South Oxfordshire and Vale of White Horse
Joint Local Plan 2041

LPA34

Note on the revised housing / employment balance related to the ELNA's hybrid scenario

This document addresses action number 15 and was raised at the Matter 4 hearing session:

Add to the library a revised calculation on housing/employment balance in IQ56 (examination library reference LPA02) related to the ELNA's hybrid scenario instead of the labour demand scenario.

This document contains the following:

1. Note on the revised housing / employment balance related to the ELNA's hybrid scenario
2. Annex A: Justification for assumptions in the balance calculations
3. Annex B: housing / employment balance calculations

Contents

Note on the revised housing / employment balance related to the ELNA's hybrid scenario

1. The Councils' initial response to IQ56 (examination library reference LPA02) demonstrated a net surplus of workers of 4,553 when using the proposed housing requirement in Policy HOU1, and the figure of 15,344 FTE jobs identified in under Scenario 1: Labour Demand the Employment Land Needs Assessment (ELNA) Phase 1 (examination library reference HES08). Table 1 (a copy of table 56.1 from the councils response to the Inspectors' Initial Questions) shows this calculation:

Table 1: Relationship between job and housing growth (copy of table 56.1 from the councils' response to the Inspectors' Initial Questions) for the period 2021 to 2041

A	Workforce needed	16,082
B	Commute in rate	30.6%
C	Additional workforce commuting into South Oxfordshire and Vale of White Horse ***(AxB)***	-4,916
D	Resident workforce needed ***(A+C)***	11,166
E	Unemployment rate	2.6%
F	Economically active persons – unemployed ***(DxE)***	+302
G	Economically active persons needed ***(D+F)***	11,468
H	Out-commute rate	35.4%
I	Additional workforce commute out of South Oxfordshire and Vale of White Horse ***(GxH)***	+6,272
J	Total economically active persons required ***(G+I)***	17,740
K	Number of additional economically active persons at housing requirement of 31,020	22,293
L	**Net surplus of workers at the housing requirement (K-J)**	**+4,553**

2. Annex A shows the revised calculation of the housing and employment balance using the hybrid scenario, calculated using the preferred scenario set out in the ELNA (a hybrid of Labour Demand for Office uses and Past Trends for Industrial uses). It demonstrates a minor shortfall of 2,132 workers. Table 2 summarises the calculation from Annex A:

Table 2: Relationship between job and housing growth (using the housing requirement and ELNA preferred scenario) for the period 2021 to 2041

A	Workforce needed	22,142
B	Commute in rate	30.6%
C	Additional workforce commuting into South Oxfordshire and Vale of White Horse (AxB)	-6,768
D	Resident workforce needed (A+C)	15,374
E	Unemployment rate	2.6%
F	Economically active persons – unemployed (DxE)	416
G	Economically active persons needed (D+F)	15,789
H	Out-commute rate	35.4%
I	Additional workforce commute out of South Oxfordshire and Vale of White Horse (GxH)	8,635
J	Total economically active persons required (G+I)	24,425
K	Number of additional economically active persons at housing requirement of 31,020	22,293
L	**Net deficit of workers at the housing requirement**	-2,132

*for explanations of the assumptions used, please see Annex A

3. The shortfall of workers when comparing the housing requirement against the employment requirement results in a minor shortfall of around 8.7% of jobs not being met by the new homes[1]. However, this in the context of an existing net out-commuting rate in the districts of 4.8%, the net difference between the out commute and in commute rate.

4. This minor imbalance in job and home growth would help address this net out-commuting rate, especially when considering the JLP's strategy which results in new employment opportunities and homes being well related. In addition, it is likely that in reality the actual dwelling completions from the available housing supply (which is in excess of the housing requirement) would also

1. [1] Comparing the total economically active persons required (row J) with the net deficit of workers at the housing requirement (row L)

provide opportunities for more of the additional workforce to be resident within the plan area, so further reducing the consequences of the slight mismatch.

5. The revised calculation still demonstrates that the homes and jobs growth is broadly aligned in the JLP, confirming that the standard method should continue to be the basis for the councils' housing requirements.

Annex A: Justification for assumptions in the balance calculations

1. The Councils set out our justification for using the key assumptions in the jobs / homes balance in our response to question 8 of the written statement to Matter 3 (examination library reference WS3/1).

2. We have replicated these here for ease of reference:

   A. The use of localised economic activity rates based upon the rates used by the Office of Budget Responsibility (OBR). The JHNA uses the national OBR data as an index to determine the way in which the current local activity rates are likely to change in future, for groups such as older persons and women. The government has not produced guidance on this issue, but ORS and others have used OBR rates for nearly a decade.

   B. The JHNA uses the 2011 Census data for commuting, not the 2021 Census data, because the 2021 Census occurred during the pandemic with significant numbers of people working from home, or on furlough. Furthermore, these assumptions are consistent with travel to work assumptions within the ELNA Phase 1 (examination library reference HES08, Paragraph 4.10). The 2021 census question was ambiguous as to when (COVID-19 typical travel or pre COVID-19 travel) participants were to enter travel behaviours for, so South and Vale's Matter Statement 3 11 the 2011 census provided a more robust data set to use in the JHNA calculations. Further information is provided in the Existing Transport Conditions Report (examination library reference ITV01, Section 4.4, paragraphs 4.4.1 - 4.4.8)

Annex B: housing/employment balance calculations

This note is in response to Action 15, to:

"Add to the library a revised calculation on housing/employment balance in IQ56 related to the ELNA's hybrid scenario instead of the labour demand scenario."

Approach

The original response to IQ56 took forward the figure of 15,344 FTE jobs is derived from Oxford Economics data identified in under Scenario 1: Labour Demand the Employment Land Needs Assessment (ELNA) Phase 1.

The preferred scenario set out in the ELNA is for a hybrid of Labour Demand for Office uses and Past Trends for Industrial uses. As the Past Trends scenario projects forward demand for B/E(g) use class floorspace only, it is not possible to readily convert this to total employment across the whole economy. However, it is possible to approximate this through the following steps:

- Under the Labour Demand scenario, the 15,344 FTE jobs across all sectors from Oxford Economics translates to 7,306 B/E(g) class jobs under Labour Demand.
- The preferred scenario (hybrid) set out in the ELNA is for 10,059 B/E(g) class jobs.
- Total employment across all sectors from the preferred scenario (hybrid) is estimated as 15,344*(10,059/7,306), which equals 21,126 FTEs across all sectors.

As per the initial response to IQ56, the Oxford Economics data from May 2023, is used to convert FTE employment to total job growth, with a resulting increase of 23,951 workers. However, as some people hold more than one job, 22,142 workers are required to fill the forecasted jobs growth, in line with the Oxford Economics forecasts.

Table 1 below sets out the calculation of the required workforce in South Oxfordshire and Vale of White Horse to support a growth of 22,142 workers. In summary:

a) South Oxfordshire and Vale of White Horse require 22,142 more workers, as outlined above.
b) 30.6% of jobs in South Oxfordshire and Vale of White Horse are filled by in-commuters[2], so if this rate continues this will provide 6,768 of the workers.
c) The Oxford Economics data shows an unemployment rate of 2.6% in 2021 and we have held that constant, so as the workforce grows this will yield an additional 416 unemployment persons.
d) 35.4% of South Oxfordshire and Vale of White Horse workers out-commute and holding this rate constant will require an additional 8,635 out-commuting workers.
e) Overall, to provide for 21,126 full-time equivalent jobs will require 22,142 additional workers which in turn will require 24,425 additional economical active persons (22,142 – 6,768 + 416 +8,635)
f) Modelling at the housing requirement of 31,020 dwellings shows that these will yield an additional 22,293 economically active persons[3],

Therefore, as an overall conclusion, the housing requirement is broadly consistent with the jobs growth forecast for South Oxfordshire and Vale of White Horse.

[2] Census 2011: Location of usual residence and place of work by method of travel to work
[3] The modelling for economic activity rates contains a different rate for each age group and gender and these change over time in line with the rates used nationally by the Office for Budget Responsibility. Therefore, there is not one economic activity rate used, it will change each year depending upon the age and gender profile of the population

Table 1. Relationship between job and housing growth

Workforce needed	22,142
Commute in rate	30.6%
Additional workforce commuting into South Oxfordshire and Vale of White Horse	-6,768
Resident workforce needed	15,374
Unemployment rate	2.6%
Economically active persons - unemployed	416
Economically active persons needed	15,789
Out-commute rate	35.4%
Additional workforce commute out of South Oxfordshire and Vale of White Horse	8,635
Total economically active persons required	24,425
Number of additional economically active persons at housing requirement of 31,020	22,293
Net deficit of workers at the housing requirement	-2,132