

## **Guildford Borough Council**

### **Speech for SHMA Debate February 26, 2014**

R McKinney

[Actual speech will be based on extracts from the following.](#)

My topic is statistical in nature – the impact of employment trends on the need for additional homes in the Borough.

In the SHMA study by GL Hearn, one of the factors used to reinforce the argument for the high housing target was a forecast of increased employment in the Borough - based on labour statistics and forecasts from Experian. This increase was based on an average in employment growth taken over the period from 1998 to 2012. Using this timespan to predict future growth in employment is fraught with pitfalls. In the period 1998 to 2008 more than 800,000 public sector jobs were created, and it is highly unlikely that this will be repeated. Historically, the public sector has been important in Guildford Borough and so to use a growth rate from this period would potentially create at least two errors, namely:

- unusually high growth in public sector employment during the period
- employment skewed towards the public sector in the Borough

Another failing of the GL Hearn analysis was that they were highly selective in the time periods used – for example, growth in employment between 1998 to 2007 (just as the employment market was collapsing) and then 2008 to 2012, when there was a recovery in employment. But this recovery was followed by a partial secondary collapse into 2013, ignored by Hearn. In each case they looked at percentage growth in employment, not the raw numbers of persons employed over the entire period, which would have been a better measure of employment growth. Then they manipulated their data by using 3 year rolling averages, which is highly inappropriate when examining trends.

Consequently, the analysis of employment data in the SHMA should be regarded as flawed, and this assertion is best illustrated by using statistics from the NOMIS series, published by the ONS, and derived from Labour Force Surveys. Data is from the beginning of 2004 to the end September 2013, and is given in the following Table, and shown graphically in the Figure. Data is presented exactly as reported by the ONS, that is, as a rolling average of quarterly data taken over a 12 month period.

In general terms, it is not a pretty picture and is completely different from the information presented by GL Hearn who were very selective in their reference points. They used periods of employment growth and so their conclusions are completely at variance with the reality of the last 10 years. In the period from January 2004 to September 2013 the number in employment in Guildford has

fallen, by almost 3,000, even though the number economically active increased by 2,000. From the "in employment" peak reached in July 07/June 08, to October 12/September 2013 more than 10,000 jobs have been lost in Guildford Borough. This is an entirely different picture from that presented by GL Hearn.

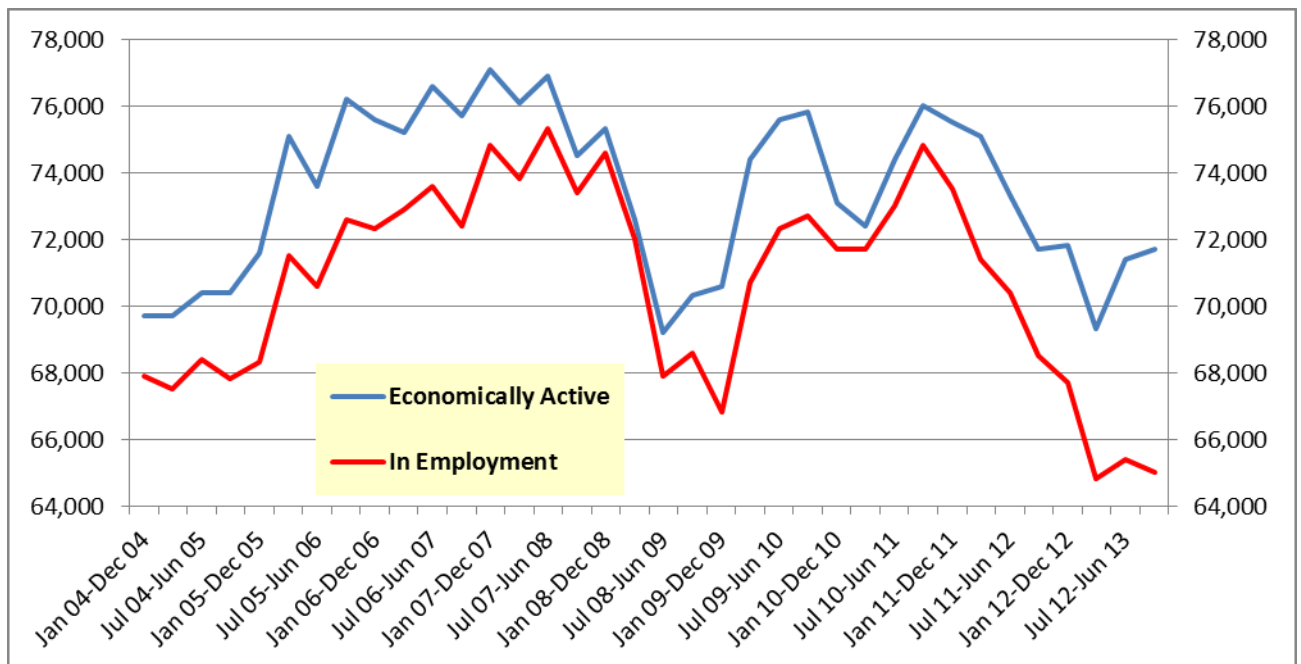
<b>Time Period</b>	<b>Economically Active</b>	<b>In Employment</b>
Jan 04-Dec 04	69,700	67,900
Apr 04-Mar 05	69,700	67,500
Jul 04-Jun 05	70,400	68,400
Oct 04-Sep 05	70,400	67,800
Jan 05-Dec 05	71,600	68,300
Apr 05-Mar 06	75,100	71,500
Jul 05-Jun 06	73,600	70,600
Oct 05-Sep 06	76,200	72,600
Jan 06-Dec 06	75,600	72,300
Apr 06-Mar 07	75,200	72,900
Jul 06-Jun 07	76,600	73,600
Oct 06-Sep 07	75,700	72,400
Jan 07-Dec 07	77,100	74,800
Apr 07-Mar 08	76,100	73,800
Jul 07-Jun 08	76,900	75,300
Oct 07-Sep 08	74,500	73,400
Jan 08-Dec 08	75,300	74,600
Apr 08-Mar 09	72,600	72,000
Jul 08-Jun 09	69,200	67,900
Oct 08-Sep 09	70,300	68,600
Jan 09-Dec 09	70,600	66,800
Apr 09-Mar 10	74,400	70,700
Jul 09-Jun 10	75,600	72,300
Oct 09-Sep 10	75,800	72,700
Jan 10-Dec 10	73,100	71,700
Apr 10-Mar 11	72,400	71,700
Jul 10-Jun 11	74,400	73,000
Oct 10-Sep 11	76,000	74,800
Jan 11-Dec 11	75,500	73,500
Apr 11-Mar 12	75,100	71,400
Jul 11-Jun 12	73,300	70,400
Oct 11-Sep 12	71,700	68,500
Jan 12-Dec 12	71,800	67,700
Apr 12-Mar 13	69,300	64,800
Jul 12-Jun 13	71,400	65,400
Oct 12-Sep 13	71,700	65,000

Source

[https://www.nomisweb.co.uk/reports/lmp/la/1946157330/subreports/ea\\_time\\_series/report.aspx?](https://www.nomisweb.co.uk/reports/lmp/la/1946157330/subreports/ea_time_series/report.aspx?)

According to the ONS statistics, over the 10 year period the data covers, Guildford employment has fallen by 4.3%, an average of 0.5% a year, but as shown in the figure below, there were wide swings in the numbers of persons in employment. But the important point is that there has been no jobs growth

over this period, which is the reverse of GL Hearn’s conclusion – from data based on Experian’s data. At the very least, GL Hearn should have used raw ONS data for comparison, and explained any differences observed. Suggesting that new dwellings would be needed to take account of jobs growth is simply perpetuating the Hearn fantasy, and would unreasonably inflate the target coming from the SHMA. There is no doubt that Guildford could attract more residents, but they would not be coming to take jobs in the Guildford area, and would most likely be commuters to places of work outside the borough.

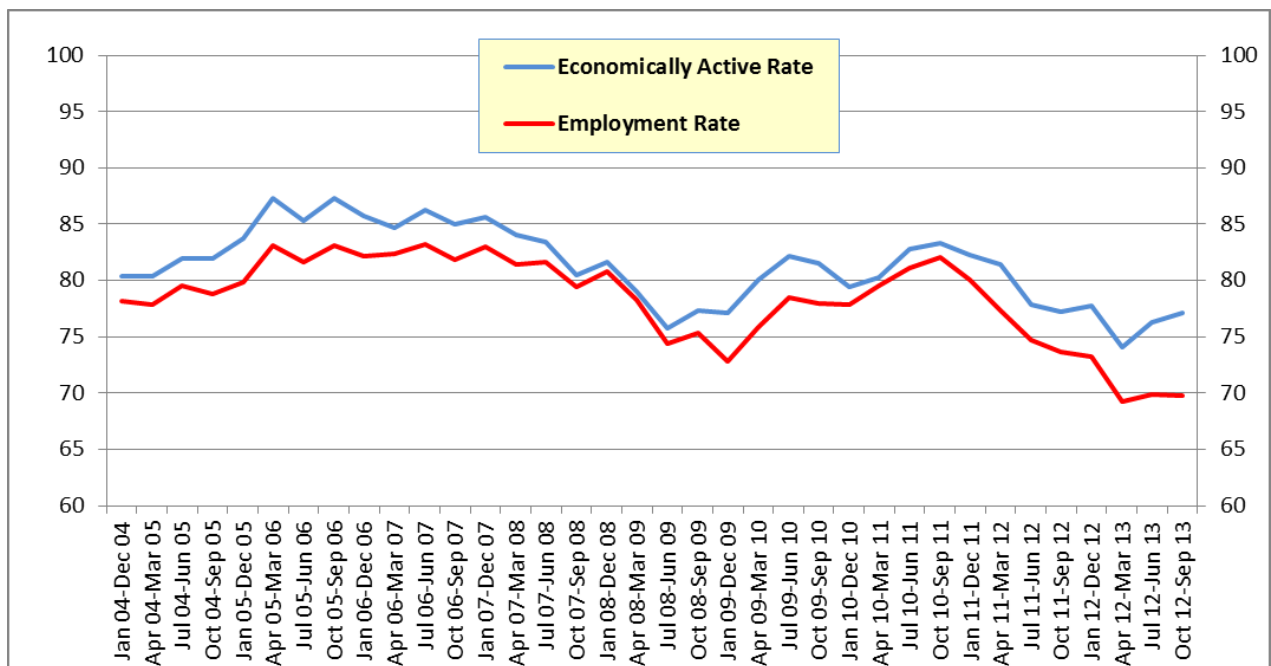


One difficulty with using ONS data is that it reflects employment of residents within the borough. There are a large number of people commuting to work in the borough, but this is broadly balanced by commuters travelling to work outside the borough. Consequently, the ONS can be considered to be an accurate reflection of reality within the Borough with regard to employment trends and economically active rates.

Addition analysis was presented by GL Hearn in Appendix B, and this developed population predictions based on changes in the economically active population and jobs growth. In this, national changes in economically active rates were estimated based on historic data for 10 years, a trend figure estimated from this, and then extrapolated firstly to 2021, and then to 2031. These could only be described as extrapolations of heroic proportions – a 20 year extrapolation based on data derived from a 10 year period is stretching credulity beyond breaking point. This may be acceptable if there was detailed analysis of underlying trends to accompany the projection, but as presented in the SHMA should be regarded as wholly unacceptable. Furthermore, a reliance on national rates was misplaced, as data for Guildford was available, and the time series for

Guildford Borough is shown in the figure below. Nor was there any need to estimate the number of economically active people in Guildford in 2011 as GL Hearn did – the number was readily available from the ONS.

Over the ten year period covered by ONS statistics, as graphed below, the number of economically active people increased by 2,000, an increase of 2.9% over 10 years, equivalent to an increase of about 0.25% per year. However, the proportion economically active actually fell over this period, from 80.4% to 77.1%. Thus the change in the number economically active was due to population growth and not to an increase in the proportion economically active.



Based on national data, GL Hearn then went on to project growth in the number of economically active persons in Guildford Borough to 2031. The wisdom of this is questionable, given that ONS statistics up to 2013 show that relevant trends in Guildford Borough were quite different from national trends.

Consequently, these employment and economic forecasts by G L Hearn should be disregarded. Coupled with the lack of corrections to account for the large number of university students in the Borough, the draft SHMA should be regarded as deeply flawed, and as such, unacceptable.