

OEO Briefing Paper Series

**Oxfordshire Quarterly Economic
Briefing – June 2008**

**Andrew Chadwick
Oxfordshire Economic Observatory**

1. Introduction

This briefing paper is the latest in a series of regular updates looking at recent changes in the Oxfordshire economy. It has been prepared by the Oxfordshire Economic Observatory (OEO). The report draws largely on official statistics that have been released in the last three months, since the completion of the last briefing paper in March 2008.

The paper includes the following new or updated statistics for Oxfordshire:

- Updated local labour market indicators from the Annual Population Survey (APS). The latest indicators, which include updated estimates of employment rates and economic inactivity rates, are based on survey data for the 12 month period to September 2007;
- The latest monthly claimant unemployment figures, for May 2008;
- Updated benefits data from the Department for Work and Pensions, showing the numbers of working age benefit claimants during the final quarter of 2007;
- Updated data on qualification levels of 19 year olds, for the 2006/07 cohort;
- Updated house price and housing market indicators from the Department for Communities and Local Government. This includes data on average house prices for the final quarter of 2007, and affordability indicators for the 2007 calendar year. Data on the provision of affordable dwellings in Oxfordshire is also included.

In order to benchmark the performance of the Oxfordshire economy, the paper includes comparisons with regional and national averages, and where possible with the county's geographic neighbours. These are defined as the counties or former counties immediately adjacent to Oxfordshire, i.e. Berkshire, Buckinghamshire (including Milton Keynes), Gloucestershire, Northamptonshire, Warwickshire and Wiltshire (including Swindon). A breakdown of results at local authority district level is provided for most indicators, and additional data is provided for selected towns in Oxfordshire where possible.

2. Labour Market Participation

Local labour market indicators derived from the Annual Population Survey (APS) are updated on a quarterly basis. The most recent update, released by the Office for National Statistics in May 2008, provides estimates based on survey data for the 12 months to September 2007. This includes updated estimates of employment rates and inactivity rates for Oxfordshire and its constituent districts (see Table 1). The latest figures confirm Oxfordshire's relatively strong performance on these key indicators, although there are some concerns about an apparent reduction in the county's employment rate compared with the previous year.

- Employment rates in Oxfordshire continue to be at relatively high levels, with approximately 79% of the county's working age residents being in paid employment. This compares with rates of 78% in the South East and only 74% in England.
- Comparisons with Oxfordshire's immediate neighbours reveals a somewhat less favourable picture. Amongst Oxfordshire's six neighbouring counties, only Buckinghamshire currently has a lower proportion of working age residents in employment.
- Employment rates are currently highest in West Oxfordshire (87%) and Vale of White Horse (85%). In Oxford City, only about 68% of working age residents are currently in employment, although this low percentage is heavily influenced by the city's large full-time student population.
- Economic inactivity rates provide a measure of non-participation in the labour market amongst working age residents. The latest figures for Oxfordshire show that the county's inactivity rate (17%) is below the regional (18%) and national averages (21%). However, there is significant variation in inactivity levels amongst Oxfordshire's districts, ranging from only 10% in West Oxfordshire to 27% in Oxford City. Again, the high inactivity rate for Oxford City reflects its large student population.
- The latest employment rate estimate for Oxfordshire is about two percentage points lower than that for the previous 12 month period (to September 2006). The reasons for this apparent reduction are not clear at present, but it is possible that it may be due to a re-weighting of the most recent APS data to reflect the latest ONS population estimates. No reduction in the employment rate at regional or national levels has been recorded over this period, so this is potentially a cause for concern in that Oxfordshire's performance on this indicator may be less favourable than previously thought. Further investigations will be carried out on this issue and reported in future briefing papers.

Table 1: Estimates of Employment and Inactivity Rates for Working Age Residents, 12 Months to September 2007

Area	Employment Rate (% of working age residents)	Inactivity Rate (% of working age residents)
Cherwell	82.3	13.7
Oxford City	67.6	27.3
South Oxfordshire	80.1	16.4
Vale of White Horse	85.1	14.0
West Oxfordshire	87.0	10.3
Oxfordshire	79.2	17.3
South East	78.4	18.0
England	74.4	21.4

Source: Office for National Statistics, Annual Population Survey.

3. Claimant Unemployment

The latest monthly claimant unemployment statistics are for May 2008. The relevant data for Oxfordshire and its districts is summarised in Table 2, and trends in the last 12 months are shown in Table 3. The latest figures confirm the very low levels of claimant unemployment in Oxfordshire. Also, despite recent increases, unemployment levels in the county are still below those of 12 months ago.

- Just over 3,800 Oxfordshire residents are currently out of work and claiming Job Seekers Allowance, representing 0.9% of the county's working age residents. Comparable claimant unemployment rates are 1.4% for the South East region and 2.2% for England (Table 2).
- The latest figures show a very slight fall in unemployment levels in the county in the last month. This follows a succession of monthly increases since November 2007. However, looking at change over the last 12 months, unemployment levels in Oxfordshire are still about 250 (or 6%) below the May 2007 figure (Table 3).
- Claimant unemployment rates are currently very low in Vale of White Horse (0.6%), West Oxfordshire (0.6%) and South Oxfordshire (0.7%). Higher rates are found in Cherwell (1.1%) and Oxford City (1.4%). All of Oxfordshire's districts have seen a slight fall in the numbers of claimant

unemployed in the last 12 months, although as noted above this overall change masks the increases in unemployment in the last six months.

- Amongst Oxfordshire's main towns, the highest unemployment rate is found in Banbury (2.1%), although this is still slightly below the national average (2.2%). The claimant count rate is currently below 1.0%, indicating near full employment conditions, in several of the county's remaining towns, including Abingdon, Bicester, Carterton, Kidlington, Thame, Wantage and Witney (see Table 4). Looking at change over the last 12 months, there have been slight increases in claimant unemployment levels in Abingdon and Banbury, but overall declines in all other towns.
- Oxfordshire currently has a low proportion of long term unemployed claimants (Table 5). In May 2008, less than 9% of claimants in the county had been out of work for more than 12 months. This is below the average for both the South East (10%) and England (13%), and is lower than in any of Oxfordshire's immediate neighbours. The proportion of long term claimants is highest in Oxford City (11%) and South Oxfordshire (9%), and lowest in Cherwell and Vale of White Horse (both less than 7%).
- There has been a significant reduction in the number and proportion of long term unemployed claimants in the county during the last 12 months, amounting to a reduction of 50% since May 2007. This is a larger reduction than experienced at regional (39%) and national levels (31%) (Table 5).

Table 2: Claimant Unemployment

Area	May 2007		May 2008	
	Number	%	Number	%
Cherwell	991	1.1	937	1.1
Oxford City	1,590	1.5	1,517	1.4
South Oxfordshire	617	0.8	554	0.7
Vale of White Horse	474	0.7	445	0.6
West Oxfordshire	391	0.6	360	0.6
Oxfordshire	4,063	1.0	3,813	0.9
South East	74,478	1.5	68,752	1.4
England	744,455	2.4	693,870	2.2

Source: Office for National Statistics, monthly claimant count data. Percentages show the number of claimant unemployed as a proportion of the mid-2006 resident working age population.

Table 3: Trends in Claimant Unemployment in Oxfordshire in the Last 12 Months

Month	Claimant Count	Month	Claimant Count
May 2007	4,063	Dec 2007	3,430
June 2007	3,943	Jan 2008	3,546
July 2007	3,836	Feb 2008	3,697
Aug 2007	3,821	Mar 2008	3,762
Sept 2007	3,695	Apr 2008	3,820
Oct 2007	3,417	May 2008	3,813
Nov 2007	3,366		

Source: Office for National Statistics, monthly claimant count data.

Table 4: Claimant Unemployment in Selected Oxfordshire Towns

Town	May 2007		May 2008	
	Number	%	Number	%
Abingdon	137	0.7	152	0.8
Banbury	547	2.0	573	2.1
Bicester	164	0.8	151	0.8
Carterton	58	0.6	54	0.6
Didcot	155	1.0	146	1.0
Henley	66	1.1	59	1.0
Kidlington	79	0.9	70	0.8
Oxford	1,590	1.5	1,517	1.4
Thame	48	0.7	36	0.5
Wantage	45	0.7	42	0.7
Witney	129	0.9	103	0.7

Source: Office for National Statistics, monthly claimant count data for 2003 CAS wards.
 Note: Percentages show the number of claimant unemployed as a proportion of the mid-2006 resident working age population (derived from ONS, mid-2006 small area population estimates, published on 20 May 2008).

Table 5: Job Seekers Allowance Claimants Out of Work for Over 12 Months (Long-Term Unemployed)

Area	May 2007		May 2008	
	Number	%	Number	%
Cherwell	175	17.8	60	6.6
Oxford City	285	18.1	160	10.6
South Oxfordshire	115	18.7	50	9.0
Vale of White Horse	45	9.7	30	6.5
West Oxfordshire	40	10.5	30	7.8
Oxfordshire	665	16.4	330	8.6
South East	11,540	15.5	6,995	10.2
England	127,305	17.2	87,690	12.7

Source: Office for National Statistics, monthly claimant count data.

4. Benefit Claimants

Data on the numbers of working age residents claiming key benefits is published on a quarterly basis by the Department for Work and Pensions (DWP). The latest figures provide information for the final quarter of 2007. Key benefits are defined by DWP as the following:

- Bereavement Benefit;
- Carer's Allowance;
- Disability Living Allowance;
- Incapacity Benefit/Severe Disablement Allowance;
- Income Support;
- Jobseeker's Allowance;
- Pension Credit; and
- Widow's Benefit.

Monitoring the numbers of people claiming these benefits is useful as it provides a proxy measure of the number of working age people experiencing some form of income and/or employment deprivation. The latest figures confirm the relatively low proportion of benefit claimants in Oxfordshire, and show a continued reduction in the number of claimants in the county (Table 6).

- There were 28,500 people of working age in Oxfordshire claiming one of the key benefits listed above in the final quarter of 2007. This represents only 7.1% of the county's working age population, which is well below the South East (9.6%) and English averages (13.5%), and also lower than in any of Oxfordshire's immediate neighbouring counties.
- At district level, the proportion of benefit claimants is lowest in West Oxfordshire (6.0%), South Oxfordshire (6.1%) and Vale of White Horse (6.2%). Numbers on benefits are higher in Cherwell (7.6%) and Oxford City (8.5%), but these proportions are still well below the South East average.
- Amongst Oxfordshire's main towns, the proportion of benefit claimants is highest in Banbury at 11.7%. However, the proportion of claimants in all of the county's other towns is below the South East average, and is particularly low in Bicester, Carterton, Henley and Thame (see Table 7).
- Numbers of working age benefit claimants in Oxfordshire fell by 4% in the 12 months to October-December 2007. This is a larger reduction than that experienced at regional (2.4%) and national levels (2.9%). All of Oxfordshire's towns experienced reductions in the number of claimants over this period, with the exception of a small increase in Carterton.

Table 6: Working Age Benefit Claimants

Area	Oct-Dec 2006		Oct-Dec 2007	
	Number	%	Number	%
Cherwell	6,780	7.8	6,600	7.6
Oxford City	9,530	8.9	9,100	8.5
South Oxfordshire	4,980	6.4	4,730	6.1
Vale of White Horse	4,670	6.6	4,440	6.2
West Oxfordshire	3,730	6.2	3,620	6.0
Oxfordshire	29,700	7.4	28,500	7.1
South East	496,450	9.8	484,290	9.6
England	4,384,010	13.9	4,254,920	13.5

Source: Department for Work & Pensions, working age client group benefits data.

Note: Percentages show the proportion of working age residents who are claiming at least one key DWP benefit. Key benefits are defined as bereavement benefit, carer's allowance, disability living allowance, incapacity benefit, severe disablement allowance, income support, jobseeker's allowance and widow's benefit.

Table 7: Proportion of Working Age Residents Claiming Key Benefits in Selected Oxfordshire Towns

Town	Oct-Dec 2006		Oct-Dec 2007	
	Number	%	Number	%
Abingdon	1,555	7.9	1,475	7.5
Banbury	3,200	11.8	3,170	11.7
Bicester	1,335	6.7	1,305	6.6
Carterton	485	5.4	505	5.6
Didcot	1,230	8.1	1,170	7.7
Henley	415	7.0	385	6.5
Kidlington	640	7.6	605	7.2
Oxford	9,530	8.9	9,100	8.5
Thame	345	5.2	315	4.7
Wantage	490	7.9	450	7.2
Witney	1,200	8.0	1,150	7.7

Source: Department for Work & Pensions, working age client group benefits data for 2003 CAS wards.

Note: Percentages show the number of benefit claimants as a proportion of the mid-2006 resident working age population (derived from ONS, mid-2006 small area population estimates, published on 20 May 2008).

5. Educational Attainment of Young People

The latest statistics on attainment levels of young people in Oxfordshire are summarised in Tables 8 and 9. These show the proportion of 19 year olds who have achieved NVQ Level 2 and Level 3 qualifications, defined as follows:

- Level 2 qualifications – 5 GCSE passes at grades A* to C or equivalent;
- Level 3 qualifications – the equivalent of 2 'A' levels or 4 'AS' levels.

The national target for these indicators is that, by 2010/11, 82% of 19 year olds will have achieved Level 2, and 54% will have achieved Level 3. The latest data is for the 2006/07 year cohort, and comparative figures are also provided for the previous two year cohorts. The latest results for Oxfordshire indicate a number of areas of concern over the continued relatively weak performance of the county.

- Although there are wide variations across the county, Oxfordshire's overall performance on these indicators is below the South East and MKOB area averages. Attainment at Level 2 is also slightly below the English average.

- In 2006/07, 73% of 19 year olds in Oxfordshire had reached the Level 2 threshold. This is five percentage points below the South East average (78%), and nine percentage points below the 2010/11 national target of 82%. Although there has been a small improvement on this indicator in the last three years (from 71% to 73%), this has been at a slower rate than at regional and national level.
- Level 3 attainment in Oxfordshire (52% in 2006/07) is closer to the regional average (55%), and is well above the English average (48%). Oxfordshire is currently only two percentage points below the national target for 2010/11 for this indicator (54%).
- Within Oxfordshire, the weakest attainment levels are found in Cherwell (particularly at Level 3) and Oxford City. There has been a decline in attainment levels by 19 year olds in Oxford City since 2004/05, and no overall improvement in Cherwell district.

Table 8: Proportion of 19 Year Olds Qualified to NVQ Level 2

Area	2004/05	2005/06	2006/07
Cherwell	65	63	65
Oxford City	67	70	62
South Oxfordshire	75	73	74
Vale of White Horse	75	77	86
West Oxfordshire	74	75	77
Oxfordshire	71	72	73
MKOB area	73	74	75
South East	74	75	78
England	69	71	74

Source: Department for Children, Schools & Families.

Note: Learners are defined as having reached NVQ Level 2 if they have achieved 5 GCSE's at grades A*-C or equivalent.

Table 9: Proportion of 19 Year Olds Qualified to NVQ Level 3

Area	2004/05	2005/06	2006/07
Cherwell	42	44	42
Oxford City	52	53	49
South Oxfordshire	52	52	52
Vale of White Horse	58	60	63
West Oxfordshire	52	52	53
Oxfordshire	51	52	52
MKOB area	53	55	55
South East	53	54	55
England	45	47	48

Source: Department for Children, Schools & Families.

Note: Learners are defined as having reached NVQ Level 3 if they have achieved the equivalent of 2 'A' levels or 4 'AS' levels.

6. Housing Market Indicators

Information on average property prices is updated on a quarterly basis by the Department for Communities and Local Government (DCLG), drawing on Land Registry data. The latest figures cover all residential property sales during the final quarter of 2007. DCLG has also recently published updated indicators showing the affordability of owner occupation, and updated statistics on the provision of affordable dwellings. Relevant data for Oxfordshire and its districts is summarised in Tables 10 to 14.

- The mean property price in Oxfordshire was approximately £299,000 in the final quarter of 2007. This compares with averages of £273,000 in the South East region and £225,000 in England as a whole. This means that Oxfordshire's mean house price is 9% above the South East average and 33% above the English average (Table 10).
- Within Oxfordshire, average property prices are highest in South Oxfordshire (£356,000, or 59% above the national average) and Oxford City (£326,000, or 45% above the English average). Prices continue to be lowest within Cherwell district (£246,000), although even here average prices are 9% above the national average.
- Average property prices in all of Oxfordshire's districts were lower in October-December 2007 than in the previous quarter. However, due to

earlier increases, average prices still show a significant increase over the previous 12 months. Across Oxfordshire, mean property prices increased by 8% in the year to October-December 2007. This is similar to the increase at regional level (8%). However, there were wide variations across the county, ranging from only a 1% increase in Vale of White Horse district to 11% in South Oxfordshire and 13% in Oxford City.

- House prices in Oxfordshire are likely to have fallen back somewhat during the first six months of 2008, but fully comprehensive data for this period is not yet available.
- The latest house price affordability indicators, as measured by the ratio between house prices and earnings, show a continued worsening of the position in Oxfordshire during 2007 (see Tables 12 and 13). The ratio between median property prices and median earnings in Oxfordshire was 9.0 in the 2007 calendar year; this compares with a ratio of 8.5 in the South East and an England-wide ratio of 7.3. The affordability ratio is worst in South Oxfordshire (9.9), West Oxfordshire (9.7) and Oxford City (9.3).
- Affordability ratios in Oxfordshire have worsened in all of Oxfordshire's districts since 2005, except for Cherwell, where the ratio has fallen below the South East average.
- The particular problems faced by first-time buyers are better illustrated by the alternative affordability measure based on lower quartile house prices and earnings (Table 13). This measure produces an even higher house price/earnings ratio of 9.6 in Oxfordshire; this compares with an English average of 7.3. Again, the ratio is currently highest in South Oxfordshire, at 11.7.
- Table 14 shows the number of affordable dwellings provided in Oxfordshire in the three years to April 2007. Around 850 additional affordable dwellings were provided in 2006/07, representing approximately 43% of all dwelling completions in the county. This is an improvement on the levels of provision in 2005/06 (750 affordable dwellings, representing 29% of completions), but is well below the high levels of provision achieved in 2004/05.

Table 10: Mean House Prices in Oxfordshire

Area	Oct-Dec 2006	Oct-Dec 2007	% Change
Cherwell	232,336	245,653	+ 5.7
Oxford City	288,721	326,144	+ 13.0
South Oxfordshire	319,842	356,100	+ 11.3
Vale of White Horse	289,883	291,832	+ 0.7
West Oxfordshire	270,181	280,592	+ 3.9
Oxfordshire	276,872	298,740	+ 7.9
South East	253,509	273,275	+ 7.8
England	210,557	224,511	+ 6.6

Source: Department for Communities & Local Government, based on Land Registry data.

Table 11: Median House Prices in Oxfordshire

Area	Oct-Dec 2006	Oct-Dec 2007	% Change
Cherwell	195,500	210,000	+ 7.4
Oxford City	247,000	270,000	+ 9.3
South Oxfordshire	250,000	285,000	+ 14.0
Vale of White Horse	241,000	242,475	+ 0.6
West Oxfordshire	225,500	230,000	+ 2.0
Oxfordshire	230,000	247,000	+ 7.4
South East	210,000	225,000	+ 7.1
England	172,000	180,000	+ 4.7

Source: Department for Communities & Local Government, based on Land Registry data.

Table 12: Ratio of Median House Price to Median Earnings

Area	2005	2006	2007
Cherwell	8.45	8.34	8.16
Oxford City	9.02	9.27	9.30
South Oxfordshire	9.02	9.51	9.88
Vale of White Horse	8.24	8.15	8.44
West Oxfordshire	8.90	9.32	9.74
Oxfordshire	8.42	8.65	9.02
South East	8.09	7.95	8.47
England	6.81	6.91	7.26

Source: Department for Communities & Local Government, based on Land Registry data.

Note: Earnings figures are workplace-based earnings for full-time workers.

Table 13: Ratio of Lower Quartile House Price to Lower Quartile Earnings

Area	2005	2006	2007
Cherwell	8.93	9.09	8.99
Oxford City	9.62	10.86	10.36
South Oxfordshire	8.93	10.08	11.72
Vale of White Horse	8.83	8.99	9.27
West Oxfordshire	9.44	9.27	10.68
Oxfordshire	9.04	9.33	9.60
South East	8.62	8.58	8.89
England	6.82	7.12	7.25

Source: Department for Communities & Local Government (DCLG), based on Land Registry data, released on 24 April 2008.

Note: Earnings figures are workplace-based earnings for full-time workers.

Table 14: Provision of Affordable Dwellings in Oxfordshire

Area	2004/05	2005/06	2006/07
Cherwell	140	90	170
Oxford City	860	300	300
South Oxfordshire	70	70	60
Vale of White Horse	60	130	90
West Oxfordshire	90	160	230
Oxfordshire	1,220	750	850
Total dwellings completed in Oxfordshire	1,890	2,570	2,000

Source: Department for Communities & Local Government.

Note: Affordable housing is the sum of social rent, intermediate rent and low cost home ownership.

7. Oxfordshire's Comparative Performance

This final section looks briefly at how Oxfordshire compares with its geographic neighbours on the economic indicators discussed in previous sections of the paper. Comparisons are made between Oxfordshire and the six immediately neighbouring counties (or former counties in areas now including unitary authorities). These are Berkshire, Buckinghamshire (including Milton Keynes), Gloucestershire, Northamptonshire, Warwickshire and Wiltshire (including Swindon). Table 15 summarises Oxfordshire's ranking amongst this group of counties across eight key economic indicators; a ranking of 1 indicates that Oxfordshire is the best performing of the seven counties.

- Oxfordshire is the top ranked of the seven counties on three of the indicators shown in Table 15, including the claimant unemployment rate, proportion of long term unemployed, and proportion of working age benefit claimants. There has been no change in Oxfordshire's ranking on these indicators since the last quarter.
- Oxfordshire's relative performance is a little weaker on the two educational attainment indicators (qualifications of 19 year olds). It is ranked only fourth highest of the seven counties on both of these measures.
- Oxfordshire's worst rankings are on levels of labour market participation (employment rates and inactivity rates) and house price affordability. The county is currently ranked sixth of the seven counties on both of the labour

market participation measures. Oxfordshire's ranking on these measures has declined since the last quarter. The county is currently ranked the least affordable of the seven counties, based on the ratio between median house prices and median earnings.

Table 15: Oxfordshire's Ranking Compared with Neighbouring Counties on Selected Economic Indicators

Indicator	Oxfordshire Rank (1=Best; 7=Worst)	Areas with Better Rank than Oxfordshire
Employment rate (% of working age residents in employment), Oct 2006 to Sept 2007	6th	Berkshire, Gloucestershire, Northants, Warwickshire, Wiltshire
Inactivity rate (% of working age residents), Oct 2006 to Sept 2007	6th	Berkshire, Gloucestershire, Northants, Warwickshire, Wiltshire
Claimant count unemployment rate, May 2008	1st	None
% of claimants out of work for over 12 months, May 2008	1st	None
% of working age residents claiming key benefits, Oct-Dec 2007	1st	None
% of 19 year olds qualified to NVQ Level 2, 2006/07 cohort	Equal 4th	Berkshire, Gloucestershire, Warwickshire
% of 19 year olds qualified to NVQ Level 3, 2006/07 cohort	4th	Berkshire, Bucks, Gloucestershire
Housing affordability (ratio of median house price to median earnings, 2007)	7th	Berkshire, Bucks, Gloucestershire, Northants, Warwickshire, Wiltshire

Note: Comparative areas are Oxfordshire's immediate neighbouring counties (or former counties), i.e. Berkshire, Buckinghamshire (including Milton Keynes), Gloucestershire, Northamptonshire, Warwickshire and Wiltshire (including Swindon).