Briefing Note

Our ref	14040/MS/LOC
Date	5 January 2016
To	Arun District Council
From	Nathaniel Lichfield & Partners

Subject   Experian December 2015 RPS Release

1.0   Introduction

1.1   This note has been prepared by Nathaniel Lichfield & Partners (NLP). It sets out the headline results of the Experian Regional Planning Service (RPS) December 2015 release to identify the most up-to-date forecast employment change in Arun District for the Local Plan period 2011-2031. It also sets out and considers the reasons for, the key changes between this release and the June 2014 release that informed the earlier 2014 Validation Study prepared by NLP.

1.2   The December 2015 release will be used to prepare a new baseline economic forecast of future employment land requirements within the 'Employment Land Needs Update Report' that NLP is currently preparing as part of the on-going Local Plan process following the suspension of the examination.

2.0   Employment Forecasts

2.1   Table 1 overleaf sets out forecast employment change for Arun District based on the December 2015 Experian release. It includes total workforce jobs and an estimated split between B Class and Non-B Class jobs. In terms of B Class jobs, the estimated breakdown of jobs between industrial (manufacturing and distribution) and office based jobs is also provided.

2.2   The Table includes the June 2014 Experian RPS figures, as presented in Table 5.2 of the 'Arun Local Plan Validation Study: Economy and Enterprise' (June 2014 Experian RPS) alongside the equivalent figures from the December 2015 release.

2.3   The difference between the June 2014 and December 2015 RPS figures is shown in the final column.

Table 1   Forecast Employment Change in Arun 2011-2031

B-class sector	June 2014 Experian RPS			December 2015 Experian RPS			Difference
	No. of Jobs		Change 2011-2031	No. of Jobs		Change 2011-2031	
	2011	2031		2011	2031		
Manufacturing (B1c/B2)*	5,450	4,910	-540	5,650	4,570	-1,080	-540
Distribution (B8)**	2,440	2,580	140	2,445	2,350	-95	-235
Offices (B1a/B1b)***	5,160	7,260	2,100	5,400	6,550	1,150	-950
Total B Class Jobs	**13,050**	**14,750**	**1,700**	**13,490**	**13,470**	**-20**	**-1,720**
Total Non-B Class Jobs	**34,640**	**42,820**	**8,180**	**34,650**	**41,330**	**6,680**	**-1,500**
Total Jobs in All Sectors	**47,690**	**57,570**	**9,880**	**48,140**	**54,800**	**6,660**	**-3,220**

Source: Experian RPS/ NLP analysis – total jobs including self-employed – Totals rounded

Note: * includes vehicle repair and some construction activities **includes parts of transport and communication sectors that use industrial land ***includes publishing and a proportion of government offices

2.4   Overall, in terms of total jobs, the most recent forecasts are approximately 33% lower than the June 2014 forecasts (6,660 compared with 9,880[1] previously). The 2011 baseline figures, particularly the number of B-Class jobs, have been revised upwards (by 440 jobs) however, this only accounts for part of the overall reduction in rates of change. The lower forecasts for Arun reflect an overall reduction in Experian's forecast employment growth for the South East region (over the 2011-2031 timeframe) as a whole. That said, the reduction in forecast growth is more significant for Arun than the South East region (16% compared with 33%).

2.5   The December 2015 release indicates that the majority of employment growth in Arun will relate to Non-B Class sectors[2]. B-Class employment is forecast to remain broadly at 2011 levels to 2031 in net terms. Office based sectors are still expected to grow, though at a slower rate than previously forecast (c.45% lower). The minor reduction in B-Class jobs is primarily attributed to the faster rate of decline in industrial sectors than forecast in June 2014 and the simultaneous decline in distribution jobs.

3.0   **Changes to Modelling and Data Inputs**

3.1   NLP has consulted with Experian to identify key areas of modelling change and revised input data that have occurred between the June 2014 and December 2015 RPS releases. These are relevant to interpreting the different outputs for Arun produced by each release, and are summarised below:

1   **New population estimates:** the population data used in the latest RPS are the Office for National Statistics (ONS) mid-year estimates for 1997-2014 (revised 2013). The ONS 2012-based sub-national population

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[1] This employment growth figure was also used to inform the economic forecast scenarios in GL Hearn's 'Objectively Assessed Need for Housing: Arun District Report' March 2015, as set out in paras 3.10-3.33 and 7.7- 7.12
[2] including accommodation and food services, administrative and supportive services, education and recreation sectors

projections by single-year age band have been spliced onto the 2014 mid-year estimates and constrained to the 2012 national projections. The June 2014 RPS used the 2010 mid-year estimates and 2010-based population projections. The more recent data project a lower population in Arun. With fewer people in the local area there will be fewer jobs created, all else being equal. The composition has also changed as there are now projected to be relatively more people aged 15 and below, and fewer of working age.

2   **Activity rates:** the latest 2015 release incorporates participation rates by broad age groups into the modelling process. People aged 16-64 and 65-plus tend to behave rather differently in labour markets, so there are improved estimates of overall participation rates. The overall participation rate in Arun has been revised down slightly between the two forecasts as a result of this modelling development. A lower participation rate means that fewer people are taking part in the labour force, and means that the supply of labour might be less able to satisfy demand.

3   **Commuting assumptions:** the 2011 Census commuting data is incorporated in the latest RPS, whereas the 2014 version used APS 2011 data. Different assumptions about commuting flows across the region mean that the model distributes labour supply differently between local authorities, and therefore jobs may not be filled in the same way between vintages in each period of the forecast.

4   **Industry mix:** the variation in demand for jobs between local authorities is in part driven by the industry mix in each area. For example, the public sector is the largest employer in Arun, but the long-term forecast at the national level has been revised down between June 2014 and December 2015.

5   **Base data changes:** four quarters of new workforce jobs data, a new year of ONS Business Register and Employment Survey (BRES) data and five quarters of new labour force data have been released between the two RPS vintages and incorporated into the latest release.

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