale respectively is linked to the Planned Economic Growth Scenario.

2.4 Vale's adopted Local Plan anticipates provision of 20,560 new homes over the period 2011-31, an average of 1,028 homes pa over the 20 year period to meet the OAHN for the District. This is associated with the anticipated creation of 23,900 jobs over the period 2011-31, an average rate of job creation of 1,195 jobs pa. This is the estimate of job growth associated with the Planned Economic Growth Scenario in the Economic Forecasting report.

2.5 Vale has agreed to provide an additional 2,200 homes to meet the under-provision relative to need in Oxford City. The requirement for new homes in Oxford has been determined, as in South and Vale, by anticipated demographic growth, and the scenario for job growth in the City as set out in the Planned Economic Growth Scenario in the 2014 Economic Forecasting report referred to above. This uplift in additional homes in Vale linked to the Oxford requirement are, in effect, enabling employment growth in Oxford City.

2.6 South is planning to meet at least 17,050 new homes over the period 2011-33, an average of 775 homes pa over the 22 year period to meet the OAHN for the District. This is above the committed economic growth scenario for the creation of 14,427 jobs, an average rate of job creation of 687 jobs pa over the 21 year period.

2.7 The Committed Economic Growth Scenario, finalised in February 2014, underpins the emerging and planned housing numbers for South and Vale. This scenario specifically takes into account employment growth associated with planned development and associated job growth associated with the Science Vale Enterprise Zone, and other developments in Oxfordshire expected to stimulate *'above trend'* growth in employment in County.

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[1] CE and SQW (2014) *Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment*
[2] Referred to as 'Committed Economic Growth Scenario' in the Oxfordshire SHMA 2014.

2.8 In practice the recently updated Oxfordshire Strategic Economic Plan (SEP)[3] indicates that employment growth has been greater than anticipated forecast in 2014. The 2016 SEP update states that '*since 2011, employment growth in Oxfordshire has been much faster than was expected through the forecasts used as the basis for the Strategic Housing Market Assessment.'*

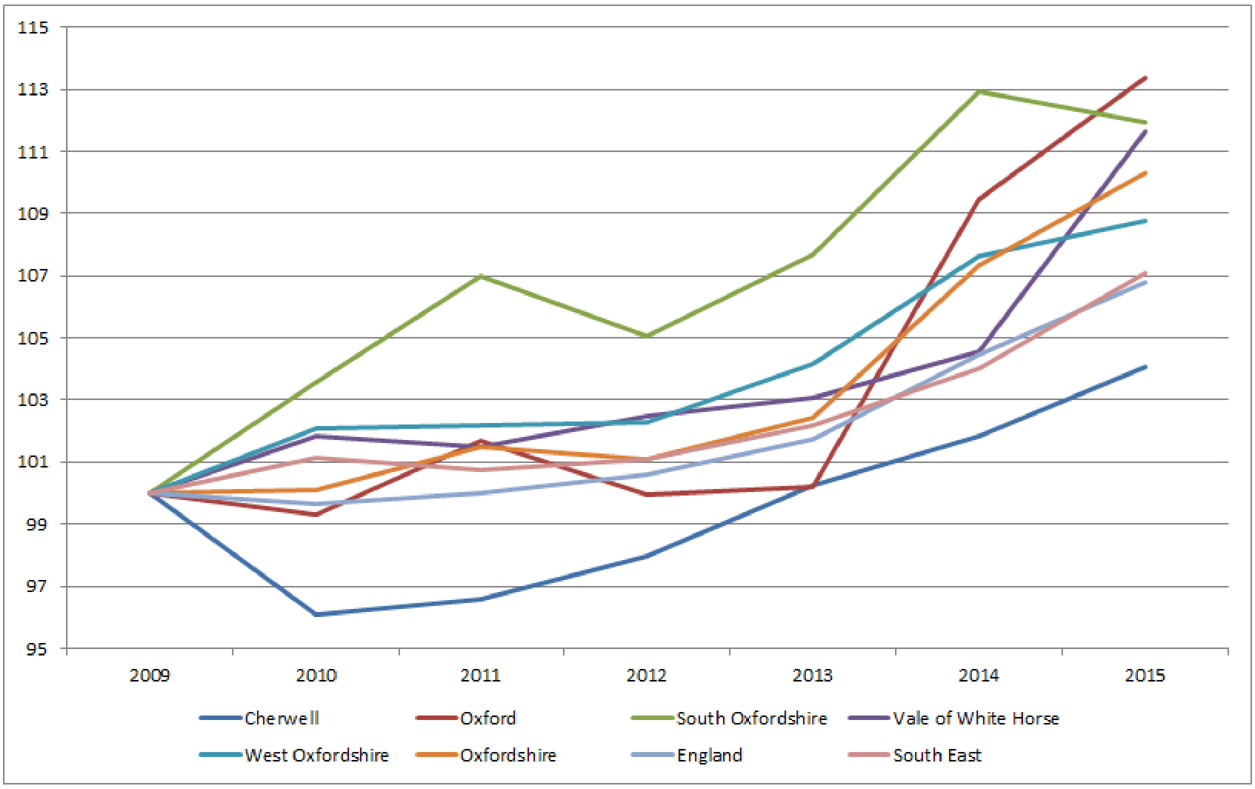
2.9 The updated SEP states that the employment forecasts adopted in the SHMA envisaged growth of just under 50,000 jobs in the period 2011-21, which is the equivalent of job growth of just under 15,000 over the period 2011-14. This compares to actual job growth of just over 30,000 jobs in the same period; that is, twice the rate forecast.

2.10 The fact that employment growth in the period 2011-14 has been substantially greater than the figure of annualised growth within the period 2011-21, should not be taken to imply that over the long term the rate of employment growth will be higher than forecast. The national economy was still in recovery mode in 2011, and employment growth has been robust in many parts of the country in these years. Employment growth may well slow in future years.

2.11 Figure 1 illustrates the pattern of indexed employment growth for the five Districts in Oxfordshire, Oxfordshire as a whole and England over the period 2009 to 2015. The chart serves to highlight that the pace of employment growth often depends much on the start date for analysis. Thus, South Oxfordshire has experienced faster employment growth over the period 2009 to 2015 than Vale, but if one measures growth from 2011, Vale has experienced much more rapid employment growth than South. Oxford City's employment growth has been very rapid from 2013-15, but stagnated 2009 to 2013.

[3] Strategic Economic Plan for Oxfordshire, December 2016

Figure 1: Indexed Employment Growth 2009-2015 Oxfordshire Districts and Benchmark Areas



Source: ONS

3. The Composition of Employment Growth in Oxfordshire

3.1 The overall quantum of anticipated employment growth in South and Vale has been aligned with the required level of housing though the process of arriving at Objectively Assessed Housing Need as set out in the 2014 SHMA. However, the SHMA only provides a high level assessment of the type, size and tenure of the new homes that should be provided in South and Vale. Hence the need for more detailed work on the type, size and tenure of new homes to be provided which is being undertake as part of this study.

3.2 The mix of new homes required in South and Vale in terms of type, size and tenure, will depend critically on household incomes. Income will determine whether a household can afford to purchase, can afford a market rented property, or needs some form of subsidised housing. Household incomes in turn, are related to the type of work that the working population undertake and the salaries they command.

3.3 It is relevant, therefore, to identify the pattern of expected sectoral pattern of employment growth, since some sectors are characterised by high average salaries, and others by low wages. It is acknowledged, however, that household incomes are also significantly influenced by how many wage earners there are in a household; and the ability to purchase a home is dependent not just on earnings, but on savings, or access to the 'bank of mum and dad'.

3.4 Figure 2 identifies the pattern of employment growth broken down by sector in South and Vale, and for South and Vale as a whole, over the period 2011-31 as set out in the 2014 report *Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and SHMA.* The figures presented are for the Planned Economic Growth Forecast, which underpins the SHMA analysis and the OAHN figures which are being used by South and Vale as the basis for their Local Plans.

3.5 The analysis of anticipated employment change in the period 2011-31 indicates that employment growth in Vale (+23,000 jobs 2011-31) is more than double that expected in South Oxfordshire (+11,600 jobs 2011-31). The SQW/CE report makes it clear that this differential is largely due to employment growth at Harwell and Milton Park, linked to the Science Vale Enterprise Zone, though significant job growth is anticipated at Harwell on land outside the Enterprise Zone.

3.6 However, all of Vale and the majority of South Oxfordshire[4] are part of a single Functional Economic Area, namely the area broadly represented by the Oxford Travel to Work Area (see Figure 3); therefore it is not particularly significant in terms of the housing requirements of South and Vale that job growth in Vale is anticipated to be significantly greater than in South.

[4] It is only the part of South Oxfordshire that is immediate to the north and west of Reading that is in the Reading TTWA.

Figure 2: Employment and Employment Change by Sector in South and Vale 2011-31

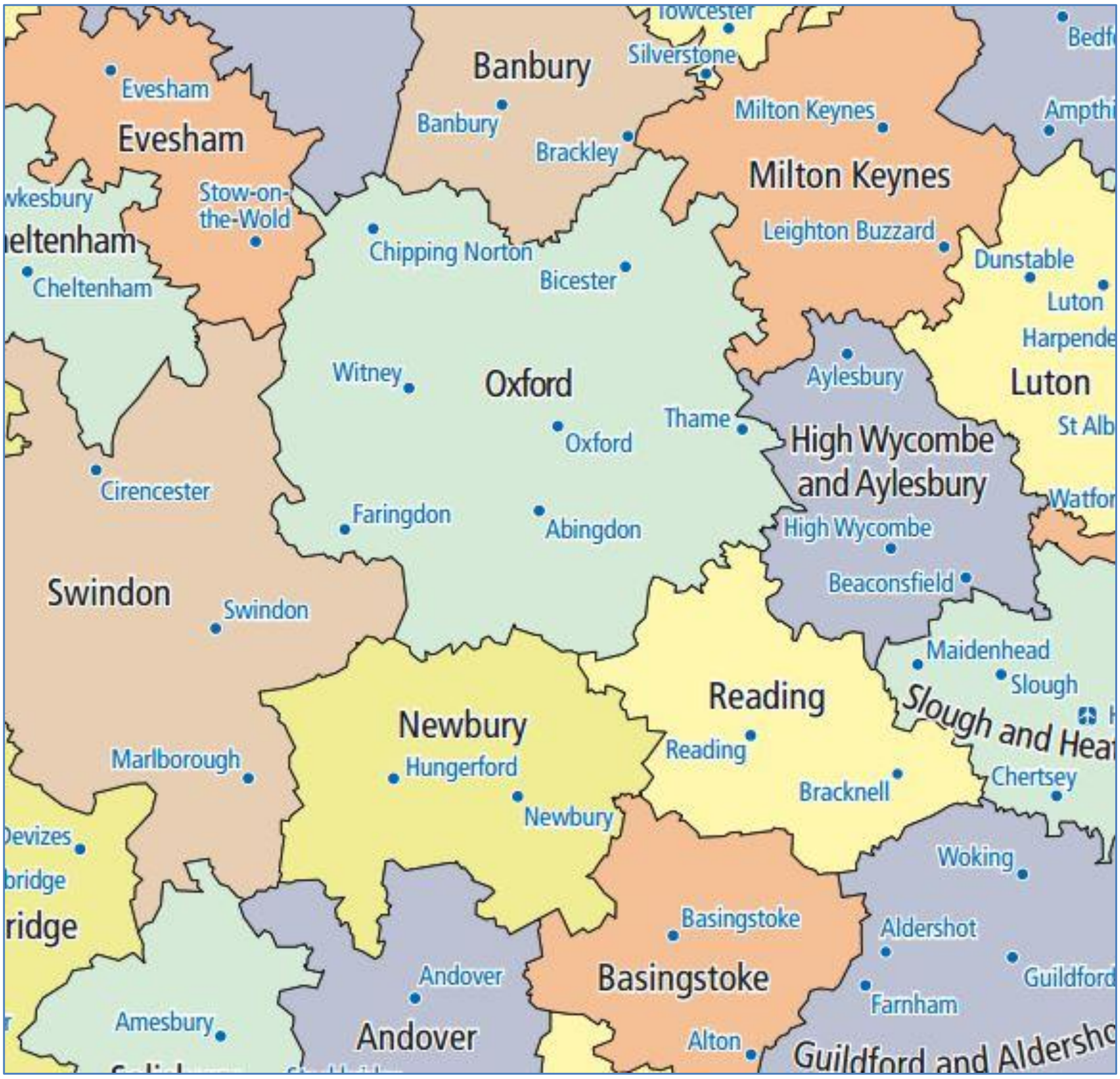
South Oxfordshire	2011	2021	2031	2011-21	2021-31	2011-31
Agriculture	0.4	0.5	0.6	0.2	0	0.2
Mining and Quarrying	0	0	0	0	0	0
Manufacturing	4	4.3	4	0.3	-0.3	0
Electricity, Gas & Water	0.7	0.7	0.7	0	0	0
Construction	4.3	4.7	5	0.5	0.3	0.8
Distribution	9.3	10.2	10.7	0.9	0.5	1.4
Transport and Storage	1.7	2	2	0.2	0.1	0.3
Accommodation and Food Services	4.9	6.4	7.4	1.5	1	2.5
Information and Communications	3	2.9	3.5	-0.1	0.6	0.5
Financial and Business Services	20.1	23.2	25.8	3.1	2.6	5.7
Government Services	12.5	12.1	12.5	-0.3	0.4	0.1
Other Services	4.4	4.4	4.4	0.1	0	0.1
Total	**65.1**	**71.4**	**76.5**	**6.4**	**5.1**	**11.6**

Vale of White Horse	2011	2021	2031	2011-21	2021-31	2011-31
Agriculture	0.8	1.4	1.5	0.6	0.1	0.7
Mining and Quarrying	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	4.4	7.3	7.6	2.9	0.3	3.2
Electricity, Gas & Water	1.3	1.3	1.3	0.0	0.0	0.0
Construction	5.1	5.7	6.2	0.7	0.5	1.2
Distribution	8.8	9.7	10.3	0.9	0.5	1.4
Transport and Storage	2.1	3.7	4.5	1.5	0.9	2.4
Accommodation and Food Services	3.6	4.3	5.0	0.7	0.7	1.4
Information and Communications	4.9	6.0	7.0	1.1	1.0	2.1
Financial and Business Services	18.0	24.1	27.8	6.1	3.7	9.8
Government Services	14.0	13.7	14.7	-0.3	0.9	0.6
Other Services	4.2	4.3	4.3	0.2	0.0	0.2
Total	**67.2**	**81.6**	**90.2**	**14.4**	**8.6**	**23.0**

South and Vale	2011	2021	2031	2011-21	2021-31	2011-31
Agriculture	1.2	1.9	2.1	0.8	0.1	0.9
Mining and Quarrying	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	8.4	11.6	11.6	3.2	0.0	3.2
Electricity, Gas & Water	2.0	2.0	2.0	0.0	0.0	0.0
Construction	9.4	10.4	11.2	1.2	0.8	2.0
Distribution	18.1	19.9	21.0	1.8	1.0	2.8
Transport and Storage	3.8	5.7	6.5	1.7	1.0	2.7
Accommodation and Food Services	8.5	10.7	12.4	2.2	1.7	3.9
Information and Communications	7.9	8.9	10.5	1.0	1.6	2.6
Financial and Business Services	38.1	47.3	53.6	9.2	6.3	15.5
Government Services	26.5	25.8	27.2	-0.6	1.3	0.7
Other Services	8.6	8.7	8.7	0.3	0.0	0.3
Total	**132.3**	**153.0**	**166.7**	**20.8**	**13.7**	**34.6**

Source: Economic Forecasts for Oxfordshire, 2014, Cambridge Econometrics/SQW; Wessex Economics

Figure 3: Oxford Travel to Work Area, 2011



Source: ONS

3.7 The most important sectors for employment in South and Vale are set out in Figure 4, ranked in order of importance in both 2011 and, based on the CE forecasts, in 2031. Figure 4 highlights how the positioning of different employment sectors when measured in terms of total employment is expected to change over the period 2011-31. Sectors that have changed in terms of their ranking are shown in italics.

3.8 The overall pattern of employment growth by sector between 2011-31, as anticipated in the CE Economic Forecasts, is made clear in Figure 5. Figure 5 shows the sectors ranked in terms of their anticipated employment change by sector over the 20 year period. Growth in financial and business services, which includes most R&D activities is expected to account for 45% of total employment growth 2011-31

Figure 4: Total Sector Employment in South and Vale 2011 and Forecast Sector Employment in 2031

Sector	2011		Sector	2031	
	Ranking	Employment in '000		Ranking	Employment in '000
Financial and Business Services	1	38.1	Financial and Business Services	1	53.6
Government Services	2	26.5	Government Services	2	27.2
Distribution	3	18.1	Distribution	3	21.0
Construction	4	9.4	*Accommodation and Food Services*	4	12.4
Other Services	5	8.6	*Manufacturing*	5	11.6
Accommodation and Food Services	6	8.5	*Construction*	6	11.2
Manufacturing	7	8.4	*Information and Communications*	7	10.5
Information and Communications	8	7.9	*Other Services*	8	8.7
Transport and Storage	9	3.8	Transport and Storage	9	6.5
Electricity, Gas & Water	10	2.0	*Agriculture*	10	2.1
Agriculture	11	1.2	*Electricity, Gas & Water*	11	2.0
Mining and Quarrying	12	0.0	Mining and Quarrying	12	0.0
Total Employment		**132.5**	**Total Employment**		**166.7**

Source: Economic Forecasts for Oxfordshire, 2014, Cambridge Econometrics/SQW; Wessex Economics

Figure 5: Forecast Job Growth in South and Vale by Sector 2011-31

Sector	Job Growth in '000 2011-31	% of total Job Growth
Financial and Business Services	15.5	45%
Accommodation and Food Services	3.9	11%
Manufacturing	3.2	9%
Distribution	2.8	8%
Transport and Storage	2.7	8%
Information and Communications	2.6	8%
Construction	2.0	6%
Agriculture	0.9	3%
Government Services	0.7	2%
Other Services	0.3	1%
Mining and Quarrying	0.0	0%
Electricity, Gas & Water	0.0	0%
Total Employment Growth 2011-31	**34.6**	100%

Source: Economic Forecasts for Oxfordshire, 2014, Cambridge Econometrics/SQW; Wessex Economics

3.9 These changes in the pattern of employment growth will have an impact on salary levels, and hence the distribution of household incomes. There is no straightforward way to anticipate how the changing structure of the economy will impinge on household incomes and hence affordability and demand for different types of property, particularly the demand for homes for sale, versus homes for private rent, and the need for affordable housing.

3.10 However, some sectors are characterised by a larger number of highly paid jobs, and others by a large number of relatively low paid job. Some feel for the variations are provided by national statistics on average weekly earnings in five broad sectors[5] as shown below:

- Construction £642 per week
- Financial and Business Services £595 per week
- Manufacturing £573 per week
- Public Services £501 per week
- Wholesale, Retailing, Hotels and Restaurants £342 per week

3.11 Figure 6 provides an indication of typical salaries for different types of occupation at the UK level. This provides a finer grain perspective of how changing patterns of employment are likely to affect housing affordability and hence the demand for housing, which in turn will have an impact on the pattern of supply in the market sector, as well as affecting the scale of need for affordable housing.

Figure 6: Average UK Salaries by Industry 2016

1	Strategy & Consultancy	£56,464	-£1,990
2	Accountancy (Qualified)	£51,892	£468
3	Banking	£49,982	£859
4	Recruitment Consultancy	£49,590	-£22,646
5	IT & Telecoms	£48,051	£3,563
6	Financial Services	£45,909	£1,034
7	Construction & Property	£44,681	£515
8	Health & Medicine	£40,134	£2,627
9	FMCG	£40,072	-£525
10	Legal	£39,806	£2,455
11	Purchasing	£39,155	-£128
12	Human Resources	£38,302	-£754
13	General Insurance	£38,277	£1,798
14	Energy	£38,241	-£7,346
15	Marketing & PR	£38,087	£488
16	Estate Agency	£37,842	£1,422
17	Scientific	£36,950	-£4,907
18	Sales	£36,922	£1,014
18	Sales	£36,922	£1,014
19	Engineering	£36,388	£878
20	Media, Digital & Creative	£35,555	-£272
21	Education	£34,096	£984
22	Motoring & Automotive	£33,912	£546
23	Graduate Training & Internships	£33,275	£4,350
24	Training	£32,856	-£1,600
25	Leisure & Tourism	£32,387	£3,725
26	Charity & Voluntary	£31,222	-£1,026
27	Manufacturing	£30,478	£886
28	Accountancy	£28,740	£422
29	Retail	£28,222	£68
30	Transport & Logistics	£27,548	-£106
31	Hospitality & Catering	£26,136	-£442
32	Security & Safety	£24,798	-£1,434
33	Social Care	£23,586	-£2,733
34	Admin, Secretarial & PA	£23,456	£435
35	Customer Service	£22,138	£69
36	Apprenticeships	£13,438	£2,098

Source: Reed Recruitment

3.12 The data in Figure 6 information is UK wide; salaries in South and Vale are likely to be significantly higher than those shown in Figure 6; and the proportion of knowledge intensive jobs is likely to be

[5] ONS, Table Earn02, November 2016

greater in South and Vale than in the UK as a whole. The salaries shown in Figure 6 are therefore likely to under-estimate the actual salaries that those in work in South and Vale can actually command.

3.13 Additional information of the profile of jobs to be created up to 2031 is available from the analysis undertaken by SQW and CE in the report *Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and SHMA* on the location and characteristics of the uplift to jobs created associated specifically with the Planned Economic Growth Forecast, which underpins to the OAHN figures for South and Vale.

3.14 Figure 7 identifies across Oxfordshire as a whole, and specifically for South and Vale, the additional jobs, over and above trend employment growth, that are the basis for the Planned Economic Growth Forecast. This shows that it is expected that 10,200 jobs will be created in Vale in excess of trend employment growth and 600 additional jobs in South.

Figure 7: Source of Additional Employment in Oxfordshire Associated with the Planned Economic Growth Forecast

Type of jobs	Total	2011-21	2021-31	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire	Sector
University	2,000	1,000	1,000		2,000				Education
Culham research	500	250	250			500			R&D, IT services, electronics, pharmaceuticals
Enterprise Zone	5,400	5,400					5,400		R&D, IT services, electronics, pharmaceuticals
Satellite technology	4,000	2,000	2,000	1,500			2,500		R&D, IT services, other transport services
Bioscience	2,500	1,250	1,250	1,000	1,500				R&D, pharmaceuticals
Healthcare	2,500	1,250	1,250		2,500				Healthcare, R&D
Advanced engineering	3,000	1,500	1,500	1,000	1,000		500	500	Motor vehicles, electronics, electrical equipment, architectural & engineering services
Construction	150	150		150					Construction
Environment technologies	1,000	500	500	600	100	100	100	100	Other professional services
Retail	2,200	2,100	100	1,000	1,000		200		Retail
Distribution	2,500	1,500	1,000	1,000			1,500		Warehousing & postal
Oxford airport and technology park	2,000	1,000	1,000	2,000					Air transport, R&D, electronics, retail, food & beverage services, architectural & engineering services
Total	27,750	17,900	9,850	8,250	8,100	600	10,200	600	

Source: SQW

Source: Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and SHMA, SQW, CE, 2014

3.15 These 'additional jobs' associated specifically with the Planned Economic Growth Forecast account for 31% of total forecast job growth in the period 2011-31; that is, jobs under the 'business-as-usual' or continuation of past trends anticipated job growth of around 23,800 jobs. The additional 10,800 jobs are associated with specific identified developments that will boost job growth in South and Vale between 2011 and 2031 to 34,600 jobs

3.15 It is very clear from Figure 7 that the vast majority (9,100 or 84%) of these additional jobs are in high-tech, high-skill sectors. These are made up as follows:

- 8,400 jobs in R&D, IT services, electronics, pharmaceuticals and other transport services (satellite technologies)
- 500 additional jobs in the motor vehicles, electronics, electrical equipment etc sectors, which in South and Vale are particularly likely to be activities associated with the motor sport sector
- 200 additional jobs in environmental technologies associated with the other professional services sub-sector.

3.16 It is important, however, to bear in mind that significant numbers of lower paid jobs will still exist within South and Vale. Jobs in the distribution, transport and storage, accommodation and food services, and other services, and probably half of jobs in the Government Services sector are likely to be lower paid jobs. These would still account for 62,200 jobs in South and Vale in 2031, around 37% of all jobs.

3.17 The implication from this high-level analysis of jobs and salaries would suggest there will continue to be very large numbers of people in South and Vale earning modest salaries; and therefore in principle there will be a significant requirement for low cost housing, probably rented property, notwithstanding the significant growth in the number of high-tech jobs.

3.18 Even the uplift in employment growth associated specifically with the Planned Economic Growth Forecast, has an element of growth in sectors that are likely to be dominated by comparatively low paid jobs. Thus the uplift includes an additional 1,500 jobs in the warehousing and postal sub-sector, probably most closely associated with activities at Milton Park which is already a major distribution hub; and 200 additional jobs in retailing.

3.19 Since so much of the anticipated employment growth in South and Vale, and in particular the uplift in employment growth associated with the Planned Economic Growth Forecast, is linked to Harwell and Milton Park, it is worth setting out the existing and forecast employment growth in the UK Science Vale Enterprise Zone and on other sites at Harwell (see Figure 8)

Figure 8: Jobs potential on the UKSV Enterprise Zone and the rest of Harwell

	2014 Employment at Harwell	SV-UK Enterprise Zone		Rest of Harwell - to be developed	Total at Harwell by 2031	Total Harwell and Milton Park
		Harwell	Milton Park			
Development Land Available (ha)	na	64	28	35	99	127
Existing Employment	4,500	0	0	0	4,500	na
Gross Increase in Employment	0	5,800	2,600	3,200	9,000	11,600
Net Increase in Employment	0	3,500	1,600	1,900	5,400	7,000

Source: Economic Forecasting to Inform the Oxfordshire SHMA, 28 February 2014

4. Employer Perspectives

4.1 Previous sections have focused on a high level analysis of the balance between the overall level and type of employment in South and Vale currently and over the period to 2031. This section focuses on the employer perceptions of the need for housing, and specifically what type of housing is needed to address their need to be able to recruit sufficient numbers of suitably qualified staff to meet their own business requirements.

4.2 Wessex Economics contacted about a dozen employers in South and Vale. Interviews were completed with the following businesses representatives:

- Angus Horner, Director, Harwell Science and Innovation: (Life Science & Spacetech, Didcot)
- Steve Moss, UKAEA Head of Property, Culham Science Centre: (Life Science & Spacetech, Abingdon)
- Tony Stratton, Chairman, CPM: (Creative & Digital, Thame)
- Sam Bal-Sharp, HR Headquarters, Fugro Engineering (Life Science & Spacetech, Wallingford)
- Lisa Hall, Head of HR Reaction Engines Ltd: (Life Science & Spacetech, Abingdon)
- Nigel Willis, Headteacher, Wallingford School (Education, Wallingford)
- Wayne Heal, Head of Property Services, Didcot Hospital/Oxfordshire NHS Trust (Health, Didcot /Oxfordshire)

4.3 The key issues discussed with interviewees was how housing issues affected their business; particularly in regard to their ability to recruit and retain staff; and linked to this what type of housing would best address the housing issues identified by the contributing employers. Some additional points regarding employer requirements were raised at the Stakeholder Event on 18th January.

Key Issues

4.4 The interview programme highlights that housing and associated recruitment problems, is a significant issue in the South and Vale area for many businesses / organisations and their employees. The majority of the organisations interviewed by Wessex Economics ranked housing issues within the top 10 challenges they faced. However, the Head of Property for Didcot Hospital, ranks housing issues and the associated recruitment problems as one of the 'top 4 or 5' challenges facing his organisation and the wider NHS in Oxfordshire.

4.5 The key issue is the cost of housing and the relatively lack of cheaper housing, whether that is to own or to rent. A few of the public sector consultees stated that they had lost employees as a result of the high cost of housing in South and Vale. Others commented on the degree to which staff are commuting a long distance to work in South and Vale, and the associated risk that these employees may resign if a similar job comes up closer to where they live.

4.6 In the education sector, the key consultee indicated that the particular problem was with recruiting and retaining 'young teachers', broadly those in their first 3 or 4 years of teaching). In the health sector, trainee workers (both nurses and allied health workers) are reported to find it difficult to find housing since 'the average wage in Oxfordshire is higher than hospitals are paying nurses.'

4.7 However, the problem of recruitment and retention of staff in the public sector is not confined to younger staff. Interviewees indicated that staff have been lost to London (where a London weighting allowance is paid) and to neighbouring counties where housing costs are lower. It was suggested that nurses are 'not paid enough to be able to afford the rent'. This makes it very difficult for health providers to attract staff with the right skills. This is seen as key challenge.

4.8 Separately the County Council has identified difficulties in recruiting care staff to work with elderly and disabled people.

4.9 The cost of housing is an issue for both younger members of staff in businesses, but also for those with 5 to 10 years of experience. Business employers report that the high cost of housing in South and Vale means that many employees move out of the local area to find cheaper housing and in turn have a longer commute to work.

4.10 Much evidence was provided of employees commuting into South and Vale from places such as Oxford, Aylesbury, Banbury, High Wycombe, Basingstoke, Swindon and Bristol. Employers reported that between 50% and 80% of employees travel in from outside the South and Vale. It is hard to know how much such commuting is voluntary (say because other family members have work or roots where the household lives); or is the product of the high cost of housing in South and Vale.

4.11 However, the suggestion is that much of this commuting is involuntary, because businesses state that their employees like the areas where they work – Wallingford, Thame, Abingdon, Didcot.

4.12 Not only is the cost of housing/lack of housing highlighted as a problem by employers but the type of existing housing and the type of housing that will be built, based on what is currently being built is a source of concern for a number of employers.

4.13 Harwell Science and Innovation (HSI) indicate a particular concern about the lack of good quality rented housing in the area for younger science professionals moving to their area, and for international personnel working at Harwell, who may work at Harwell for a number of years, but may not want to buy because they anticipate returning to their home country, or moving to another scientific establishment elsewhere in the world.

4.14 HSI also indicate that there is an emerging issue with recruitment of technician staff – those who undertake routine maintenance and the operation of equipment. In common with many technical jobs, the average age of those performing these roles is increasing, and it is not always easy to recruit new staff for these roles. Housing costs add to the difficulties of recruiting younger people to these roles.

4.15 HSI is sufficiently persuaded of the importance of housing to their business, that the organisation is promoting new residential development on the Harwell Campus, as well as working with the local authorities to present Science Vale and Oxford as an attractive place for top scientists from around the world to move to for quality of life, and quality of working opportunities.

4.16 HSI have secured a site allocation for 500 new homes to be built on the campus, and anticipate that Phase 1 of the development will start in March 2017. The plan is to build a significant quantum of number of homes for market rent, which will be made available to people working at Harwell. These rented property will be professionally managed on behalf of HSI, with rents and tenancies aligned to the objectives of HIS.

4.17 Some properties in the new development will be for sale, but HIS is keen that where possible these are bought by those how are linked in some way to the campus. HSI is considering whether part of the offer should be Starter Homes. Overall, the aim of the HSI is to use the proposed development at Harwell to reinforce Harwell as a place to live and work. In many ways this would be a partial return to what Harwell was in the early days of its establishment when housing was built alongside the new research facilities – in part because of the sites relative inaccessibility.

4.18 Culham Science Centre have similar aspirations to Harwell, but do not have the same opportunities for direct development, because the Culham Science Centre is a secure site, so there can be no residential development on site; and the organisation does not own land outside its perimeter. The implication is CSC's has no control over the housing mix to be provided close to Culham in terms of property type, size and tenure and might have limited influence.

4.19 Culham Science Centre would, therefore, like to see SODC as planning authority ensure that a joined-up approach is taken to planned housing provision adjacent to Culham, so that consideration is given to the needs of those who work at the Science Centre in the planning of housing in the immediate vicinity of the Centre.

4.20 The Head of Property at CSC believes that a wider range of residential options would contribute to the ease of recruiting science-based staff and engineers. In particular there is a need for provision of better housing options for younger graduate staff; their needs could be met better by provision of professionally managed rented apartments, though affordability would be a key issue. A good mix of different tenures of good quality is important.

4.21 Culham Science Centre is also planning to develop training centre for apprentices aged 16-19. While some apprentices will be able to live at home, the CSC anticipates that it will recruit from a wider area, and this may well generate a requirement to provide for specialist accommodation close to the Science Centre. Alongside this form of provision, it might be possible to develop short-stay accommodation for staff, many of whom come from overseas.

4.22 The Head of Property at CSC also commented that to really capitalise on Culham as a centre of excellence, and enable its expansion, there is a requirement for significant infrastructure investment, in terms of road infrastructure, particularly a by-pass for Clifton Hampden, plus improvements to the railway station and associated services. Enhanced services on the Didcot to Oxford rail route would help reinforce the connectivity of Oxford, Culham and Harwell, and take the pressure off the road network.

4.23 Ultimately there is an ambition to make the Didcot-Oxford rail route four-track. Network Rail has investigated the option of such an enhancement as part of its Western Route Study, having identified capacity constraints at Oxford Station and Oxford North railway junction. However, this development will not be delivered for many years, outside of the 10 year time frame of the Housing Delivery Strategy; and probably outside of the time-frame of the current Local Plans.

4.24 The view of the Head of Property at CSC is that the required scale of infrastructure investment to unlock the full potential of Culham as a major employment centre, will only be achieved if residential development on a larger scale than currently envisaged is permitted. A larger development could also support an element of retail which would widen the appeal of Culham as a place to live and work.

4.25 The Head of Property at CSC also commented that there is a substantial restraint on growth associated with the absence of a high capacity north-south crossing of the River Thames. The bridges at Culham and Clifton Hampden are both historic, single lane bridges. The nearest high capacity river crossing is at Wallingford to the south and at Abingdon; though the Abingdon crossing takes traffic through the centre of the historic town.

4.26 However, it is acknowledged that a new river crossing would require significant level of funding and is not currently deemed a priority; and not necessary in the medium term for Culham Science Centre to thrive. Better public transport links to Didcot (rail and bus) and Abingdon (bus) are regarded as a near-term priority. In the longer term, depending on the spatial distribution of development, the need for provision of the new bridge may become more critical.

4.27 Discussions with Oxfordshire NHS highlighted different issues in terms of the impact on their ability to recruit staff. The consultee highlighted the lack of affordable family accommodation or sale, particular the need for 2 or 3 bed flats or houses. The consultee stated that potential staff want to move to their areas with their families, rather than living on their own and being weekly commuters; or having very long commutes.

4.28 Staff at the County Council also highlighted that there are problems in recruiting care staff throughout the County, which is a key issue for care providers, the County Council and ultimately for the NHS, given the need to ensure that there is an adequate care package in place before many patients are released from hospital. Carers are generally low paid, and thus if reliant on their own incomes to pay for housing, likely to be dependent on access to affordable housing, or dependent on Housing Benefit if living in the private rented sector.

4.29 Businesses do not face quite the challenge that the NHS faces since they have greater freedom and flexibility to help employees to stay in the area if they have been experiencing housing issues due to the lack of affordability. A range of assistance has been offered including relocation allowances, ongoing rentals for particular staff in the local community, flexible working hours, a bus service. In contrast, public sector organisations have had little room for movement and generally have been limited in being able to help potential or current employees with accommodation issues.

4.30 Younger employees are reported to be renting, living in flats or room shares; or living with parents or as lodgers. Many employees who are renting are reported do not have sufficient income and savings to be able to get a mortgage to buy a property, even though at current interest rates and current rents, this might be more affordable than renting. Other employers report that in many cases individuals are unable to afford to rent and so either don't take up positions they are offered or commute long distances.

4.31 The majority of consultees are not optimistic that these housing issues will improve in the near future, and, indeed, many anticipate that they will get worse.

4.32 Consultees were asked to identify the top three actions that local government could take to progress the housing issues raised. The actions mentioned by the consultees included:

- Support and encourage key employers to provide housing for their own staff; often if such housing is to be provided at below market values, this needs to be meshed with enabling development
- Recognise key worker housing is an important element of affordable housing supply
- Alternative have a separate stream of subsidised housing provision for key workers
- Create share housing schemes which young people to rent and stay a few years while they save for a deposit
- Provide affordable housing for young teachers
- There must be good consultation and joint working between major public and private sector employers around housing strategy, and the cost of housing.

4.33 The consultation proforma used to interview the businesses/organisations is also presented in Appendix A.

Appendix A: Consultation Proforma

Introduction

Wessex Economics are undertaking consultations on behalf of Vale of White Horse District Council and South Oxfordshire District Council with local businesses, in order to gather views on how the type and cost of housing in the South Oxfordshire and VOWH area impacts your business. For example, the cost and type of housing may have implications for your ability to recruit or retain staff. This work is part of a wider project to develop the Joint Housing Delivery Strategy for South Oxfordshire and Vale of White Horse.

All the information that we collect today will be kept in the strictest confidence, and used for research purposes only.

Individual who we speak to needs to be the one who makes the major decisions affecting the business

SECTION 1 – BUSINESS PROFILE, LOCATION PRIORITIES & GROWTH

From a little research of your business, we understand that your main business activity is in the ________ sector. Is that correct?

Q1. For how long has your business been operating in the ____________area?

Q2. Are your customers based locally, nationally, internationally? *[SO, VOWH, Elsewhere in the UK, Internationally]*

Q3. Did you/the business have particular reasons for choosing ________ as a business location?

Q4. Would you say that your business is likely to expand within the _____ area within the next 5 years?

Q5. What external factors might result in you leaving the _____ area?

SECTION 2 – IS HOUSING AN ISSUE FOR YOUR BUSINESS?

Q6. Are housing issues a factor for your business? *If yes, please expand on the type of issues.*

Q7. How important are housing issues compared to other challenges your business faces?

Q8. Are you aware of any housing issues affecting your current workforce, or those you would like to recruit?

Q9. If so, how are you aware that housing is an issue for employees/potential recruits and what issues do they raise?

Q10. For the housing issues that you mentioned, do you know at what level and type of job position these are arising?

Q11. To what extent has your business been able to take action to support employees with these housing issues? *Please expand on the type of actions taken for each housing issue mentioned.*

<u>Ask Q12-Q17 if retaining and/or recruiting staff has not been mentioned as a housing issue already</u>

Q12. Has the housing offer in your location caused problems for your business in terms of being able to **retain** the staff that you need – in the past, currently? *Please expand on the type of problems/barriers due to housing.*

Q13. At what level and type of job position was/is there a problem?

Q14. To what extent has the business been able to take action to support employees to stay in the area/with their job? *Please expand on the type of actions taken.*

Q15. Has the housing offer in your location caused problems for your business in terms of being able to **recruit** the staff that you need – in the past, currently? *Please expand on the type of problems/barriers due to housing.*

Q16. At what level and type of job position was/is there a problem?

Q17. To what extent has the business been able to take action to attract the staff you wanted? *Please expand on the type of actions taken.*

Q18. Have you had any staff move away from the local area/leave a job because of housing issues e.g. high cost of housing, the quality of housing?

Q19. Do you expect that the housing issues that you mention will decline/improve over time?

SECTION 3: YOUR EMPLOYEES & COMMUTING JOURNEYS

Q20. Do you have an idea of the type of housing your employees live in? *For example, are they dependent on renting or do they own their own homes? (Do you know how this is broken down for lower, medium and high skilled employees?)*

Q21. Are you aware of how your employees perceive the area? *For example, do they see the area as a good/attractive place to live; if this is the case, why is this so?*

Q22. What proportion of your employees would you say travel from outside of the SO/VOWH area? How has this changed over time? Where do these people commute from?

Q23. What has been the impact of housing affordability on commuting journeys for your employees?

SECTION 4: PUBLIC SECTOR ACTION

Q24. What are the top 3 actions that local government could take to progress the housing issues you identified?

Appendix B: Anticipated Employment Growth in South & Vale

1. A review of existing economic strategy documents was undertaken to provide an understanding of the level of employment growth anticipated in South Oxfordshire and Vale of White Horse - overall, by sector, occupation and location.

2. There are a number of economic related strategies that are relevant to this Working Paper, these include:

- Oxfordshire Strategic Economic Plan (Draft, August 2016);
- South Oxfordshire Draft Local Plan 2032 Preferred Options Third Stage (June 2016);
- Science Vale Area Action Plan, Issues and Scope Document (February 2015);
- Vale of White Horse Draft Local Plan 2031 (November 2014);
- Science Vale Housing and Employment Study (October, 2014);
- Oxfordshire Strategic Housing Market Assessment (April 2014);
- Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment (February 2014);
- Oxford and Oxfordshire City Deal (January 2014);
- The Oxfordshire Innovation Engine, Realising the Potential (October 2013).

Level of Employment Growth Anticipated

3. In February 2014, the report '*Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment*[6]' was published. The report set out economic forecasts for Oxfordshire, to be used in the county's Strategic Housing Market Assessment (SHMA) and the Local Enterprise Partnership's (LEP) Strategic Economic Plan (SEP).

4. The economic projections developed for the study, using Cambridge Econometrics' Local Economy Forecasting Model (LEFM) were developed in three stages:

- Baseline projections from Cambridge Econometrics LEFM Model;
- Alternative Population Scenario which takes account of the demographic projections in the SHMA;
- Planned Economic Growth Scenario[7].

5. As set out in Section 2 of this working paper the Planned Economic Growth Scenario/Committed Economic Growth Scenario is the scenario that underpins the Vale of White Horse and South

[6] CE and SQW (2014) *Economic Forecasting to Inform the Oxfordshire Strategic Economic Plan and Strategic Housing Market Assessment*
[7] Referred to as 'Committed Economic Growth Scenario' in the Oxfordshire SHMA 2014.

Oxfordshire Local Plans. The content of this scenario and its link to housing numbers is set out in Section 2. This Appendix provides the broader context of some of the strategic documents.

6. The **Baseline Scenario** derived from the LEFM model assumes that historical trends in relative growth in Oxfordshire compared with the wider South East (or UK) economy (on an industry-by-industry basis) seen over the past 15 years or so continue into the future. An adjustment was however made to the baseline scenario to reflect an expectation that the education sector in Oxfordshire will suffer less of a downturn in employment growth in the short and medium-term than the model-based projections initially suggested given the significant influence of the universities on employment in the sector. This scenario was derived from the econometric model (LEFM).

7. In the **Alternative Demography Scenario**: the baseline population projections (ONS 2011-based 'interim' Sub-national Population Projections) (SNPP) for Oxfordshire were replaced with the SNPP Updated Projections (this is referred to as (PROJ 2) in the SHMA Report), in particular to address anomalies associated with recording of changes in the student population in Oxford. The adjustment from the baseline scenario results in a projected uplift in the population in 2031 of 45,000 (6%), particularly affecting the projections for Oxford. The increase in population results in stronger growth in employment in sectors where demand is influenced by population dynamics – particularly education and health, retailing and consumer-related services.

8. The **Committed Economic Growth Scenario:** reflects policy influences on economic growth such as planned development and initiative related to the Science Vale Enterprise Zone, Oxfordshire City Deal, North West Bicester Eco-Town and other planned infrastructure investment. This scenario takes account both of factors that can be expected to stimulate 'above trend' growth in employment in Oxfordshire as well as factors which might depress growth.

9. Employment growth levels for the three economic scenarios up to 2031 are presented in Figure 1, 2 and 3. In Oxfordshire, the scale of growth associated with the Committed Economic Growth Scenario involves an additional 88,000 jobs between 2011 and 2031. This figure is also set out in each of the District's adopted and emerging Local Plans. In Vale of White Horse, the Local Plan (2011-2031) makes provision for growth of around 23,000 new jobs.

Figure 1: Employment in the Baseline, Alternative Population and Committed Economic Growth Scenarios

Baseline									
	2011	2021	2031	2011-2021		2021-2031		2011-2031	
	(000s)	(000s)	(000s)	(000s)	(% pa)	(000s)	(% pa)	(000s)	(% pa)
South Oxfordshire	65.1	69.4	72.8	4.3	0.6	3.4	0.5	7.7	0.6
Vale of White Horse	67.2	71.7	76.4	4.4	0.6	4.7	0.6	9.1	0.6
Oxfordshire	380.6	397.3	417.0	16.7	0.4	19.7	0.5	36.4	0.5
Alternative Population									
	2011	2021	2031	2011-2021		2021-2031		2011-2031	
	(000s)	(000s)	(000s)	(000s)	(% pa)	(000s)	(% pa)	(000s)	(% pa)
South Oxfordshire	65.1	69.8	74.2	4.7	0.7	4.4	0.6	9.1	0.7
Vale of White Horse	67.2	72.1	77.9	4.9	0.7	5.8	0.8	10.7	0.7
Oxfordshire	380.6	404.6	430.5	49.9	1.2	38.3	0.9	49.9	0.6
Committed Economic Growth									
	2011	2021	2031	2011-2021		2021-2031		2011-2031	
	(000s)	(000s)	(000s)	(000s)	(% pa)	(000s)	(% pa)	(000s)	(% pa)
South Oxfordshire	65.1	71.4	76.5	6.4	0.9	5.1	0.7	11.5	0.8
Vale of White Horse	67.2	81.6	90.2	14.4	2.0	8.6	1.0	23.0	1.5
Oxfordshire	380.6	430.5	468.8	49.9	1.2	38.3	0.9	88.2	1.0

Source: Economic Forecasting to Inform the Oxfordshire SHMA, 28 February 2014

10. The Baseline Scenario projects an increase in employment in Oxfordshire of 36,400 between 2011-2031, equating to around 1,800 jobs per annum (0.4-0.5% pa growth in employment). At a District-level, the projections assume that historical relationships between relative growth by sector in the District relative to the County continue to hold true. In this scenario employment growth in South Oxfordshire is projected to increase by 0.6% pa between 2011-2031, with the total increase in employment projected to be 9,100. For Vale of White Horse, employment growth is also expected to be 0.6% pa, total employment increase of 7,700.

11. The Alternative Population Scenario projects 49,900 additional jobs in Oxfordshire, 19,700 in the two Districts. The projections split the alternative population growth fairly evenly between the two authorities with slightly more, 54% (10,600 jobs) projected to be in Vale of White Horse and 46% (9,100) expected in South Oxfordshire. It is suggested that the Alternative Population-based projections better reflect likely population growth in the county, and that employment growth could actually average 0.6% pa over 2011-2031, before the impact of above-trend policy impacts are added. Employment is projected to be 3% higher in this scenario, compared to the baseline scenario, 13,500 jobs higher in the same period.

12. The Committed Economic Growth Scenario forecasts employment growth of 88,000 jobs overall, equivalent to 4,400 pa. This represents annual growth rates of 0.8% pa in South Oxfordshire and 1.5% in Vale of White Horse (c.f. 1.0% pa in Oxfordshire). The SHMA report recognises that there are factors which could depress growth in employment, including public sector spending restraints and competition from surrounding areas including South Warwickshire, the Thames Valley and London. It identifies a number of potential risks to delivery of the scenario including competition for skilled labour and delays in delivery if infrastructure (including potential shortages of commercial accommodation).

13. However, the Committed Economic Growth Scenario does not regard housing delivery as a particular risk. It is suggested that most of the Committed Economic Growth job impacts considered are unlikely to involve displacement within Oxfordshire. However, there are examples where local displacement could occur, in considering the effects on jobs of the designation of the Science Vale Enterprise Zone. **Therefore, the Committed Economic Growth Scenario forecasts only take account of the net change in jobs (excluding displacement) resulting from planned economic growth over and above what could be expected on the basis of past trends.**

14. The Committed Economic Growth therefore forecasts creation of a further (above trend) 27,750 direct jobs and 10,500 indirect jobs by 2031. This would mean a total increase in employment of around 88,000 over 2011-2031 in Oxfordshire, as already mentioned. It is expected that the 10,500 additional indirect and induced jobs will be in sectors such as business support services: financial and business services) stimulated by these activities. The majority of the other jobs that are stimulated will be in distribution, transport and storage and government services.

15. Vale of White Horse is projected to have the biggest increase in jobs over the increase projected in the Alternative Population-based projections, with 12,400 extra jobs projected by 2031 in the Committed Economic Growth forecast. The additional jobs located in the Vale of White Horse results in the District having the strongest employment growth of 1.5% p.a. over 2011-2031. In contrast, the growth in South Oxfordshire will be just 0.8%.

Figure 2: Direct and Indirect Employment Impacts in the Planned Economic Growth forecasts - 2031 (000s)

	Direct	Indirect	Total
Oxfordshire	27.7	10.5	38.3
South Oxfordshire	0.6	1.7	2.3
Vale of White Horse	10.2	2.2	12.4

Source: Economic Forecasting to Inform the Oxfordshire SHMA, 28 February 2014

16. It is important to note that the Oxfordshire Strategic Economic Plan (SEP) highlights that '*since 2011, employment growth in Oxfordshire has been much faster than was expected through the forecasts used as the basis for the Strategic Housing Market Assessment. The sectors with the biggest increase in employees 2011-14 were professional, scientific and technical (an increase of nearly 7,000 employees), construction (5,500 increase), business administration and support services (3,300 increase) and*

transport and storage (2,200 increase). The number of employees in manufacturing and public administration and defence declined by just over 1,000 in each sector over the 2011-14 period.' [8]

Sectoral (and Occupation) Employment Growth

17. Employment growth in the 'Alternative Population Scenario' by sector is presented in Figure A3.4 for South Oxfordshire. The largest employment increases are found in sectors such as Construction, Accommodation and Food Services, Financial and business services and construction. The majority of impacts are due to the proportion of employment in those sectors in each district.

Figure 3: Employment in the Alternative Population Scenario by Broad Sector – South Oxfordshire

	2011	2021	2031	2011-2021		2021-2031		2011-2031
	(000s)	(000s)	(000s)	(000s)	(% pa)	(000s)	(% pa)	(000s)
Agriculture	0.4	0.5	0.6	0.2	4.3	0.0	0.4	0.2
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0	0.0	-2.8	0.0
Manufacturing	4.0	4.2	3.8	0.1	0.4	-0.4	-1.0	-0.3
Electricity, gas and water	0.7	0.7	0.7	0.0	0.1	0.0	-0.1	0.0
Construction	4.3	4.7	5.0	0.4	0.9	0.3	0.6	0.7
Distribution	9.3	10	10.5	0.7	0.7	0.5	0.5	1.2
Transport & Storage	1.7	1.9	1.9	0.2	1.0	0.0	0.2	0.2
Accommodation & food services	4.9	6.3	7.2	1.4	2.5	1.0	1.5	2.4
Information & comms	3.0	2.8	3.3	-0.1	-0.5	0.5	1.6	0.4
Fin. & business services	20.1	22.4	24.6	2.3	1.1	2.1	0.9	4.4
Government services	12.5	12.0	12.4	-0.4	-0.3	0.4	0.3	0.0
Other services	4.4	4.4	4.3	0.0	0.0	-0.1	-0.1	-0.1
Total	65.1	69.8	74.2	4.7	0.7	4.4	0.6	9.1

Source: Economic Forecasting to Inform the Oxfordshire SHMA, 28 February 2014

[8] Oxfordshire Strategic Economic Plan (Draft, August 2016);

18. Similar to South Oxfordshire, employment growth in Vale of White Horse is greatest in sectors such as the Financial and Business Services sector, where 5,200 jobs are projected; 1,000 jobs in Construction and Distribution respectively and 1,300 jobs in Accommodation and Food Services.

Figure 4: Employment in the Alternative Population Scenario by Broad Sector – Vale of White Horse

	2011	2021	2031	2011-2021		2021-2031		2011-2031
	(000s)	(000s)	(000s)	(000s)	(% pa)	(000s)	(% pa)	(000s)
Agriculture	0.8	1.4	1.5	0.6	5.9	0.1	0.5	0.7
Mining & Quarrying	0.0	0.0	0.0	0.0	-4.8	0.0	-4.5	0.0
Manufacturing	4.4	4.7	4.4	0.4	0.8	-0.4	-0.8	0.0
Electricity, gas and water	1.3	1.3	1.3	0	-0.1	0	0	0.0
Construction	5.1	5.7	6.1	0.6	1.1	0.4	0.8	1.0
Distribution	8.8	9.4	9.8	0.6	0.7	0.4	0.4	1.0
Transport & Storage	2.1	2.6	2.8	0.4	1.9	0.2	0.8	0.6
Accommodation & food services	3.6	4.2	4.9	0.6	1.7	0.7	1.5	1.3
Information & comms	4.9	4.6	5.1	-0.3	-0.7	0.6	1.2	0.3
Fin. & business services	18	20.2	23.1	2.3	1.2	2.9	1.3	5.2
Government services	14	13.6	14.6	-0.4	-0.3	0.9	0.7	0.5
Other services	4.2	4.3	4.2	0.1	0.2	0	-0.1	0.1
Total	67.2	72.1	77.9	4.9	0.7	5.8	0.8	10.7

Source: Economic Forecasting to Inform the Oxfordshire SHMA, 28 February 2014

Implications of Employment Growth on Housing

19. The demographic-led projections for the Oxfordshire HMA indicate a need for up to 2,900 homes a year. This would support 0.7% pa growth in employment. The Committed Economic Growth Scenario is higher, showing a need for 4,300 homes pa.

Figure 5: Summary of Projections 2011 to 2031 – Annual – Oxfordshire HMA

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	5,373	0.80%	2,887	1.10%	2,253	0.70%
PROJ 3 - Economic baseline	5,480	0.80%	2,900	1.10%	2,340	0.70%
PROJ 4 - Committed economic growth	9,197	1.40%	4,280	1.60%	4,352	1.30%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

Figure 6: Summary of Projections 2011 to 2031 – Total – Oxfordshire HMA

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	107,464	16.40%	57,748	21.40%	45,068	13.5%
PROJ 3 - Economic baseline	109,595	16.70%	57,996	21.40%	46,798	14.0%
PROJ 4 - Committed economic growth	183,933	28.10%	85,593	31.70%	87,049	26.0%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

20. For South Oxfordshire, the demographic-led projections indicate the need for up to 490 or 660 homes per year, whilst the Committed Economic Growth the need is higher at 750 homes.

Figure 7: Summary of Projections 2011 to 2031 – Annual – South Oxfordshire

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	821	0.6%	482	0.8%	284	0.4%
PROJ 3 - Economic baseline	1,295	1.0%	655	1.2%	547	0.8%
PROJ 4 - Committed economic growth	1,550	1.1%	749	1.3%	687	1.0%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

Figure 8: Summary of Projections 2011 to 2031 – Total – South Oxfordshire

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	16,417	12.20%	9,634	17.0%	5,686	8.1%
PROJ 3 - Economic baseline	25,898	19.20%	13,105	23.1%	10,936	15.6%
PROJ 4 - Committed economic growth	31,004	23.00%	14,972	26.3%	13,746	19.6%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

21. For Vale of White Horse, the demographic-led projections indicate the need for up to 470 or 625 homes per year; whilst the Committed Economic Growth the need is higher at 1,030 homes.

Figure 9: Summary of Projections 2011 to 2031 – Annual – Vale of White Horse

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	873	0.7%	468	0.9%	301	0.5%
PROJ 3 - Economic baseline	1,331	1.1%	623	1.2%	553	0.9%
PROJ 4 - Committed economic growth	2,528	2.1%	1,028	2.0%	1,195	1.9%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

Figure 10: Summary of Projections 2011 to 2031 – Total – Vale of White Horse

	Population growth		Housing numbers		Employment growth	
	pa	% change	pa	% change	pa	% change
PROJ 2 - SNPP (updated)	17,453	14.3%	9,365	18.2%	6,012	9.5%
PROJ 3 - Economic baseline	26,621	21.8%	12,453	24.3%	11,053	17.5%
PROJ 4 - Committed economic growth	50,556	41.5%	20,559	40.0%	23,901	37.8%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

22. For Oxfordshire, the scale of growth involves an additional 88,000 jobs between 2011 and 2031 and approximately 100,000 new homes as set out in each of the District's adopted and emerging Local Plans.

23. The Preferred Options consultation proposes to make provision for 15,750 homes to meet the identified housing need for South Oxfordshire over the plan period (2011-2032), this equates to 750 homes per annum. The District has been asked to make provision for an additional 3,750 homes to help meet the housing needs of Oxford City. However, in September 2016 South Oxfordshire put on hold its commitment to accommodate this additional requirement.

24. In Vale of White Horse, the Local Plan (2011-2031) makes provision for growth of around 23,000 new jobs, and at least 20,560 new homes. Around 15,850 (almost 70%) of the 23,000 new jobs in South and Vale are forecast to be located in the Science Vale area. It is the jobs being created in Science Vale that generate the need for a significant proportion of the houses required in the District, though labour will be drawn from neighbouring authorities.