Oxfordshire Economic Assessment

25th February 2010

Slide presentation

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Oxfordshire Economic Assessment – Summary of Findings

Context

1. Undertaking an economic assessment is a statutory duty and provides evidence on which to base future economic success.

2. The South East Plan, the Regional Economic Strategy, the Economic Development Strategy for Oxfordshire and Oxfordshire 2030 already commit Oxfordshire to significant targets to build a world class economy, to grow a number of key communities in terms of their housing, jobs and infrastructure and to improve the education of its young people along with the skills development of its adults.

3. This assessment aims to improve understanding of Oxfordshire's economy in terms of:

- **Economic growth and productivity**;
- The extent to which the benefits of economic development are **shared across all communities**;
- The degree to which the economy is **sustainable;**
- The **resilience** of the economy in the face of future challenges and opportunities.

4. Together these four perspectives provide a comprehensive and rounded view of the Oxfordshire economy and its contribution to the county's wellbeing.

5. As its name suggests, the economic assessment is about *assessing* Oxfordshire's economy. It aims to identify issues to be addressed, based on various sources of evidence. It identifies areas where the evidence is weak and where more work is required to be sure of our analysis. It tries to avoid 'evidence by assertion' so that future economic development strategy will be based on firm foundations.

6. This 'summary of findings' report aims to 'tell the story' of Oxfordshire's economy in a way that correctly reflects the balance of its strengths and weaknesses. It consists of just 4 pages of summary accompanied by 20+ pages of selected data. The full economic assessment will provide a more complete set of data and analysis.

Oxfordshire's Economy

7. **Oxfordshire has an attractive business environment** including:

- A globally recognised centre of excellence for learning and research.
- A highly qualified resident workforce **[figure 1]**
- An accessible central England location with an internationally famous urban centre surrounded by a rural hinterland, including historic market towns and areas of outstanding natural beauty. **[map]**

8. **The business environment has supported the development of a successful Oxfordshire economy within the major economic region of the south east of England.**

- Just over half of Oxfordshire's workforce is engaged in knowledge-based sectors including hi-tech manufacturing, ICT, Knowledge Intensive Businesses (KIBs), education and health services. **[figure 2]**

- The proportion of employment in Knowledge-Intensive Businesses in Oxfordshire is well above the South East average and other county areas **[figure 3]** and is concentrated in Oxford city, southern Oxfordshire and Banbury. **[figure 4].** In contrast high tech manufacturing shows a greater concentration in southern Oxfordshire and hi tech services are more dispersed across the county.
- In 2007 Oxfordshire contributed £15.4bn (9%) to the South East economy, slightly above its share of resident working age population (8%). London and the South East region together account for more than one third of the total economy of England. **[figure 5]**

9. **Economic structures and conditions vary across Oxfordshire.**

- Oxford is an internationally recognised "brand", and significant growth is planned in the city, including the regeneration of the west end.
- The area known as Science Vale UK, centred on the science and innovation campus at Harwell, Milton Park, Culham, Didcot and Wantage & Grove contains a large concentration of scientific research and development with potential to be a focus for further major economic growth.
- Further north, Bicester is identified as a significant growth point in the South East Plan and, with the planned eco-town in northwest Bicester, has the potential to become a focus for jobs centred on environmental technologies.
- Different areas of the county have very different profiles in terms of business size and occupational structures. **[figure 6 and table 1].**

10. **Oxfordshire's recent economic growth has, in part, been fuelled by expansion of the public sector.**

- The public sector (including public administration and defence, education, health and other services) is now Oxfordshire's second largest contributor to the county's economy (as measured by GVA) and recent growth has been above other sectors. **[figure 7]**
- The education workforce has increased significantly. Between 1998 and 2007 employment in primary, secondary, further and higher education grew by 52% to 41,200, from 9% to 13% of Oxfordshire's workforce.
- The military are arguably the biggest direct and indirect employers in the county but more work needs to be done to reconcile different data sets and to study the contribution they make to the Oxfordshire economy.

Issues and challenges

11. While the Oxfordshire economy has many strengths, this assessment has highlighted a number of issues and challenges:

[a] Comparatively low economic growth over the past five years.

- Evidence suggests that despite the 'world class' elements of its economy Oxfordshire is not growing as fast as other successful parts of the South East in terms of both the size of its economy and its productivity. **[figures 8-10]**

[b] Pressures on Oxfordshire's business environment.

- Despite its well-qualified workforce, Oxfordshire is ranked below some statistically similar areas on pupil attainment. **[figure 11].** The exact nature of shortages of skilled technicians is still not properly understood. Oxfordshire's most deprived areas have consistently poor scores on the "Education & Skills" domain **[tables 2 & 3]**
- The population of Oxfordshire is predicted to grow at different rates in urban and rural areas with some rural wards expected to see a decline in population. **[figure 12]** This would further affect the viability of rural services and retail.
- House price to earnings ratios remain high in Oxfordshire, particularly in South Oxfordshire district. **[figure 13]**
- Regional research has highlighted the issue of lower broadband speeds in rural Oxfordshire[1].
- Tackling traffic congestion is a priority for the new Oxfordshire Local Transport Plan [detailed data is in development as part of the Local Transport Plan 3 process].

[c] Unsustainable use of natural resources and relatively high carbon emissions.

- Oxfordshire's ecological footprint area (the area needed to support demand for natural resources including water, energy and clean air) is approximately 14 times its land area. **[figure 14]**
- The carbon footprint of Oxfordshire's rural districts is above that of the South East region. **[table 4]**
- Oxfordshire is, however, extremely well-placed to respond to this environmental challenge with a leading role in climate science, strong scientific skills and networks and a number of leading 'clean-tech' businesses in both the manufacturing and service sectors.

[d] The impact of the economic recession and the predicted slowdown in public sector growth.

- Recent business survey data[2] appears to show that levels of actual and planned innovation and investment by Oxfordshire's businesses have fallen below the UK average. However the sample in Oxfordshire is small and further evidence is needed to assess this finding.

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[1] SEEDA broadband infrastructure survey 2008, http://www.seeda.org.uk/Global_Competitiveness/Business/Broadband/Next%20_Generation_Broadband/

[2] National Business Survey, Ipsos MORI for Regional Development Agencies published January 2010

- Unemployment in 2008/09 Oxfordshire was just below the South East average. Starting from a position of lower unemployment in 2004/05, Oxfordshire has seen a greater increase than regionally or nationally. **[table 5, figure 15]**
- The impact of the recession has been greatest in communities struggling with elements of deprivation such as low skills and high levels of unemployment. **[figure 16]**
- The female unemployment rate in Oxfordshire has increased at a higher rate than for males and is above many comparable areas and above the South East average. **[table 6 and figure 17]**
- In mid-2009, 6.7% of young people in Oxfordshire were Not in Education Employment or Training, equivalent to around 1,000 young people aged 16 to 18. This was slightly above the average for the South East (6.2%) and below the England average (7.6%).[3]

[e] Lower growth is forecast for the next five years

- Recent forecasts of GVA for each sector predict [figure 18] a slowdown in the growth of the public sector in Oxfordshire and initial contraction followed by gradual growth in the private sector
- Oxfordshire's business sectors have performed differently in the recent past

[f] There is not a clear and shared story about Oxfordshire's economy.

- There is anecdotal evidence that Oxfordshire's strengths in the areas of science and technology are insufficiently recognised both locally by its own population and externally by potential investors. This risks affecting the educational choices of young people in the county's schools and the investment choices of investors external to Oxfordshire.

12. The need to respond to the challenges in areas such as technology, economic competition and the environment / climate change will mean that the **resilience of the Oxfordshire economy could be as important as absolute levels of growth.**

Report by: **Head of Sustainable Development**

Contact: Dave Waller, Economy, Spatial Planning and Climate Change manager and project manager of the economic assessment
Tel: 01865 81081

[3] Oxfordshire County Council Children Young People and Families, draft Children's Plan Needs Analysis Dec 2009

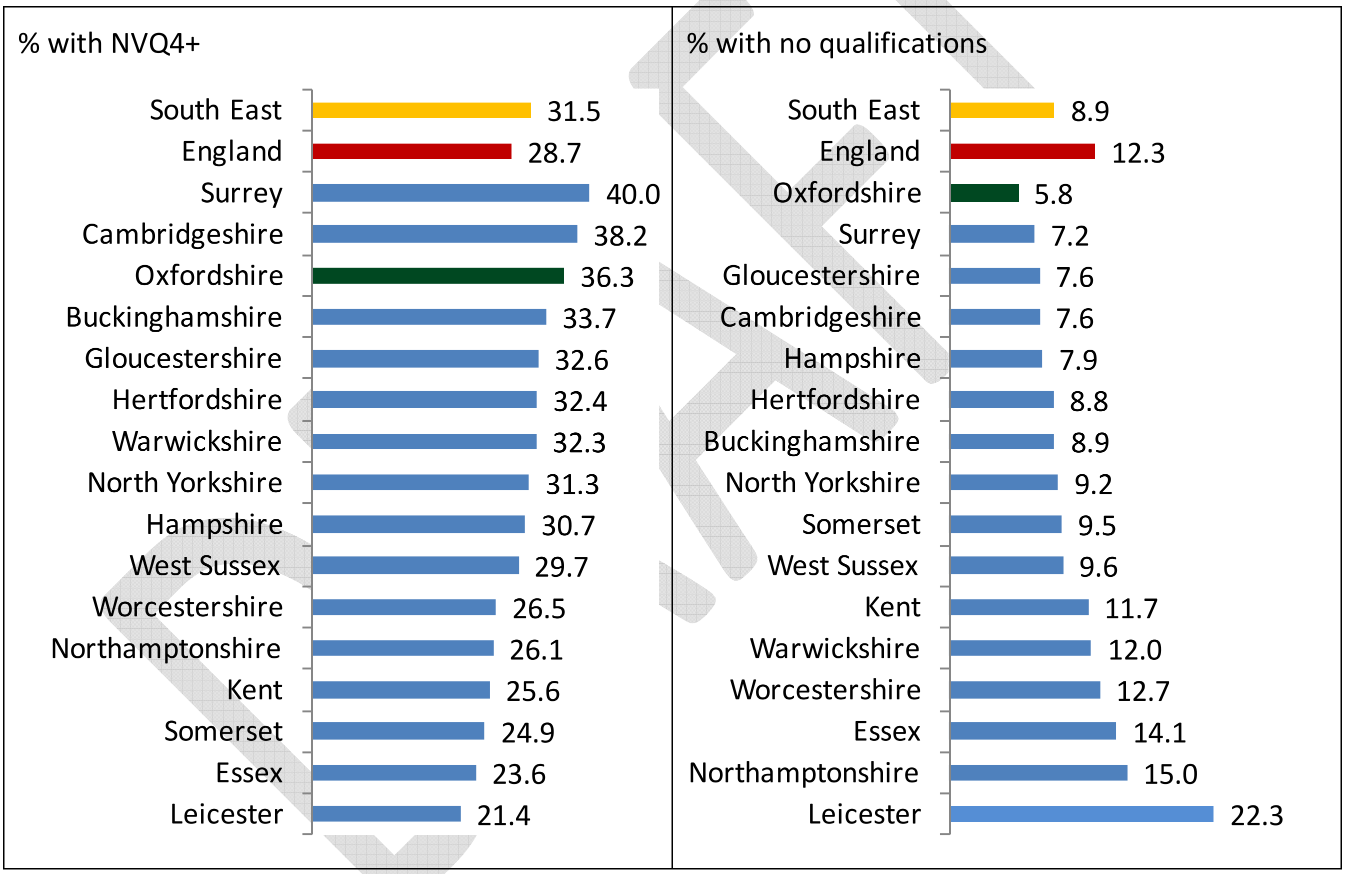
ANNEX: Evidence for this summary

1. A highly qualified resident workforce

Compared with statistically similar areas, the resident working age population in Oxfordshire is very well qualified. The county has:

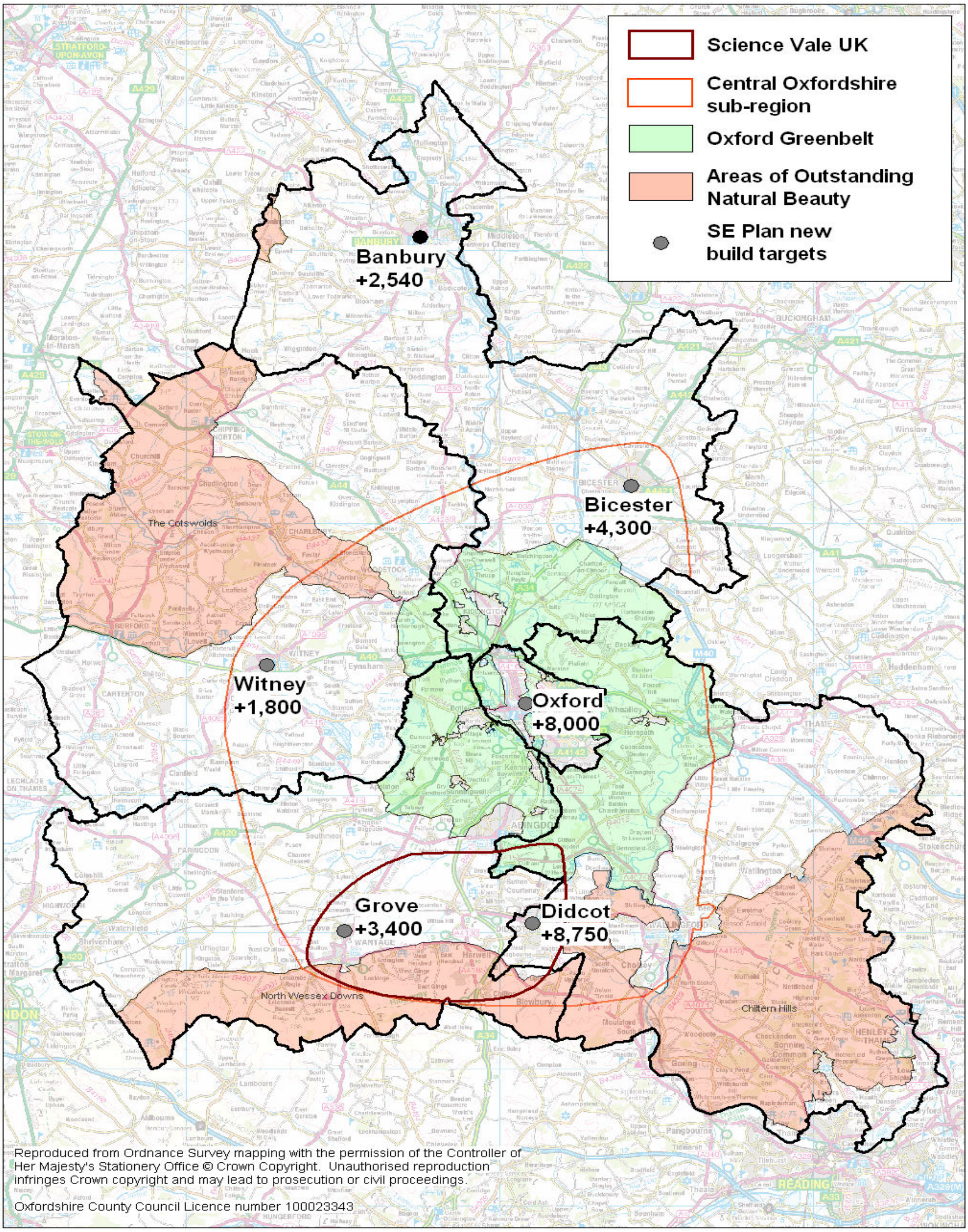
- one of the highest rates of working age residents with degree or equivalent qualifications (3rd out of 16, behind Surrey and Cambridgeshire);
- the lowest rate of working age residents without qualifications (ranked 1st out of 16).

Figure 1 Percent of working age resident population with NVQ4+ and no qualifications, Oxfordshire vs statistical neighbours (2008)



Source: ONS Annual Population Survey Jan-Dec 2008; Audit commission (CIPFA) statistical neighbour group

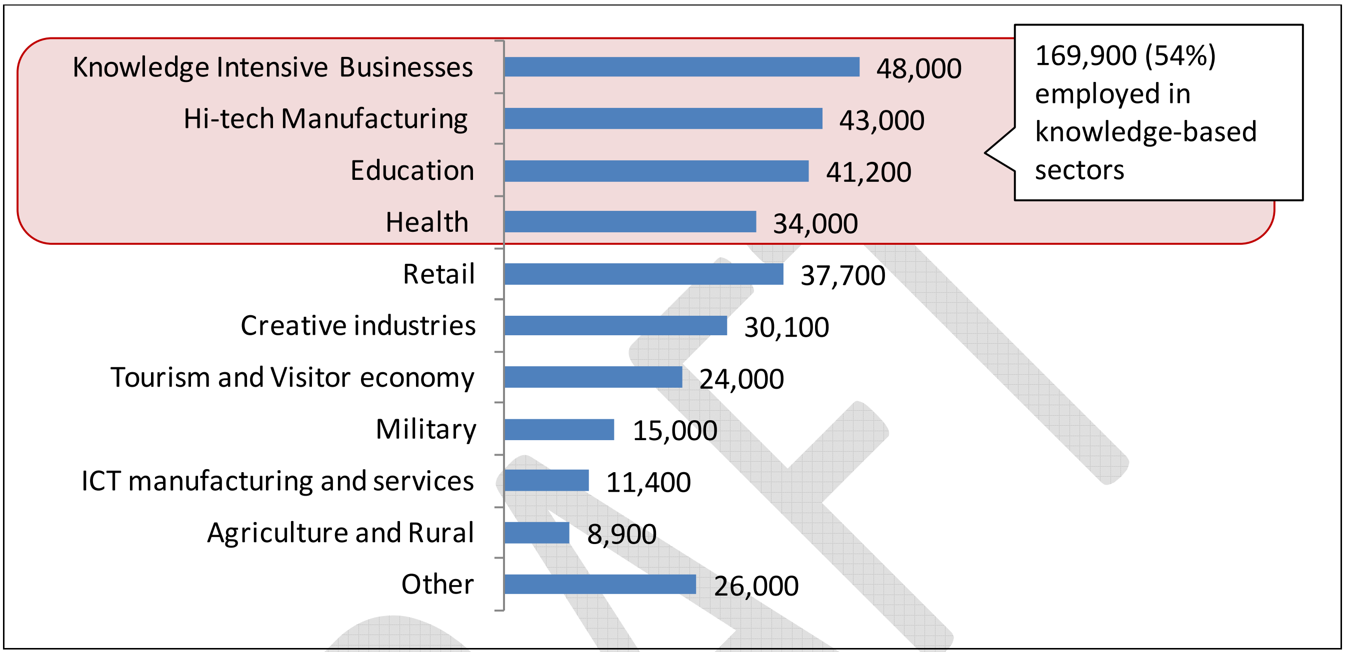
2. Accessible Central England location - famous urban centre surrounded by rural hinterland



3. Oxfordshire's knowledge-based economy

Knowledge-based sectors include hi-tech manufacturing, ICT, business services, education and health services. Over half of Oxfordshire's workforce was employed in these sectors in 2007. (More detail is available in section 12 of this annex).

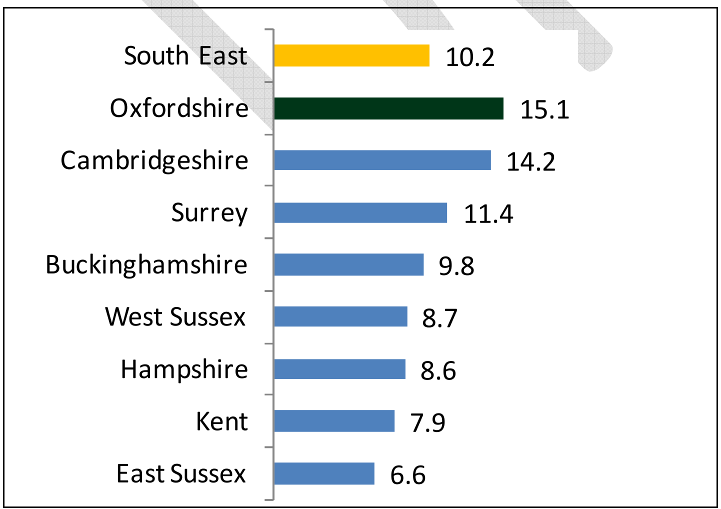
Figure 2 Employee jobs in Oxfordshire by sector (2007)



Main source of employee numbers: ONS Annual Business Inquiry provided by Oxfordshire Data Observatory; employment by Military is an estimate; does not include self-employed; Note that data from non-standard industry sectors is to be verified

The proportion of employees in Knowledge-Intensive Businesses in Oxfordshire in 2007 (15.1%) was above the South East average (10.2%) and above other counties.

Figure 3 Percent of employees in Knowledge-Intensive Businesses (2007)



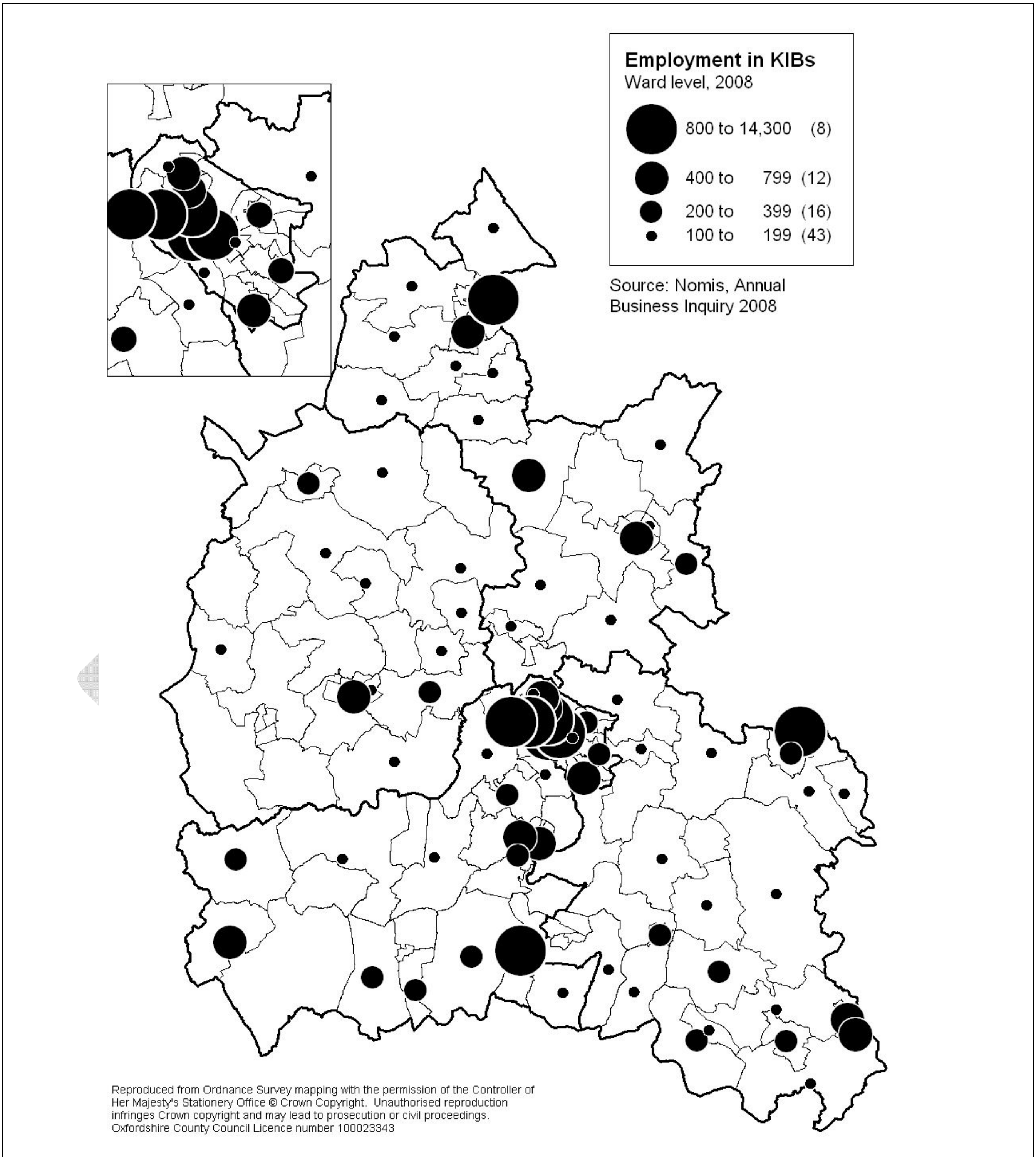
Source: ONS Annual Business Inquiry provided by Oxfordshire Data Observatory.

The Knowledge Intensive Businesses sector includes business services such as accountants, lawyers, real estate agents, etc. It also includes Research and Development which is a particularly significant category for Oxfordshire.

4. The knowledge-based sector is distributed across Oxfordshire

Mapping employment in Knowledge Intensive Businesses in Oxfordshire shows significant numbers of employees in Oxford city, Harwell, Banbury, Thame, Abingdon and the area west of Didcot (Milton Park).

Figure 4 Location of employment in Knowledge Intensive Businesses (2008)

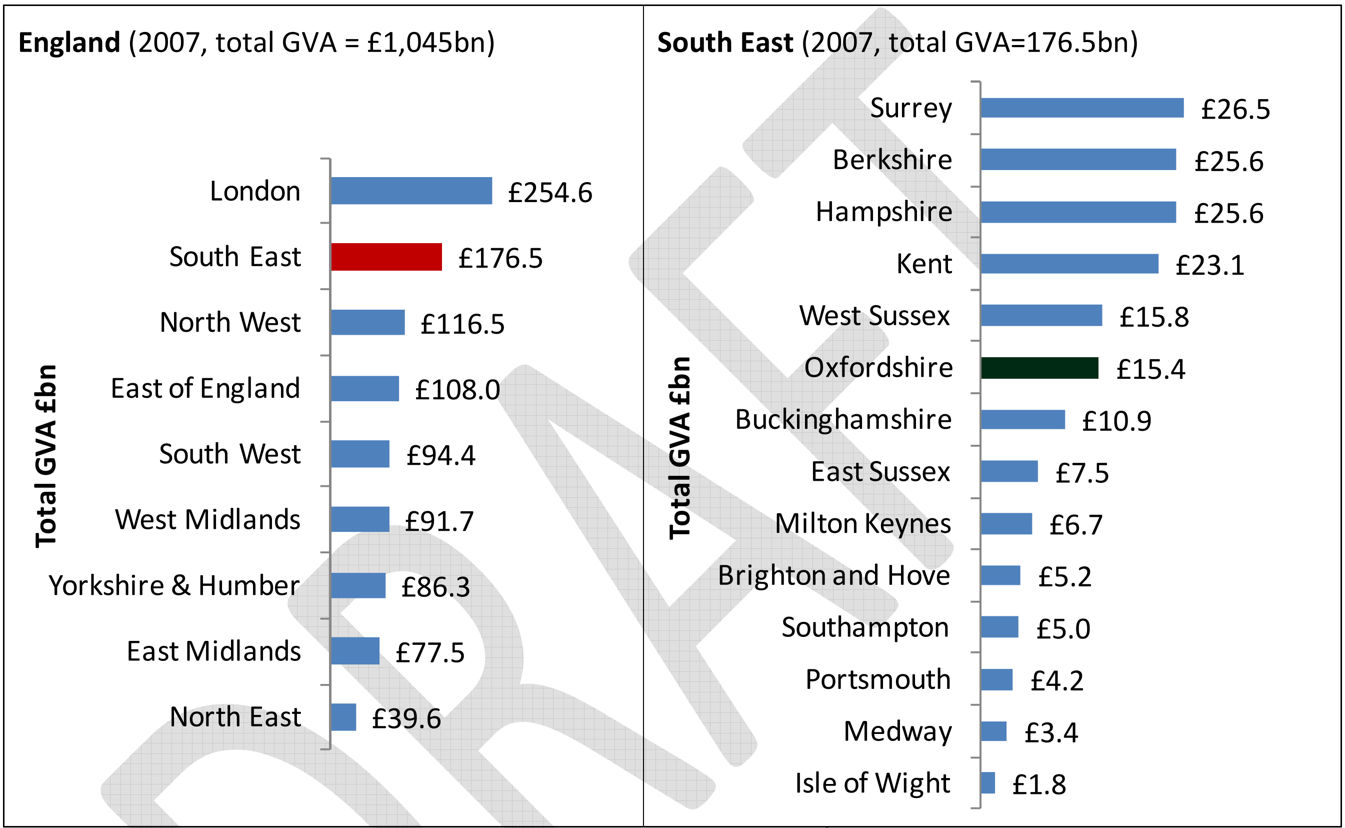


5. Contributing to national GVA

In 2007 the South East region was the second highest contributor to national Gross Value Added (GVA)[4] after London. These two regions together continue to account for more than one third of the total economy of England.

Oxfordshire's GVA in 2007 was £15.4 billion, equivalent to 9% of the South East economy. This proportion was slightly above its share of the resident working age population in the region (8%[5]).

Figure 5 Contribution to Gross Value Added (2007) £billion



Source: National Statistics released Dec09 Table 3.1 Headline GVA by NUTS3[6] area at current basic prices by region

Note on use of GVA: There are issues with GVA as an indicator - it is complicated, is at least two years in arrears and contains economic "bads" as well as "goods" e.g. the activity involved in clearing up pollution incidents or attending to accidents. However it provides a widely recognised benchmark used by both central and regional government.

[4] GVA = Gross Value Added. GVA is a 'top-down' measure of economic performance at "basic" prices. "Basic" prices exclude taxes and include subsidies. At county level it includes wages and profits. GVA is NOT a measure of the value of goods produced/sold; standard of living or quality of life. Further information on GVA methodology is available from the ONS.

[5] Local Labour Market indicators, South East released November 2009

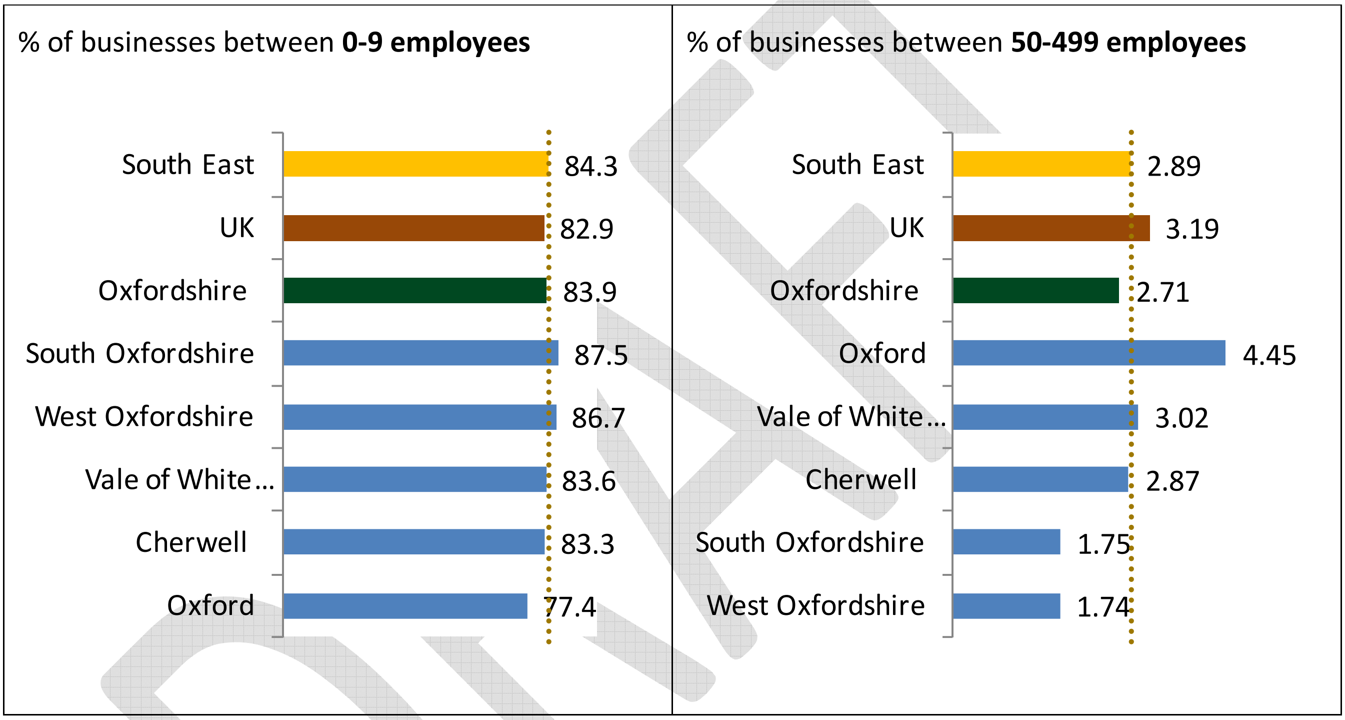
[6] The Nomenclature of Territorial Units for Statistics (NUTS, from the French nomenclature d'unités territoriales statistiques) is a European standard for referencing the subdivisions of countries for statistical purposes. The NUTS3 level is groups of districts or upper tier authorities.

6. Varying profiles in terms of business size and occupational structures

According to ONS business data on VAT and PAYE registered stock, Oxfordshire has a similar proportion of very small businesses (0-9 employees) as the regional average and slightly above the UK average.

There is a greater variation in the proportion of medium-sized businesses where Oxfordshire is below the UK and South East average, Oxford is well above and the rural districts of South and West Oxfordshire are well below average.

Figure 6 Percentage of VAT and PAYE Registered Business Stock for small and medium-sized businesses, 2009



Source: UK Business: Size, Activity and Location 2009, ONS

The same data source shows that the proportion of large businesses (500+) is similar in Oxfordshire to the UK and above the average for the South East.

Oxfordshire's occupational profile shows a variation between districts with relatively low proportions of management occupations in Oxford and Cherwell and a low proportion of professional and associate professional occupations in Cherwell.

The proportion of people in skilled trades occupations in Oxfordshire is similar to the South East and is relatively high in West Oxfordshire.

Table 1 Employment by Occupation – Percentage of Working Population (Apr08 – Mar09)

SOC 2000 Group	GB	SE	Oxon	Oxford	Cherwell	South	Vale	West
1 Managers and senior officials	15.6	17.3	16.2	9.0	13.6	19.7	23.6	18.2
2 Professional occupations	13.1	14.3	17.3	29.5	8.9	19.1	15.3	10.2
3 Associate professional & technical	14.6	15.5	15.3	17.9	13.1	15.8	15.7	13.4
4 Administrative & secretarial	11.4	11.6	11.5	11.5	11.4	9.5	17.0	7.6
5 Skilled trades occupations	10.7	9.8	9.5	#	10.3	10.9	8.1	17.1
6 Personal service occupations	8.3	6.7	6.7	7.6	9.9	4.4	#	6.8
7 Sales and customer service occupations	7.5	6.8	6.8	#	6.1	8.4	6.1	11.1
8 Process plant & machine operatives	7.0	6.8	6.8	5.0	10.0	6.6	#	7.9
9 Elementary occupations	11.3	9.7	9.7	11.0	16.2	5.7	5.8	7.6

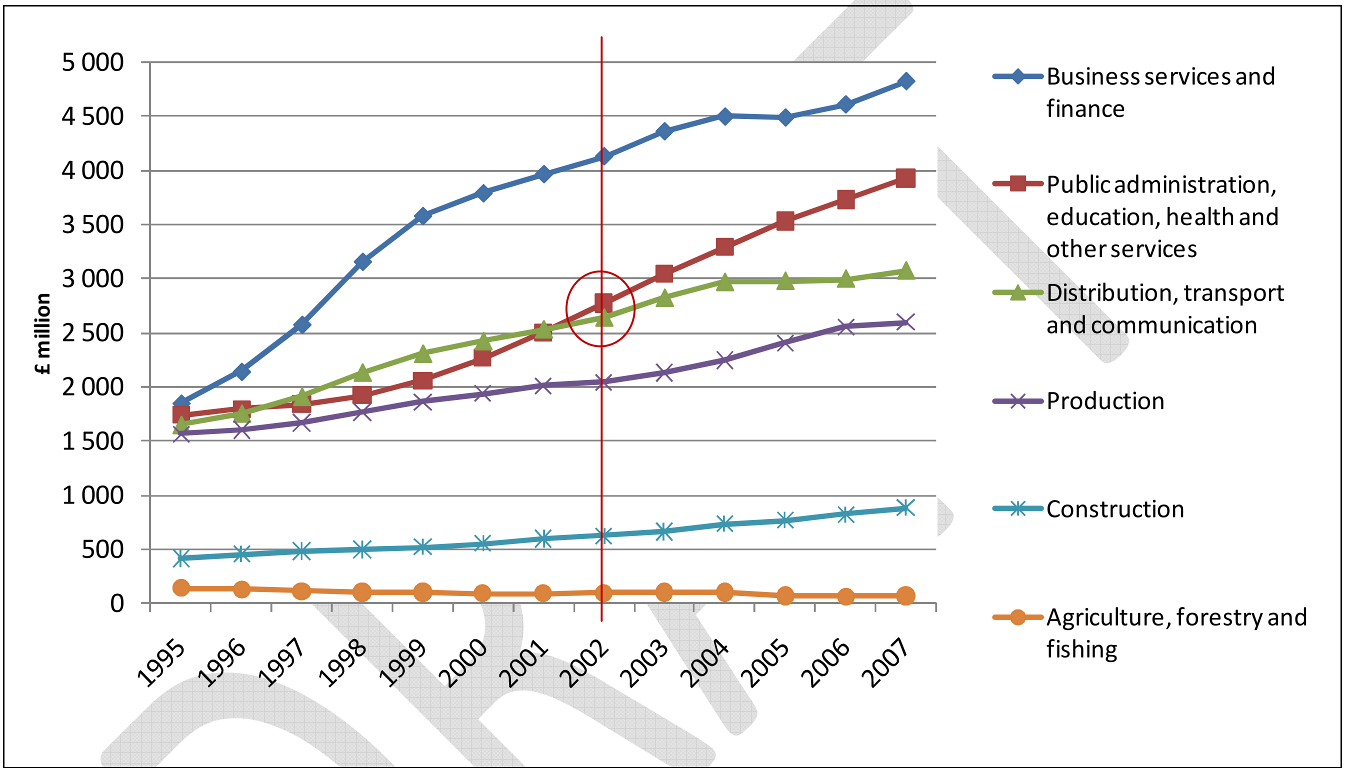
Source: ONS Annual Population Survey
Notes: % of those over 16 in employment. # means sample is too small for reliability
Shaded cells highlight differences noted in the text

7. Issue 1 – Low recent economic growth

In 2002 the public sector (public administration, education, health and other services) became the second largest contributor to Oxfordshire's economy as measured by Gross Value Added (GVA).

Between 2002 and 2007 the public sector in Oxfordshire increased by 63%, well above the 27% increase in GVA from Business Services & Finance.

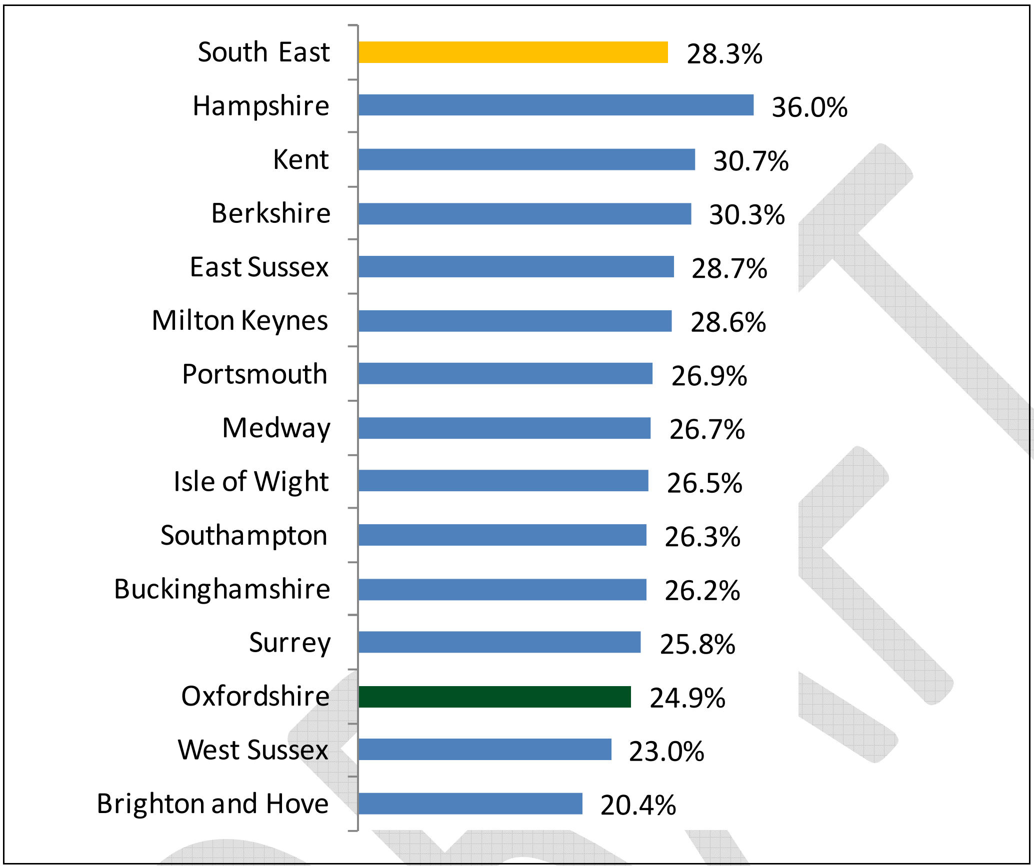
Figure 7 Total GVA by broad industry sector



Source: National Statistics Online GVA released Dec09; Table 3:4 Headline Gross Value Added (GVA) by NUTS3 area and 6 industries at current basic prices by region.
The composite sector of "public administration, education, health and other services" includes defence and some private sector organisations.

Oxfordshire's recent GVA growth has been below the South East average and most other areas of the region. Over the 5 year period, between 2002 and 2007, only Brighton & Hove and West Sussex saw lower GVA growth than Oxfordshire in the South East.

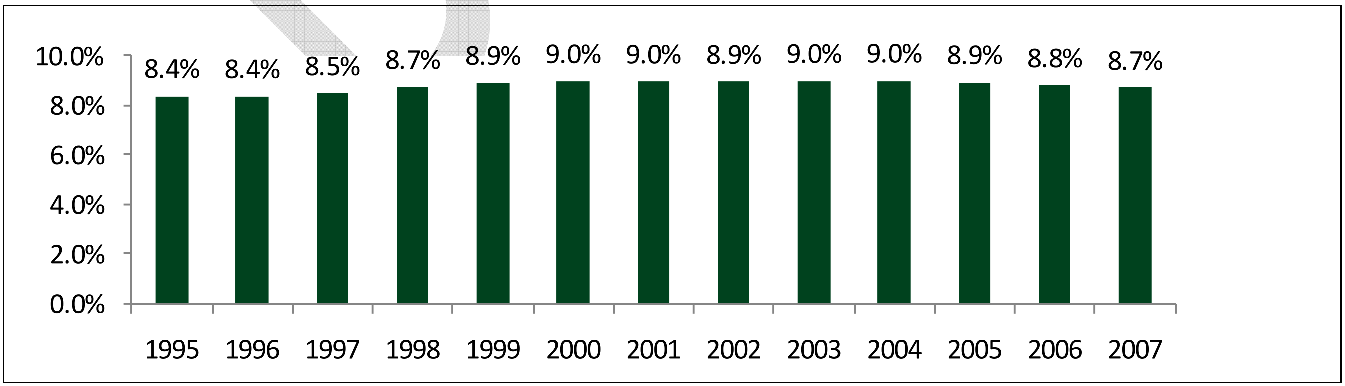
Figure 8 percent change in total GVA from 2002 to 2007 across the South East region



Source: National Statistics released Dec09 Table 3.1 Headline GVA by NUTS3 area at current basic prices by region

Relatively slow recent growth has meant that Oxfordshire's contribution to the South East GVA has declined marginally over the last three years.

Figure 9 Oxfordshire's GVA as % of the South East total

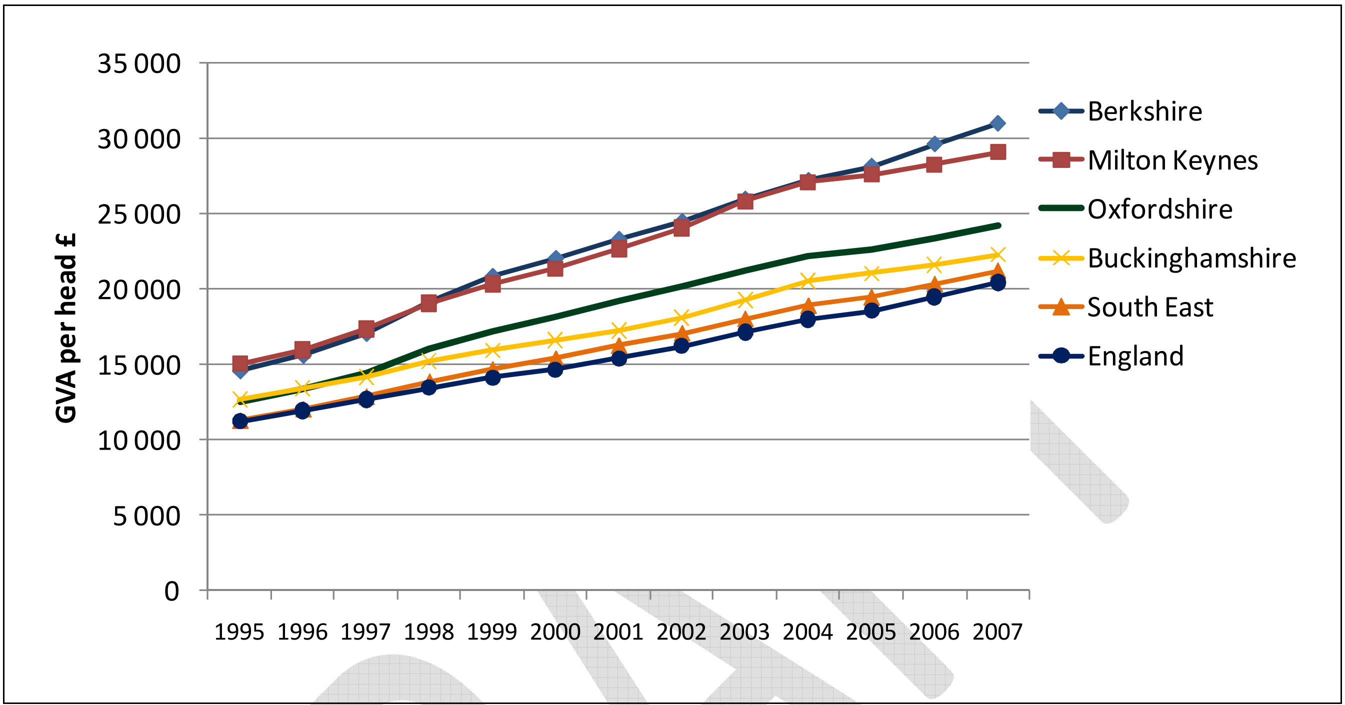


Source: National Statistics released Dec09 Table 3.1 Headline GVA by NUTS3 area at current basic prices by region

8. Issue 2: Productivity not improving enough

Productivity – as measured by GVA per head – in Oxfordshire is above that of all parts of the South East region with the exception of Berkshire and Milton Keynes.

Figure 10 Trend in GVA per head



Source: National Statistics released Dec09 Table 3.1 Headline GVA by NUTS3 area at current basic prices by region

9. Issue 3: Problems with GVA per head as a metric of productivity

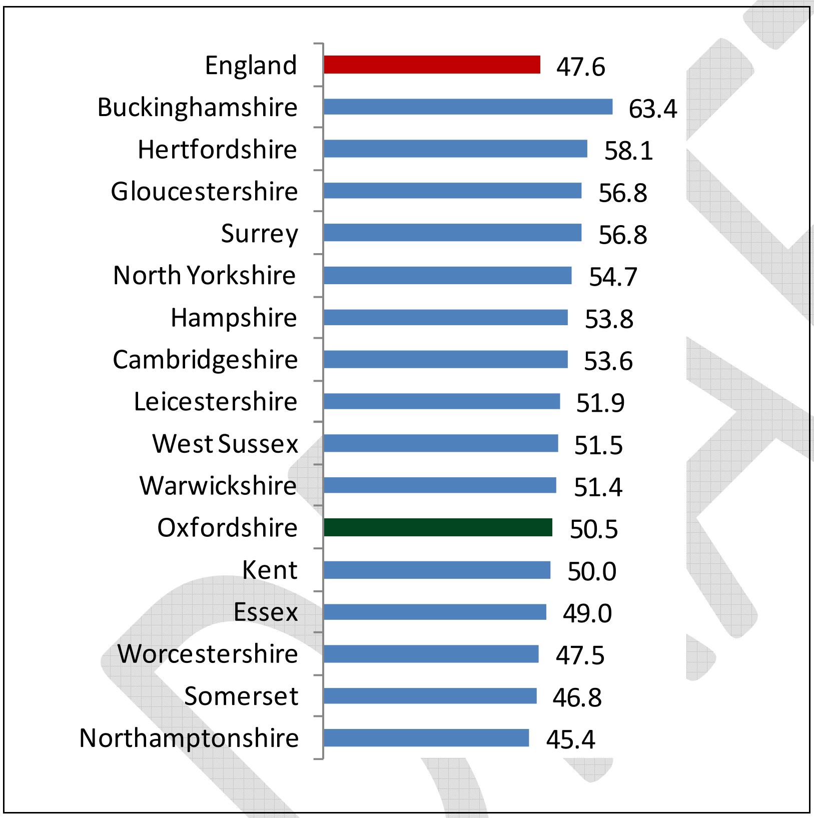
Estimates of GVA per head at a sub-regional level however allocates GVA to where people work (ie including income/earnings generated by in-commuters) whereas the denominator is the resident population (ie excluding in-commuters). This will tend to favour urban centres with high levels of in-commuting; for example, at one extreme, central London has a GVA per head roughly three times higher than even Berkshire

10. Issue 4 – Under-performance on Education and Skills

Work is currently underway to survey employers to improve our understanding of the skills their businesses need to thrive. The assumption that the main area needing improvement is in technician skills is plausible but evidence to date has failed to provide a clear understanding of what kinds of technicians are needed and in what numbers and where.

2008 pupil attainment results show Oxfordshire ranked 11th out of 16 statistical neighbours on the percentage of pupils achieving 5+ A*-C GCSEs (including English and Maths) – above the England average, but below Cambridgeshire and a number of other counties.

Figure 11 Percent of pupils achieving 5+ A*-C GCSEs including English and Maths (2008)



Source: Dept for Children Schools and Families achievement and attainment tables 2008 KS4 results

A low ranking on the “Education and Skills” domain of the Index of Multiple Deprivation (2007) is an important influence on the overall scores of Oxfordshire’s most deprived areas. A total of 13 of Oxfordshire’s 404 super output areas are ranked in the most deprived 5% in England.

In comparison Berkshire’s most deprived areas include low scores on a broader range of domains.

Table 2 Oxfordshire’s 10 most deprived areas (IMD2007)

LA NAME	SOA name	IMD 2007	Income	Employ -ment	Health	Education and skills	Housing and services	Crime	Environ ment
Oxford	Northfield Brook 68	11%	10%	26%	12%	2%	32%	8%	47%
Oxford	Barton & Sandhills 13	12%	10%	22%	13%	6%	13%	21%	42%
Oxford	Barton & Sandhills 14	13%	14%	24%	24%	2%	11%	38%	30%
Oxford	Blackbird Leys 20	14%	15%	25%	23%	4%	25%	6%	37%
Oxford	Northfield Brook 69	14%	12%	26%	25%	5%	5%	22%	77%
Cherwell	Banbury Ruscote 50	17%	15%	20%	34%	6%	66%	16%	16%
Cherwell	Banbury Ruscote 54	17%	15%	21%	23%	5%	74%	19%	26%
Oxford	Blackbird Leys 18	17%	20%	23%	29%	3%	25%	21%	39%
Oxford	Rose Hill and Iffley 76	17%	10%	35%	36%	6%	14%	19%	44%
Oxford	Rose Hill and Iffley 77	18%	20%	27%	22%	4%	26%	12%	58%

Source: CLG IMD2007, Data is national ranking (100%= least deprived) shaded cells are in the most deprived 10% in England

Table 3 Berkshire’s 10 most deprived areas (IMD2007)

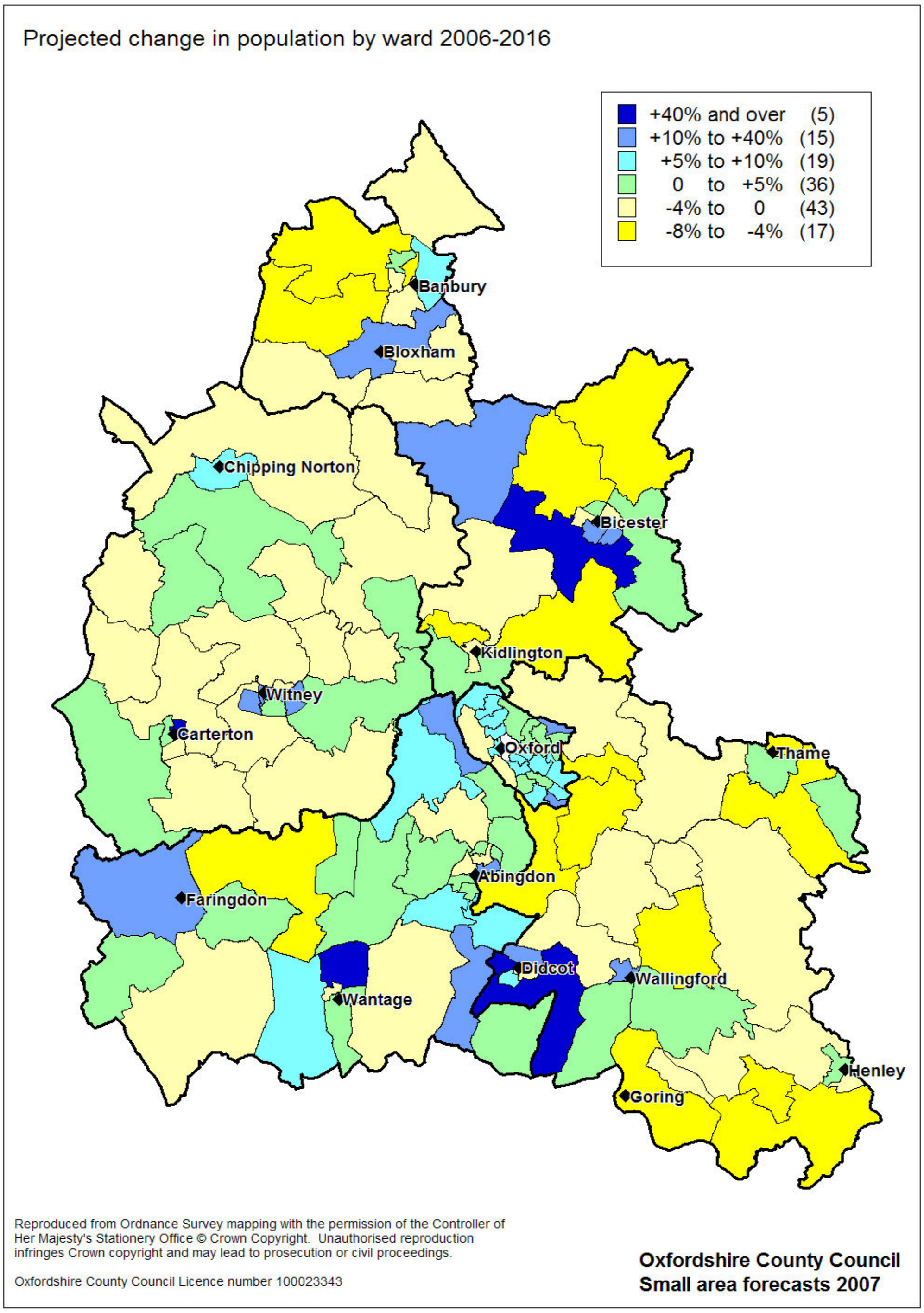
LA NAME	LSOA code	IMD2007	Income	Employment	Health	Education and skills	Housing and services	Crime	Environment
Slough	E01016490	**9%**	12%	14%	18%	25%	**2%**	**2%**	28%
Reading	E01016443	11%	**8%**	24%	30%	**1%**	39%	**5%**	43%
Reading	E01016368	12%	10%	21%	28%	**2%**	40%	**6%**	35%
Reading	E01016372	12%	10%	20%	33%	**3%**	21%	**6%**	48%
Reading	E01016420	13%	11%	**9%**	18%	10%	52%	15%	35%
Reading	E01016441	15%	12%	18%	23%	**6%**	24%	10%	80%
Slough	E01016464	16%	**7%**	18%	37%	42%	47%	**5%**	25%
Reading	E01016389	16%	**9%**	20%	27%	13%	26%	22%	40%
Reading	E01016415	16%	17%	18%	29%	11%	30%	10%	25%
Reading	E01016438	17%	15%	37%	37%	**6%**	39%	**3%**	30%

Source: CLG IMD2007, Data is national ranking (100%= least deprived) shaded cells are in the most deprived 10% in England

11. Issue 5 - the varying effects of population change

Small area population forecasts show a contrast in the predicted population change in rural and urban parts of the county with the significant declines in some rural areas likely to further undermine rurally based retail and services and the opposite being true of areas experiencing very significant increases in population.

Figure 12 Population change by ward in Oxfordshire 2006 - 2016

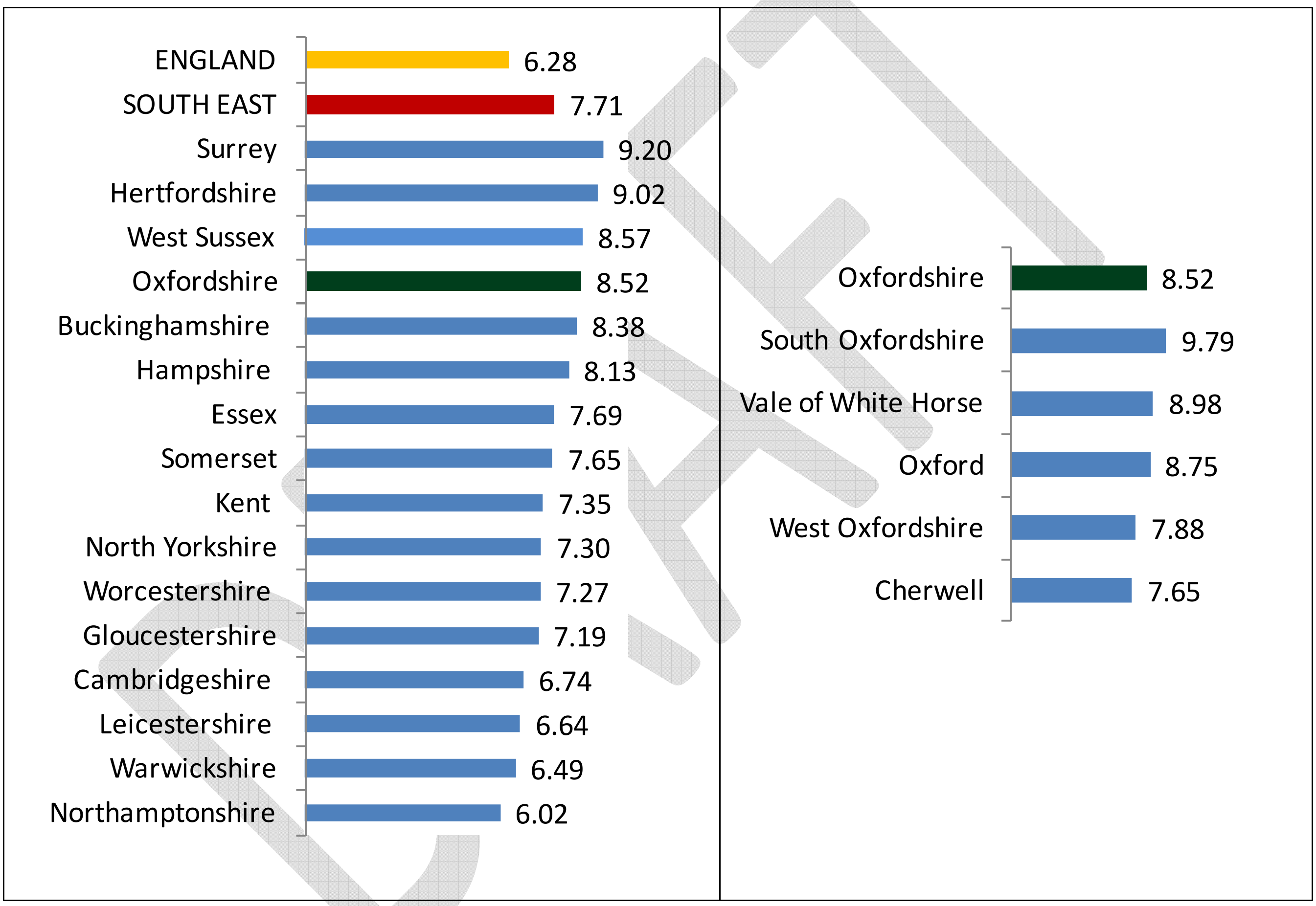


12. Issue 6 – the lack of affordable housing affects ability to recruit and retain staff

Housing remains relatively unaffordable in Oxfordshire despite a fall in the house price to earnings ratio in 2009.

- Oxfordshire's cheapest market housing (lower quartile house price) to lower quartile earnings ratio fell from 9.6 in 2008 to 8.5 in 2009.
- In 2009 the county was ranked 4th out of 16 statistical neighbours. The ratio was highest in South Oxfordshire district.

Figure 13 Ratio of lower quartile house price to lower quartile earnings (2009)



Source: Communities and Local Government live tables on housing market, table 576; Statistical neighbours from audit commission (CIPFA)

13. Issue 7 - Communications infrastructure is inadequate or congested

Regional research has highlighted the issue of lower broadband speeds in rural Oxfordshire[7]. Recent press comment has highlighted the weakness of mobile phone system access particularly 3G.

Consultation is currently underway to assess the extent of the problem and possible solutions.

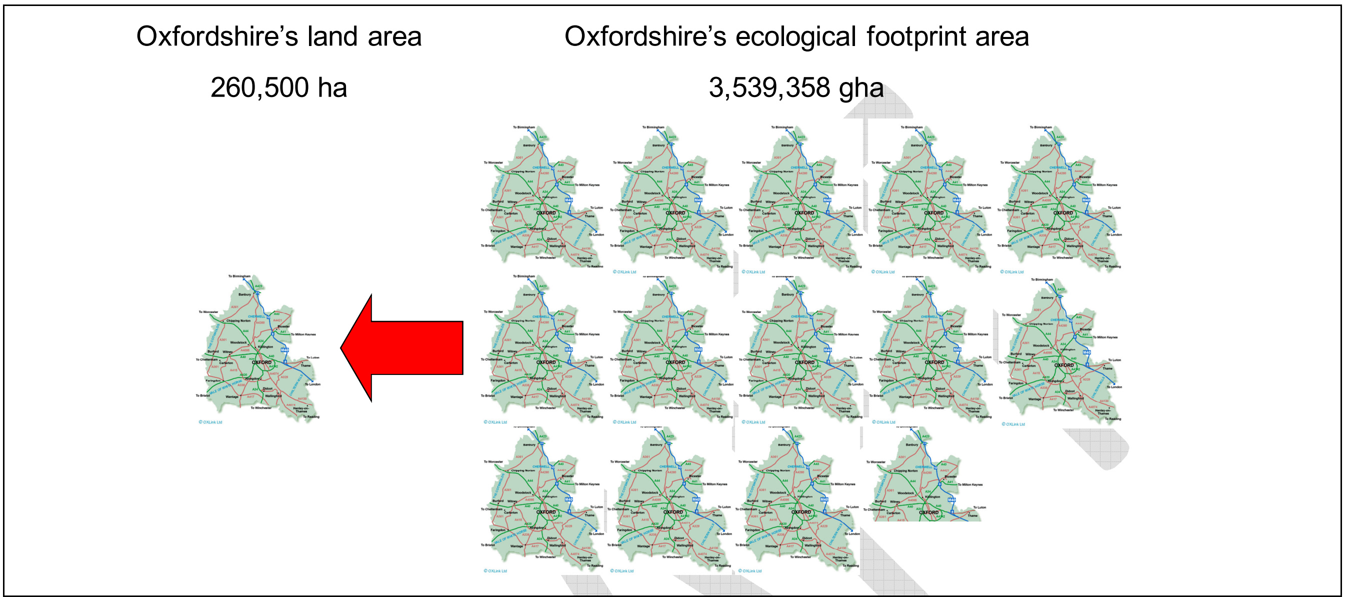
The development of the Oxfordshire Local Transport Plan 3 is currently underway and as part of that research is being undertaken to confirm the full extent of current and predicted issues of congestion. At this time therefore the economic assessment notes the priority given to tackling traffic in the new Oxfordshire Local Transport Plan but does not currently have the data and evidence to present in this report.

[7] SEEDA broadband infrastructure survey 2008, http://www.seeda.org.uk/Global_Competitiveness/Business/Broadband/Next%20_Generation_Broadband/

14. Issue 8 – Un-sustainability of current system

Oxfordshire's ecological footprint area (the area needed to support demand for natural resources including water, energy and clean air) is approximately 14 times its land area.

Figure 14 Land area vs ecological footprint



Source: Stockholm Environment Institute as presented in Oxfordshire County Council's 2009 "State of the Environment" presentation

Oxfordshire's more rural districts have a relatively poor carbon footprint compared with the South East region. There are a number of issues with measuring and comparing carbon footprint – including, for example, embedded carbon in goods and services and the influence of rurality – which are noted for further investigation.

Table 4 Carbon footprint – Oxfordshire districts (2004)

	Carbon Footprint (tonnes CO2/capita)
South Oxfordshire	13.93
West Oxfordshire	13.36
Vale of White Horse	13.20
South East	**12.76**
Cherwell	12.75
UK	**12.08**
Oxford	11.40

WORST

BEST

Source: Stockholm Environment Institute

15. Issue 9 – Impact of recession on already deprived communities

Unemployment

Unemployment in Oxfordshire is just below the South East average but has increased at a higher rate.

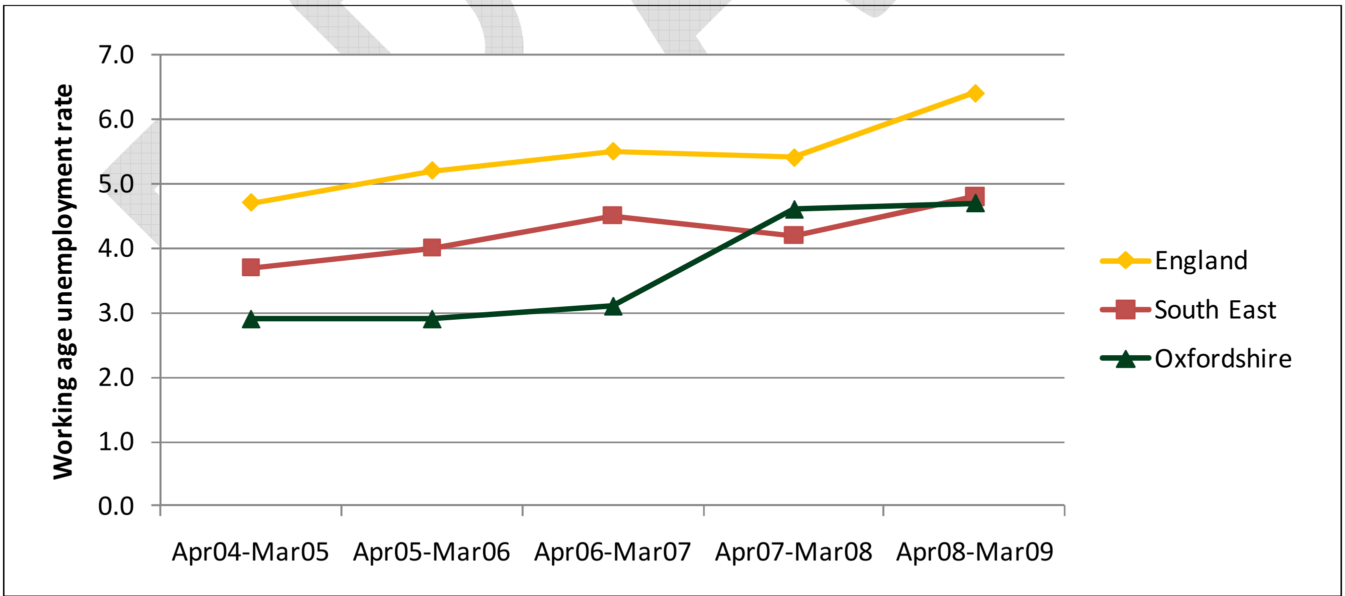
- Between 2004/05 and 2008/09 the International Labour Organisation (ILO)-defined unemployment[8] in Oxfordshire increased by 6,800 to 4.7% of the working age population.
- The increase in unemployment rate, however, has been greater in Oxfordshire (+1.8 percentage points) than across the South East region (+1.1).

Table 5 ILO Unemployment count and rate – working age

	Apr 2004-Mar 2005	Apr 2005-Mar 2006	Apr 2006-Mar 2007	Apr 2007-Mar 2008	Apr 2008-Mar 2009	*difference 2004/05 to 2008/09*
Oxfordshire - count	9,100	9,500	10,200	15,200	15,900	*6,800*
Percent of working age population						
Oxfordshire	2.9	2.9	3.1	4.6	4.7	*1.8*
South East	3.7	4.0	4.5	4.2	4.8	*1.1*
England	4.7	5.2	5.5	5.4	6.4	*1.7*

Source: Annual population survey from nomis

Figure 15 ILO Unemployment rate – working age



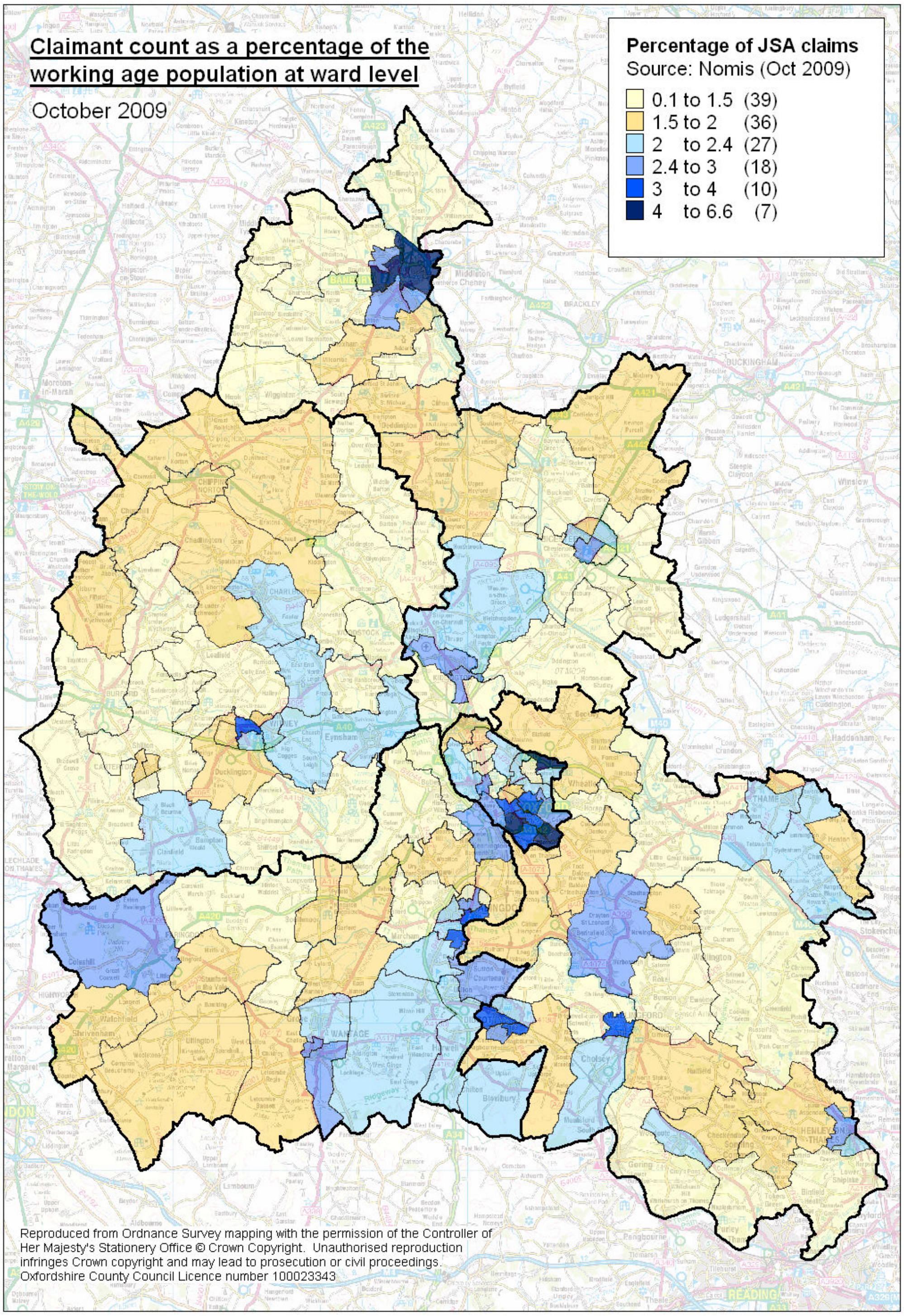
Source: ONS Annual population survey

[8] ILO unemployment is based on a quarterly sample survey of about 53,000 households living at private addresses – it gives a more complete picture of unemployment than the claimant count (job seeker allowance) but is subject to sampling errors.

Small area data on claimants of Job Seeker Allowance (JSA) show some parts of Oxfordshire, including areas of Banbury and Oxford, have much higher rates than elsewhere in the county.

- Blackbird Leys, Northfield Brook and Barton wards in Oxford and Banbury Ruscote and Neithrop in Cherwell have higher rates of JSA claimants and also include areas ranked as more deprived on the Index of Multiple Deprivation.

Figure 16



Job Seeker Allowance data also indicates that female employment in Oxfordshire may have been more affected by the recession with a 79% increase in females claiming JSA between Nov08 and Nov09 (+69% for males).

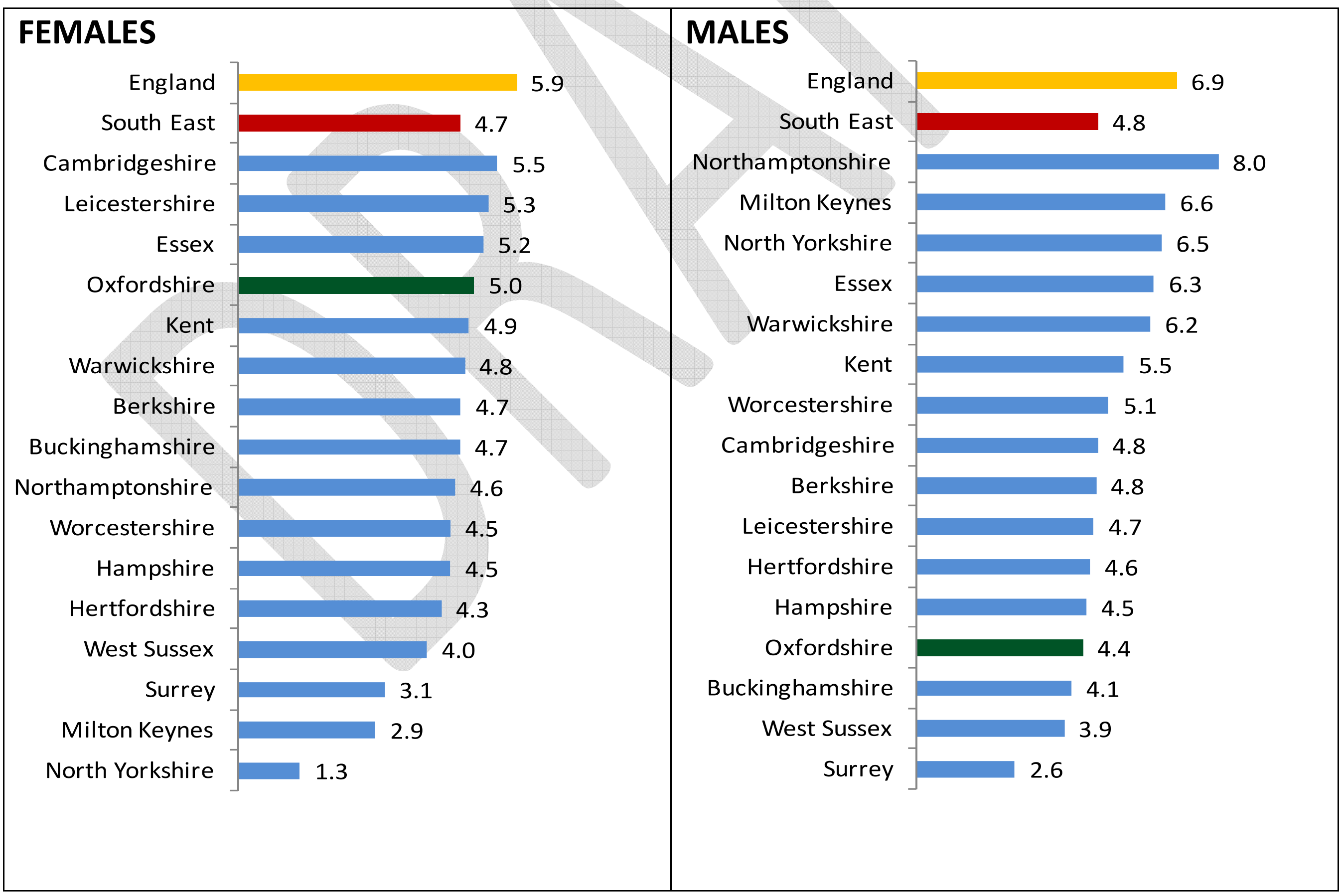
Table 6 Oxfordshire JSA claimants by gender

	Nov-05	Nov-06	Nov-07	Nov-08	Nov-09	Nov08 to Nov09	
Males	2,510	3,030	2,430	3,720	6,290	2,570	+69%
Females	925	1,195	930	1,360	2,435	1,075	+79%
TOTAL	3,435	4,225	3,360	5,080	8,720	3,640	+72%
Females as % of total	*27%*	*28%*	*28%*	*27%*	*28%*		

Source: DWP from nomis

Using the wider definition of unemployment (ILO rate) a comparison with statistical neighbours shows that Oxfordshire had the fourth highest rate of female working age unemployment in Apr08-Mar09, above the rates in many other parts of the South East and having changed from fourth best in Apr05-Mar06. The county ranks better on male unemployment (13th out of 16).

Figure 17 Working age ILO unemployment rate (Apr08 - Mar09)

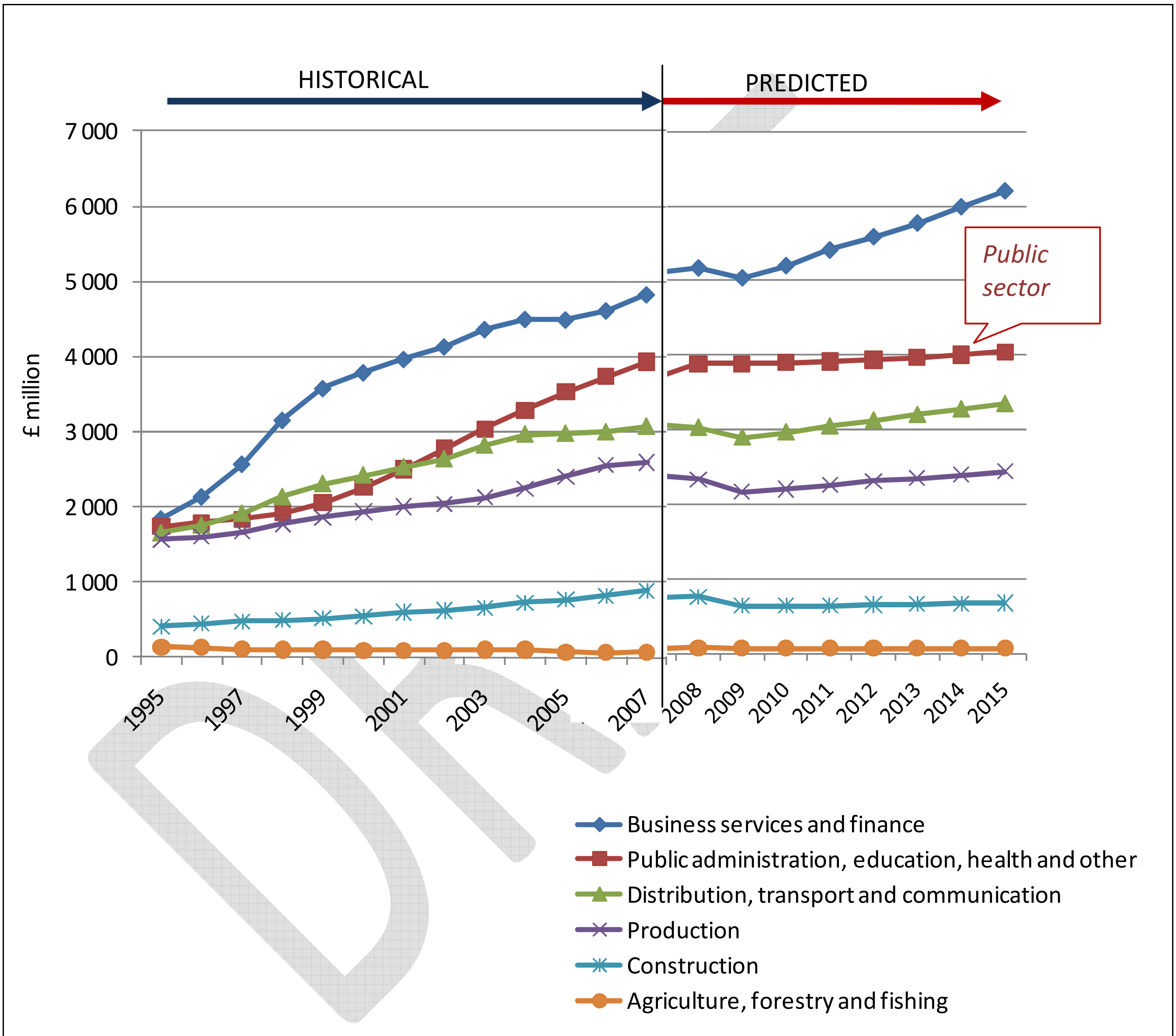


Source: ONS Annual Population Survey. Data is published on a quarterly basis and each publication covers a year's data.

16. Issue 10: Slower growth is forecast for the next five years

The recent significant growth in GVA in Oxfordshire from public administration, education, health and other (including defence) is predicted to slow.

Figure 18 GVA by industry sector in Oxfordshire, historical and predicted



Source: : National Statistics Online GVA released Dec09 Table 3:4 Headline Gross Value Added by NUTS3 area and 6 industries at 2007 basic prices by region; Experian forecasts at 2005 basic prices provided by SEEDA NB: industrial groups may not be exactly equivalent to ONS GVA data – TBC

17. Oxfordshire's business sectors have performed differently in the recent past.

54% of Oxfordshire's employment (177,600 of a total of 316,000 employees) is in the knowledge-based sectors of hi-tech manufacturing, ICT, business services, education and health services.

Changes in employment by sector indicate a relatively strong position in the knowledge economy (including higher education) and potential challenges in manufacturing and retail.

- Oxfordshire's largest sector, with above average employment and growth, is "Knowledge Intensive Businesses" made up of financial, legal and other business services, research and development and knowledge intensive parts of the media. This sector generates high GVA per head and is key to the success of other high tech sectors.
- The Education sector has seen very significant growth mainly in the higher education workforce.
- Hi-tech manufacturing has been historically strong in Oxfordshire but appears to be declining relative to other areas of the South East.
- Employment in the retail sector is below the South East average

Table 7 Oxfordshire's employment by sector 2007 (sorted in descending order of employees)

Industry sector	Oxfordshire's employees (2007)	Comment
Knowledge Intensive Businesses, KIBs This definition covers financial, legal and other business services, research and development and knowledge intensive parts of the media.	48,000 of which approx 6,400 in R&D	**Significantly higher employment in this high growth sector than SE average.** In Oxfordshire, 48,000 people are employed in KIBs, representing 15.1% of the total workforce. This is significantly higher than the South East, where 10.2% of employees work in KIBs. **Oxfordshire has the highest proportion of its workforce employed in KIBs of all the County Council areas in England.** Since 1998 employment in KIBs in Oxfordshire has grown by 24% - above the South East average of 17%. By comparison KIBs employment in Cambridgeshire increased by 17% between 1998 and 2007, and now constitutes 14.2% of the workforce.
Hi-tech Manufacturing (excluding ICT)- precision engineering, bio science, medical technology, research, instrumentation and motor sports sectors	43,000	**Declining employment in this sector but strength in diversity.** In 1998 Oxfordshire was a clear leader in the South East with almost 18% of the workforce engaged in high tech manufacturing. By 2007 this had declined from 53,000 to 43,000 people, less than 14% of the workforce, a percentage now surpassed by Hampshire.
Education	41,200	**Most of the increase has been in higher education whose workforce has more than doubled to almost 21,000.** Between 1998 and 2007, employment in primary, secondary, further and higher education grew by 52% to 41,200 or 13% of Oxfordshire's workforce.
Retail	37,700	**Below the South East average and affected by structural changes.**

This sector provides a majority of relatively unskilled occupations		11.9% (37,700 people) of Oxfordshire's workforce are employed in the retail sector - the lowest proportion in the South East. All counties in the region have seen a decrease in the proportion of the workforce employed in the retail sector. Moves to the internet and to larger retail centres are threatening the viability of secondary retail centres in market towns and urban suburbs. Strong growth forecast
Health (does not include the related sectors of medical research, medical instruments and technologies and the bio science sectors that are counted in the high tech manufacturing figures)	34,000	The health sector employed almost 11% of the Oxfordshire workforce in 2007 an increase from 8.7% in 1998. This compares with a regional average of 11.5%. The importance of Oxfordshire's health sector is not fully captured in this figure
Creative industries	30,100	**Growing slowly but employment remains above the regional average.** Employing 30,100, Oxfordshire (at 9.5%) has a marginally higher proportion of workers in creative industries than the South East average of 9.3%. However, employment in creative industries in Oxfordshire has grown at the lowest rate of all the counties in the South East.
Tourism and Visitor economy This sector covers general leisure services including restaurants and bars as well as services more specifically targeting visitors to the county	24,000	**Slightly above the average for the South East (7.3%).** Around 7.6% (24,000 people) of Oxfordshire's workforce are employed in the Tourism sector [rate of change TBA]
Military	15,000?	The military and those that provide services to this sector are particularly important to Oxfordshire. The military themselves report employing directly or indirectly 15,000 people but official data from the Annual Business Inquiry produces a somewhat lower number.
Information and Communications Technology, ICT – covers both the manufacturing and service side of ICT	11,400	**Oxfordshire is below the regional average of 5.3% employment in this sector** even though employment has doubled from 1.8% to 3.7% between 1998 and 2007. This increase has been exceeded by Buckinghamshire, Hampshire and Surrey. Employment in ICT is mostly in small businesses. Within this sector is a significant cluster of computer games software writers in Banbury.
Agriculture and Rural	5,000+3,900	**Less than 3% of the county's employment and generate an equally small proportion of GVA.** Agriculture employs over 5,000 people

		directly in Oxfordshire with a further 3,900 employed in agri-food processing sector. On the other hand agriculture is responsible for the maintenance of much of the natural environment which, along with the creative and cultural industries, generates much of the 'product' that attracts visitors to the county and is part of the attraction for inward investment and for mobile 'knowledge workers' to locate in Oxfordshire. **The significance of this sector therefore belies the small scale of its immediate impacts.**
'Clean tech'. Covered by manufacturing and KIBS sectors above	???	**The future?** HSBC reported this sector growing globally by 80% even during the recession of 2008/09. It is an area that Oxfordshire needs to pay attention to. A diverse sector ranging from alternative fuels to energy efficiency, to consultancy to water management and land remediation
Voluntary and Community Sector		To be assessed
Other	26,000	
Total employment	**316,000**	

Main source of employee numbers: ONS Annual Business Inquiry. Note that data from non-standard industry sectors is to be verified

18. Issue 11: There is not a clear and shared story about Oxfordshire's economy

There is anecdotal evidence that Oxfordshire's strengths in the areas of science and technology are insufficiently recognised both locally by its own population and externally by potential investors. This risks affecting the educational choices of young people in the county's schools and the investment choices of investors external to Oxfordshire.

The lack of shared narrative is demonstrated by the debate around this economic assessment with differing views of whether Oxfordshire already has a world class economy or whether it is seeking to achieve one.

The development of an agreed and shared 'Local Area Proposition' to facilitate work to attract investors has demonstrated the need for such a shared narrative internationally. The lack of awareness of young people of employment possibilities in the high tech sectors that are so strong in Oxfordshire is plausible but needs to be verified by further research.