



Briefing Note to Oxford City Council

Date 10 September 2010

Subject **Validity of 2006 Oxford Employment Land Review Estimates of Future Employment Land Needs**

This note comments on how the findings of the 2006 Oxford Employment Land Review (ELR) relate to the current changed economic context and more recent Government Guidance on economic development.

Validity of ELR Estimates in the Context of Changed Economic Circumstances

Although the Oxford ELR was prepared in 2005/6, it forecasts requirements for employment space over a 16 year period to 2021. This longer timescale would be expected to cover different economic cycles including periods of both economic downturn and stronger growth, and the forecasts would have reflected this. While the employment forecasts used may appear optimistic in the current post-recession climate, periods of stronger growth over the longer period up to 2021 or 2026 could balance out lower growth in the short term.

It is also important to note that the employment forecasts used were derived in 2004, well before the peak of economic activity in 2008 and at a time when Oxford and the South East were still recovering from the effects of the “dot-com” crash, which particularly affected the higher technology sectors in which Oxford is strong. On that basis, the forecasts were unlikely to have been unduly optimistic and should therefore still provide a reasonable basis for longer-term planning purposes.

In addition, it is important to recognise that any forecasting work of this type is inevitably a point-in-time assessment. Any ELR has the potential to appear overly optimistic or pessimistic a few years after it was produced as economic conditions change in the short term. However, that does not mean the ELR is not robust over the longer term as economic troughs and peaks balance out. An ELR should remain reasonably robust as a basis for future planning provided it was not produced at a time of exceptional economic conditions and a sensible range of estimates was provided to cater for different future economic growth conditions. This was clearly the case with the Oxford ELR. To illustrate this point further, if the Council were now to update the Oxford ELR using 2010 post recession-based forecasts as the basis of future requirements to 2026, there is a risk these would be based on unusually low estimates of job growth and result in planning for an unduly low level of growth, which could in turn provide an unrealistic picture of future needs.

To provide a degree of flexibility, the Oxford ELR also provided a range of estimates of future employment land needs and various options for the level of need that could be met. From

these, the Council adopted a fairly conservative approach, selected the lower growth estimate and planned for the development option which would meet the minimum employment space requirement for a managed growth approach with no extra allowance for flexibility. This would have reduced the risk of over-providing employment land if economic growth were to be at reduced levels in future. For these reasons, the range of estimates and options provided by the Oxford ELR allows it to remain a reasonable basis for planning for Oxford's future needs.

Implications of PPS4 for the ELR

Although there have been some policy changes in approach to economic development since 2006, none of these are considered likely to have led to a different outcome from the Oxford ELR had they been in place in 2006. The new PPS4: *Planning or Sustainable Economic Development* broadly supports sustainable economic growth and now advocates a wider view of economic development, including the Non B Class sectors (such as retail, health, education etc) as well as traditional B Class employment uses. While the Oxford ELR focused on B Class employment land requirements, this was supplemented by a separate Council study examining the land needs/job growth potential of the Retail, Higher Education and Health sectors, which can be considered the more important ones for Oxford in terms of land needs.

The Government's planned focus for Local Enterprise Partnerships on rebalancing the economy towards the private sector should also not affect the Oxford ELR, which already focused largely on the employment land needs of the private sector and so supported job growth within it. While some recent studies (such as the Centre for Cities report) emphasise the poor performance of private sector job growth in Oxford, the Oxford ELR had already noted Oxford's comparatively low job growth compared with nearby areas and set out options aimed at promoting improved job growth in B class uses.

For these reasons, a changing policy context or recent economic trends since 2006 should not necessarily invalidate the findings of the Oxford ELR.