

**EXECUTIVE SUMMARY**

1. This study of the local economy was commissioned by West Oxfordshire District Council to inform its Local Development Framework (LDF) and Economic Development Strategy. The overall aim was “to provide a robust basis for an economic strategy up to 2026 with particular emphasis upon the District’s employment land needs to 2016 and 2026.”
2. The study therefore considers both appropriate strategic economic objectives for the District and their associated employment land requirements. While employment land needs are only assessed for B1 (business), B2 (industry) and B8 (warehousing/distribution) uses, the future role of various other sectors such as retail and tourism are also considered.
3. The study’s approach reflects Government guidance on employment land reviews, and involved extensive consultation with local firms, economic development and business groups, property agents, landowners and developers, as well as feedback from a stakeholder consultation event. It also takes account of local and regional economic strategy documents, relevant planning policies, property market information, published economic statistics and the District Council’s audit of employment sites.
4. By way of context, West Oxfordshire is a largely rural District with a small but relatively good performing local economy, above average levels of entrepreneurial activity, low unemployment and a tight labour market. The District’s main strengths include a high quality environment offering an attractive place to live for skilled staff and supporting a strong and growing tourism sector; its diversity; its proximity to Oxford with potential for spin-offs or relocations from the City’s knowledge based sectors; some clusters of certain higher technology industries, and a reasonably skilled local labour force.
5. Its potential weaknesses and constraints to future growth include relatively poor motorway access and limited public transport infrastructure; high out-commuting levels and congestion along major routes; high housing costs which may hinder staff recruitment and retention; a still significant role in manufacturing - a sector in decline nationally; and the potential for its high quality environment and related planning policies to restrict future employment land supply. The strength of Oxford and Vale of White Horse District as centres of high technology growth, and Swindon as an industrial centre, may also provide competition to the District’s aspirations in these sectors.
6. The District’s existing supply of employment space is relatively small compared with most other Oxfordshire districts. The majority of this supply comprises industrial premises, both distribution and manufacturing, with a comparatively small amount of office floorspace. Most of the stock of space, particularly office units, is in smaller units under 500 m<sup>2</sup> with relatively few large units over 5,000 m<sup>2</sup>. Much is also concentrated in the few larger towns, predominantly in Witney, but a significant amount is in small employment estates and converted rural buildings beside larger villages. Only about one quarter of industrial floorspace is fairly modern and this is confined to few locations, and much of the stock will soon be quite dated to meet modern business needs. While some 44% of the District’s small stock of office space is relatively modern, a sizeable proportion of older stock exists.
7. A significant amount of new employment space has been developed in the District in recent years. An average of 23,000 m<sup>2</sup> of new employment space was completed annually between 2001-06, but over a longer period (1995-2006), the rate has been significantly lower averaging 16,500 m<sup>2</sup> annually. About half of the new space being completed has been for distribution use, with manufacturing and office premises accounting for about 25% each. There is a further 61,200 m<sup>2</sup> of

permitted employment space, and 12 ha of land, available in the development pipeline, mostly on allocated sites and much of it on sites in Witney. Significant new industrial development, and some office development, is taking place in Carterton and this may change opportunities there.

8. In common with other Oxfordshire districts, West Oxfordshire has lost significant manufacturing space and gained office and distribution space in recent years. Between 2001-06, 61,600 m<sup>2</sup> of employment floorspace was lost, the great majority of it to residential uses. However, the average annual loss was roughly half the amount of new employment space completed annually. Most losses occurred on only three large industrial sites and any future losses are considered likely to be of much lower scale.
9. The 79 main employment sites that make up most of the District's supply provide a good range to meet different needs in terms of quality and type. Although many sites have limited strategic road access in national terms, they are adequate to meet local needs. In terms of office premises, although small in scale, much of the stock outside of some older premises in Witney town is of reasonably good quality, and provides a range of unit sizes. There is a reasonable supply of modern industrial space and a good distribution across the District. Most of the available sites are fully developed and vacancy is low. The remaining allocated sites and undeveloped sites with planning permission are all of good/average quality and considered likely to come forward for development. In the context of a District which does not have a large supply of employment sites and in which lower quality sites are occupied and meeting local needs, no sites were identified that justified release to other uses.
10. The District is seen by the property market as a mainly self-sustaining, locally driven market with some locational disadvantages but benefiting from an attractive environment and competitive costs. While it attracts relatively few large firms from elsewhere, its supply of more readily available sites has been particularly important to its market attractiveness compared to other areas. Current demand for industrial space is reasonable but office demand weaker. No major gaps were identified in the range of property types available but the District does not currently have the level of innovation or enterprise centre provision to support start-up firms that nearby districts have. Some shortage was also indicated of small managed office units, some medium sized high quality offices and small, low cost starter industrial units to lease. No need was identified for larger scale strategic distribution space in the District. The market's preferred location for any new employment space was mainly Witney, with modest provision in Chipping Norton, and continued provision of small, good quality employment areas in larger villages. In Carterton, Ventura Park and West Oxfordshire Business Park have provided new development opportunities which are currently being taken up by the market.
11. Consideration was given to the current economic role, amounts of employment land available and any major economic development proposals in nearby districts to assess the extent to which these areas could compete with West Oxfordshire for investment or accommodate some of its future demand for employment space. Many of these districts have broadly similar economic aims – to sustain high levels of employment in a diverse sustainable economy, balanced with a high quality of life, and with a focus on knowledge based sectors. Oxford and Vale of White Horse Districts are important centres for higher technology sectors and major proposals at Harwell and Culham should strengthen the latter's role. Compared with some of these areas, West Oxfordshire has some potential disadvantages, particularly its more limited accessibility, its low available labour supply and modest amounts of available land, but it is competitive on cost. Given these factors, the District is unlikely to attract any large scale industrial or office firms in preference to nearby centres, and would face competition to developing as a major focus for higher technology. There are no major developments planned nearby that should draw demand that might otherwise have gone to West Oxfordshire. Overall, there do not appear to be reasons why the District should not continue to

compete successfully at its current level provided suitable levels of employment space are made available.

12. Future employment land requirements for the District were estimated using several different approaches. These took account of projected employment growth, past rates of completions of employment space and growth of local labour supply, as well as wider economic trends. The estimates include a modest safety margin to give some flexibility and choice. The table below summarises the gross land requirements arising from the different approaches used, before any existing development land is taken into account. The amounts range between 12 and 80 ha depending on the approach and assumptions used, or between 0.6 and 4 ha annually up to 2026. The estimate based on employment forecasts was considered less reliable compared with recent job growth in the District.

**Table 1: Gross Land Implications of Different Scenarios 2006-26**

	Gross Land Required
Based on Experian employment forecasts	12.4 ha
To match labour supply from 6,700 new dwellings	24.7 ha
To match labour supply from 6,700 new dwellings & reduce out-commuting by 10%	39.7 ha
Based on lower past-completions approach	63.8 ha
Based on higher past-completions approach	80.8 ha

13. When allowance is made for an estimated 30 ha of available land allocated or with planning permission, the net additional employment land requirement up to 2026, for which new sites would need to be found, is between 33-50 ha, if future needs were based on past completions. If an alternative approach were followed which aimed to provide only enough new land provision and jobs to match growth in labour supply, there would be no need for additional land in quantitative terms although some new provision would increase choice and bring qualitative improvement of the stock. However, to both meet labour supply growth and generate more local jobs to help reduce out-commuting would require in the order of 9 ha more land.

**Table 2: Net Amounts of Employment Land Required 2006-2026**

	Additional Land Required	Comment
Based on Experian employment forecasts	- 18.0 ha	surplus/no new land needed
To match labour supply from 6,700 new dwellings	- 5.7 ha	surplus/no new land needed
To match labour supply from 6,700 new dwellings & reduce out-commuting by 10%	+ 9.3 ha	deficit/ new land needed
Based on lower past-completions approach	+ 33.4 ha	deficit/ new land needed
Based on higher past-completions approach	+ 50.4 ha	deficit/new land needed

14. In terms of locations for future development, the most obvious area for a major share is land at Downs Road on the west side of Witney. As well as wider sustainability factors, this reflects that location's better strategic road access, its proven attractiveness to the market and occupiers and fewer environmental constraints than other possible areas. In Chipping Norton, need was seen for a modest amount of additional land, probably for business/mixed employment use. In Carterton, given the amount of employment land still available and being developed (e.g. at Ventura Park and West Oxfordshire Business Park), any further provision would be to meet longer term needs. A modest amount of flexible, mixed use employment land would be appropriate for this purpose, but with greater emphasis on industrial space. Both these smaller towns would benefit from some low cost, small units for start-up firms.
15. While these amounts of land provide broad estimates of potential market demand and the implications of different policy aspirations, the actual land requirements to be used as the basis for

future planning need to be determined following consideration of the preferred economic strategy for the District. To help formulate this strategy, several possible scenarios for future economic growth in the District were considered, along with the key strategic objectives which should support these. This process took account of the District's current strengths, weaknesses and opportunities identified earlier, economic trends within it and the region, relevant planning policies, national sustainability aims, and the aims of both local and regional economic development strategies. The industrial and service sectors which appear to gain competitive advantage from being in the District were identified and their future prospects assessed.

16. From this, the following strategic objectives were identified as appropriate for the District. Many of these would be common to any economic strategy for the District but would be taken forward to a greater or lesser degree depending on the level and type of economic future sought.
- *Maintaining a diverse local economy adaptable to change*
  - *Promoting growth in high growth/high productivity sectors and clusters*
  - *Retaining the District's industrial strengths*
  - *Seeking to exploit the District's proximity to Oxford*
  - *Supporting indigenous growth*
  - *Assisting workforce training to meet business needs and improve productivity*
  - *Promoting a culture of entrepreneurship*
  - *Promoting workforce flexibility & flexible working*
  - *Aiming to reduce out-commuting*
  - *Promoting higher spend, sustainable tourism based on the District's inherent qualities and assets*
  - *Focusing growth on towns but continue to support the rural economy*
  - *Ensuring adequate provision of business sites and premises*
  - *Differentiating the District's employment space*
  - *Promoting local supply chains*
  - *Active promotion of the district as a business location*
  - *Seeking infrastructure improvements*
17. Three possible pictures of future growth in the District were considered, which might form the basis for an economic strategy. These describe different levels of economic growth and activity, different amounts of employment land provision, and different types of objectives and levels of intervention by the Council. While the emphasis may be on providing for B class employment uses, fostering other sectors such as retail and tourism related uses will also be important elements of these strategies.
- *Scenario 1: Steady Growth*, under this, the District would continue along broadly similar economic lines to those in the recent past. This would reflect continuing with an approach which has led to a reasonably successful local economy to date. The focus would be on supporting indigenous economic growth, with modest inward investment and with slightly lower levels of employment land provision than recent rates of development, 33 ha over the next 20 years.
  - *Scenario 2: Aim for Higher Growth*: this envisages somewhat higher economic growth in the District than the Steady Growth scenario, with levels of development closer to the higher rates seen over the last five years and would mean providing significantly more employment land than Scenario 1, in the order of 50 ha in total. It would still support growth of indigenous firms but also more actively promote the District and encourage more relocations of firms from elsewhere, both industrial firms

and high value/knowledge based activities, aiming to capitalise more on proximity to Oxford's growth. While most of the objectives associated with it would be the same as for scenario 1, much greater emphasis would be given to some, such as promoting growth in high growth/high productivity sectors and clusters; promoting a culture of entrepreneurship and ensuring adequate provision of business sites and premises.

- *Scenario 3: Indigenous Growth*: this aims for growth levels lower than the *Steady Growth* scenario described above, broadly matching levels of new jobs to the growth of local labour supply. Such a scenario would reflect an approach aimed at reducing pressures on labour supply and housing and minimising new land requirements. It would imply a significantly lower level of economic development than in recent years. It could mean no additional land requirement to be made, or only a modest 10 ha if slightly more than the minimum job requirement was planned for to help reduce out-commuting. Key objectives linked to this scenario would also include many from scenario 1, but with no active promotion of the District and much less emphasis on, for example, seeking to exploit the District's proximity to Oxford; promoting a culture of entrepreneurship and ensuring adequate provision of business sites and premises.
18. Each of these alternatives comes with different benefits and risks, and their deliverability varies in terms of potential constraints such as labour supply and infrastructure. The extent to which each accords with wider economic strategies and planning policies also differs. The study assessed the different scenarios against such factors. While the decision on which approach is preferable will be made by the District Council, based on the factors considered by this study a level of growth and package of objectives closer to scenario 1: *Steady Growth* appears to offer important benefits with fewer risks and potential constraints.
  19. The amount of new employment land to be allocated would follow a choice of economic strategy by the District Council, but informed by the estimates made above. Forecasts for a period 20 years ahead will be affected by many changing factors, both local and global. To minimise the risk of over-provision if the study's estimates turn out to be on the high side, or if future demand requires less office space than predicted, it will be important to closely monitor demand and take-up for different employment uses to gain early warning of demand exceeding forecast levels and respond accordingly. A 'plan, monitor and manage' approach, under the more flexible Local Development Framework (LDF) process, could usefully be applied, as well as some flexibility in the mix of employment uses allowed on new sites.