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Briefing Note

Greater Norwich Local Plan - Employment Forecasts

1. Introduction

1.1 **As part of their response to the Regulation 19 draft Greater Norwich Local Plan David Lock Associates (DLA), on behalf of Orbit Homes, provided comments regarding the forecasting approach used within the Employment Land Addendum prepared by Avison Young in 2020.**

1.2 **During the Examination in Public hearing session relating to Matter 2 – Vision and Objectives, the Inspector raised a specific question relating to the observation made in Appendix 1 of the DLA Submission by Turley's relating to the differences in employment growth projections contained within the Experian model used in the Employment Land Addendum and the (older) EEFM projections.**

1.3 **This note provides a response to the Inspectors questions and seeks to provide information relating to:**

- **The date of the last EEFM projections;**
- **A consideration of the data used in both the Experian and EEFM forecasts in terms of how employment is measured;**
- **The rates of growth predicted in each; and**
- **The comparative starting point for each model.**

2. Date of the EEFM Projections

2.1 **The submission by DLA makes reference to a 2020 EEFM forecast (Appendix 1 Paragraph 4.15), suggesting the Employment Land Addendum is flawed in stating that a contemporary update to the EEFM did not exist and therefore was not justified in using Experian as the most up to date base for projecting employment growth.**

2.2 **This assertion is not correct. Despite the EEFM forecast being published in August 2020 the Cambridge Insights website[1] clearly states that it is a 2019 model and therefore (as the DLA submission accepts) makes no allowance for COVID and, we believe, does not take into account Brexit and future EU trade relationships – as they weren't known in 2019.**

2.3 **Critically, even though the EEFM was published in 2020, and is referred to as a 2019 forecast, the method notes for the EEFM state that it uses 2018 employment data as the base, so would be even further away from a contemporary forecast at the time the Employment Land Addendum was prepared.**

[1] https://cambridgeshireinsight.org.uk/eefm/

3. Measurement of Employment

3.1 **The EEFM and Experian forecasts presented consider two different indicators in terms of employment estimated as follows:**

- **The EEFM considers Total Workforce Jobs, meaning it makes no allowance for part time employment**
- **The Experian forecast used presents Full Time Equivalent (FTE) jobs, which is the basis for translating employment into floorspace need, as set out in the HCA Density Guide 3rd Edition (2015)**

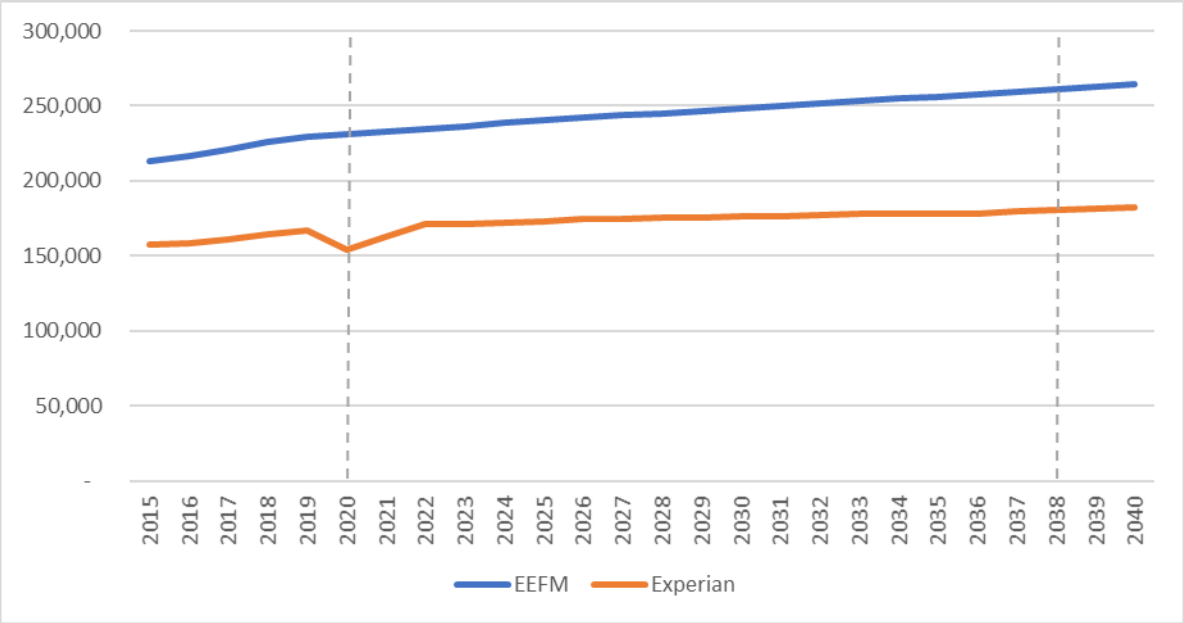
3.2 **This can have an impact on the scale of growth in jobs, particularly where sectors have a higher prevalence of employing part time or seasonal work.**

3.3 **The difference in the EEFM and Experian figures could largely be explained by the different measurements.**

4. Respective Growth Rates

4.1 **As shown in Figure 1 the EEFM does indeed forecast a higher level of growth over the 2020-2038 period, with EEFM forecasting 29,707 Total Workforce jobs vs Experian at 26,200 FTE jobs. There are potentially a number of reasons for this, including the measurement of jobs (as described above) and also a compounding of a higher starting point – as considered in the next section.**

Figure 1 - Comparison of Employment Forecasts

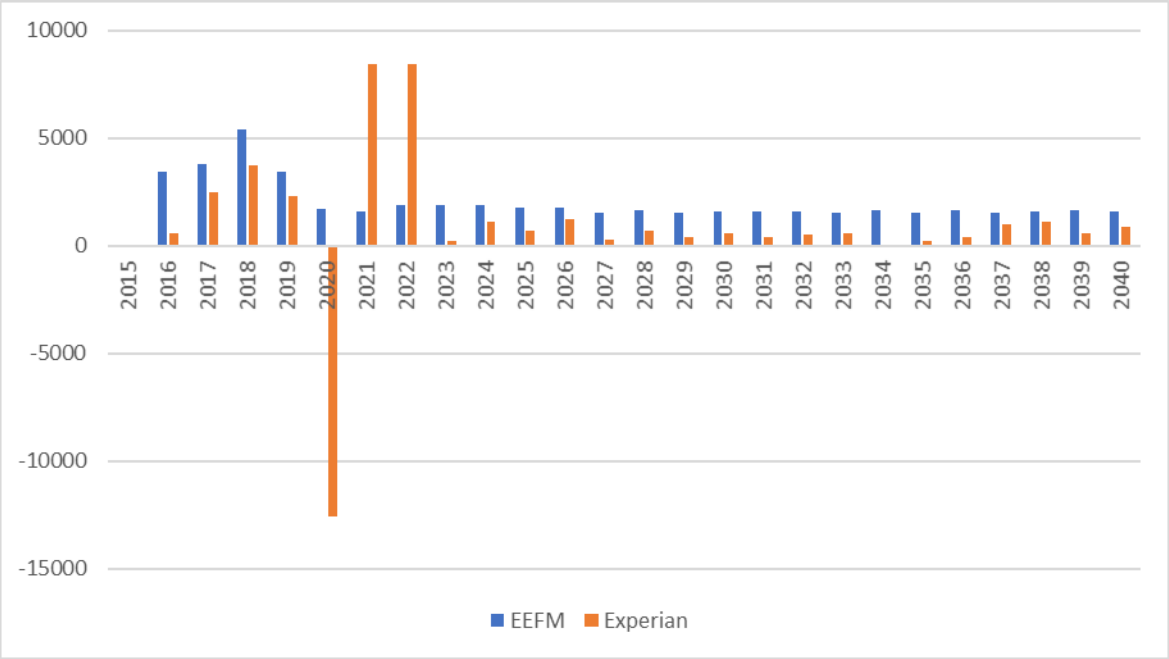


4.2 **As can be seen from the year on year job growth in Figure 2, there is a substantial (but short term) impact in the Experian model from COVID with a significant loss in 2020 and a short term recovery in 2021 and 2022. Employment growth is then variable over the future years rather than a more 'flat line' forecast set out in the EEFM, which reflects an expectation of the 'next' economic cycle, which the EEFM doesn't take into account.**

4.3 **It is worth noting that Experian has always been more conservative in terms of employment growth in Greater Norwich than the EEFM as can be seen in the data between 2016 and 2019 –**

where the growth pattern is similar but the level is lower. This is most likely a reflection of how each model addresses actual data – which is an adjustment of the ONS base data.

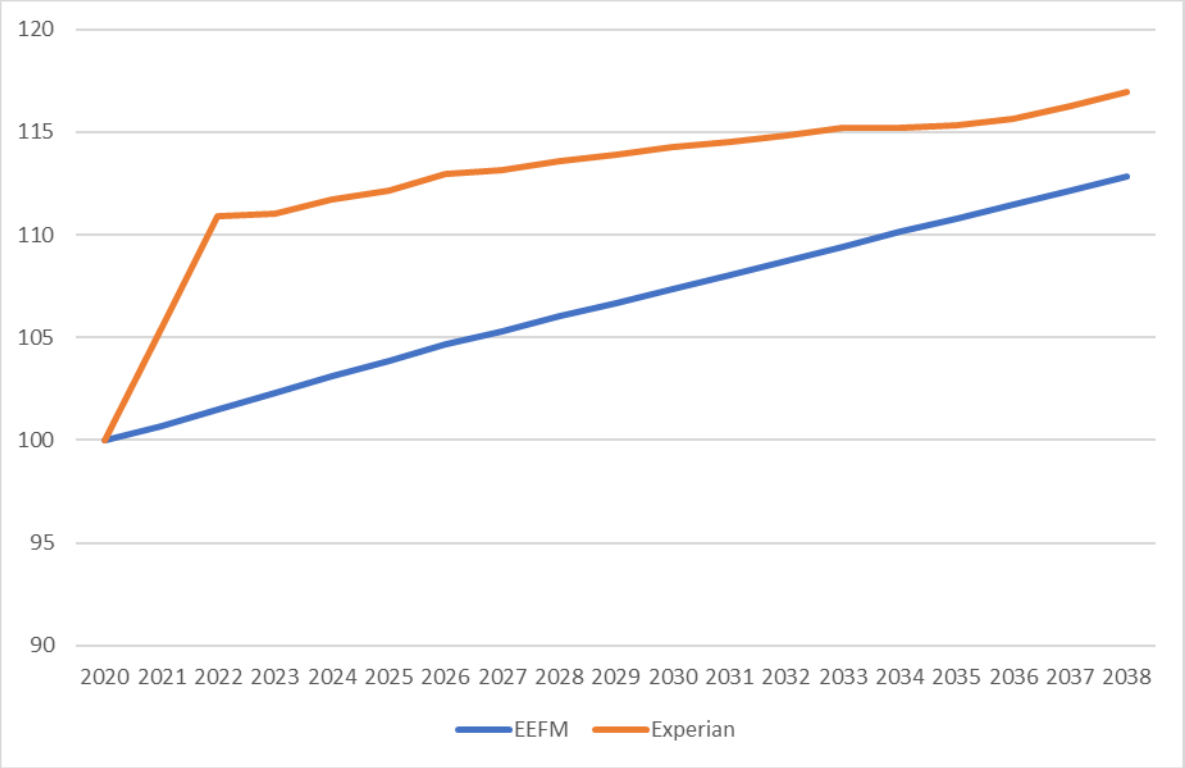
Figure 2 - Experian Year on Year Employment Growth



4.4 **As noted by the DLA submission, and the Employment Land Addendum, the EEFM has no allowance for the impacts of COVID-19 on the economy and therefore would make no adjustment short term impacts (as seen in Experian) or for the long term 'drag' this is likely to have on expected growth following a quick recovery. As such, Experian would provide a more relevant understanding of the potential future employment growth as, despite uncertainties, it does take these influences into account.**

4.5 **As shown in Figure 1 there is a significant difference in the 'starting point' for each forecast. However, if you consider growth rates from a common starting point it is evident that Experian forecasts higher growth rates over the period than the EEFM. As shown in Figure 3, by resetting to a common base and looking at year-on-year growth rates Experian delivers 17% employment growth whereas the EEFM rate is 13%.**

Figure 3 - Growth Rate Comparison to Common Base



4.6 **Given the higher growth rates, if both forecasts started from the same 'current' employment position, Experian would actually result in a higher level of employment growth than the EEFM.**

5. Model Starting Points

5.1 **While the GNLP has a base-date of 2018 it is a useful illustration to compare the two forecasts from a common base date of 2020. Clearly both model based approaches have different modelling assumptions and inputs which result in a different understanding of current/historic employment. In part these are a result of when data is published and able to feed into the model and in part these are a result of how the model then interprets these.**

5.2 **Both models use ONS employment data as an input, but given they are published in different years they had different data available as an input. As stated above the EEFM draws on 2018 ONS data, whilst Experian would have been able to draw on 2019 ONS data.**

5.3 **The discrepancies in the starting point and the impacts this would have on forecast growth were recognised in the Employment Land Addendum and the forecasting approach sought to address this issue by effectively 're-basing' the forecast to draw directly on ONS (BRES) data to reflect the official government statistical position on what employment was in Greater Norwich.**

5.4 **This provides a more robust position than either model as it removes any adjustments the EEFM and Experian may have made to keep their models 'consistent' over time. From this government starting position the Experian growth rates have been applied to generate the forecasts for employment growth.**

5.5 As noted above, the Experian growth rates generate a higher level of growth over the period than EEFM, as such if the EEFM 2019 (published in 2020) growth rates were applied to this base position they would generate a lower overall employment growth figure than Experian despite the fact they consider Total Workforce not FTE jobs.