

# **Basildon Employment Land Needs Assessment**

## **Final Report**

Basildon Council

04 February 2025

**LICHFIELDS**

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## 1.0 Introduction

1.1 Basildon Council ('the Council') commissioned Lichfields to prepare an Employment Land Needs Assessment (ELNA) for the Borough.

1.2 The purpose of the ELNA is to provide evidence to support the development of a new Local Plan for Basildon Borough, following the withdrawal of the previous Basildon Borough Revised Publication Local Plan (2014 – 2034)<sup>1</sup>. At the time of writing, the Local Plan Draft (Regulation 18) was under consultation. Further public consultation will follow in 2025.

## Scope and Limitations

1.3 This study reviews employment land needs within Basildon Borough and will be used to inform the preparation of the Council's new Local Plan, including the identification of sites for employment development to meet identified needs for the Plan period between 2023 and 2043.

1.4 It has been prepared in line with the latest Planning Practice Guidance (PPG) and the identified methodology for determining future economic development needs. It includes consideration of economic development as defined by the National Planning Policy Framework (NPPF, December 2024), with a primary focus upon the typologies set out in the Business Use Classes as outlined below:

- **B2 general industrial:** typically comprising factory and manufacturing space.
- **B8 storage and distribution:** warehouses, wholesale and distribution.
- Under the new Use Classes Order, "B1 uses" have changed as follows:
  - Former Class B1(a) to **E(g)(i)**: office space;
  - Former Class B1(b) to **E(g)(ii)**: research and development space; and
  - Former Class B1(c) to **E(g)(iii)**: light industrial space.

1.5 References to 'employment space' refer to all E(g)/B class elements noted above.

1.6 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation primarily over the period 2023-24. The accuracy and sources of data derived from third party sources has not been checked or verified by Lichfields.

1.7 It should also be noted that this employment evidence considers the 'indigenous' employment needs arising from economic and employment growth in Basildon Borough and it does not specifically take account of other strategic/inward investment needs or any other specific investment position that may arise from other areas or firms, other than to the extent that these have been accommodated historically and accordingly they are currently reflected in the trends which inform the various forecasts of the assessment.

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<sup>1</sup> [https://www.basildon.gov.uk/media/8646/Basildon-Council-Revised-Publication-Local-Plan-Oct-2018/pdf/Basildon\\_Council\\_-\\_Revised\\_Publication\\_Local\\_Plan\\_-\\_Oct\\_2018.pdf](https://www.basildon.gov.uk/media/8646/Basildon-Council-Revised-Publication-Local-Plan-Oct-2018/pdf/Basildon_Council_-_Revised_Publication_Local_Plan_-_Oct_2018.pdf)

## Structure of the Report

- 1.8 The report is structured as follows:
- **Economic Context and Trends** (Section 2.0): a review of economic conditions and recent trends in Basildon, and the key strengths and weaknesses of the local economy that may influence the future need for employment space.
  - **Commercial Property Market Review** (Section 3.0): an analysis of the current stock and trends in employment space in Basildon and how different segments of the market have been performing recently.
  - **Future Employment Space Requirements** (Section 4.0): presents a series of future growth scenarios for Basildon and associated employment land requirements over the new Local Plan period to 2043.
  - **Review of Employment Land Supply** (Section 5.0): a review of the existing and proposed employment sites within the area to inform Basildon's employment supply position.
  - **Balance of Demand and Supply** (Section 6.0): presents the employment requirements against the available supply across the area to identify any shortfall or oversupply of employment space.
  - **Conclusions and Policy Implications** (Section 7.0): summarises the findings of the ELNA to inform the Council's policy direction regarding planning for employment uses.
- 1.9 Supporting information and data is contained in the appendices.
- 1.10 References to 'Basildon' refer to the Borough Council area unless otherwise stated.

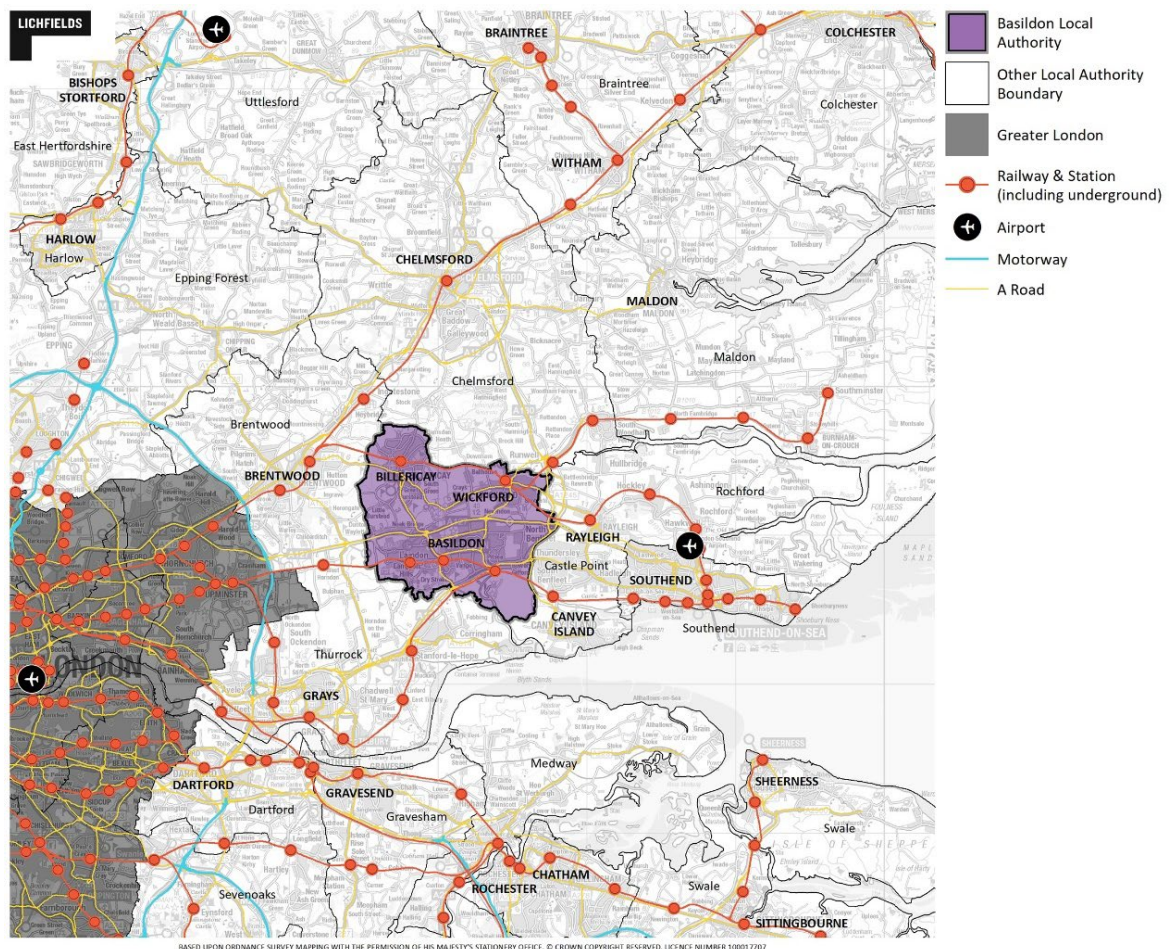
## 2.0 Economic Context and Trends

2.1 This section summarises recent economic conditions and trends across Basildon Borough, focusing on key economic indicators.

### Spatial Overview

2.2 Basildon Borough is located in South Essex, bordering the adjacent local authorities of Thurrock, Castle Point, Rochford, Chelmsford and Brentwood. The Borough benefits from good access to the strategic road network, with the A127 heading West towards the M25 and East towards Southend, and the A13 heading South West towards Tilbury. The Borough is served by mainline rail services to London via Pitsea, Basildon and Laindon train stations. As well as the Greater Anglia line to London via Wickford and Billericay. Basildon town centre is also located approximately 15 km West of Southend Airport. The Borough’s location within the wider spatial context is presented in Figure 2.1 below.

Figure 2.1 Spatial context



Source: Lichfields

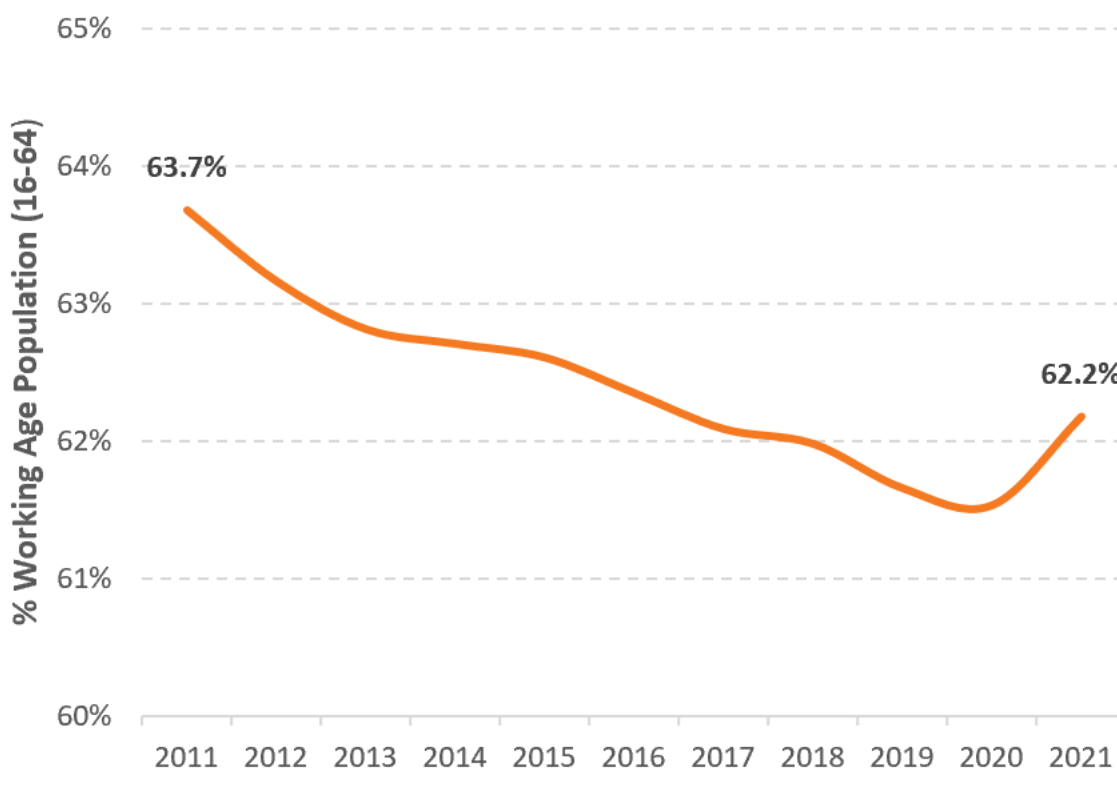
2.3 The Borough accommodates the three main towns of Basildon, Wickford and Billericay as well as a large rural area which supports several smaller villages.

## Demographics

2.4 In 2021, Basildon Borough had a resident population of 188,000, having increased by 7.3% over the previous 10 years since 2011<sup>2</sup>. This population growth was lower than that recorded across the East of England (8.3%) but higher than that across the UK (5.9%) over the same period. The Borough’s recent population growth also slightly under-performed the Essex-wide average which was equivalent to 7.9% over the 10 years to 2021.

2.5 The proportion of the Borough’s population that is of working age (16 to 64) has decreased slightly over recent years, from 63.7% in 2011 to 62.2% in 2021, as shown in Figure 2.2.

Figure 2.2 Basildon working age population % (16-64)



Source: ONS / Lichfields analysis

2.6 This decline in working age population reflects national trends and is not unique to Basildon, but if this trend continues it is likely to have implications in terms of the scale of the Borough’s labour supply that could be available to take up locally based job opportunities in future.

2.7 According to latest ONS population projections<sup>3</sup>, Basildon Borough’s working age population is expected to increase by 9.8% from 2018 to 2040. This is lower than the increase projected for the wider area of Essex (11.5%), but higher than the equivalent figures for the East of England (9.2%) and England (9.3%).

<sup>2</sup> ONS, Population Estimates (2021)

<sup>3</sup> ONS, Population Projections (2018-based)

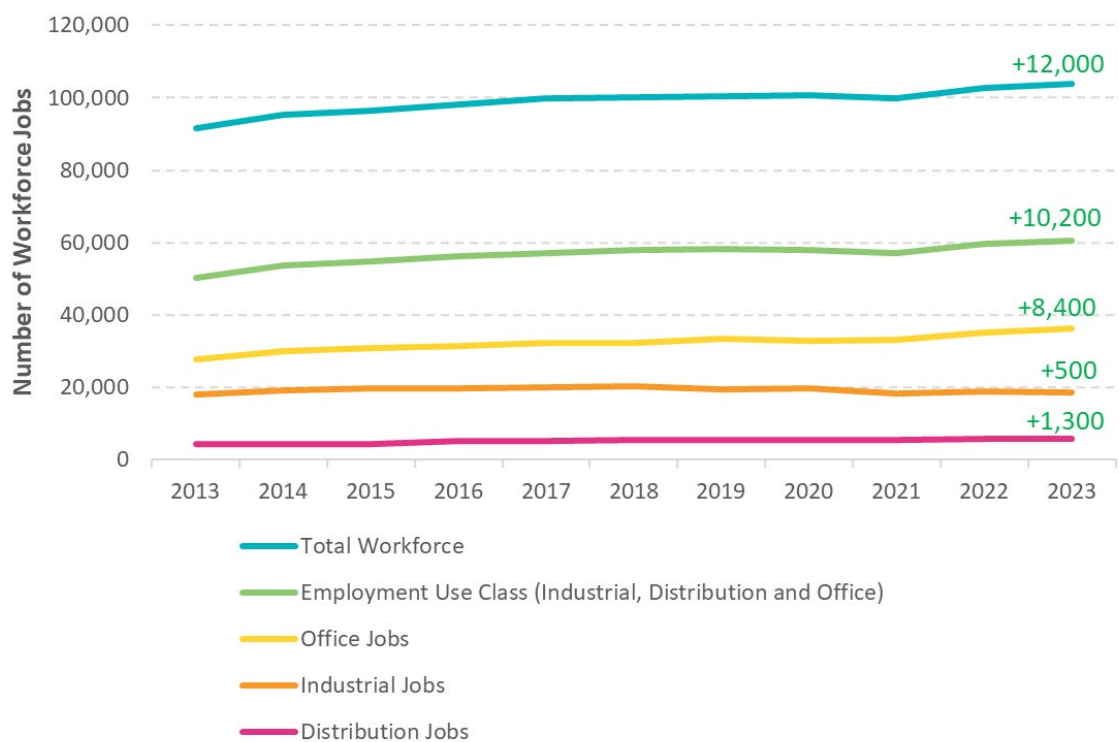


## Employment

2.8 Based on the latest Experian data<sup>4</sup>, Basildon Borough accommodated 103,700 workforce jobs in 2023, representing an increase of 13.1% (+12,000) over the ten-year period from 2013. This rate of increase is slightly lower than that recorded across the East of England (+14%) but higher than UK figure (+10.6%) during the same period.

2.9 As shown in Figure 2.3, the Borough’s employment base has seen steady growth between 2013 and 2023, with the majority of growth occurring between 2013 and 2016. The Borough’s job base declined by around 700 jobs between 2019 and 2021 in response to the Covid-19 pandemic.

Figure 2.3 Workforce jobs in Basildon (2013-2023)



Source: Experian (June 2023) / Lichfields analysis

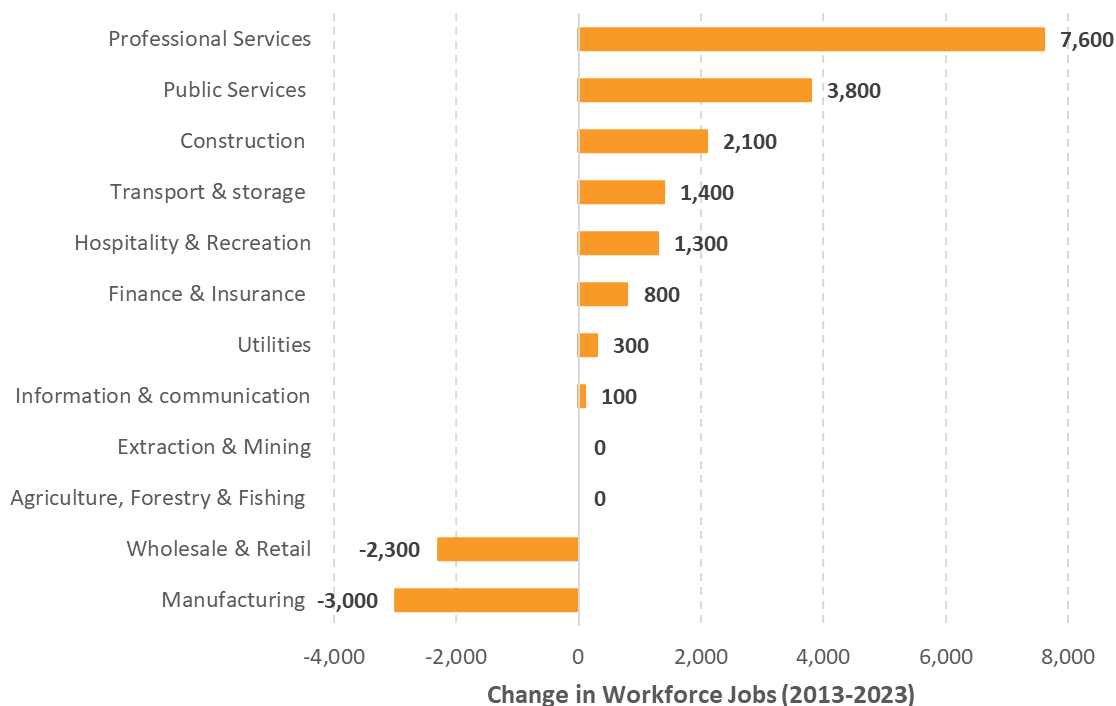
2.10 As shown in Figure 2.3, office-based sectors have recorded particularly significant job growth over the past 10 years, increasing by over 30%. Industrial and distribution jobs also grew, but to a lesser extent.

2.11 According to Experian data, the largest broad employment sectors across Basildon in 2023 were public services (25,200 jobs), professional & other private services (24,200 jobs) and wholesale & retail (15,400 jobs). As indicated in Figure 2.4 overleaf, only two sectors saw a decline in total employment since 2013, including wholesale & retail (-2,300 jobs) and manufacturing (-3,000 jobs). All other sectors recorded either no change or an increase in total workforce, the largest of which were professional & other private services (+7,600 jobs), public services (+3,800 jobs) and construction (+2,100 jobs).

<sup>4</sup> Experian (June 2023)

2.12 The proportion of local jobs within higher value, knowledge intensive sectors is close to the national average, according to analysis prepared by the former South East Local Enterprise Partnership (SELEP)<sup>5</sup>.

Figure 2.4 Change in Workforce Jobs by Sector across Basildon (2013-2023)



Source: Experian (June 2023) / Lichfields analysis

2.13 The overall employment change across Basildon Borough over the past ten years is summarised in Table 2.1 below.

Table 2.1 Change in workforce jobs across Basildon (2013-2023)

Use	2013	2023	Change	
			Total	%
<b>Total Workforce Jobs</b>	<b>91,700</b>	<b>103,700</b>	<b>+12,000</b>	<b>+13.1%</b>
Industrial, Distribution & Office Jobs	50,300	60,500	+10,200	+20.3%
<i>Industrial Jobs</i>	<i>18,100</i>	<i>18,600</i>	<i>+500</i>	<i>+2.8%</i>
<i>Office Jobs</i>	<i>27,800</i>	<i>36,200</i>	<i>+8,400</i>	<i>+30.2%</i>
<i>Distribution Jobs</i>	<i>4,400</i>	<i>5,700</i>	<i>+1,300</i>	<i>+29.5%</i>

Source: Experian (June 2023) / Lichfields analysis

### Workforce Productivity

2.14 The productivity of Basildon’s workforce can be measured using Gross Value Added (GVA) generated per job. This indicator suggests that in 2023, average workforce productivity across the Borough (at £56,751 per job) was significantly higher than the Essex-wide and

<sup>5</sup> [State-of-the-Region-FINAL-1.pdf \(southeastlep.com\)](#)

East of England averages (£48,888 per job and £50,822 per job, respectively), and slightly above the UK average of £56,241 per job.

- 2.15 The Borough recorded a slight decrease in workforce productivity over the past 5 years, falling to its current level from £57,789 per job in 2018 (equivalent to a 1.8% decrease). This decrease is less significant than that experienced across both Essex (-5.3%) and the East of England (-2.2%) (see Table 2.2 below).

Table 2.2 Change in Workforce Productivity (2018-2023)

Location	Total GVA (2023)	GVA per Workforce Job		
		2018	2023	Change (%)
Basildon	£5.94 bn	£57,789	£56,751	-1.8%
Essex	£43.45 bn	£51,626	£48,888	-5.3%
East of England	£168.34 bn	£51,950	£50,822	-2.2%
UK	£2,016.3 bn	£56,084	£56,241	+0.3%

Source: Experian (June 2023) / Lichfields analysis

## Labour Market

- 2.16 The local labour market is characterised by a higher share of the working-age population being economically active<sup>6</sup> but also a higher share claiming out-of-work benefits<sup>7</sup> when compared to the Essex and East of England averages (Table 2.3). The resident labour force also records a lower level of NVQ4 and above (higher level) qualification attainment when compared to the wider comparators, which points towards a less highly skilled local workforce in Basildon Borough compared to the regional benchmarks.

Table 2.3 Key Labour Market Characteristics

Indicator	Basildon	Essex	East of England	UK	
Economic activity rate (2022)	89.2%	80.3%	80.6%	78.3%	
Claimant Count (as a proportion of residents aged 16-64) (2023)	3.6%	2.9%	3.0%	3.8%	
Resident qualifications (2021)	NVQ4+	35.4%	35.5%	39.6%	43.5%
	NVQ3+	55.3%	53.6%	58.2%	61.4%
	NVQ2+	76.1%	74.5%	76.7%	78.1%
	NVQ1+	89.8%	88.6%	88.5%	87.4%
	Other and no qualifications	10.2%	11.4%	11.6%	12.6%
Resident occupation (2022)	SOC <sup>8</sup> 1-3	45.6%	49.0%	50.6%	51.1%
	SOC 4-6	33.5%	33.1%	28.7%	26.9%
	SOC 7-9	20.6%	17.3%	20.3%	21.6%
Earnings by residence (2022)	£618.80	£689.90	£667.60	£640	
Earnings by workforce (2022)	£568.70	£622.20	£632.40	£640	

Source: Annual Population Survey (ONS) (2022) / Claimant Count (ONS) (2023) / Annual Survey of Hours and Earnings (ONS) (2022) / Lichfields analysis

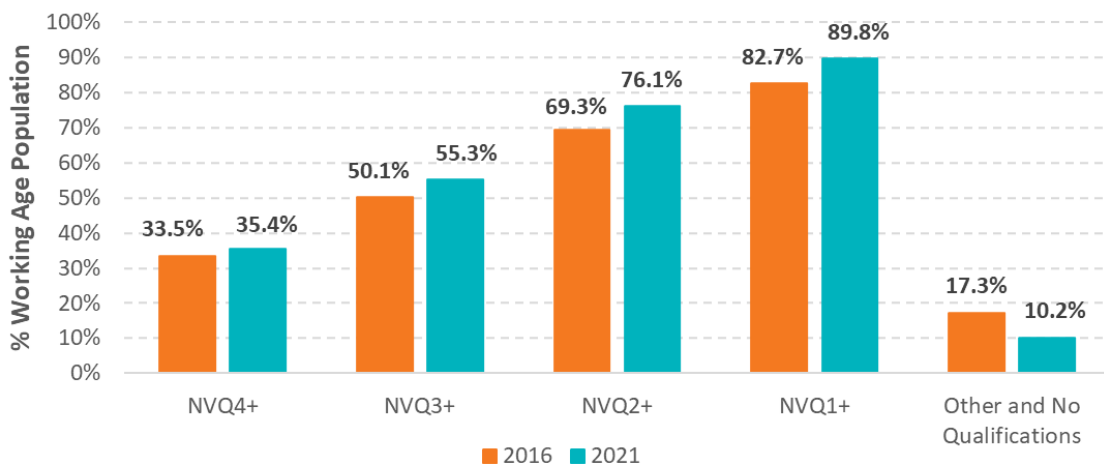
<sup>6</sup> ONS, Annual Population Survey (2022)

<sup>7</sup> ONS, Claimant Count (2023)

<sup>8</sup> SOC (Standard Occupational Classification) classifies what people aged 16 years and over do as their main job. SOC 1-3 refers to high skilled professional occupations. SOC 4-6 refers to administrative occupations and SOC 7-9 are elementary trades and related occupations.

2.17 The Borough does however continue to see improvement in qualification attainment across all levels over the past 5 years, with the largest gains achieved in NVQ3, NVQ2 and NVQ1 level qualifications. Linked to this, the share of working-age population that have ‘other qualifications’ or ‘no qualifications’ fell by over 7% across the same period (Figure 2.5).

Figure 2.5 Change in Qualifications across Basildon (2016-2021)



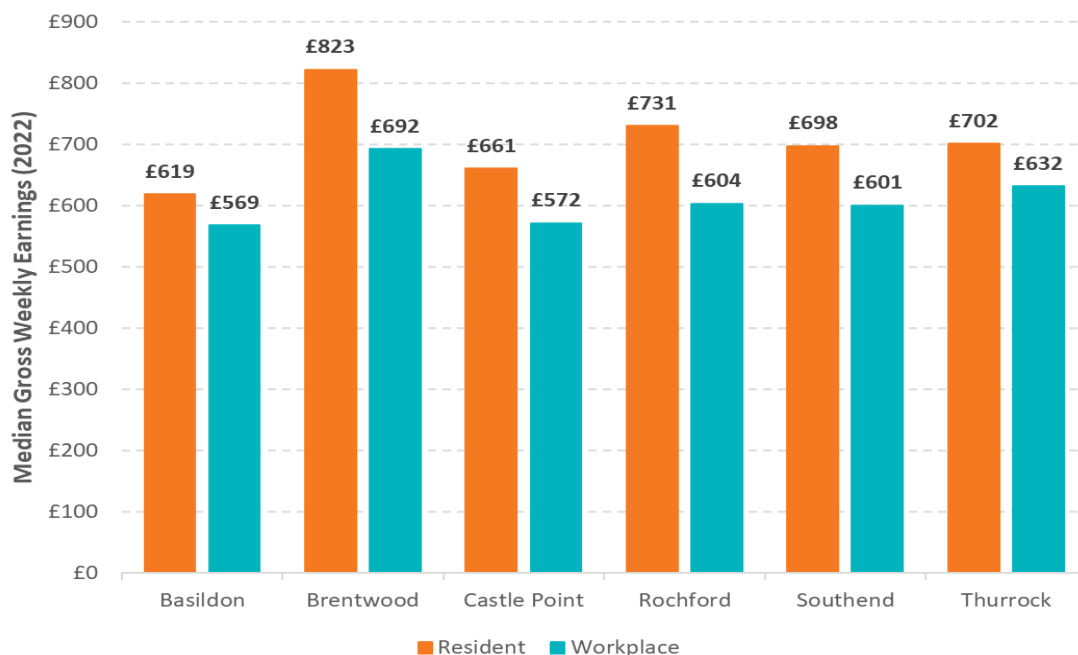
Source: Annual Population Survey (2021) / Lichfields analysis

2.18 This resident skills profile reflects the fact that a smaller share of Borough residents are employed within higher skilled roles represented by SOC Major Group 1 - 3 compared to Essex, the East of England and the UK. There remains a higher share of residents employed in more elementary roles represented by SOC Major Group 6 - 7 and 8 - 9, which includes a range of care, service, sales, process plant, machine operative, and elementary occupations.

2.19 The resident occupation profile for Basildon Borough also aligns with average resident earnings<sup>9</sup> which are lower than the equivalent averages for Essex, the East of England and the UK. Basildon Borough also has a lower level of workplace earnings compared with other local authorities across South Essex, with Basildon Borough recording the lowest weekly workplace earnings in the sub-region in 2022 at £569 per week (Figure 2.6). This suggests that the Borough’s economy offers overall lower wages when compared with the rest of the sub-region.

<sup>9</sup> ONS, Annual Survey of Hours and Earnings (2022)

Figure 2.6 Median Gross Weekly Earnings by Local Authority (2022)



Source: ASHE (2022) / Lichfields analysis

## Business Base

2.20 Basildon Borough is characterised as having a slightly smaller share of micro firms (0 to 9 workers) and a greater share of small-sized firms (10 to 49) compared to the equivalent averages across Essex, the East of England and the UK<sup>10</sup>. The Borough also accommodates a greater proportion of medium sized firms (50-249 workers) compared with the county, regional and national averages.

2.21 In 2020, Basildon Borough had a slightly higher rate of business births per 10,000 working age population<sup>11</sup> (82.3) than Essex (81.7), the East of England (79.3) and the UK (79.6). In 2022, the Borough also had a higher percentage of working age residents who were self-employed (9.4%) than the UK average (9.3%), but a lower proportion than the Essex (9.8%) and East of England (9.7%) averages (Table 2.4).

Table 2.4 Key Business Characteristics

Metric	Basildon	Essex	East of England	UK	
Number of Enterprises (2022)	7,580	66,800	272,695	2,767,700	
Business Size (2022)	Micro (0-9)	88.1%	90.0%	90.0%	89.5%
	Small (10-49)	9.9%	8.4%	8.2%	8.6%
	Medium (50-249)	1.8%	1.4%	1.5%	1.5%
	Large (250+)	0.3%	0.3%	0.4%	0.4%
Business Births per 10,000 working age persons (2020)	82.3	81.7	79.3	79.6	

<sup>10</sup> ONS, Business Counts (2022)

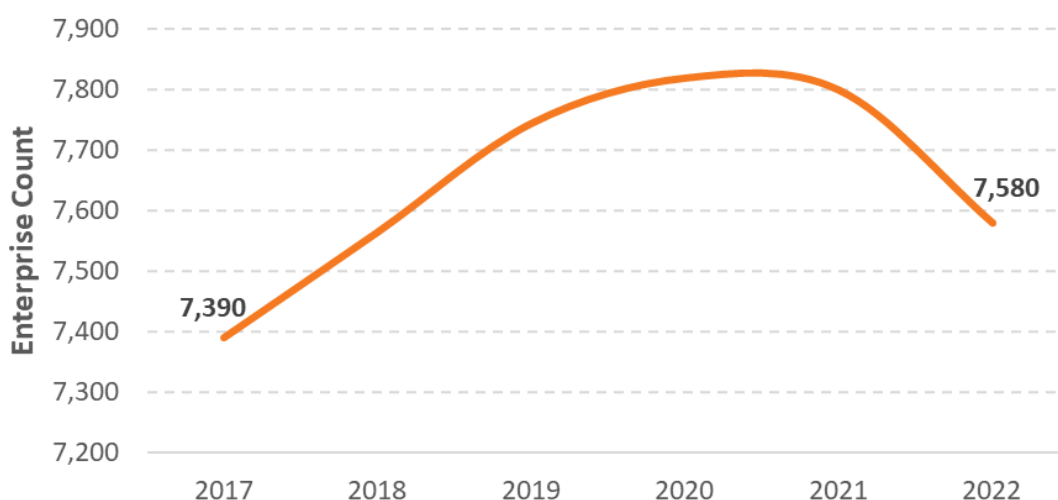
<sup>11</sup> ONS, Business Demography Statistics (2020)

Metric	Basildon	Essex	East of England	UK
Self-employment (16-64) (2022)	9.4%	9.8%	9.7%	9.3%

Source: ONS Business Counts / ONS Annual Population Survey / ONS Business Demography Statistics / Lichfields analysis

2.22 The number of recorded enterprises in Basildon Borough stood at 7,580 in 2022, having increased by 2.6% since 2017. As shown in Figure 2.7 below, the Borough’s business base grew consistently to a peak of 7,820 in 2020, followed by a decline over the next two years in the aftermath of the Covid-19 pandemic.

Figure 2.7 Basildon Borough Enterprise Count (2017-2022)



Source: ONS Business Counts (2022) / Lichfields analysis

2.23 Following start-up, businesses based in Basildon Borough tend to underperform compared to the equivalent average for Essex but perform well compared with the regional and national averages. For example, the latest ONS data indicates that 5-year business survival rates (2016-based) across Basildon Borough (39.5%) are lower than the Essex average (42.7%) but outperform the East of England (33.9%) and UK (38.4%) averages.

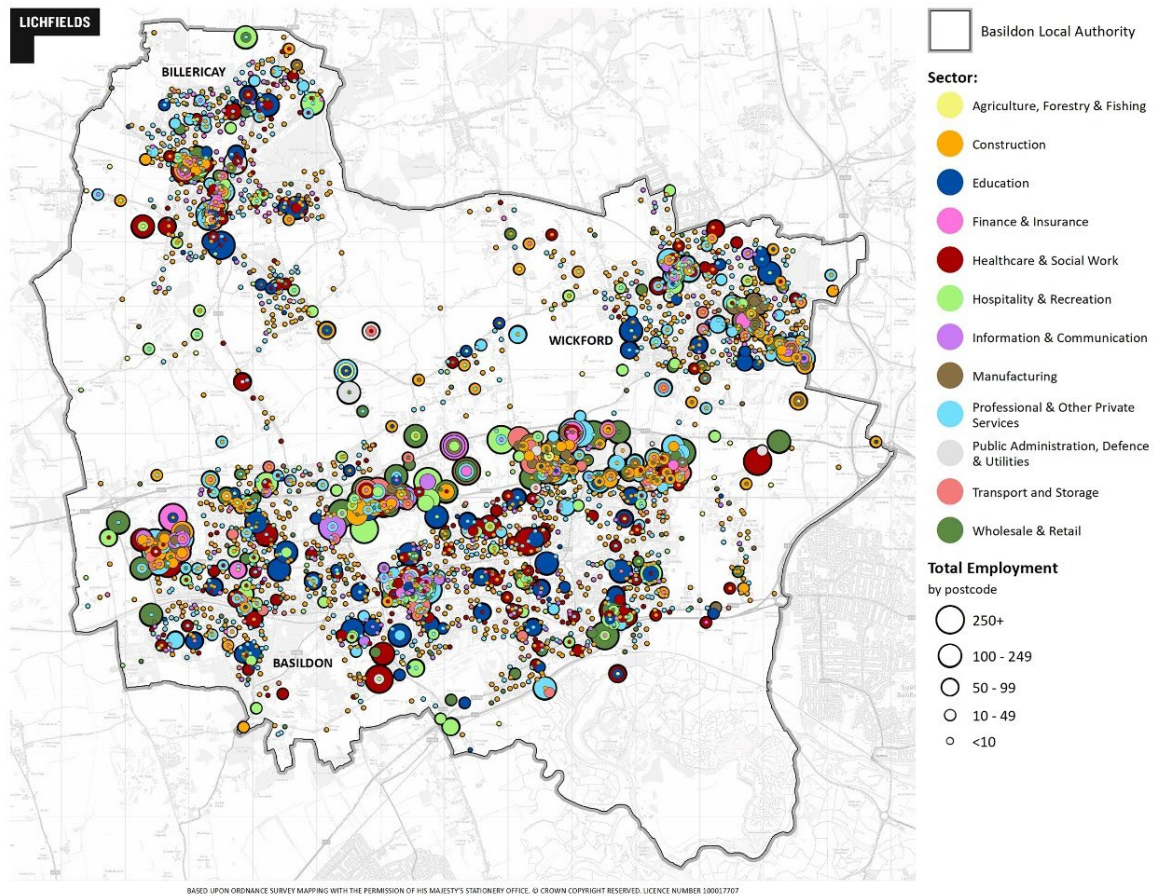
### Spatial Distribution

2.24 Using Inter Departmental Business Register (IDBR)<sup>12</sup> data from the ONS, it is possible to map where employers are located within Basildon Borough by sector and size.

2.25 Figure 2.8 overleaf illustrates the sectoral distribution across Basildon Borough, highlighting the most significant clusters of employment within Basildon. The A127 corridor in particular accommodates the most sizable concentrations of employment, with the more rural areas accommodating much smaller pockets by comparison.

<sup>12</sup> ONS, Inter-Departmental Business Register (2022)

Figure 2.8 Basildon Borough employment sectoral distribution (2022)

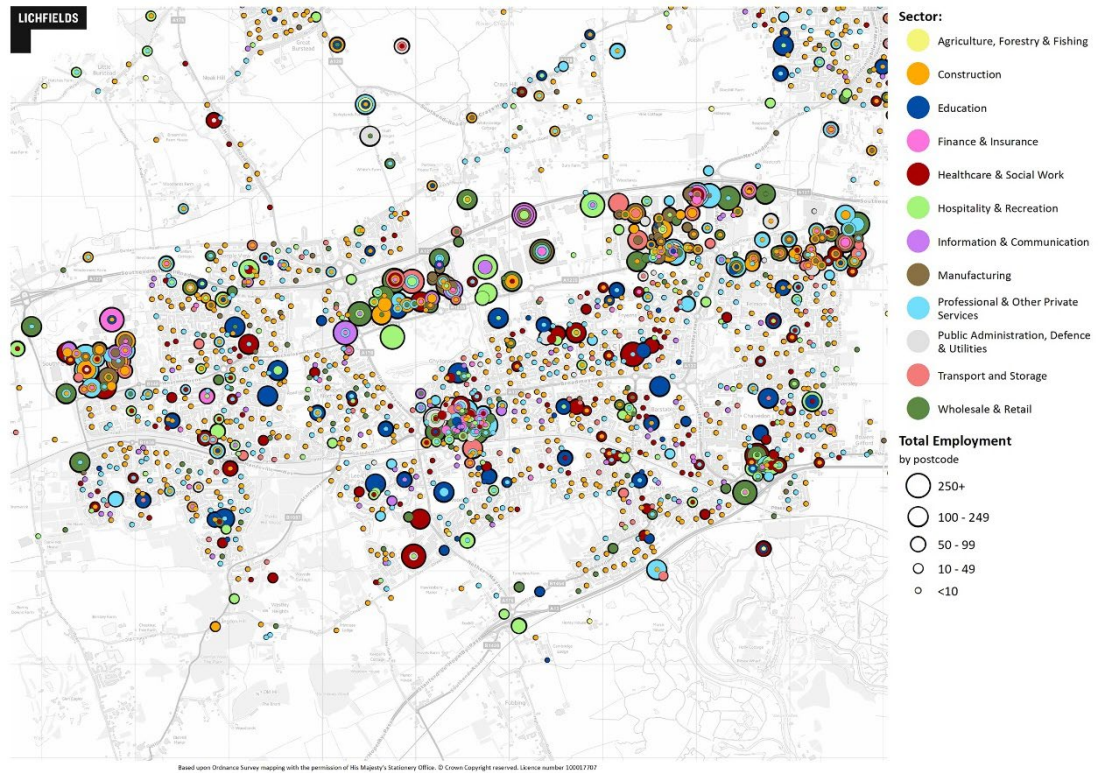


Source: ONS (2022) / Lichfields analysis

2.26 Figure 2.9 overleaf indicates that within Basildon town, there are several medium/large sized wholesale & transport and hospitality & recreation employers, mostly located within or in close proximity to the Burnt Mills Industrial Estate or Yardley Business Park, both located along the A127 corridor. There are also a large number of small sized construction firms dispersed across the more residential areas of the town. Employment within professional services – one of the largest employment sectors in the Borough – tends to be clustered within Basildon town centre and the Borough’s key business parks along the A127 corridor.

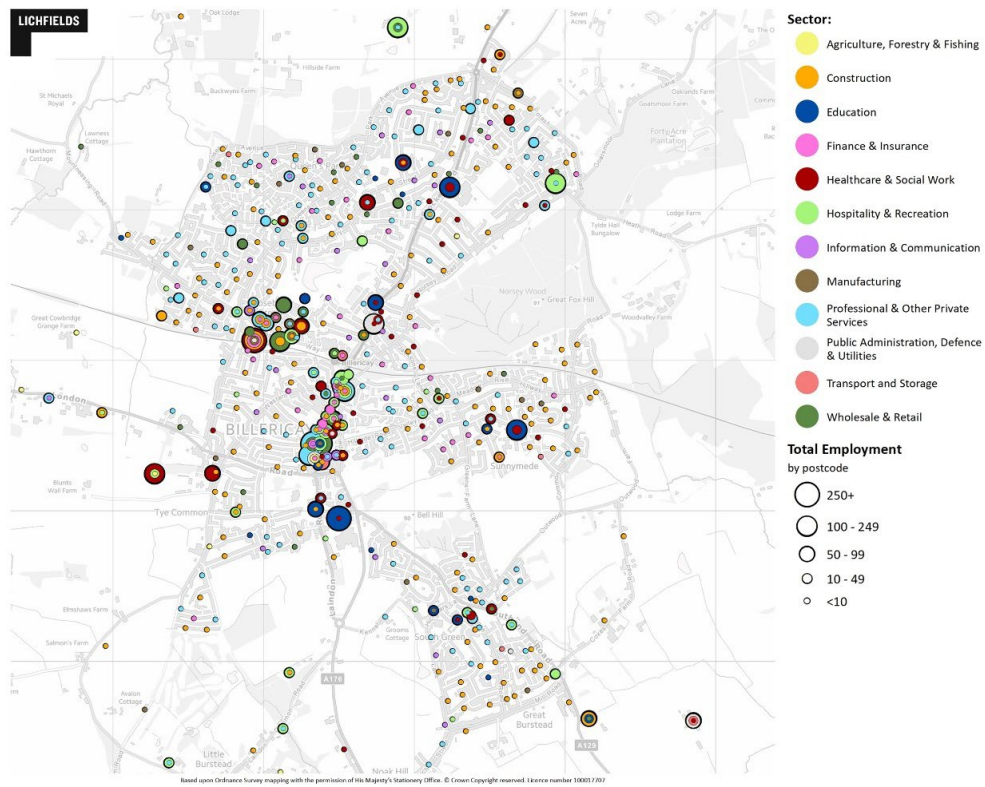
2.27 Figure 2.10 overleaf shows the distribution of businesses across the town of Billericay, located approximately 7 km north of Basildon town centre. This shows that the main clusters of employment within the town are located along the B1007 (running through Billericay town centre) and the large industrial area located on Radford Way. These clusters include various medium/large sized businesses within the healthcare, professional services, hospitality & recreation and wholesale & retail sectors. There are also a large number of small-scale construction and professional services companies dispersed around the residential areas of the town.

Figure 2.9 Basildon town employment sectoral distribution (2022)



Source: ONS (2022) / Lichfields analysis

Figure 2.10 Billericay employment sectoral distribution (2022)



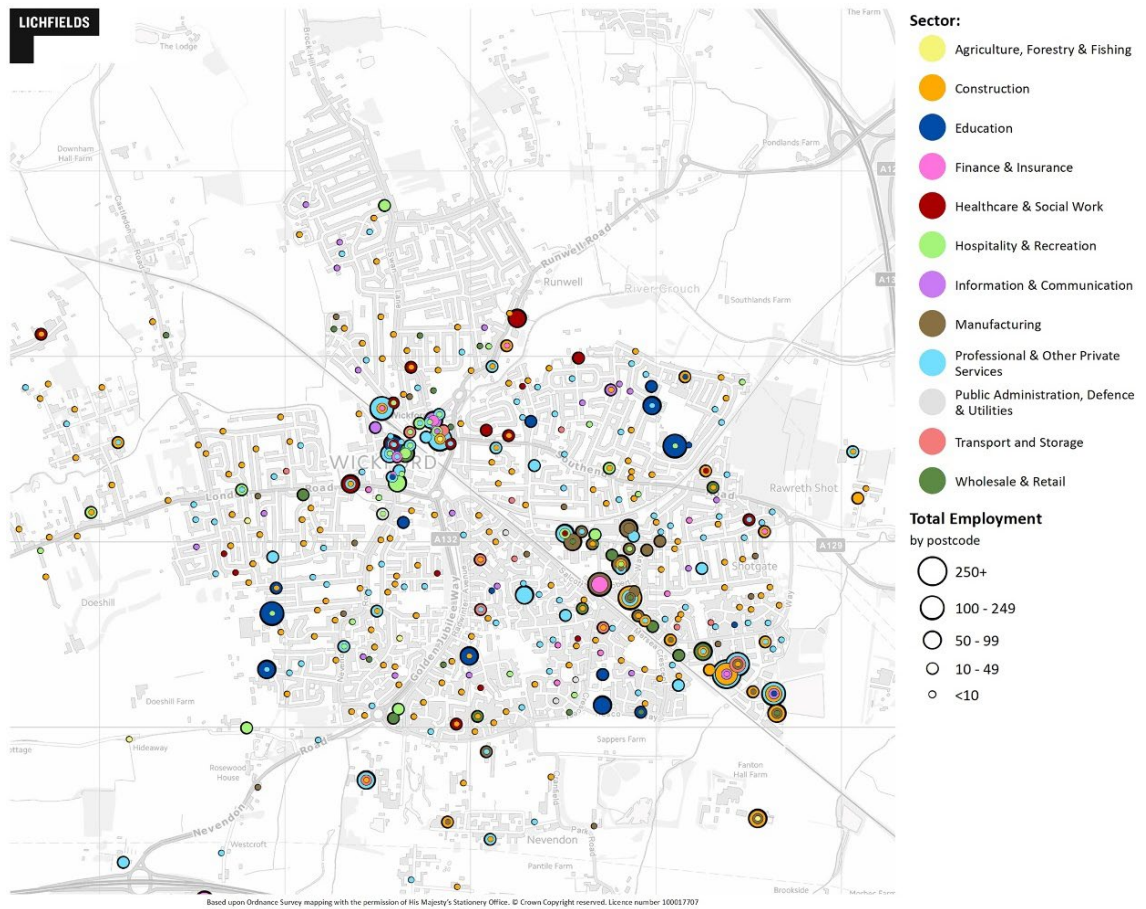
Source: ONS (2022) / Lichfields analysis



2.28

Figure 2.11 below illustrates the spatial distribution of businesses and employment across Wickford town, located approximately 6.3 km north east of Basildon town centre. This shows that the main employment cluster in Wickford is located in the town centre, consisting largely of professional services and hospitality & recreation businesses. There is also a significant employment cluster around the industrial area to the south east of the town, north of the railway line running south east towards Rayleigh. Businesses located here primarily operate within the manufacturing, wholesale & retail, professional services and construction sectors.

Figure 2.11 Wickford employment sectoral distribution (2022)

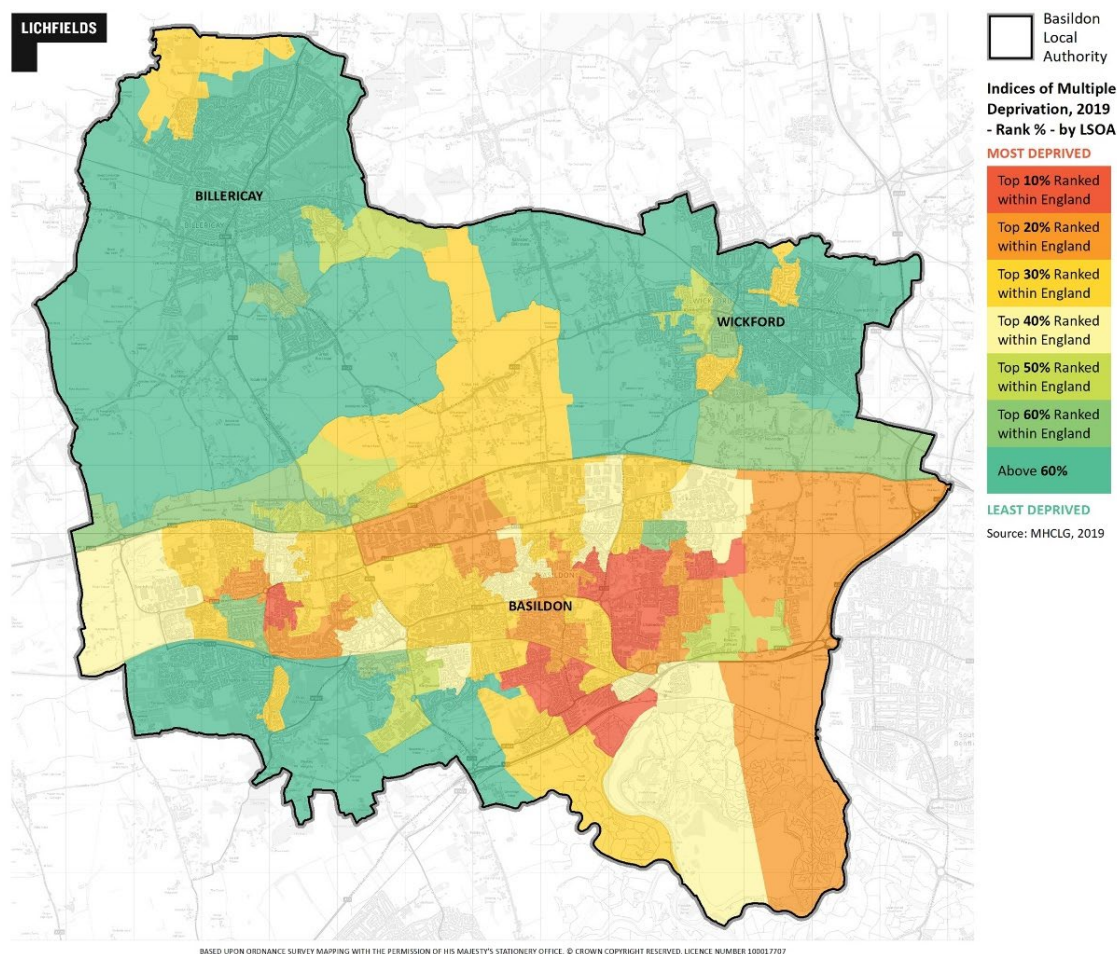


Source: ONS (2022) / Lichfields analysis

## Socio-Economic Deprivation

- 2.29 The Indices of Multiple Deprivation (IMD)<sup>13</sup> provide a set of relative measures of deprivation for local authority and Lower Super Output Areas (LSOAs) across England. In 2019, Basildon Borough was ranked as the 111<sup>th</sup> most deprived out of 317 local authorities across England (where 1 is the most deprived). This is broadly similar to Basildon’s equivalent ranking in 2015, where it was placed as 113<sup>th</sup> most deprived out of 326 local authorities.
- 2.30 In 2019, 11% of Lower Super Output Areas (LSOAs) across Basildon Borough fell within the 10% most deprived across England in terms of overall deprivation, indicating no change in relative deprivation across the Borough since 2015. The geography of local deprivation has also remained largely unchanged over this period.
- 2.31 Out of the 110 LSOAs across Basildon Borough, 14 fall within the 20% most deprived areas in England. These areas are shown in Figure 2.12 below and can be found to the south of the Borough in proximity to Basildon town centre and largely to the south of the A127 corridor.

Figure 2.12 IMD for Basildon Borough (2019)



Source: MHCLG, IMD (2019)

<sup>13</sup> MHCLG, Indices of Multiple Deprivation (IMD) (2019)

- 2.32 These LSOAs perform poorly in terms of overall deprivation and are also considerably more deprived than other areas of the Borough with regard to key sub-domains of deprivation, largely falling within the top 20% most deprived neighbourhoods in relation to income, employment, education and crime.

## Summary

- 2.33 Key findings from the above analysis are summarised below:
- a The Borough's population has been growing over recent years although the working-age proportion (16 to 64) has been declining; if this trend continues, it could place pressure on the ability of the Borough's labour supply to take up locally based job opportunities in future.
  - b Its workforce job base has also been increasing steadily, driven by office-based sectors in particular. The largest employment sectors include public services, professional services, wholesale and retail. Average workforce productivity (measured in terms of GVA) is relatively high within the Borough, but has declined slightly over recent years.
  - c Basildon performs relatively poorly in relation to various labour market indicators, with a lower proportion of residents achieving higher level qualifications and employed in higher skilled occupations, and lower average weekly earnings by residence and workplace.
  - d Business performance has been mixed, with the Borough recording relatively high business start-up and survival rates but also a recent decline in its business base in the aftermath of the Covid-19 pandemic. A significant proportion of businesses across Basildon are located in close proximity to the A127 corridor, providing excellent strategic connectivity and access to labour and services.
  - e With regard to local deprivation, Basildon falls within the 40% most deprived areas nationally. Relative deprivation across the Borough has remained largely unchanged since 2015, with persistent pockets of deprivation evident across the south of the Borough in and around the main urban area of Basildon.

## 3.0 Commercial Property Market Review

3.1 This section provides an overview of the existing stock of employment space across Basildon Borough, as well as recent trends and changes to this stock of employment space. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

- Latest commercial floorspace data from the Valuation Office Agency (VOA);
- Planning monitoring data on commercial floorspace from Basildon Council;
- CoStar property market data; and
- Discussions with a number of commercial property agents currently active in the Borough and wider sub-region.

### Stock of Employment Space

3.2 Basildon Borough contained around 1.36 million sq.m of employment floorspace in 2023 according to the latest VOA data<sup>14</sup>. The majority of this (87%) is in industrial use (manufacturing and distribution) with the remaining 13% in office use.

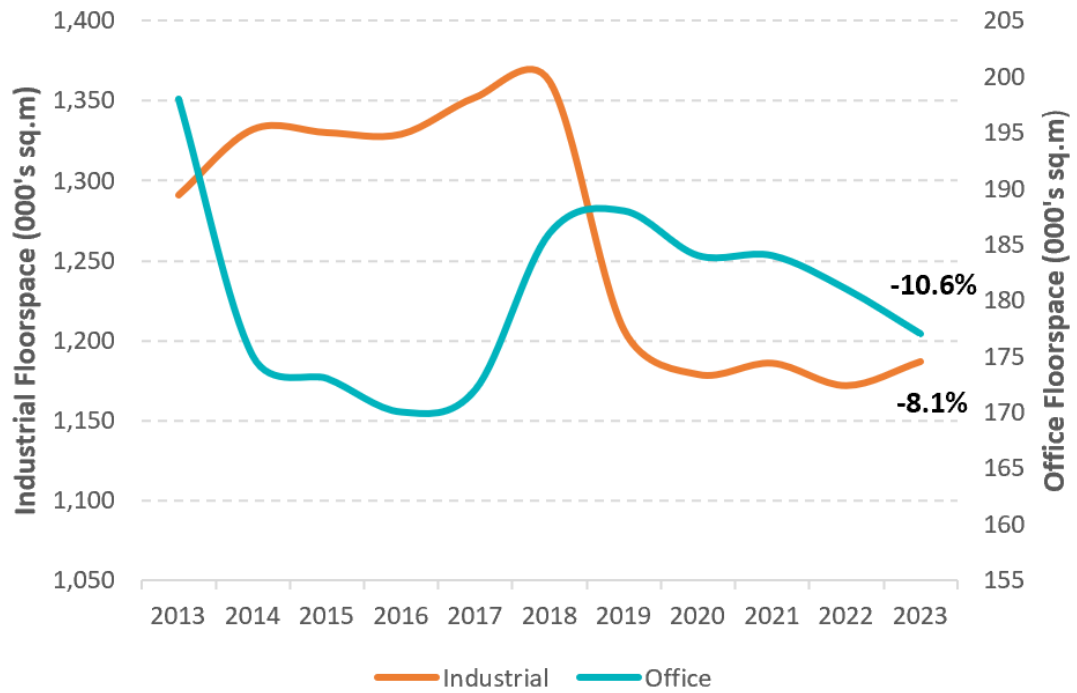
3.3 VOA data suggests that the Borough's stock of employment floorspace decreased by 10.8% over the ten years between 2013 and 2023, and by 7.5% between 2003 and 2023. During the most recent ten-year period (2013 to 2023), a decrease in total employment space was also recorded across Essex (-3.1%), while the East of England as a whole saw an increase in total floorspace of 1.6%.

3.4 As shown in Figure 3.1 below, the loss of employment space across Basildon in recent years has been driven by both office and industrial floorspace, which saw respective decreases of 10.6% and 8.1% over the ten-year period to 2023.

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<sup>14</sup> Valuation Office Agency, Non-domestic rating: stock of properties including business floorspace (2023)

Figure 3.1 Change in office and industrial floorspace across Basildon (2013-2023)

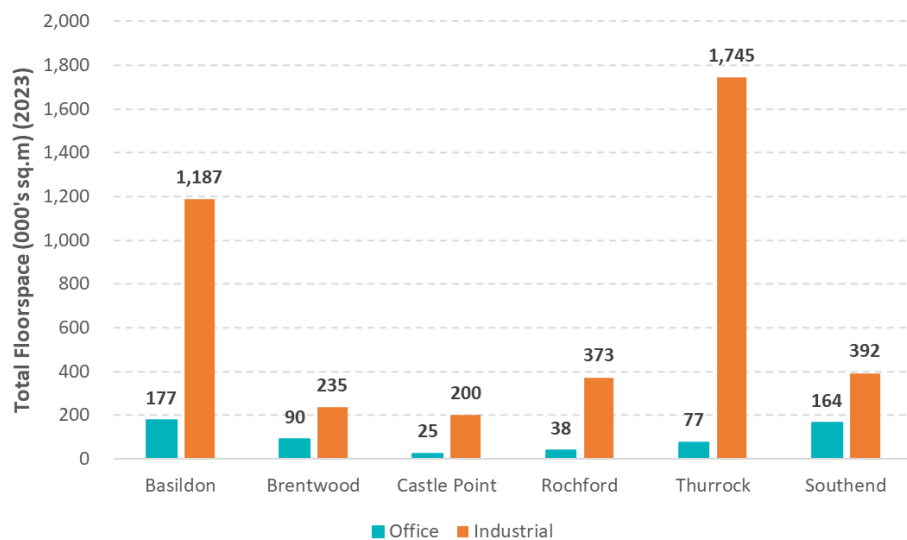


Source: VOA (2023) / Lichfields analysis

3.5

As indicated in Figure 3.2 below, the stock of industrial space across Basildon Borough represents the second largest of the six South Essex local authorities (after Thurrock), while the total stock of office floorspace in Basildon is the largest across South Essex (followed by Southend). This underlines the important role that the Borough plays within the sub-regional commercial property market.

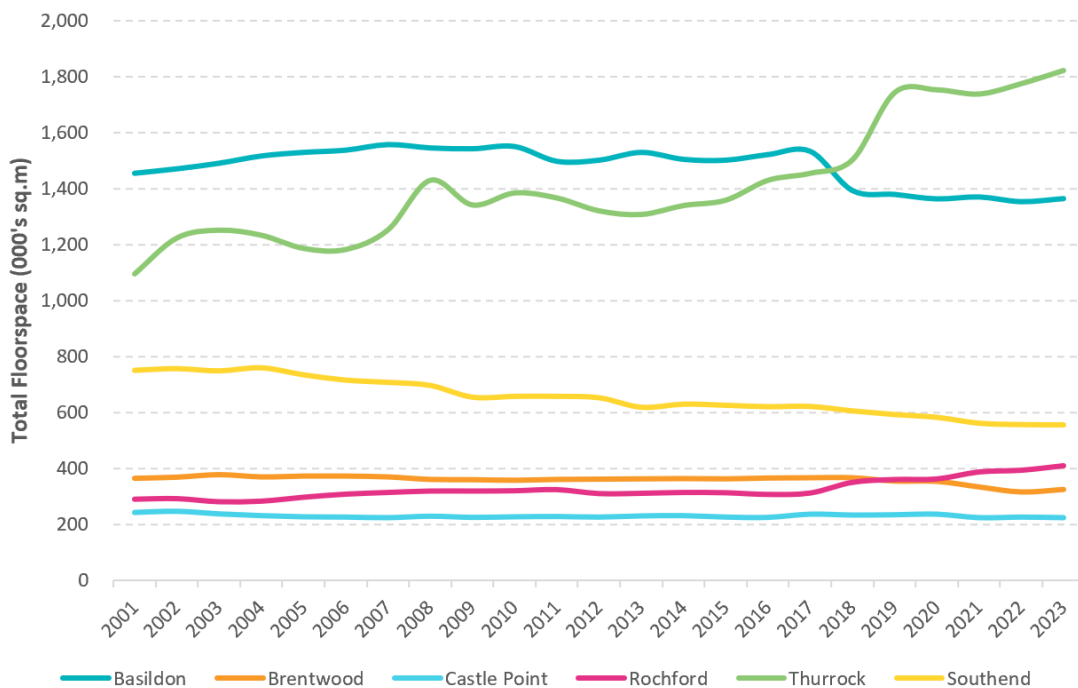
Figure 3.2 Stock of employment space by South Essex local authority (2023)



Source: VOA (2023) / Lichfields analysis

3.6 As shown in Figure 3.3 below, trends in employment floorspace have varied across the South Essex FEMA over recent years. Basildon is not the only local authority area to have recorded an overall loss of employment floorspace, with Southend and Brentwood also seeing similar trends. Meanwhile, the total stock of employment floorspace has increased in Thurrock and Rochford (according to VOA data).

Figure 3.3 Change in total employment floorspace across South Essex local authorities (2001-2023)

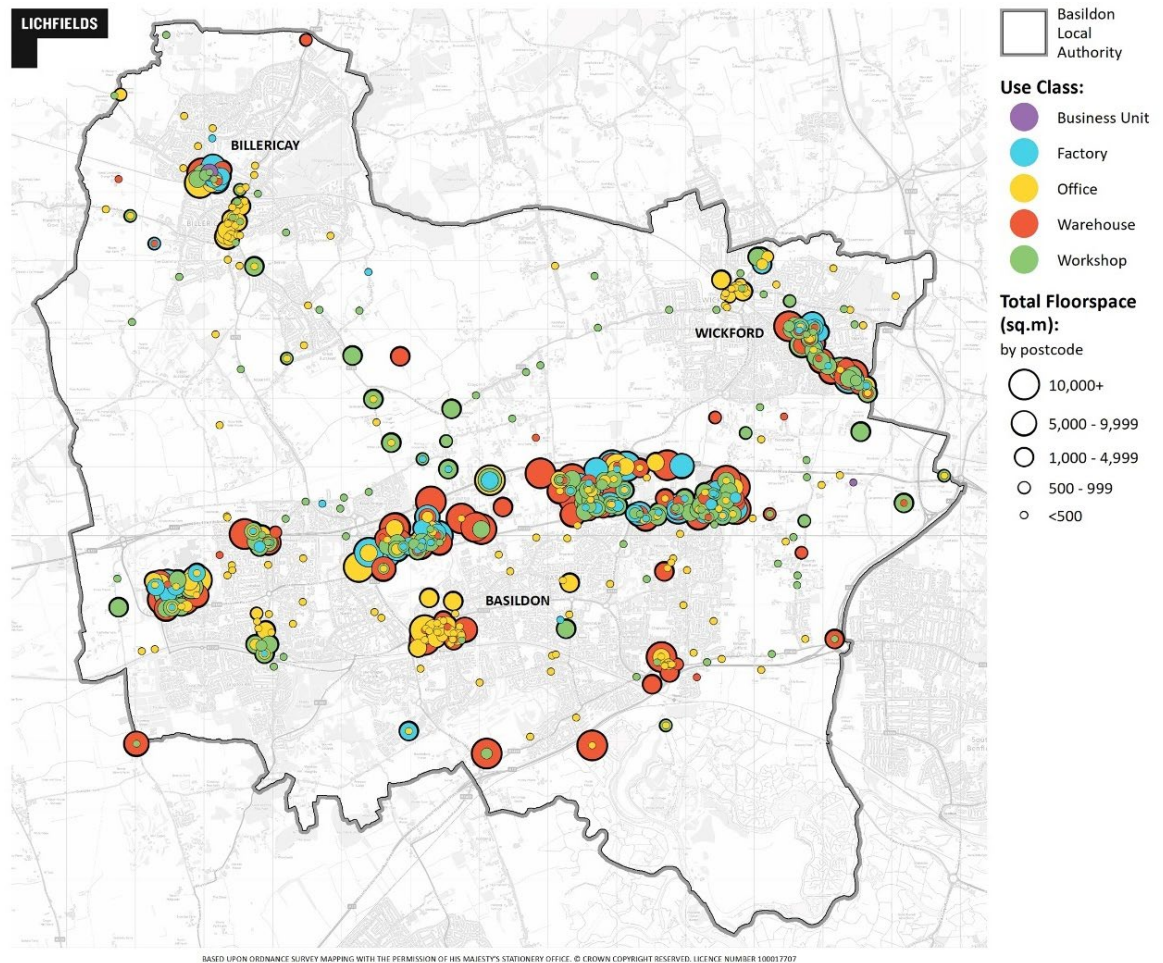


Source: VOA (2023) / Lichfields analysis

### Spatial Distribution

3.7 The spatial distribution of employment space across Basildon Borough is illustrated in Figure 3.4 below using the latest available property data from the VOA. This identifies a large concentration of employment space in and around Basildon town, and along the A127 corridor in particular. Other significant clusters of employment space can be found in the towns of Billericay and Wickford. Warehousing space tends to be concentrated along the A127 and A13 corridors and to the South East of Wickford. Office space is dispersed more widely across the Borough, including within some of the more residential areas.

Figure 3.4 Spatial distribution of employment space across Basildon Borough (2021)



Source: VOA Business Floorspace Data (2021) / Lichfields analysis

3.8 Basildon town is the primary centre for all types of employment space across the Borough, accounting for around 72% of office space, 89% of warehousing space and 75% of factory/workshop space. Billericay is the secondary hub for office premises, accounting for over 20% of total office floorspace, while Wickford is the secondary hub in terms of warehouse uses (7.4%) and factory/workshop floorspace (14.8%). Areas across the rest of the Borough make a much smaller contribution, accounting for just 0.3% of total employment space (see Table 3.1).

Table 3.1 Spatial distribution of employment space across Basildon Borough (2021)

Location	Office	Factory/Workshop	Warehouse	Total Employment Space
<b>Basildon town</b>	71.8%	75.4%	89.3%	82.7%
<b>Billericay</b>	20.3%	9.6%	2.9%	7.2%
<b>Wickford</b>	7.4%	14.8%	7.4%	9.8%
<b>Rest of Borough</b>	0.4%	0.1%	0.4%	0.3%

Source: VOA (2021) / Lichfields analysis

## Employment Space Completions

- 3.9 Annual Monitoring Reports (AMRs) prepared by Basildon Council provide planning monitoring information on gains and losses of employment floorspace across the Borough.
- 3.10 Table 3.2 below summarises this information between the monitoring years 2016/17 and 2022/23<sup>15</sup>. Whilst two of these monitoring years (2017/18 and 2018/19) recorded an overall net loss of floorspace, net completions of employment floorspace were positive overall over these seven years, equivalent to a total of 39,520 sq.m or 5,645 sq.m per annum on average.

Table 3.2 Net employment floorspace completions in Basildon Borough, 2016/17 – 2022/23

Use Class	Net Employment Floorspace Completed (sq.m)							Total
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
B1 (a) Offices (other than those that fall within A2)	-16,672	-1,885	-2,267	577	880	-	-	19,367
B1(b) Research and development	-	-	-	-	-	-	-	-
B1(c) Light industry appropriate in a residential area	400	-186	-1,061	1,206	294	-	-	653
B1a/B2	-	-	-	-	-19,200	-	-	19,200
B1c/B2	-	2,409	-	-	-	-	-	2,409
B1c/B8	-	-250	-	-	-	-	-	-250
B1/B2/B8	15,476	7,916	-	-	-	-	-12,518	10,874
B2 General Industrial	10,583	-4,589	-16,567	1,170	-	6,842	373.5	-2,188
B8 Storage or distribution	-	-5,634	14,354	15,624	-	21	2,998.3	27,363
Flexible use	-	-	-	-	20,737	-	717.9	21,455
E and Flexible use	-	-	-	-	-	10,110	7,659	17,769
<b>Total</b>	<b>9,787</b>	<b>-2,219</b>	<b>-5,541</b>	<b>18,577</b>	<b>2,711</b>	<b>16,973</b>	<b>-768.4</b>	<b>39,520</b>

Source: Basildon Council ([Authority Monitoring Report - Basildon](#))

- 3.11 The largest net gains over this time period related to B8 and flexible B class (B1/B2/B8) developments. The most significant net losses were recorded for B1(a) office floorspace.

## Property Market Signals

### Offices

- 3.12 Basildon accommodates a secondary/tertiary office market within the context of the wider Essex market and has recorded limited levels of new development over the past 20 years or so. Although demand for office space has traditionally been modest at best, the effects and wider structural changes brought about by the Covid-19 pandemic have severely hampered office demand within the Borough, with the ongoing working from home/hybrid working trend and current economic climate/uncertainty reflected within declining take-up and enquiries from office occupiers.

<sup>15</sup> These represent the monitoring years for which consistent monitoring information on gains and losses of employment floorspace is available.



- 3.13 What limited demand there is tends to come from professional services companies, focusing on high quality 'Grade A' office space that offers modern-day occupier amenities (such as flexible break-out/communal and social space) and high quality specification which employers now see as essential to attract staff back to the workplace. However, limited supply of Grade A space in the Borough makes it difficult to accommodate these enquiries locally, and local agents report that speculative development of new office space is not financially viable within the Borough. The loss of office space through Permitted Development Rights (PDR) has kept local office vacancies relatively low.
- 3.14 Within the Borough, Basildon town accommodates the largest cluster of office space, although occupiers tend to favour the more out-of-town locations (such as the employment areas along the A127) which offer more favourable car parking to town centre locations. The smaller centres of Billericay, and to a lesser extent Wickford, represent comparatively smaller, more localised office locations.
- 3.15 Vacancy rates across the Borough's office market are largely in line with the County-wide average, and are forecast to continue rising and remain between 5-6% over the next five years. Office asking rents across the Borough are slightly lower than the Essex-wide average, having fallen from £19.07 per sqft in Q2 2020 to £18.26 per sqft as of Q2 2023.

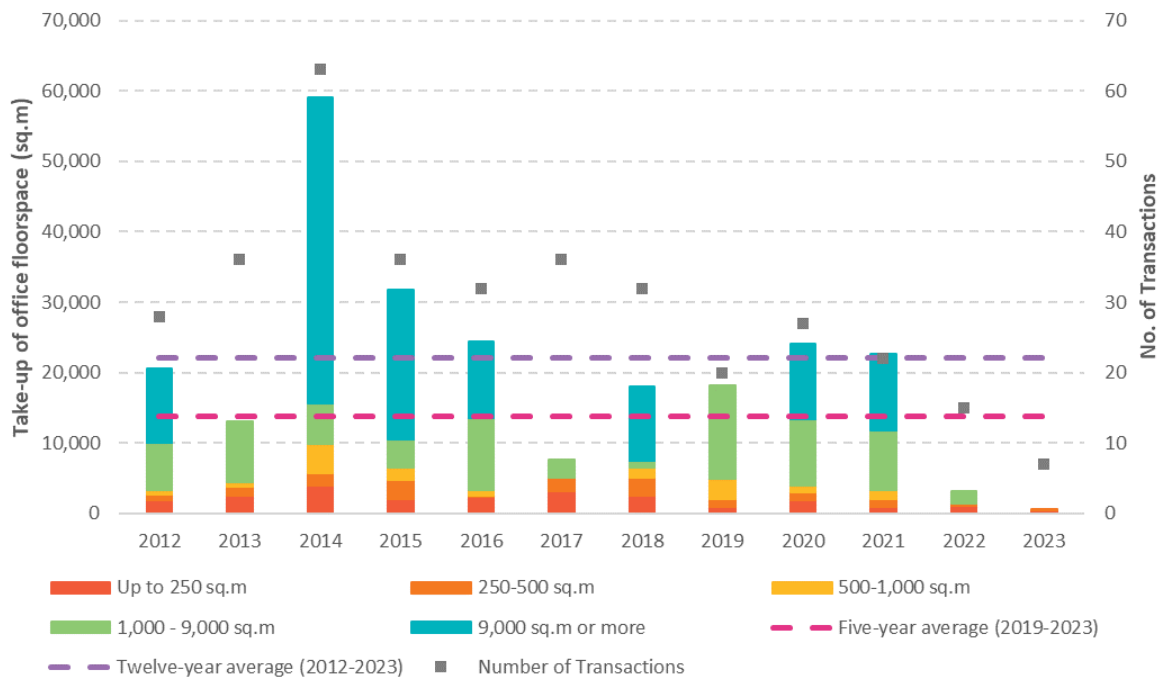
### **Take-Up by Size**

- 3.16 According to latest CoStar<sup>16</sup> property data, total office take-up in Basildon Borough over the past 12 years (2012-2023) amounted to just under 243,500 sq.m. This has fluctuated year-on-year, with a notable decline during 2022 and 2023 (Figure 3.5).
- 3.17 Almost half (48.6%) of this was attributed to large offices of 1,000-9,000 sq.m in size, while just 9.8% of the total take-up represented small offices of less than 250 sq.m in size, as shown in Figure 3.5 below. This also shows number of office leases/sales by size; in total 354 leases/sales were recorded over this period, an average of 29.5 per year, of which 69.1% were attributed to small offices of up to 250 sq.m.

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<sup>16</sup> CoStar (2023)

Figure 3.5 Office take-up by size across Basildon Borough (2012-2023)



Source: CoStar (2023) / Lichfields analysis

### Net Absorption

3.18 Net absorption is defined by CoStar as the measure of total space occupied (‘move-in’) less the total space vacated (‘move-out’) over a given period of time. Lease renewals are not factored into net absorption but are included in the ‘take-up’ measure described above. However, in a lease renewal that includes the leasing of additional space, that additional space is counted within the definition of net absorption. Pre-leasing of space in non-existing buildings (i.e. Planned, under Construction or Under Renovation) is not counted in net absorption until actual move in, which by definition may not be earlier than the delivery date.

3.19 Over the last 10 years (2013-2022), Basildon Borough has recorded an annual net absorption rate of -38 sq.m for office space, according to CoStar data.

### Stock Age and Quality

3.20 Table 3.3 overleaf summarises the age and quality of existing office stock in Basildon Borough according to the latest CoStar data<sup>17</sup>. This shows that nearly two thirds (or 64.5% of office floorspace) of Basildon’s office stock is rated three stars using CoStar’s star rating system. However, the majority (or 72.0% of total floorspace) of Basildon’s office stock was built after 1980, indicating a relatively modern existing stock of office floorspace across the Borough.

<sup>17</sup> Of the 179 current office premises recorded in CoStar, 138 properties contained information on when the premises had been built.

Table 3.3 Age and quality of office stock in Basildon

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
<b>Age of Stock</b>				
Pre-1940s	14	10.1%	4,921	2.3%
1940s-1980s	32	23.2%	57,380	26.7%
1980s-2000s	61	44.2%	78,372	36.4%
Post-2000s	31	22.5%	74,350	35.6%
<b>Total</b>	<b>138</b>	<b>100%</b>	<b>215,023</b>	<b>100%</b>
<b>CoStar Star Rating</b>				
1-2 Stars	100	55.9%	57,160	23.9%
3 Stars	75	41.9%	153,950	64.5%
4 Stars	4	2.2%	27,589	11.6%
<b>Total</b>	<b>179</b>	<b>100%</b>	<b>238,699</b>	<b>100%</b>

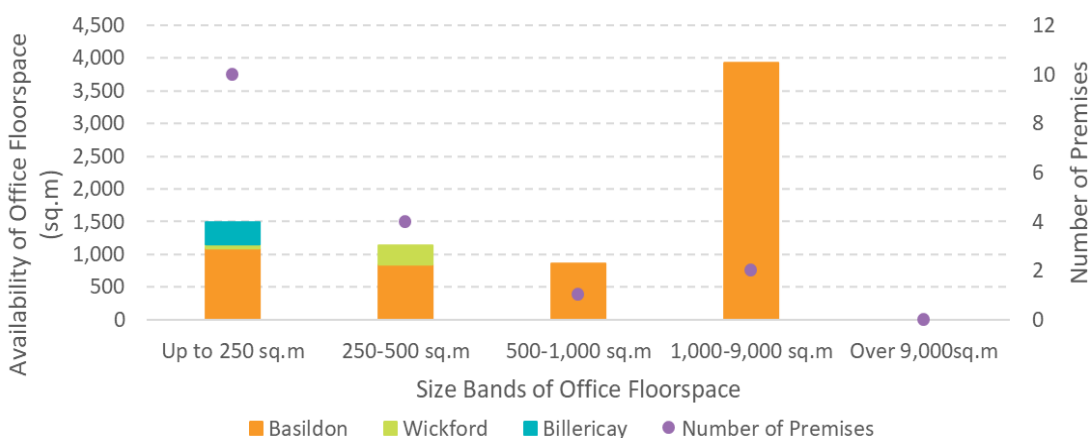
Source: CoStar (2023) / Lichfields analysis

3.21 However, only 11.6% of Basildon’s office floorspace stock was rated 4 stars by CoStar, and the majority of premises (55.9%) were rated either 1 or 2 stars. This indicates an opportunity to further modernise office stock and improve overall quality. CoStar’s rating system uses market-tested criteria to analyse the quality of existing office (and industrial) stock, including architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications.

### Office Availability

3.22 CoStar data indicates that current availability of office floorspace in Basildon Borough equates to 7,421 sq.m. Of this, 6,718 sq.m (91%) is located in Basildon, 359 sq.m in Wickford, and 344 sq.m in Billericay. Figure 3.6 highlights the size bands of available office floorspace in the Borough, indicating a mix of sizes, with the largest office spaces only available in Basildon town.

Figure 3.6 Availability of office floorspace by location in Basildon Borough (2023)



Source: CoStar (2023) / Lichfields analysis

3.23 Table 3.4 shows available office supply set against 11-year (2012-2023) and 5-year (2019-2023) average take-up rates in the Borough. Based on this, for office floorspace, there is

0.34 years’ supply using the 12-year take-up average, compared with 0.54 years’ supply based on 5-year average take-up.

Table 3.4 Years of Available Office Supply in Basildon Borough

	Office
Annual Average Take-Up (2012-2023)	22,134 sq.m
Available Supply	7,421 sq.m
<b>Years of Available Supply</b>	<b>0.34</b>
Annual Average Take-Up (2019-2023)	13,737 sq.m
Available Supply	7,421 sq.m
<b>Years of Available Supply</b>	<b>0.54</b>

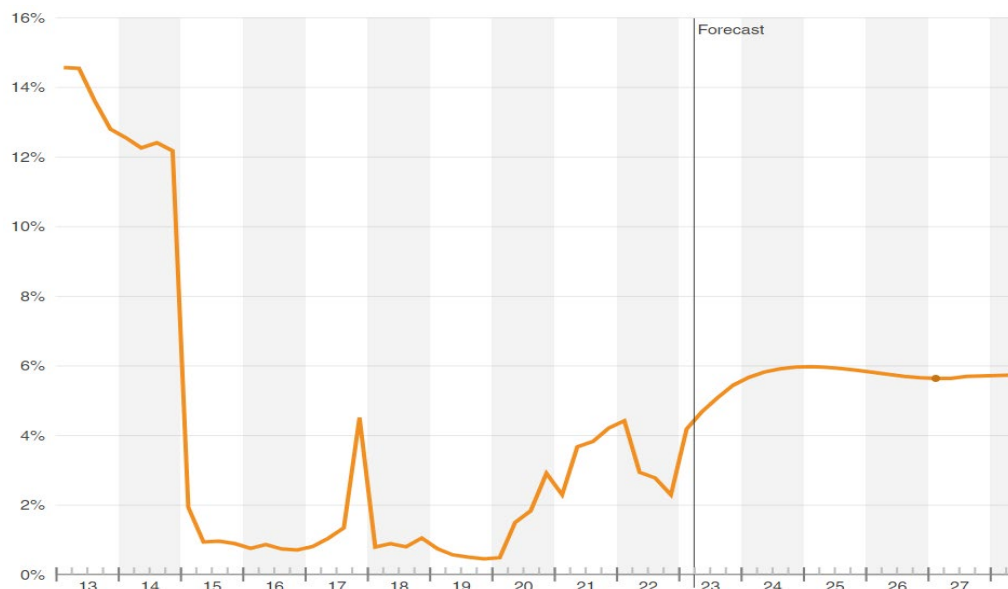
Source: CoStar (2023) / Lichfields analysis

### Vacancy Trends

3.24 Figure 3.7 below indicates latest office vacancy trends in Basildon and a forecast for future vacancy levels to 2028, according to CoStar. Overall, the trend indicates generally low levels of vacancy over recent years, although this has fluctuated, from 14.6% in 2013 to 4.5% by early 2023. In part, this is due to the limited supply of office floorspace in the area, as shown by the availability of existing floorspace which is currently only attributed to 17 properties.

3.25 Future office vacancy rate projections indicate a slight increase in office floorspace vacancy in the Borough from 2023, which is forecast to peak at around 6% in 2025.

Figure 3.7 Office vacancy rates in Basildon Borough



Source: CoStar (2023)

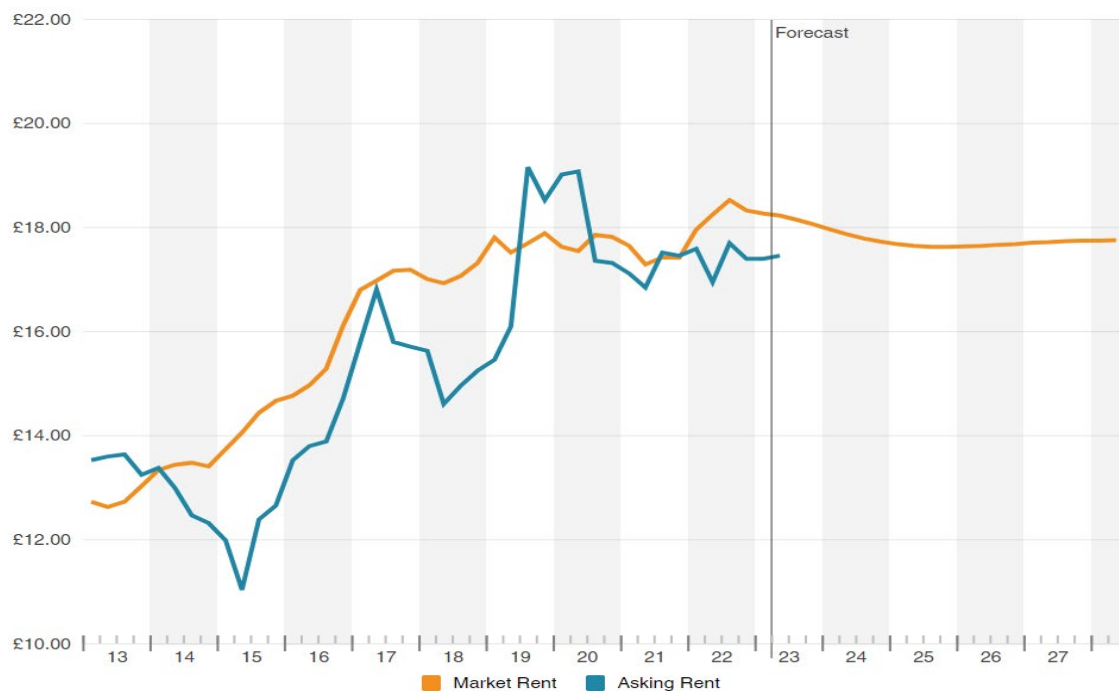
### Office Rents

3.26 Office rents in Basildon are relatively affordable within the East of England context. In early 2023, the average market rent for offices was £18.26 per sqft (slightly below the Essex

average of £18.66 per sqft). Market rent is forecast to decline and stabilise at around £17.60 by 2028.

3.27 The asking rent represents the monetary value the lessor is asking to lease their building/premises; Figure 3.8 shows that from 2014 to mid-2019, the asking rent has been consistently below the market rent value.

Figure 3.8 Market office rent and asking rent in Basildon Borough (per sqft)

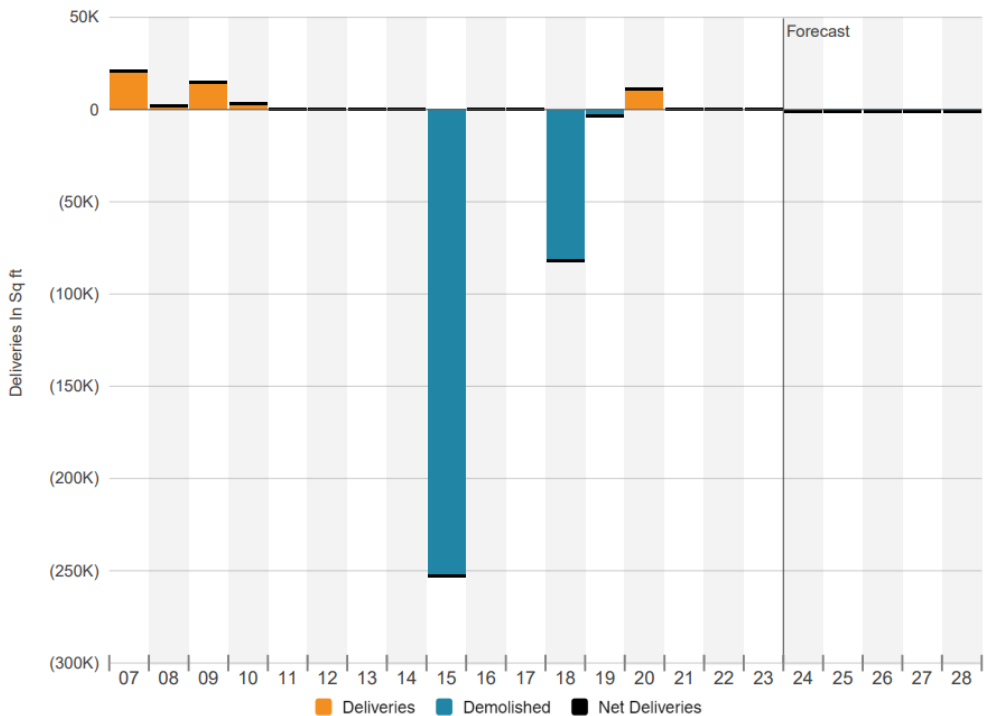


Source: CoStar (2023)

### Net Deliveries

3.28 Over the last 10 years, Basildon recorded a loss of -326,982 sqft (or -30,377 sq.m) of office floorspace according to CoStar, equivalent to -7,594 sq.m lost per annum. The forecast delivery shown in Figure 4.9 is based on CoStar’s intelligence of incoming deliveries such as schemes with outline planning permission or at the application stage highlighting further losses of office floorspace.

Figure 3.9 Office Deliveries and Demolitions in Basildon<sup>18</sup> (sq.ft)



Source: CoStar (2023)

### Industrial

- 3.29 Industrial space provision has been a feature of Basildon since its establishment as a New Town, although the focus of industrial activity has since changed from manufacturing towards distribution, with current patterns of demand and activity firmly focused on B8 and e-commerce as the main industrial occupiers. There have been many business growth success stories over the years, and the Borough’s skilled workforce, competitive wage rates, good road/rail infrastructure and competitive property cost offering all represent key drivers of market demand.
- 3.30 Occupier demand is currently reported to be strong, particularly for logistics space, and speculative development is reported to be generally viable for mid box size logistics facilities (30,000sqft/2,787 sq.m). Local agents however report a real shortage in supply of units at the smaller end of the size spectrum (typically between 500-10,000sqft/46-930 sq.m) which is creating affordability issues for smaller local businesses.
- 3.31 Within the Borough, Basildon town represents the primary industrial location given its excellent connectivity through the A127 to the M25/A130/A12 East Coast ports and London Gateway Port, with four main industrial estates accommodating most of the town’s industrial supply. Billericay and Wickford operate as more secondary/tertiary locations, serving localised markets.

<sup>18</sup> CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.

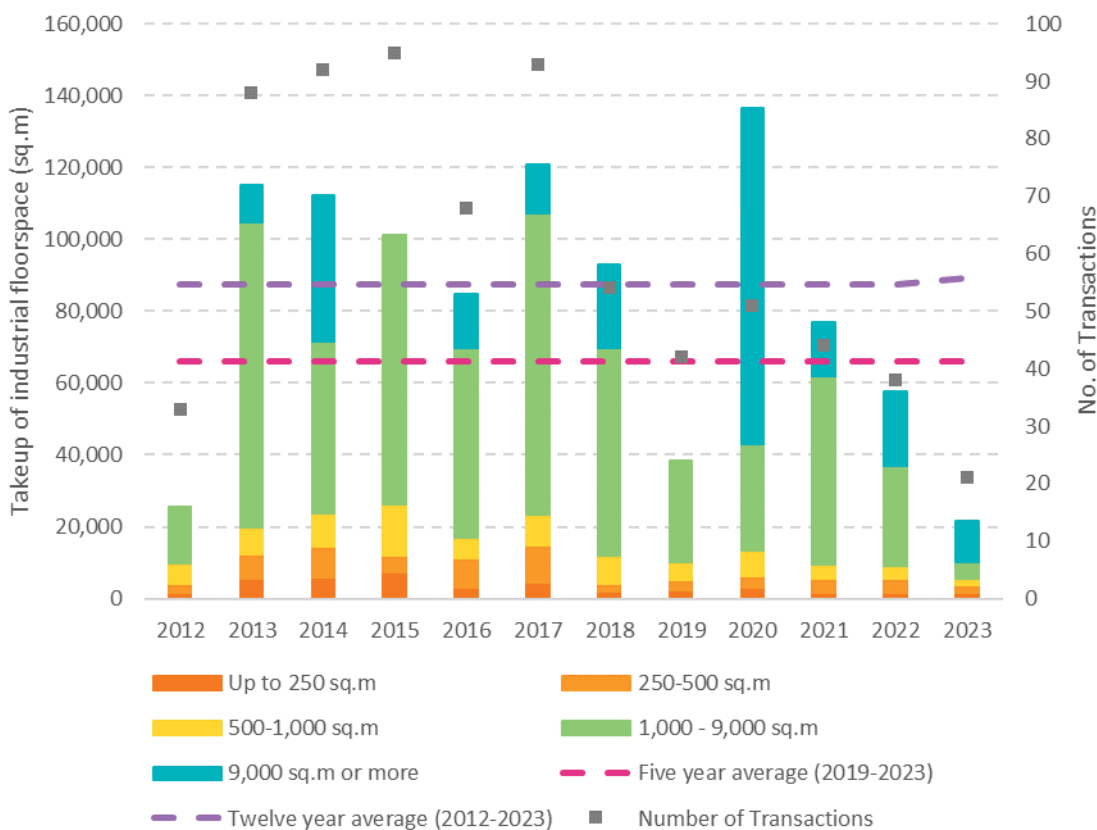
3.32 Looking ahead, local agents consider that a lack of supply represents a key constraint for future growth of the Borough’s industrial market. Historically, new development has tended to be relatively small in scale and taking place on brownfield sites..

3.33 Industrial vacancies across the Borough have fluctuated significantly over the past three years, but currently stand slightly below the Essex average at 3.8% as of Q2 2023. Rates are forecast to remain at or slightly above 3% over the next five years. Asking rents for industrial space across Basildon Borough outperform both the Essex and national averages, having increased from £9 per sqft in Q2 2021 to £15.12 per sqft as of Q2 2023.

**Take Up by Size**

3.34 Total industrial take-up in Basildon over the past 12 years (2012-2023) amounted to 983,300 sq.m, according to the latest CoStar data. Over half of this (57.7%) was attributed to large industrial premises of 1,000-9,000 sq.m in size, with a further 24.0% attributed to premises in the largest size bracket (9,000 sq.m and above), as shown in Figure 3.10. The total quantum of take-up has slowed since 2020, where combined industrial floorspace take-up totalled 136,512 sq.m. This can be attributed the sale of three industrial properties and the lease of two industrial properties of over 9,000 sq.m at Miles Gray Road, Feton Way, and three properties on Christopher Martin Road.

Figure 3.10 Industrial take-up by size across Basildon Borough (2012-2023)



Source: CoStar (2023) / Lichfields analysis

3.35 Figure 4.10 also shows the number of leases and sales by size of industrial premises; in total 467 leases and 252 sales were recorded over the last 12 years, indicating an average of 38

leases per year and 21 sales per year. 61.9% of leases were attributed to small-sized industrial units of up to 500 sq.m, while 45.7% of sales were attributed to such units.

### Net Absorption

- 3.36 Over the last 10 years (2013-2022), Basildon Borough has recorded an annual net absorption rate of 4,134 sq.m for industrial space, with an overall downward trend. Over this period, 2014 recorded the highest net absorption of industrial space at 132,359 sqft (12,297 sq.m).
- 3.37 Net absorption of distribution and warehousing space has been much higher, averaging 133,618 sqft (or 12,414 sq.m) per annum over the last 10 years. This indicates the strength of the distribution sector across the Borough. In 2013, Basildon recorded its highest net absorption of distribution space at 313,888 sqft (or 29,161 sq.m).
- 3.38 Combining both industrial and distribution floorspace results in an average net absorption rate of 178,117 sqft (16,547 sq.m) across the Borough over the last 10 years.

### Stock Age and Quality

- 3.39 Table 3.5 summarises the age and quality of existing industrial premises in Basildon Borough according to latest CoStar data. This shows that the Borough's stock of industrial floorspace is relatively modern, with over three quarters of total floorspace being built after 1980. The majority (97%) of the Borough's industrial premises were rated either poor quality (1-2 stars) or of average quality (3 stars), with only 2.7% of premises considered to of high quality.

Table 3.5 Age and quality of existing industrial space in Basildon Borough (2023)

	Properties		Floorspace (sq.m)	
	#	% of Total	#	% of Total
<b>Age of Stock</b>				
Pre-1940s	1	0.3%	1,885	0.2%
1940s-1980s	72	22.3%	191,745	22.6%
1980s-2000s	164	50.8%	383,772	45.3%
Post-2000s	86	26.6%	270,588	31.9%
<b>Total</b>	<b>323</b>	<b>100%</b>	<b>847,990</b>	<b>100%</b>
<b>CoStar Star Rating</b>				
1-2 Stars	154	38.0%	211,448	20.2%
3 Stars	240	59.3%	766,533	73.3%
4 Stars	8	2.0%	39,285	3.8%
5 Stars	3	0.7%	27,894	2.7%
<b>Total</b>	<b>405</b>	<b>100%</b>	<b>1,045,160</b>	<b>100%</b>

Source: CoStar (2023) / Lichfields analysis

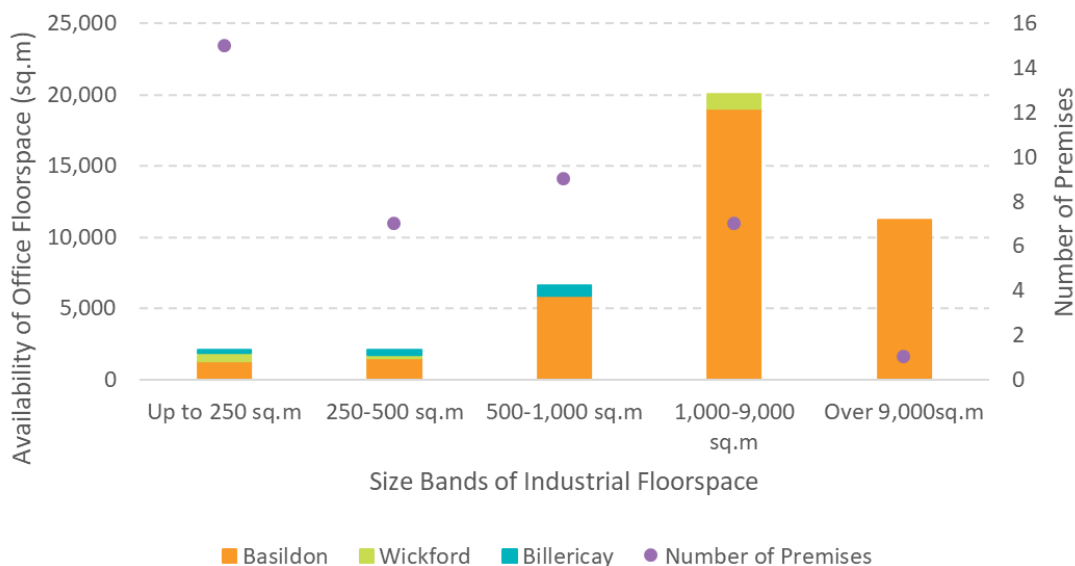
### Industrial Availability

- 3.40 CoStar data indicates that current availability of industrial floorspace equates to 3.7% of the Borough's total industrial stock, at around 38,902 sq.m. The premises with the largest amount of available space include Endeavour Point with 11,000 sq.m, 3,00 sq.m on 33



Paycocke Road and 3,000 sq.m in Hovefields Avenue in Hovefields Court. Figure 3.11 overleaf highlights the size bands of the available industrial floorspace across the Borough. Across 39 premises, eight are large-sized premises of over 1,000 sq.m.

Figure 3.11 Availability of industrial floorspace in Basildon Borough (2023)



Source: CoStar (2023) / Lichfields analysis

3.41 Table 3.6 shows available industrial supply set against the 12-year (2012-2023) average take-up and 5-year (2019-2023) average take-up in the Borough. Based on this, for industrial floorspace there is 0.44 years’ supply considering the 12-year take-up average, and 0.58 years’ worth of industrial supply based on the last 5-year average take-up.

Table 3.6 Years of Available Industrial Supply in Basildon Borough (2023)

	Industrial
Annual Average Take-Up (2012-2023)	87,431 sq.m
Available Supply	38,902 sq.m
<b>Years of Available Supply</b>	<b>0.44</b>
Annual Average Take-Up (2019-2023)	66,186 sq.m
Available Supply	38,902 sq.m
<b>Years of Available Supply</b>	<b>0.58</b>

Source: CoStar (2023) / Lichfields analysis

### Vacancy Trends

3.42 Figure 3.12 below shows latest industrial vacancy trends in Basildon Borough. Overall, the trend indicates relatively low levels of industrial vacancy over time, having fallen from a peak in 2013. In 2023, the vacancy rate stands at just 3.8%, indicating that the Covid-19 pandemic has had little impact on the existing industrial stock, which has remained largely occupied since 2014.

Figure 3.12 Industrial vacancy rates in Basildon Borough



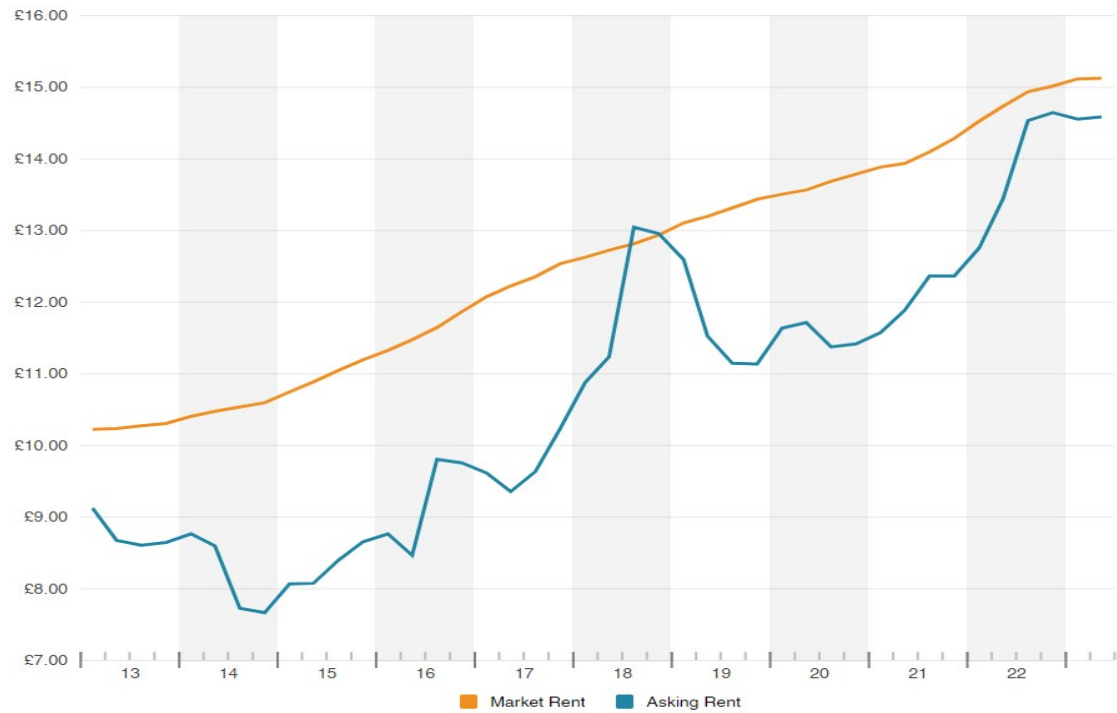
Source: CoStar (2023)

### Industrial Rents

3.43

Industrial rents within Basildon Borough are relatively expensive in comparison with other submarkets across South Essex. Figure 3.13 shows that in 2023, the market rent price for industrial floorspace was £15.12 per sqft. This is slightly higher than the Essex average of £14.10 per sqft.

Figure 3.13 Market industrial rent and asking rent in Basildon Borough (per sqft)



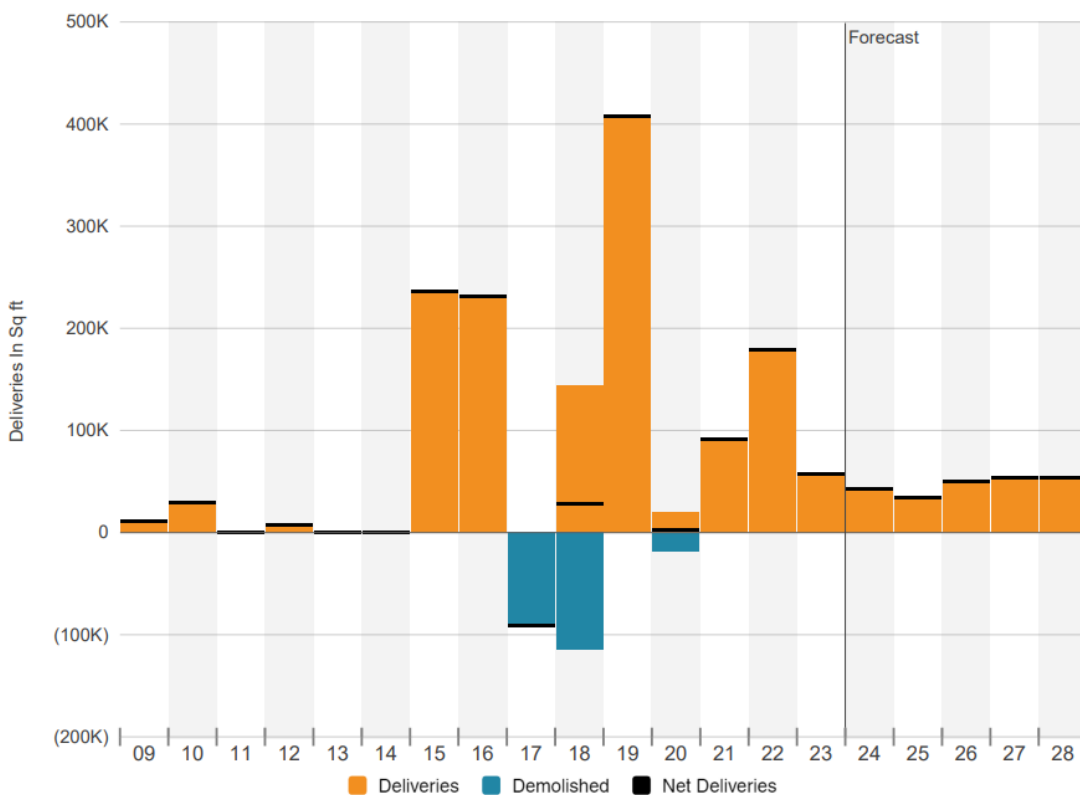
Source: CoStar (2023)

3.44 The asking rent represents the monetary value the lessor is asking to lease their building/premises; Figure 3.13 shows that in mid-2018, asking rent exceeded market rent for industrial floorspace, but otherwise this has consistently been lower.

### Net Deliveries

3.45 Over the last 10 years, Basildon recorded delivery of 1,143,303 sqft (or 106,215 sq.m) of industrial floorspace according to CoStar, equivalent to 11,800 sq.m delivered per annum. The forecast delivery shown in Figure 3.14 is based on CoStar’s intelligence of incoming deliveries such as schemes with outline planning permissions or at the application stage.

Figure 3.14 Industrial Deliveries and Demolition<sup>19</sup> in Basildon (sq.ft)



Source: CoStar (2023)

## Summary

- 3.46 The Borough’s commercial property market has seen significant change over recent years. The stock of office floorspace has gradually been declining, yet still remains the highest of all South Essex authorities. The effects and wider structural changes brought about by the Covid-19 pandemic have severely hampered office demand within the Borough, with the ongoing working from home trend and current economic climate reflected within declining take-up and enquiries from office occupiers.
- 3.47 What limited demand there is tends to come from professional services companies, focusing on high quality ‘Grade A’ office space that offers modern-day occupier amenities and high-quality specification. However, limited supply of Grade A space in the Borough makes it difficult to accommodate these enquiries locally, and local agents report that speculative development of new office space is not currently financially viable within the Borough.
- 3.48 The loss of office space through Permitted Development Rights (PDR) has kept local office vacancies relatively low, and office availability currently represents less than half a year’s worth of take-up.

<sup>19</sup> CoStar only monitors losses of employment space related to new commercial developments, therefore the demolitions reported relate to redevelopment of commercial space/sites rather than where these have been losses or changes of use to non-employment uses such as housing.

- 3.49 By contrast, the Borough's industrial market is more buoyant, with current patterns of demand and activity firmly focused on B8 and e-commerce as the main industrial occupiers. Occupier demand is currently reported to be strong, particularly for logistics space, and speculative development is reported to be generally viable.
- 3.50 The Borough's stock of industrial space has increased over recent years<sup>20</sup>, with the largest net gains relating to B8 and flexible B class (B1/B2/B8) developments. Vacancy remains low and availability represents less than half a year's worth of historic take-up. Local agents consider that a lack of supply represents a key constraint for future growth of the Borough's industrial market, and also report a real shortage in the supply of smaller-scale units (typically between 500-10,000 sqft) which is creating affordability issues for smaller local businesses.

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<sup>20</sup> VOA data suggests that industrial floorspace has declined in the Borough over the past 10 years, although this is not supported by more detailed Council planning monitoring data and CoStar data.

## 4.0 Future Employment Space Requirements

4.1 This section assesses the future economic growth needs across Basildon Borough drawing on a range of forecasting approaches that reflect different methodologies and data sources. These result in a range of scenarios that are used to inform the potential economic growth needs within Basildon Borough and consequently the future employment land requirements and the planning policy implications that flow from these to inform the new Local Plan period to 2043.

4.2 The assessment follows an NPPF-compliant approach to developing a number of potential future economic scenarios to provide an updated framework for considering future economic growth needs and employment space requirements in Basildon Borough up to 2043, drawing upon:

- 1 Projections of employment growth in office, industrial and distribution-based sectors (**labour demand**) derived from economic forecasts produced by Cambridge Econometrics (CE) in April 2024 and Experian in March 2024;
- 2 Consideration of past trends in take-up of employment space based on CoStar's latest **market signals** commercial property data (specifically, net absorption)<sup>21</sup>; and
- 3 Estimates of future growth of local **labour supply** based on the Council's latest housing evidence (the 2022 South Essex Housing Needs Assessment) and a second scenario taking into account the new Standard Method (NPPF, December 2024) for assessing housing needs.

4.3 The outputs from these updated scenarios are presented and discussed in detail below. Each scenario covers the 20-year period 2023-2043 to reflect the time horizon for the emerging Local Plan.

4.4 All these approaches have some limitations and consideration needs to be given as to how appropriate each is to circumstances in Basildon Borough. The demand for employment space needs to be assessed under different future scenarios, to reflect lower or higher economic growth conditions arising in future.

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<sup>21</sup> CoStar data has been used in place of local authority monitoring data because this is only available on a summary basis (as set out in section 3.0) and for the 2016/17 – 2021/22 period.

## A: Labour Demand

### Scenario 1: Cambridge Econometrics Forecast

- 4.5 Employment growth forecasts for Basildon Borough were obtained from Cambridge Econometrics (April 2024 release)<sup>22</sup>. These take account of regional and national macroeconomic assumptions prevailing at the time which have informed the forecast. These are summarised below.

#### **Cambridge Econometrics Forecast Assumptions: April 2024**

There is expected to be low growth in household consumption in 2024, because of an increase in both the tax burden and the cost of borrowing, with a modest recovery expected in 2025 and 2026. This is expected to decrease imports, and businesses are expected to continue to postpone investment plans in the face of economic uncertainty. Recovery in exports, as supply-chain disruptions ease worldwide, is expected to be limited by a global economic slowdown. Due to the continued efforts towards a green transition, GVA in Oil and Gas, and Mining and Quarrying are expected to fall in 2024 and beyond.

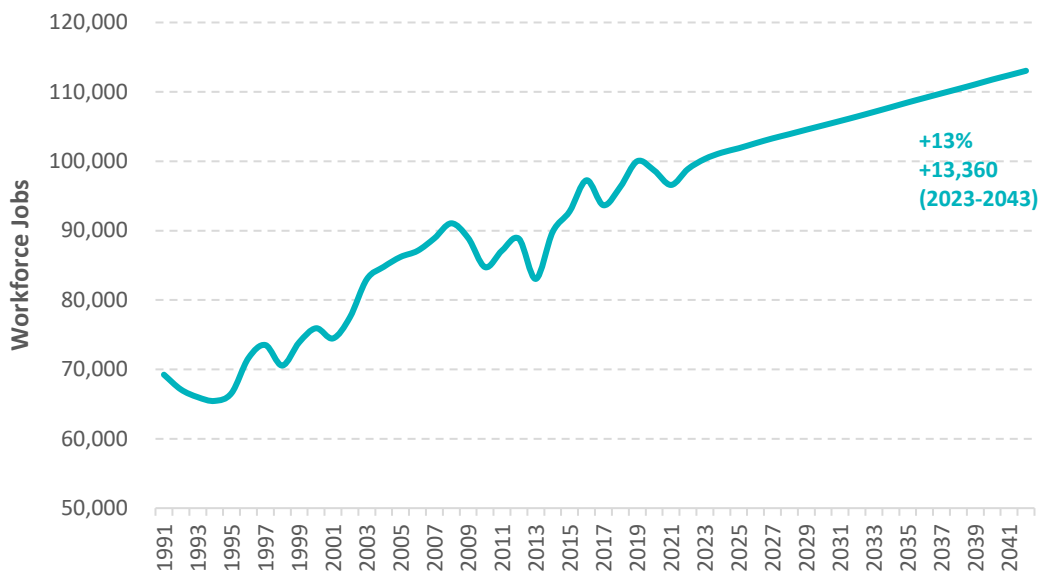
The medium-term macroeconomic assumptions consider issues such as: global economic development; disruptions to supply chains; the Russia-Ukraine war; the Israel-Gaza war, the energy crisis; the cost-of-living crisis; and high interest rates. Assumptions for longer-term issues, such as Brexit, COVID-19, the green transition and automation are discussed separately below.

- 4.6 The CE employment projections indicate overall growth of 13,360 workforce jobs for Basildon Borough over the Local Plan period from 2023 to 2043, equivalent to around 670 jobs per year.
- 4.7 As shown in Figure 4.1 below, CE expects employment across Basildon to have fully recovered to the pre-pandemic position (2019) by 2027. Total workforce jobs are expected to increase by 13% across the study period from 2023 to 2043.

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<sup>22</sup> It should be noted that the South Essex Employment Land Availability Assessment (ELAA) also considered employment growth projections from CE, although these were commissioned at an earlier point in March 2022.

Figure 4.1 CE employment growth forecast for Basildon Borough (1991-2043)



Source: Cambridge Econometrics (April 2024) / Lichfields analysis

### Scenario 2: Experian Forecast

4.8 Experian provided a forecast of employment growth in the Borough over the period to 2043 (based on their March 2024 release). Key regional and national macroeconomic assumptions prevailing at the time which have informed the forecast are summarised below.

#### Experian Forecast Assumptions: March 2024

The UK economy fell into a mild technical recession after two consecutive quarters of contraction in 2023Q3 (-0.1%) and 2023Q4 (-0.3%). However, inflation is dropping back swiftly, incomes in real terms are growing and business sentiment has turned more positive. Against this backdrop, the 0.2% month-on-month increase in GDP during January is expected to turn into a more sustained, albeit gradual recovery, supported by an expected easing in monetary policy.

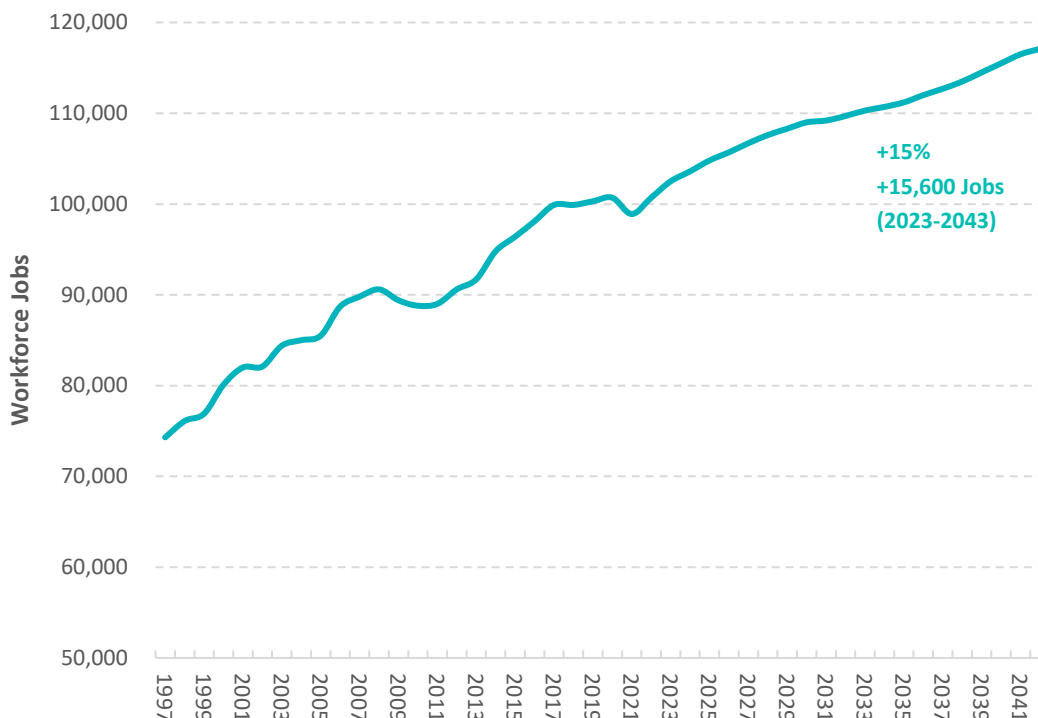
Easing inflation and real terms increases in total pay (5.6% in the year to November 23 – January 2024) appear to be supporting an improvement in consumer confidence. The GFK consumer confidence index has trended up from a low of -49 in September 2022, to the most recent reading of -21 in March this year, although this represents a two-point fall relative to the local peak of -19 registered in January. The improved personal finance measure (next 12 months) at +2 in March is particularly encouraging because it's the first positive and the highest score since December 2021.

A gradual loosening in monetary policy from June provides a further boost to household budgets and consumer spending strengthens through the year. The unemployment rate rises slightly as prior interest rate rises to weigh on firm profitability, though remains extremely low by historic standards.

4.9 The Experian forecast for Basildon Borough between 2023 and 2043 indicates an increase of 15,600 workforce jobs, equivalent to 780 jobs per annum. As shown in Figure 4.2 below, Experian forecasts assume that employment across Basildon had already recovered from the pre-pandemic position by 2022 (five years earlier than CE's forecast of 2027).



Figure 4.2 Experian employment growth forecast for Basildon Borough (1997-2043)



Source: Experian (March 2024) / Lichfields analysis

### Comparison of 2024 Forecasts

4.10

Experian’s March 2024 forecast implies a higher rate of job growth for the Borough over the Plan period to 2043 when compared with CE (Table 4.1). This is also the case when looking at historic employment growth data, for the period between 2009 and 2022 (Table 4.2). A review of historic employment growth data from BRES highlights that the Borough’s annual employment growth has been below those reported in CE and Experian historic data, but it is more closely linked to CE’s historic growth.

Table 4.1 Total and annual employment change in Basildon Borough (workforce jobs) (2023-2043)

Source	2023	2043	Change	
			No.	p.a.
Cambridge Econometrics	100,330	113,690	13,360	670
Experian	102,500	118,100	15,600	780

Source: Cambridge Econometrics (April 2024) / Experian (March 2024) / Lichfields analysis (figures rounded)

Table 4.2 Total and annual employment change in Basildon Borough (workforce jobs) (2009-2022)

Source	2009	2022	Change	
			No.	p.a.
Cambridge Econometrics	88,930	98,880	9,950	500
Experian	89,400	100,700	11,300	570
BRES	80,070	89,300	9,230	460

Source: Cambridge Econometrics (April 2024) / ONS, BRES (2023) / Experian (March 2024) / Lichfields analysis (figures rounded)

- 4.11 Part of this difference can be explained by the different methodologies and input assumptions applied by each forecaster; for instance, within the definition of ‘workforce jobs’, Experian includes Government-sponsored trainees (i.e. the number of jobs where the occupant is on a government training scheme) while CE does not. In addition, there are some differences in the extent of self-employees that are included within the forecasts, with CE excluding smaller business self-employed workforce jobs that are not typically registered for VAT or Pay-As-You-Earn schemes. Inevitably this results in a higher number of workforce jobs in the Borough implied by Experian.
- 4.12 Both forecasting houses imply a higher pace of future workforce job growth in Basildon over the new Local Plan period to 2043 when compared with the last 13 years.
- 4.13 Table 4.3 identifies the fastest growing and declining sectors in the area implied by the CE and Experian forecasts during the period to 2043. In terms of growth sectors, both forecasters expect sectors such as health, construction and business support services to be key drivers of employment growth over the next 20 years. Experian also expects strong employment growth within logistics sector, while CE expects an increase in IT services.

Table 4.3 Fastest growing and declining employment sectors in Basildon Borough (2023-2043)

Sector	Forecast Change in Workforce Jobs 2023-2043	
	No.	%
<b>Fastest growing employment sectors</b>		
<b>Cambridge Econometrics</b>		
Construction	5,282	54.8%
Health	3,859	39.8%
Business Support Services	1,475	16.8%
IT Services	1,150	28.8%
Real Estate	836	40.7%
<b>Experian</b>		
Health	3,700	35.2%
Professional Services	1,700	21.5%
Land Transport, Storage & Post	1,500	25.9%
Administrative and Supportive Services	1,300	16.5%
Specialised Construction Activities	1,200	15.8%
Accommodation and Food Services	1,100	13.6%
<b>Fastest declining employment sectors</b>		
<b>Cambridge Econometrics</b>		
Motor vehicles	-1,269	-33.0%
Finance and Insurance	-306	-9.5%
Non-metallic Mineral Products	-300	-28.9%
Machinery	-274	-19.9%
Metals and Metal Products	-250	-27.3%
<b>Experian</b>		
Machinery & Equipment (manufacture of)	-200	-14.3%

Sector	Forecast Change in Workforce Jobs 2023-2043	
	No.	%
Printing and Recorded Media (manufacture of)	-100	-25.0%
Public Administration and Defence	-100	-3.2%

Source: Cambridge Econometrics (April 2024) / Experian (March 2024) / Lichfields analysis

- 4.14 In terms of those sectors expected to experience a decline in employment over the plan period, both forecasts expect this to be driven by manufacturing sectors. However, CE also expects a significant reduction in motor vehicle activities and finance and insurance services.
- 4.15 Table 4.4 and Table 4.5 below provide a comparison of the office-, industrial- and distribution-based jobs forecasts between the two forecasting houses as well as setting these against historic growth figures.
- 4.16 Again, both forecasting houses expect a higher growth rate compared to what has been recorded historically. In particular, CE expects a growth rate of 420 jobs per annum in office-, industrial- and distribution-based sectors, while Experian's equivalent is 510 jobs p.a. These are compared against historic rates of c 320 jobs p.a. based on both datasets. BRES historic data records an annual growth rate of just 250 jobs in the office, industrial and distribution sectors.

Table 4.4 Total and annual employment change in Basildon Borough (office, industrial and distribution jobs)

Source	2023	2043	Change	
			No.	p.a.
Cambridge Econometrics	43,950	49,370	5,410	420
Experian	47,740	54,360	6,620	510

Source: Cambridge Econometrics (April 2024) / Experian (March 2024) / Lichfields analysis (figures rounded)

Table 4.5 Total and annual employment change in Basildon Borough (office, industrial and distribution jobs)

Source	2009	2022	Change	
			No.	p.a.
Cambridge Econometrics	39,350	43,520	4,170	320
Experian	43,150	47,300	4,150	320
BRES	38,970	42,210	3,230	250

Source: Cambridge Econometrics (April 2024) / Experian (March 2024) / Lichfields analysis (figures rounded)

- 4.17 Under the CE scenario (Scenario 1), total workforce jobs in the Borough are expected to increase by 13,360 (+13%) over the plan period, of which around 41% is expected to be within office, industrial and distribution sectors.
- 4.18 The Experian scenario (Scenario 2) forecasts total workforce job growth of 15,600 over the plan period (+15%), of which around 42% relate to office, industrial and distribution sectors.

- 4.19 Both forecasts are broadly consistent in terms of overall trends for office, industrial and distribution sectors, however, Experian implies higher job growth in the distribution B8 sector while CE indicates a more significant decline in industrial jobs over the plan period (Table 4.6).

Table 4.6 Forecast employment change across Basildon Borough (2023-2043)

Use	CE – Scenario 1			Experian – Scenario 2		
	2023	2043	Change	2023	2043	Change
Office E(g)(i)/(ii)	19,290	22,010	2,720	21,160	24,640	3,480
Light Industrial E(g)(iii)	7,300	10,910	3,610	8,030	9,280	1,250
Industrial B2	7,100	5,470	-1,630	7,980	8,140	160
Distribution B8	10,260	10,980	720	10,570	12,300	1,740
<b>Total Office, Industrial and Distribution Sectors</b>	<b>43,950</b>	<b>49,370</b>	<b>5,410</b>	<b>47,740</b>	<b>54,360</b>	<b>6,620</b>
<b>Total Workforce Jobs</b>	<b>100,330</b>	<b>113,690</b>	<b>13,360</b>	<b>102,500</b>	<b>118,100</b>	<b>15,600</b>

Source: CE (April 2024) / Experian (March 2024) / Lichfields analysis (figures rounded)

## Converting to Employment Space Requirements

- 4.20 The office, industrial and distribution components of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:
- **Offices (E(g)(i)/(ii)):** 1 workforce job per 12.5 sq.m Net Internal Area ('NIA') (i.e. 14 sq.m Gross External Area (GEA))<sup>23</sup>, a plot ratio of 2.0 for town centre uses (50%) and 0.4 for out-of-town business park-style office space (50%);
  - **Light industrial (E(g)(iii)):** 1 workforce job per 47 sq.m NIA (i.e. 54.05 sq.m GEA) and a plot ratio of 0.4;
  - **General industrial (B2):** 1 workforce job per 36 sq.m GIA (i.e. 37.8 sq.m GEA) and a plot ratio of 0.4; and
  - **Distribution (B8):** 1 workforce job per 65 sq.m GEA for smaller scale warehousing units (which based on VOA analysis account for 74% of the Borough's stock), 1 workforce job per 71 sq.m GEA for medium scale units (accounting for 6% of the stock) and 1 workforce job per 87.5 sq.m GEA for larger units (accounting for 20% of stock). A plot ratio of 0.4 is applied for all unit sizes.
- 4.21 These assumptions are based on the latest Homes and Communities Agency ('HCA') guidance on job density ratios produced in 2015. This guidance takes account of trends such as changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking.
- 4.22 An allowance of 8% is added to all positive floorspace requirements to reflect 'normal' levels of market vacancy in employment space. Where a reduction in jobs is forecast (i.e. for industrial B2 jobs), the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms make greater use of

<sup>23</sup> Aligned with the [Employment Density Guide, 3<sup>rd</sup> Edition \(2015\)](#)

automation), it does not automatically follow that all of the existing employment floorspace will be lost. On this basis, the net employment floorspace requirements for the two labour demand scenarios are presented below.

Table 4.7 Net employment space requirements: Labour Demand (2023 to 2043) (Scenarios 1 and 2)

Type of Space/Use Class	Scenario 1: CE		Scenario 2: Experian	
	Net Employment Floorspace Requirement (GEA sq.m)	Net Employment Land Requirement (ha)	Net Employment Floorspace Requirement (GEA sq.m)	Net Employment Land Requirement (ha)
Office E(g)(i)/(ii)	41,050	6.2	52,680	7.9
Light Industrial Eg(iii)	210,630	52.7	72,710	18.2
Industrial B2	-30,730	-7.7	6,370	1.6
Distribution B8	53,950	13.5	131,000	32.7
<b>Total</b>	<b>274,890</b>	<b>64.6</b>	<b>262,750</b>	<b>60.4</b>

Source: CE (April 2024) / Experian (March 2024) / Lichfields analysis (figures rounded)

## B: Market Signals

### Scenario 3: Market Signals

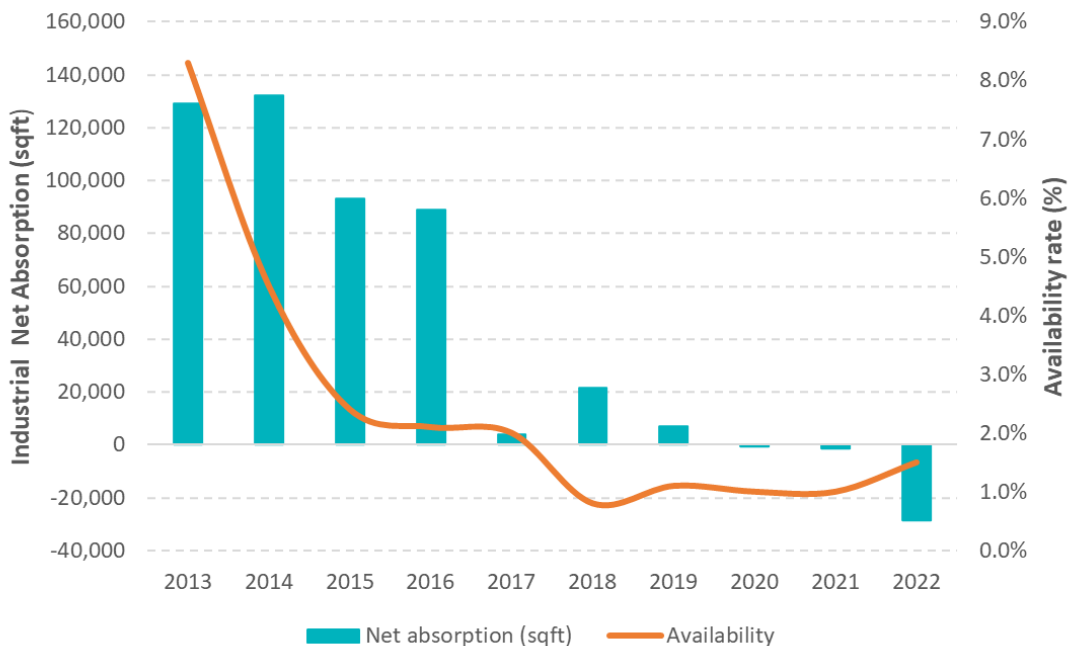
#### Net Absorption

- 4.23 CoStar’s annual net absorption data measures the floorspace occupied minus floorspace vacated over a specific period based on lease deals. This measure is considered appropriate to capture the market demand for employment floorspace. Such an approach aligns with the PPG, particularly paragraph 031<sup>24</sup> which states, “*analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies*”.
- 4.24 This measure can help provide a more rounded view of future requirements for industrial and distribution floorspace than conventional employment forecasts alone. It is therefore considered alongside employment forecasts (i.e. measures of labour demand) which tend to reflect the continued restructuring of the economy away from industry towards services and, therefore, can underestimate the industrial and warehousing sector’s performance and future growth potential. Furthermore, changes to the industrial and warehousing market (for instance, in response to automation) mean that changes in employment levels may not necessarily be an accurate predictor of future growth in floorspace/land requirements, while other factors such as the growth of e-commerce are not fully reflected.
- 4.25 This approach is considered just for industrial and distribution uses, for the reasons described above, and also because the annual net absorption rate for office space over the last 10 years has been negative for Basildon Borough (at -38 sq.m per annum on average). It would therefore imply no future growth of office space over the coming years.
- 4.26 A brief commentary on net absorption trends across Basildon is also included in section 3.0 of this report.

<sup>24</sup> PPG reference: 2a-031-20190722

4.27 As illustrated in Figure 4.3 overleaf, net absorption for **industrial space** across Basildon has recorded a downward trend over the past 10 years, averaging 44,500 sqft (or 4,130 sq.m) per annum. Over this period, 2014 recorded the highest net absorption of industrial space at 132,360 sqft (12,300 sq.m).

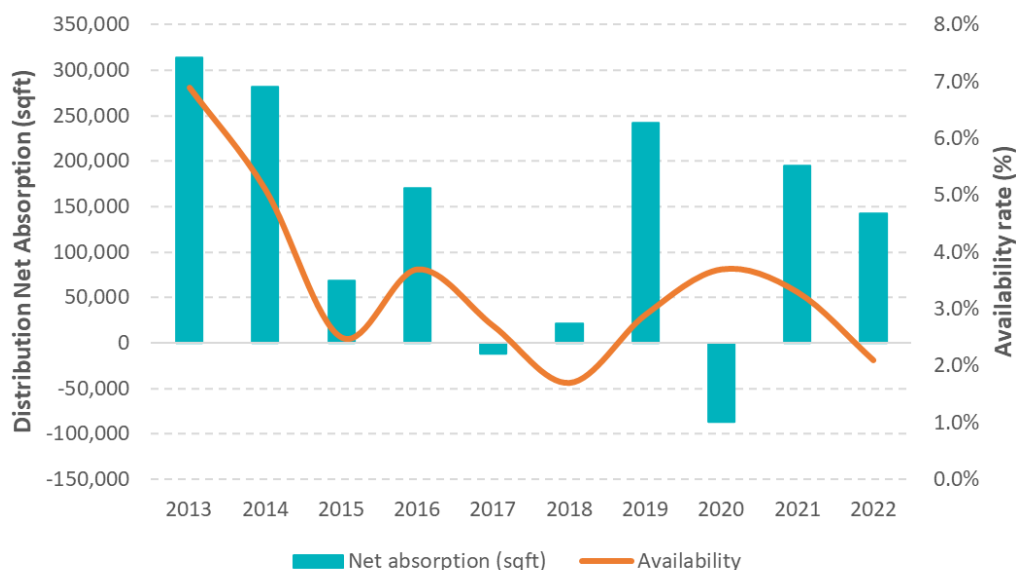
Figure 4.3 Net absorption of industrial space across Basildon Borough (2013-2022)



Source: CoStar (2023) / Lichfields analysis

4.28 Figure 4.4 below illustrates net absorption trends for **distribution and warehousing space** across the Borough, which has fluctuated over the past decade, averaging 133,620 sqft (or 12,420 sq.m) per annum. This is significantly higher than the equivalent figure for industrial space and indicates the strength of the distribution sector across the Borough. In 2013, Basildon recorded its highest net absorption of distribution space at 313,890 sqft (or 29,160 sq.m).

Figure 4.4 Net absorption of distribution space across Basildon Borough (2013-2022)



Source: CoStar (2023) / Lichfields analysis

4.29 If these recent trends in net absorption across Basildon Borough were to continue throughout the new Local Plan period, this would generate a requirement for an estimated 330,960 sq.m of industrial and distribution space by 2043, as summarised below.

Table 4.8 Net industrial and distribution demand in Basildon Borough (sq.m)

	Annual Average Net Absorption (sq.m)	2023-2043 (Local Plan period)
Light/General Industrial (E(g)(iii)/B2)	4,130	82,680
Distribution (B8)	12,410	248,280
<b>Total Industrial and Distribution</b>	<b>16,550</b>	<b>330,960</b>

Source: CoStar (2023) / Lichfields analysis (figures rounded)

### Latent Demand

4.30 A vacancy rate of around 8% is typically considered to represent a ‘normal’ market equilibrium whereby supply and demand are broadly in balance, but there is sufficient availability and choice for the market to function and churn<sup>25</sup>.

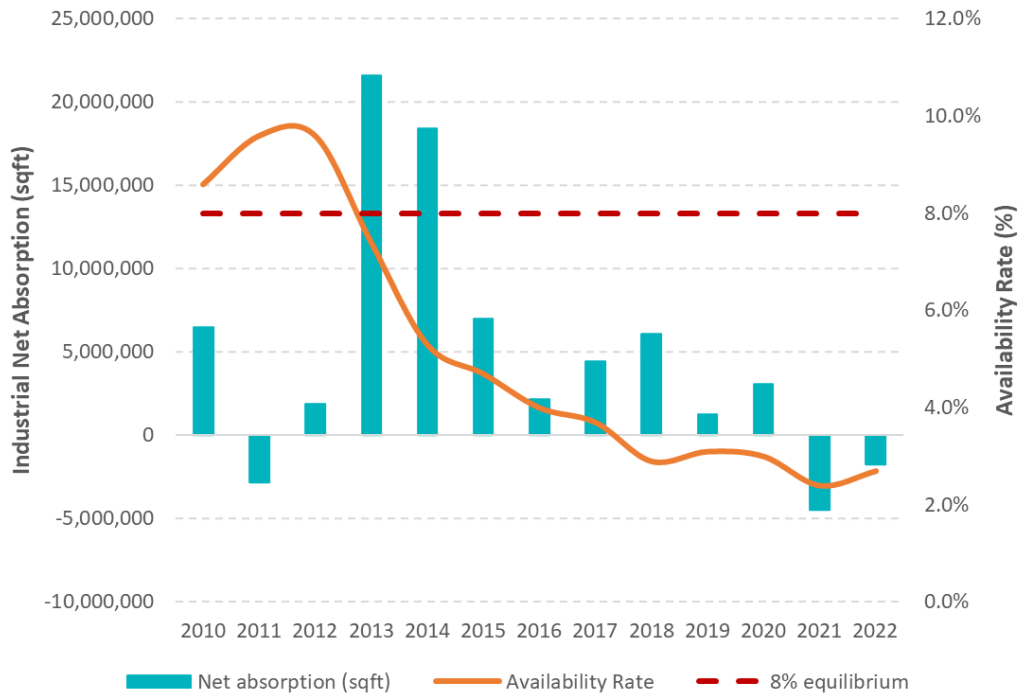
4.31 CoStar data indicates that the vacancy rate for industrial space in Basildon Borough has averaged 1.4% across the last 10-year (2013-2022) period, with a low point of 0.4% recorded in both 2019 and 2020. For distribution and warehousing space, the vacancy rate has averaged 2.4% over the same period, with a low point of 1.5% recorded in 2018.

4.32 Figure 4.5 below shows that similar trends have occurred at the national level for industrial space, with the availability rate consistently falling below 8% since 2013, while net absorption rates remain modest. Meanwhile, Figure 4.6 highlights that for distribution space at the national level, availability has also consistently fallen below 8% since 2014,

<sup>25</sup> Benchmark used in the GLA Land for Industry and Transport Supplementary Guidance and London Plan (2021).

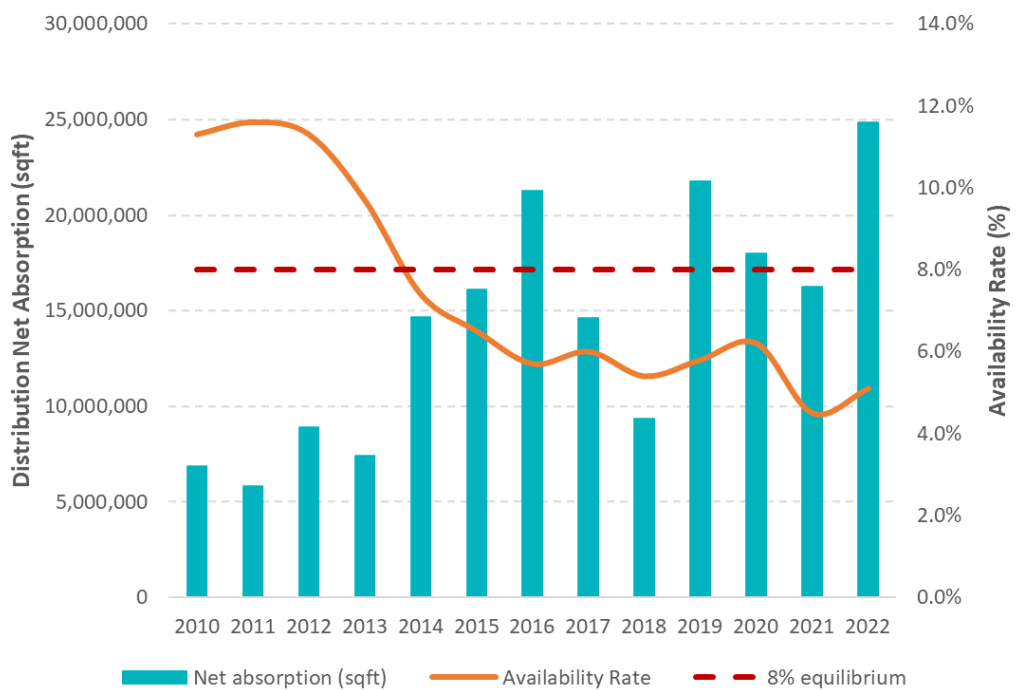
while net absorption rates have increased and remained relatively high over the monitoring period.

Figure 4.5 Net absorption and availability rates in the UK – Industrial



Source: CoStar (2023) / Lichfields analysis

Figure 4.6 Net absorption and availability rates in the UK – Distribution



Source: CoStar (2023) / Lichfields analysis



4.33 This means that the Borough’s industrial and distribution/warehousing market has effectively been supply-constrained over the past decade, which in turn will have given rise to suppressed or ‘latent demand’ as not all occupiers can find space to meet their needs. As a result, they are either forced to remain in their existing premises or alternatively have to find suitable premises elsewhere, resulting in a potential loss of jobs and investment across Basildon and longer-distance and less sustainable journeys being required to serve the needs of the local market.

4.34 To balance this ‘backlog’ of latent demand, Table 4.9 and Table 4.10 below identify the quantum of industrial and distribution floorspace necessary in Basildon to achieve 8.0% availability for any year, over the past 10 years, where availability has been below the benchmark market equilibrium rate.

Table 4.9 Estimate of latent demand for industrial space in Basildon (2013-2022)

	A	B	C=A*B	D	E=Average (D/C)	F=(8%-B)*A	G=F*10-year Average (E)	
Year	Industrial Inventory (sqft)	Availability Rate %	Vacant Available Space (sq ft)	Net Absorption (sqft)	Net Absorption/ Availability	Space Required to reach 8% availability annually (sqft)	Latent Demand (sqft)	Latent Demand (sq.m)
2013	3,833,697	8.3%	318,197	129,068	40.6%	-11,501	-4,113	-382
2014	3,833,697	4.5%	172,516	132,359	76.7%	134,179	47,986	4,458
2015	3,903,007	2.4%	93,672	92,975	99.3%	218,568	78,166	7,262
2016	3,988,697	2.1%	83,763	88,982	106.2%	235,333	84,161	7,819
2017	3,988,697	2.0%	79,774	3,993	5.0%	239,322	85,588	7,951
2018	3,988,697	0.8%	31,910	21,429	67.2%	287,186	102,705	9,542
2019	3,988,697	1.1%	43,876	6,855	15.6%	275,220	98,426	9,144
2020	3,989,691	1.0%	39,897	-677	-1.7%	279,278	99,877	9,279
2021	3,989,691	1.0%	39,897	-1,347	-3.4%	279,278	99,877	9,279
2022	3,989,691	1.5%	59,845	-28,640	-47.9%	259,330	92,743	8,616
<b>Annual Latent Demand</b>							<b>78,542</b>	<b>7,297</b>

Source: CoStar (2023) / Lichfields analysis (figures rounded)

Table 4.10 Estimate of latent demand for distribution space in Basildon (2013-2022)

	A	B	C=A*B	D	E=Average (D/C)	F=(8%-B)*A	G=F*10-year Average (E)	
Year	Distribution/Warehousing Inventory (sqft)	Availability Rate %	Vacant Available Space (sq ft)	Net Absorption (sqft)	Net Absorption/ Availability	Space Required to reach 8% availability annually (sqft)	Latent Demand (sqft)	Latent Demand (sq.m)
2013	10,403,686	6.9%	717,854	313,888	43.7%	114,441	39,243	3,646
2014	10,403,686	5.1%	530,588	281,277	53.0%	301,707	103,458	9,612
2015	10,570,947	2.5%	264,274	68,123	25.8%	581,402	199,369	18,522
2016	10,716,198	3.7%	396,499	170,492	43.0%	460,797	158,012	14,680
2017	10,625,676	2.7%	286,893	-11,720	-4.1%	563,161	193,114	17,941
2018	10,607,885	1.7%	180,334	21,596	12.0%	668,297	229,166	21,290
2019	10,921,023	2.9%	316,710	241,732	76.3%	556,972	190,991	17,744
2020	10,921,023	3.7%	404,078	-87,202	-21.6%	469,604	161,032	14,960
2021	10,993,023	3.3%	362,770	195,491	53.9%	516,672	177,172	16,460
2022	11,147,897	2.1%	234,106	142,502	60.9%	657,726	225,541	20,953
<b>Annual Latent Demand</b>							<b>167,710</b>	<b>15,581</b>

Source: CoStar (2023) / Lichfields analysis (figures rounded)

4.35

This implies an annual latent demand figure in Basildon of around 7,300 sq.m for industrial space and 15,580 sq.m for distribution space. If this latent demand is projected forward across the study period considered by this report, it results in an additional need for 145,940 sq.m of industrial space and 311,620 sq.m of distribution space to 2043 across the Borough (see Table 4.11 below).

Table 4.11 Latent demand in Basildon (sq.m)

	Annual Latent Demand (sq.m)	Latent Demand (2023-2043)
Light/General Industrial (E(g)(iii)/B2)	7,300	145,940
Distribution (B8)	15,580	311,620
<b>Total Industrial and Distribution</b>	<b>22,880</b>	<b>457,550</b>

Source: CoStar (2023) / Lichfields analysis (figures rounded)

## Scenario 3 Synthesis

4.36 Table 4.12 brings together both components of Scenario 3 (i.e. net demand and latent demand), indicating a total requirement for just under 790,000 sq.m of industrial and distribution space in Basildon Borough over the plan period to 2043.

Table 4.12 Gross industrial and distribution requirements in Basildon Borough (sq.m)

	2022-2043		
	Net Demand	Latent Demand	Total Requirement
Light/General Industrial (E(g)(iii)/B2)	82,680	145,940	228,620
Distribution (B8)	248,280	311,620	559,900
<b>Total Industrial and Distribution</b>	<b>330,960</b>	<b>457,550</b>	<b>788,510</b>

Source: CoStar 2023 / Lichfields analysis (figures rounded)

## C: Labour Supply

4.37 This third approach considers how many jobs, and hence how much employment space, would be necessary to broadly match forecast growth of the resident workforce in Basildon. In contrast to the labour demand approach, it focuses on the future supply of labour rather than the demand for labour. It estimates, therefore, the number of new jobs needed to match the future supply of working-age population, and how much employment space would be required to accommodate the office, industrial and distribution component of future job growth.

4.38 As part of this study, two Labour Supply Scenarios have been conducted. The first scenario uses the Local Housing Need Assessment figure for the area aligned with the housing evidence for the Borough. The second scenario examines the labour supply position based on the new Standard Method NPPF (December 2024) and the revised housing target for Basildon. Lichfields approach is explained below.

### Lichfields demographic model and approach

The new Standard Method, introduced in December 2024, represents a shift from the previous Standard Method, in that it no longer links housing need with any demographic projection. The previous Standard Method was based on the 2014-based SNPP, uplifted based on housing affordability and with a further uplift for urban areas. Across England, that resulted in a requirement for c.290,000 homes per annum.

The new Standard Method instead applies a stock-based starting point (0.8% of the existing dwelling stock) uplifted for affordability (using a five-year average), resulting in a higher requirement of c.370,000 dwellings per annum in England, equivalent to a 28% uplift on the previous Standard Method. Given the extent of the increase in housing delivery required under the new Standard Method, assuming all new homes result in additional people migrating into an area would yield unrealistically high population and labour supply projections for that area, and likely result in inconsistencies at higher levels of geographies. Further, the latest official Sub-National Housing Projections ('SNHP') are 2018-based and do not reflect recent spikes in (in-)migration in the 2022-based interim National Projections.

Therefore, we instead assume that in areas with significant increases in housing requirements between the previous and new Standard Method a proportion of the additional dwellings implied by the new Standard Method will not result in population growth but instead induce additional household formation, reducing household sizes.

On this basis, Lichfields' demographic model uplifts the 2018-based SNPP figures based on the 2021-based interim National Projections, which accounts for both higher international in-migration seen in recent years and the results of the 2021 Census; this is referred to as the 'Adjusted Baseline'. We further consider an 'Adjusted High' scenario, which considers the 'High Population' variant (high international migration, birth rates and life expectancy) from the 2018-based SNPP, again uplifted based on the 2021-based interim National Projections.

As the new Standard Method figure for Basildon (i.e., 1,287) is above the Adjusted High scenario, the model accommodates all of the population as per the Adjusted High. No additional population above this level is assumed: any further housing growth is assumed to induce additional household formation, implying reduced average household size, increased vacancy and/or improved affordability.

It should be noted that, due to the high levels of international migration at a national level assumed in the 2021-based interim projection, the Adjusted Baseline scenario suggests a higher level of growth in the working-age population compared to the 2018-based SNPP. The Adjusted High incorporates this higher international migration, as well as higher birth rates and life expectancy, meaning the Adjusted High scenario has slightly higher overall population growth than the Adjusted Baseline, but with less effect on the working age population.

While this methodology has been tested and is deemed to be sufficiently robust, it is subject to change following upcoming ONS announcements and releases.

#### **Scenario 4: Baseline Labour Supply (1,039 dpa)**

- 4.39 This labour supply-based scenario is considered based on population projections and other demographic assumptions that have been used to inform the South Essex Housing Needs Assessment (HNA) (June 2022)<sup>26</sup>. The HNA represents the Council's most recent evidence for housing needs in the Borough.
- 4.40 The HNA provides an assessment of the growth in resident workforce which might be supported by the local housing need in Basildon Borough and what this means for potential total labour supply, after taking account of "reasonable and evidence-based assumptions on economic participation and behaviour" around commuting, unemployment rates and double jobbing. The HNA projections indicate a growing population in overall terms within Basildon Borough, with growth distributed across all age groups, albeit with particularly strong growth in the older population aged 65 or above.
- 4.41 It should be noted that this scenario assumes that local housing needs as identified by the HNA are met in full over the Plan period; any deviation from this assumption may have a knock-on impact in terms of labour supply growth and associated employment space requirements under this scenario.

<sup>26</sup> [South Essex Housing Needs Assessment \(basildon.gov.uk\)](https://www.basildon.gov.uk)

- 4.42 On the basis of these assumptions, Table 5.13 below shows how many additional jobs (or workplace labour supply) might be supported by population growth under a local housing need for 1,039 dwellings per annum<sup>27</sup>.

Table 5.13 Baseline labour supply and job requirements

Indicator	Total Change (2023-2043)	
	CE Forecasts Split	Experian Forecasts Split
Workplace Labour Supply (Total Jobs)	21,220	
Office Jobs E(g)(i)/(ii)	4,802	4,043
Light Industrial Jobs Eg(iii)	5,147	1,577
Industrial Jobs B2	-2,392	726
Distribution Jobs B8	847	2,046
<b>Total Office, Industrial and Distribution Jobs</b>	<b>8,404</b>	<b>8,392</b>

Source: South Essex Housing Needs Assessment (2022) / Lichfields analysis (figures rounded)

- 4.43 This shows that the demographic growth could support job growth of 21,220 in the Borough over the 20-year period to 2043<sup>28</sup>. The proportion of jobs within office, industrial and distribution sectors assume the same shares as the CE and Experian baseline forecast analysis (as presented in Scenarios 1 and 2).

- 4.44 These job numbers can then be translated into estimated requirements for employment space by applying the same standard employment densities used in the labour demand-based approach and similarly adding an 8% vacancy allowance (Table 4.14).

Table 4.14 Net employment floorspace required from labour supply growth

Use	Floorspace (GEA sq.m) (2023-2043)	
	CE Forecasts Split	Experian Forecasts Split
Office E(g)(i)/(ii)	72,610	61,130
Light Industrial Eg(iii)	300,430	92,080
Industrial B2	-48,820	29,630
Distribution B8	63,890	154,350
<b>Total</b>	<b>388,120</b>	<b>337,190</b>

Source: Lichfields analysis, based on South Essex Housing Needs Assessment (2022) (figures rounded)

- 4.45 This labour supply-based estimate produces a positive space requirement that exceeds the labour demand-based approach (scenarios 1 and 2) but is lower than the development trends approach (scenario 3).

### Scenario 5: Labour Supply New Standard Method (1,287 dpa)

- 4.46 The second Labour Supply Scenario assesses the demand for employment floorspace based on the New Standard Method (NPPF, December 2024). Basildon would be required to meet an annual housing target of 1,287 units.

<sup>27</sup> The HNA figures, which cover the 20-year period from 2020 to 2040, have been used as a proxy for the 2023–2043 Plan period in this study, based on the assumption that this estimation remains unchanged for the purpose of this assessment.

<sup>28</sup> HMA outputs on jobs supported by Standard Method cover the 20-year period 2020-40, so have been used as a proxy to cover the 20-year study period for the ELNA (i.e. 2023-43).

4.47 Based on the Sub-National Population Projections (2018-based), it is estimated that the Borough's population will increase by 44,103 people between 2023 to 2043.

4.48 Table 4.13 outlines the additional jobs that could be supported by this projected population growth and considering the increased housing figure in the Borough. The proportion of jobs within office, industrial and distribution sectors assumes the same shares as forecast in each of the Experian and CE forecast analysis (Scenarios 1 and 2).

Table 4.13 Baseline labour supply and job requirements

Indicator	Total Change (2023-2043)	
	CE Split	Experian Split
Total population (SNPP 2018-based est.)	44,100	
Economically active population	23,730	
Jobs associated to population increase*	25,170	
Total Jobs (associated to additional housing uplift)	27,230	
Office Jobs E(g)(i)/(ii)	5,790	5,350
Light Industrial Jobs Eg(iii)	4,900	2,062
Industrial Jobs B2	-1,200	1,262
Distribution Jobs B8	1,740	2,693
<b>Total Office, Industrial and Distribution Jobs</b>	<b>11,230</b>	<b>11,360</b>

Source: Lichfields analysis (2024) (figures rounded)

\*Economically active population minus unemployed population multiplied by the long term (last 17 years) labour force ratio (i.e. economically active excluding unemployed against total employment) for the Borough.

4.49 These job numbers can then be translated into estimated requirements for employment space by applying the same standard employment densities used in the labour demand-based approach and similarly adding an 8% vacancy allowance.

Table 4.14 Net employment floorspace required from labour supply growth

Use	Floorspace (GEA sq.m) (2023-2043)	
	CE Forecast Split	Experian Forecast Split
Office E(g)(i)/(ii)	87,470	80,900
Light Industrial Eg(iii)	286,130	120,360
Industrial B2	-22,710	51,500
Distribution B8	131,520	203,160
<b>Total</b>	<b>482,410</b>	<b>455,920</b>

Source: Lichfields analysis, based on South Essex Housing Needs Assessment (2022) (figures rounded)

## Employment Growth Comparisons

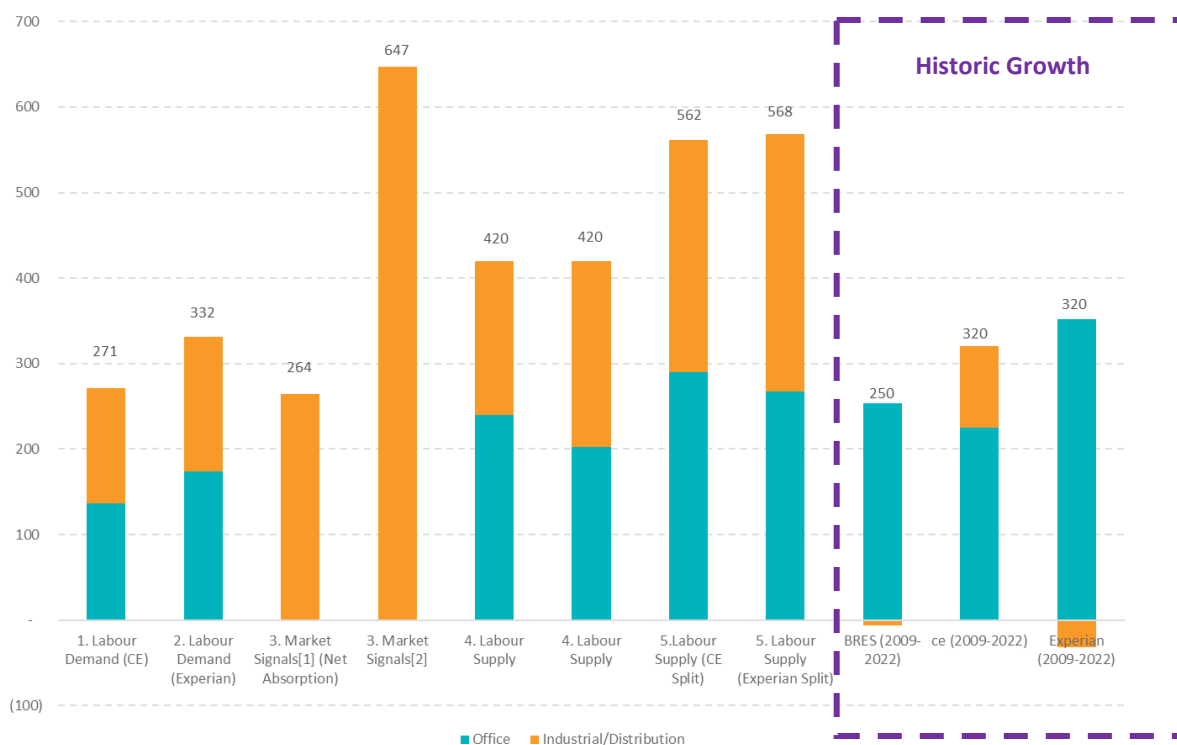
4.50 Given the range of potential requirements implied by the different scenarios, it is useful to compare the employment growth implied by these with the historic employment growth in Basildon as recorded by CE, Experian and BRES data.

4.51 Figure 4.7 shows the forecast annual jobs growth per scenario. In this context, the lowest estimate is based Market Signals Scenario 3 which considers only the net absorption and implies an annual rise of 264 jobs per annum over the Plan period. The highest growth

estimate is based on Market Signals Scenario 3 which considers both net absorption and latent demand and implies an annual growth of 647 jobs per annum.

4.52 A review of historic growth from both forecasts (CE and Experian) as well as BRES indicates a level of growth more in line with the Labour Demand scenarios. In particular, Experian’s forecast is closer to the historic forecasts from both Experian and CE and, on this basis, it is considered to be the most balanced in terms of job growth and office and industrial/distribution growth.

Figure 4.7 Annual Employment Growth Comparisons with Historic Growth



Source: CE, Experian, BRES / Lichfields analysis

## Planning Requirements

4.53 It may be appropriate for the Council to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial) uses over the plan period. Where such an allowance is factored into future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forwards. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period.

4.54 There are typically four approaches to calculate the level of this allowance, including:

- 1 Forecast the quantity of floorspace that will be lost in future and assume that a high proportion of this space will need to be replaced. The issue here is that there is no robust or scientific way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the authority needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.

- 2 Make an overall adjustment to the growth scenarios considered to give an allowance for some replacement. This is a simple approach but may be based on a fairly broad assumption.
- 3 Monitor the loss of employment space through regular reviews in the Local Plan. This would avoid the need to make assumptions about the future loss of employment space and base it on robust data. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continued to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward.
- 4 As part of the employment evidence the Council reviews through a qualitative assessment the existing employment sites and areas, to identify those which could or should be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.

4.55 'Gross' floorspace and land requirements (or 'planning requirements') for Basildon Borough are set out in the tables below. These include a 10% 'buffer' allowance for such factors as delays in development sites coming forward, and replacement of some ongoing losses of employment space during the Local Plan period<sup>29</sup>.

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<sup>29</sup> 10% 'buffer' allowance only added to positive net floorspace requirements.



Table 4.15 Planning Requirements (sq.m) 2023-2043

Use	1. Labour Demand (CE)	2. Labour Demand (Experian)	3. Market Signals <sup>30</sup> (Net Absorption)	3. Market Signals <sup>31</sup> (Net Absorption + Latent Demand)	4. Labour Supply (CE Split)	4. Labour Supply (Experian Split)	5. Labour Supply (CE Split)	5. Labour Supply (Experian Split)
Office E(g)(i)/(ii)	45,160	57,950	n/a	n/a	79,870	67,240	96,220	88,990
Light Industrial Eg(iii)	231,690	79,980	90,950	228,620	330,470	101,290	314,740	132,400
Industrial B2	-30,160	7,010			-53,700	32,590	-24,980	56,650
Distribution B8	59,350	144,100	273,110	615,890	70,280	169,790	144,670	223,480
<b>Total</b>	<b>302,390</b>	<b>289,040</b>	<b>364,060</b>	<b>867,370</b>	<b>426,920</b>	<b>370,910</b>	<b>530,650</b>	<b>501,510</b>

Source: Lichfields analysis (figures rounded)

Table 4.16 Planning Requirements (ha) 2023-2043

Use	1. Labour Demand (CE)	2. Labour Demand (Experian)	3. Market Signals (Net Absorption)	3. Market Signals (Net Absorption + Latent Demand)	4. Labour Supply (CE Split)	4. Labour Supply (Experian Split)	5. Labour Supply (CE Split)	5. Labour Supply (Experian Split)
Office E(g)(i)/(ii)	6.8	8.7	-	-	12.0	10.1	14.4	13.3
Light Industrial Eg(iii)	57.9	20.0	22.7	62.9	82.6	25.3	78.7	33.1
Industrial B2	-8.5	1.8			-13.4	8.1	-6.2	14.2
Distribution B8	14.8	36.0	68.3	154.0	17.6	42.4	36.2	55.9
<b>Total</b>	<b>71.1</b>	<b>66.5</b>	<b>91.0</b>	<b>216.8</b>	<b>98.7</b>	<b>86.0</b>	<b>123.0</b>	<b>116.5</b>

Source: Lichfields analysis

## Summary

4.56

This study considers five economic growth scenarios for Basildon Borough based on the latest local level economic forecasts, trends in net absorption of industrial and distribution space, and latest assumptions around labour supply growth in the Borough. These are presented to provide an up-to-date view of future economic growth prospects for Basildon under different scenarios.

<sup>30</sup> No 'buffer' allowance added to scenario 3 as this already takes account of market signals intelligence.

<sup>31</sup> No 'buffer' allowance added to scenario 3 as this already takes account of market signals intelligence

- 4.57 The two labour demand scenarios (1 and 2) draw on economic forecasts from Cambridge Econometrics (April 2024) and Experian (March 2024), respectively, to consider recent macro-economic changes and the current market outlook. Whilst these employment forecasts provide a useful benchmark for considering future needs, they tend to reflect the continued restructuring of the economy away from industry towards services, and therefore are likely to underestimate the industrial and warehousing sector's performance, particularly when compared with recent market intelligence.
- 4.58 A market signals scenario (scenario 3) is also considered, drawing on CoStar's latest net absorption and stock availability data to provide a more rounded view of future requirements for industrial and distribution floorspace than conventional employment forecasts alone, and seeks to address the backlog of suppressed or latent demand which has characterised Basildon's industrial and distribution market over recent years. This significantly increases industrial and distribution space requirements across Basildon over the study period.
- 4.59 The fourth scenario considers how many jobs, and how much employment space, would be necessary to broadly match forecast growth of the resident workforce in Basildon Borough, as supported by population growth under the housing need figure of 1,039 dwellings per annum. This population growth could support a higher scale of job growth than both labour demand scenarios imply, and correspondingly, higher employment land requirements. This assumes that local housing needs are met in full over the Plan period, which may not be the case.
- 4.60 The fifth scenario considers the employment space requirement based on the New Standard Method for assessing housing needs that suggests an annual housing target of 1,287 units. This scenario results in the highest employment requirements.
- 4.61 Drawing together the outputs from the different scenarios suggests that ***the Council should aim to plan for c 8 ha of land for office uses*** in order to accommodate expected growth within office-based sectors over the Plan period aligned with the Labour Demand scenarios (Scenario 1 and 2) that balances better the rest of the scenarios as well as the growth seen historically.
- 4.62 Industrial and distribution uses will require significantly more capacity, and the Council will need to consider the extent to which the new Local Plan will be able to accommodate the higher requirements identified by this study. Across the scenarios, there is a wide range of requirements for industrial and distribution uses from 57.8 ha (Scenario 2) to 216 ha (Scenario 3 – net absorption + latent demand).
- 4.63 It is noted that both Labour Demand Scenarios point towards the same range of land requirements for industrial and distribution uses of 57.8 – 64.3 ha. Accordingly, ***a minimum requirement of c 61 ha for industrial and distribution uses is recommended.***
- 4.64 However, should the Council plan to deliver housing needs in line with the Essex Housing Needs Assessment (SHNA), this would result in an additional industrial and distribution need arising which would increase the total requirements to between c 76 ha (Scenario 4 Experian split) and 87.0 ha (Scenario 4 CE split). Scenario 5, which accounts for the New

Standard Method would provide a further increase to the total requirements between c 103 ha (Scenario 5 Experian split) and 109 ha (Scenario 5 CE split).

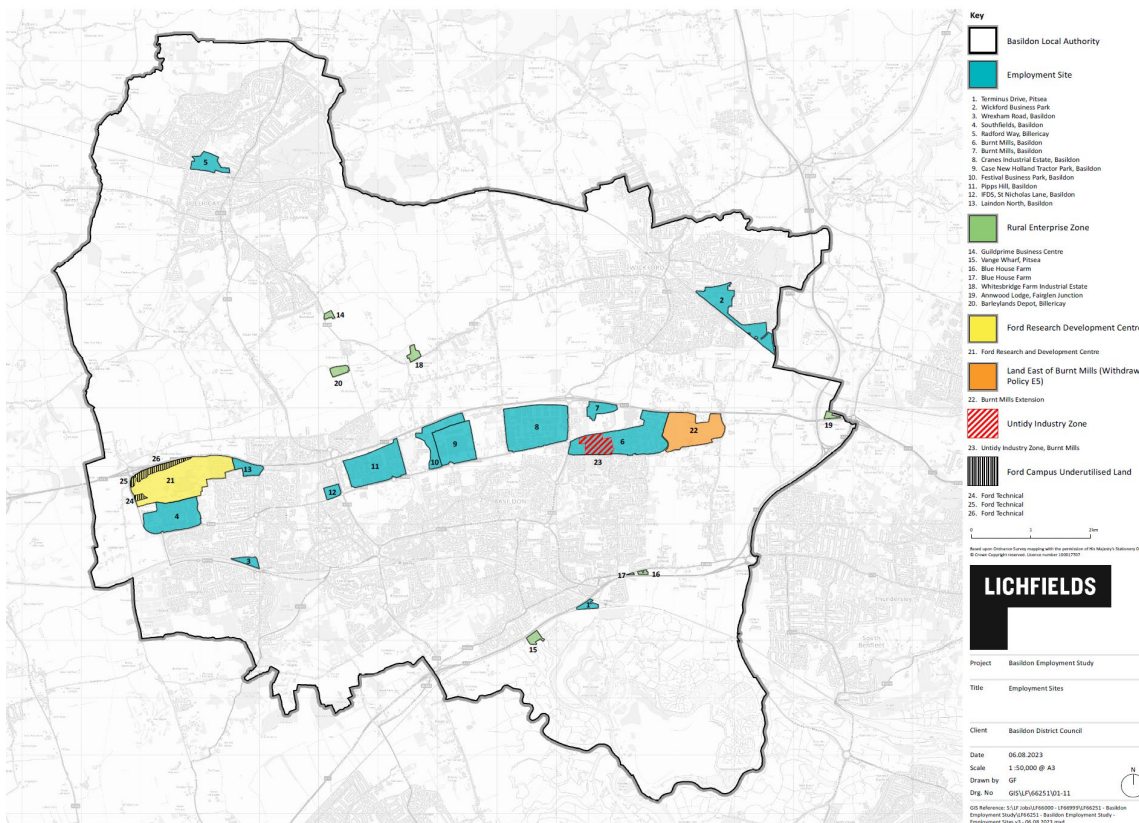
- 4.65 Beyond this, Scenario 3 suggests that – for industrial and warehousing uses at least – market potential exists that could justify planning for a higher level of need over and above this. This would also align with market feedback which has reinforced the strength of the industrial market. This could amount to 91 ha based on trends in net absorption recorded in Basildon, or as high as c 217 ha if the Council sought to address the suppressed demand that has arisen in recent years due to the sustained low vacancy rates and limited stock growth that has been experienced.

## 5.0 Review of Employment Land Supply

5.1 This section presents the findings of an assessment of employment land supply in the Borough and considers the characteristics and quality of existing and potential employment sites in Basildon Borough and their suitability to meet future employment development needs.

5.2 In consultation with the Council, it was agreed that the assessment should focus on 26 sites that are either identified as existing employment areas within the District Local Plan 1998 (and by the District Local Plan Saved Policies 2007) or were proposed for allocation through the withdrawn Basildon Borough Local Plan 2014–2034. The location of the assessed sites is shown on the map in Figure 5.1 below.

Figure 5.1 Assessed Sites



Source: Lichfields

5.3 Each of the 26 identified sites have been assessed in accordance with applicable planning practice guidance<sup>32</sup> and are based on scoring each site against a range of site assessment criteria as follows:

- a Strategic and local road access;
- b Proximity to labour and services;
- c Compatibility of adjoining uses;

<sup>32</sup> See Planning Practice Guidance on [housing and economic land availability assessments](#), in particular paragraph: 012 Reference ID: 3-012-20190722 and paragraph: 018 Reference ID: 3-018-20190722.

- d Site size, characteristics and potential development constraints; and
- e Attractiveness to the market, including vacancy and market activity on sites.

- 5.4 In addition to the above site criteria, the assessment also considered other site factors such as their policy status, planning constraints, suitability for specific uses, and any key barriers to delivery of undeveloped sites.
- 5.5 Individual plans for assessed sites are included in Appendix 3, while details of the criteria used to assess these sites are contained in Appendix 4. Tables summarising the assessment of each site against these appraisal criteria are also included at Appendix 5.
- 5.6 It should be noted that the assessment process, in itself, does not necessarily provide a complete picture of the local significance of certain sites. For example, a site could be assessed to have the potential to satisfy particular business and sector needs (i.e. which can be important reasons for retaining the site) even if it does not perform well against conventional site assessment criteria. Similarly, where sites (particularly those that are larger) comprise a wide mix and or range of different premises in terms of quality/age/use, the assessment seeks to draw an overall conclusion based on the general typologies and location rather than assessing individual premises.
- 5.7 It is also important to note that the assessment is based on current conditions and intrinsic qualities of sites and that the associated scoring has been derived on this basis. It is possible that the scoring and relative rankings of sites could change in the future if measures were put in place to enhance their functioning as employment sites, for example through new infrastructure and servicing. Similarly, the assessment is not intended to provide an assessment of the viability of delivering differing types of employment space given this is ultimately a function of the prevailing market conditions and development costs at any point in time as well as other site-specific considerations.
- 5.8 The key findings of the assessment are summarised below.

## **Local Plan Employment Sites**

- 5.9 The Borough's stock of existing employment areas represents a varied portfolio of 13 sites providing a mix of site types, business premises and locations across the Borough. The majority of these sites are clustered along the A127, with the towns of Billericay and Wickford also both accommodating a designated employment area.
- 5.10 In overall terms, these existing employment sites are generally well used and occupied by a range of businesses and appear to be serving local business needs. As shown in Appendix 5, the scoring of each site against the suite of assessment criteria varies quite significantly, reflecting the respective strategic/local access associated with each site, surrounding uses and site location relative to labour and services etc.
- 5.11 Sites that score highest from this scoring exercise include Pipp's Hill, Festival Business Park, IFDS and Burnt Mills, all located in Basildon town. This reflects a combination of accessibility (adjoining or very near to the A127 corridor), proximity to urban area/town centre services and market attractiveness factors.
- 5.12 By contrast, the two employment areas within Billericay and Wickford (Radford Way and Wickford Business Park) score comparatively lower, reflecting their relatively poorer

strategic/local accessibility, compatibility with adjoining uses (namely residential) and more peripheral and secondary market locations within the Borough. However, these lower scoring sites still perform an important role in accommodating local business activity (including lower value activity in some cases) and form a key components of the Borough's overall employment land supply portfolio. This means that there are no obvious candidates for release to other, non-employment uses.

- 5.13 Most of the existing employment areas are fully built out and were in active use at the time of assessment, with limited remaining undeveloped land. The exception to this includes the 3.5 ha site at Terminus Drive, Pitsea which remains largely undeveloped, although is subject to a current planning application (23/00431/FULL) for residential development and due to its more peripheral location within the Borough, is likely to appeal to a relatively localised market. Some of the sites, particularly those accommodating older, secondary stock, offer scope for more intensive use in the event that redevelopment were to occur, albeit this would be subject to redevelopment schemes being viable which could prove to be challenging in more peripheral, secondary market locations (i.e. those further away from Basildon town and the A127 strategic corridor).

## **Ford Research Development Centre**

- 5.14 This large (96.5 ha) site is occupied by the Ford Dunton Technical Centre, a major automotive research and development facility which is owned and operated by Ford Motor Company. It has been based here since 1957 and operates as Ford's main European commercial vehicle R&D centre. Whilst the centre is of considerable local, regional and national economic importance, and has expanded considerably since the 1960s, its long term future remains uncertain, and Ford has announced that more than 1,000 jobs will be lost from the site over the next three years as the company adapts its technology towards electric vehicles<sup>33</sup>.
- 5.15 The site scores highly against conventional appraisal criteria reflecting its strong strategic and local accessibility, site characteristics and occupation by high value R&D activity. The currently adopted Local Plan restricts its use to B1 (b) only, and specifically to automotive industry research and development, although the withdrawn Basildon Borough Local Plan sought to relax these use restrictions (over the existing buildings and vacant land to the north) to ensure it can provide for B1 (a) and (b) purposes in response to Ford's potential for more varying needs in the future.
- 5.16 The site area includes three historic parcels of underutilised land (sites 24, 25 and 26) that together total 11.6 ha. These sites score relatively well in the assessment, and all offer obvious development potential subject to landowner (i.e. Ford's) aspirations.
- 5.17 As part of the new Local Plan, we suggest the boundary for this site is amended to remove the recently constructed Dunton Fields residential area to the east of the site and the car showroom at West Mayne given these are non B-class uses.

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<sup>33</sup> <https://www.theguardian.com/business/2023/feb/14/ford-jobs-losses-cut-uk-europe>

## Rural Enterprise Zones

- 5.18 The Borough accommodates 7 rural enterprise zones located outside of the main urban areas in the Borough, all of which are generally small in scale. These accommodate a mix of business activity ranging from small rural business centres to small scale logistics, retail, and recycling uses.
- 5.19 They generally score fairly poorly against conventional site appraisal criteria reflecting their relative accessibility, proximity to labour/urban areas and site development constraints, but tend to be well or fully occupied so appear to be meeting local business needs.
- 5.20 Some of these sites have vacant or underutilised land that could provide opportunities for (limited) future provision of employment land in the rural areas, including Blue House Farm (East) adjoining the A13 near Pitsea which is 1 ha in size and currently undeveloped. Similarly the site in Annwood Lodge adjacent to the A127 and Fairglen Junction is primarily undeveloped and covers an area of 1.8 ha.
- 5.21 Whilst we recommend that these rural enterprise zones are protected for employment uses (as proposed by the withdrawn Basildon Borough Local Plan), any future development and growth of these sites should be considered in the context of the local surroundings (including surrounding landscape and Green Belt etc).

## Withdrawn Local Plan Sites

- 5.22 The assessment has also considered two sites proposed within the withdrawn Basildon Borough Local Plan; firstly for an extension to the existing Burnt Mills industrial area, and secondly for an untidy industry zone at Burnt Mills.
- 5.23 Site 22 'Land East of Burnt Mills' formed Policy E5 of the withdrawn Local Plan and totals 49 ha. Policy E5 proposed to allocate the site for B-class employment development, an ancillary hotel and/or pub restaurant, and a Travelling Showpeople yard. It represents the only site of any significant scale for new employment development within the Borough, and would benefit from its proximity to the successful and established A127 enterprise corridor. In this respect, the site scores well in terms of both strategic and local accessibility and proximity to labour and urban area services. At the time of writing, this site is subject to a planning application with a pending decision (reference: 24/00020/OUT).
- 5.24 Site 23 'Untidy Industry Zone' represents a 15.5 ha area within the existing Burnt Mills industrial estate, located between Harvey Road and Archers Field, which contains a predominance of 'untidy industries', including car breakers, scrap metal merchants, skip hire, scaffolding companies and haulage yards. The term 'untidy industry' has been used by the Council since the 1990's to describe a variety of industries, which although vital to the mix of sectors and employment possibilities in the Borough in terms of the people they employ and the services they provide, tend to be untidy in appearance and could, without licensing controls, cause significant environmental harm.
- 5.25 Policy E8 of the withdrawn Local Plan proposed to retain the area allocated for untidy industries so that the Council can continue to manage the location of these potentially environmentally harmful industries. This approach appears to remain sensible, insofar as it would seek to contain these uses within a defined area and subject to ongoing management.

## Summary

- 5.26 The Borough's 13 existing employment sites comprise a total of approximately 383 ha of employment land, and provide a mixed variety of site types, premises and locations across the Borough. Generally, these sites are fully developed, well occupied and appear to be serving the needs of local businesses. Larger strategic sites located along the A127 corridor include Pipp's Hill, Festival Business Park and Burnt Mills, all of which benefit from good strategic access, high market attractiveness and close proximity to local labour and services. These sites provide minimal opportunity for further development or intensification of employment land across the Borough.
- 5.27 The Borough also comprises 7 rural enterprise zones, providing a total of approximately 16 ha of employment land. These sites are located outside of the Borough's main urban areas and accommodate a variety of small-scale rural business uses. These sites are largely well occupied, indicating their importance in meeting local business needs, despite generally scoring relatively poorly in relation to conventional assessment criteria. Some of these sites have vacant or underutilised land, providing limited potential for intensification, however these sites are unlikely to contribute significantly towards the future provision of employment land across the Borough.
- 5.28 The Ford Research and Development Centre is the largest employment site within the Borough (96.5 ha), comprising a major automotive R&D facility owned and occupied by Ford. The site scores highly against conventional assessment criteria owing to its good strategic accessibility and location, occupation by high value activity and other favourable site characteristics. This site also encompasses three parcels of underutilised land totalling 11.6 ha, which provide significant potential for intensification of employment uses in close proximity to Ford's existing R&D facilities.
- 5.29 There are two remaining sites considered as part of this assessment which were proposed within the withdrawn Basildon Borough Local Plan. 'Land East of Burnt Mills' (site 22) is a significant area (49 ha) of largely undeveloped land adjoining the existing Burnt Mills industrial estate. The site scores well in relation to strategic and local accessibility, as well as proximity to local labour and urban area services. It represents the only suitable site of any significant scale for new employment development across the Borough, benefitting from its close proximity to the established A127 enterprise corridor. Secondly, the 'Untidy Industry Zone' (site 23) located within Burnt Mills industrial estate totals 15.5 ha, and is occupied by a variety of 'untidy industries' including scrap metal merchants, skip hire and haulage yards. It is recommended that this area is retained for untidy industry usage, so that the Council can continue to monitor and manage the location of these potentially environmentally harmful industries.



## 6.0 Balance of Demand and Supply

6.1 This section draws together forecasts of future employment space needs from section 4.0 and estimates of pipeline employment land supply to identify any need for more provision of employment space across the Borough, or surpluses of it, in both quantitative and qualitative terms.

### Pipeline Supply

6.2 For the purposes of this assessment the future employment land supply position in Basildon is assumed to comprise the following:

- 1 **Planning commitments:** comprising sites with extant planning permission for employment use floorspace (including those under construction) as recorded by the local authority's monitoring data (at October 2023). It is assumed that these permissions will be implemented during the Local Plan period.
- 2 **Sites with identified development capacity:** additional supply which could be delivered on undeveloped or under-utilised/redeveloped land within existing employment sites, having regard to emerging masterplans.

6.3 Table 6.1 summarises extant planning permissions for employment floorspace based on the Council's monitoring data as at October 2023. In total, there is estimated to be 29,302 sq.m of supply available as part of the extant permissions.

Table 6.1 Extant Permissions

Use Class	Extant permissions (sq.m)
E Class	2,555
E(g)/B8	2,068
E(g)(iii)/B2/B8	21,561
B8	3,118
<b>Total</b>	<b>29,302</b>

Source: Basildon Council (Oct 2023)

6.4 A cross-check of these permissions with CoStar and through the site assessments indicates that the majority of these (totalling 27,234 sq.m) have now been constructed and occupied, with only 2,068 sq.m remaining to be developed. However, those completed since 2022 are technically part of the 'supply' position as they have met needs since the start year of the Plan period. Further detail is set out in Table 6.1 overleaf.

Table 6.2 Extant Permissions for Employment Space

Site	Planning Reference	Description	Net consented supply	Commentary
Land West of First Data, Endeavour Drive	21/00552/FULL	Erection of commercial building (Classes E(g)(iii), B2 and B8) including access and servicing arrangements, car and cycle parking, landscaping and associated works	10,986 sq.m	This site has now been completed in 2022, also known as Endeavour Point and according to latest CoStar data there is available warehouse and industrial floorspace.
Gilbarco Ltd, Crompton Close	17/01605/FULL	Hybrid planning application comprising demolition of existing buildings on site and detailed application for the erection of retail units (Use Class A1), and one employment unit (Use Class B1/B2/B8) with associated parking, access and infrastructure and outline application for new college buildings (Use Class D1) with ancillary student accommodation, infrastructure, parking and landscaping (all matters reserved).	7,585 sq.m	A review of Google Earth and CoStar shows that the site has also been completed in 2023 and is shown to be leased out to Lidl and Greggs with no remaining available space.
Gilbarco Ltd, Crompton Close	21/00324/FULL	Erection of a warehouse (Use Class B8) with ancillary office, associated parking, access and infrastructure	3,118 sq.m	A review of Google Earth and CoStar shows that the site has also been completed in 2023 and is shown to be leased out to DHL, with no available space.
Land at Paycocke Road	20/01078/FULL	Erection of a new general industrial building (B2/B8/E) with associated parking and two new crossovers to Paycocke Road and the existing crossovers on both Paycocke and Honeywood Road returned to pavement.	2,990 sq.m	A review of Google Earth and CoStar highlights that this development has now been built out in 2022 and is currently fully leased out.
Regency House Miles, Gray Road	17/01705/FULL	Demolish rear warehouse portion of building and construct rear extension comprising new ground floor car park, first & second floor offices and a coffee shop.	2,555 sq.m	A review of CoStar shows that the expansion has already been completed and there is currently office floorspace available to be leased.

Site	Planning Reference	Description	Net consented supply	Commentary
Essex Retail Packers, Unit 9, Harvey Road	20/00802/FULL	Proposed extension & refurbishment of existing commercial premises for B1 (office) and B8 (warehouse) uses	2,068 sq.m	No update on this extant permission

Source: Basildon Council (Oct 2023)

6.5 In addition, 26 existing employment sites and potential allocations were reviewed as part of the site audit presented in section 5.0. Table 6.3 summarises the potential available capacity identified across these sites. It should be noted that this includes:

- 1 the Burnt Mills Extension, originally proposed for allocation in the withdrawn Basildon Local Plan, but not currently allocated for development.
- 2 Three underutilised sites within the Ford Research and Development Centre, which are unlikely to be available to meet general open market needs; and
- 3 Terminus Drive, Pitsea site which is subject to a pending planning application for residential development (see section 5.0).

Table 6.1 Potential Capacity at Existing Employment Areas and adopted and proposed allocations

Site Name	Land for development (ha)	Floorspace sq.m*	Proposed Use Class
<b>Existing Employment Areas</b>			
Site 1 Terminus Drive, Pitsea	3.5	14,000	Industrial (B2), although the site is subject to a current planning application (23/00431/FULL) for residential development which is yet to be determined.
Site 17 Blue House Farm (East)	1	4,000	Unknown
Site 19 Annwood Lodge, Fairglen Junction	1.8	7,200	Unknown
Site 24 Ford Technical	1.6	6,400	Further Ford R&D facilities, offices and dealership expansion
Site 25 Ford Technical	1.3	5,200	Further Ford R&D facilities, offices and dealership expansion
Site 26 Ford Technical	8.7	34,800	Further Ford R&D facilities, offices and dealership expansion
<b>Adopted Allocations</b>			
E1: Land West of Gardiners Lane south (E(g)(i))	3.6	24,000	Office E(g)(i)
<b>Total</b>	<b>18.0</b>	<b>95,600</b>	-

Site Name	Land for development (ha)	Floorspace sq.m*	Proposed Use Class
<b>Proposed Allocations (withdrawn Basildon Local Plan 2014-2034)</b>			
Site 22 Burnt Mills Extension	49.0	196,000 <sup>34</sup>	E(g)(iii)/ B2 and B8 with ancillary offices
<b>Total (including Burnt Mills Extension)</b>	<b>67.0</b>	<b>291,600</b>	-

Source: Basildon Council / Lichfields analysis

\* The plot ratios applied to convert land requirements to floorspace (sq.m) are the same assumptions and methodology as set out in section 4, para 4.20.

- 6.6 Combining the extant permissions (including those completed since the start of the Plan period in 2022) and the additional capacity that has been identified, there is a potential total future supply of 124,900 sq.m as presented in Table 6.4 below. This would increase to 320,900 sq.m if the withdrawn Burnt Mills Extension were to be included.

Table 6.2 Consented Supply Position- Extant Permissions and Allocations/Additional Capacity (sq.m)

	Indicative Capacity (sq.m)
Extant Permissions	29,300
Exiting Employment Areas additional capacity	95,600
<b>Total</b>	<b>124,900</b>
<b>Total (including Burnt Mills Extension)</b>	<b>320,900</b>

Source: Basildon Council/ Lichfields analysis (Totals rounded)

- 6.7 It should be noted that 76% of the emerging supply relies on additional capacity from the existing and proposed allocations against the total of 124,900 sq.m supply position. When adding the Burnt Mills Extension into the supply position this accounts for almost two thirds (61%) of the emerging supply.

## Quantitative Balance

- 6.8 Section 4.0 identified a need for between 289,040 sq.m and 867,370 sq.m of employment space for Basildon Borough over the new Local Plan period 2023-2043 in gross terms, reflecting a relatively wide variation in the level of growth that could be supported by the Borough's economy over the plan period. The majority of this spatial requirement relates to industrial and distribution uses, reflecting both the strength of this segment of the market and the lower job densities associated with these types of operations (compared with office uses which tend to operate at higher densities).
- 6.9 A broad comparison of estimated demand for employment use space against the existing supply position, as shown in Table 6.3, implies that there would not be sufficient supply to

<sup>34</sup> The floorspace capacity for Burnt Mills is indicative based on the full area of the allocation in the withdrawn local plan, and using a standard plot ratio of 0.4. In reality the floorspace capacity of the site might differ subject to confirmation of the net developable area and depending on the type and layout of any individual development proposed. For example, it is noted that the current hybrid application submitted on the site (24/00020/OUT) is based on a site area of 45.9 ha and with a proposed floorspace of 122,237 sq.m.

meet the employment space requirements arising from any of the scenarios considered. It is therefore clear that additional land will be required even to meet the minimum levels of identified employment needs. If the former proposed allocation at Burnt Mills Extension is included, as shown in Table 6.4, this would result in sufficient employment space to meet the need requirement for both Labour Demand scenarios but not for the Labour Supply scenarios, nor the market signals scenarios.

Table 6.3 Demand-Supply of Employment Space in Basildon, 2023-2043 (sq.m)

	1. Labour Demand (CE)	2. Labour Demand (Experian)	3. Market Signals (Net Absorption)	3. Market Signals (Net Absorption + Latent Demand)	4. Labour Supply (CE Split)	4. Labour Supply (Experian Split)	5. Labour Supply (CE Split)	5. Labour Supply (Experian Split)
Employment Requirements	302,390	289,040	364,060	867,370	426,920	370,910	530,650	501,510
Employment Supply / Capacity	124,900							
Surplus (+)/ Shortfall (-)	-177,490	-164,140	-239,160	-742,470	-302,020	-246,010	-405,750	--415,050

Source: Lichfields analysis (figures rounded)

Table 6.4 Demand- Supply of Employment Space in Basildon, 2023-2043 (sq.m) (including withdrawn allocations)

	1. Labour Demand (CE)	2. Labour Demand (Experian)	3. Market Signals (Net Absorption)	3. Market Signals (Net Absorption + Latent Demand)	4. Labour Supply (CE Split)	4. Labour Supply (Experian Split)	5. Labour Supply (CE Split)	5. Labour Supply (Experian Split)
Employment Requirements	302,390	289,040	364,060	867,370	426,920	370,910	530,650	302,390
Employment Supply / Capacity	320,900							
Surplus (+)/ Shortfall (-)	+18,510	+31,860	-43,160	-546,470	-106,020	-50,010	-209,750	-180,610

Source: Lichfields analysis (figures rounded)

- 6.10 It should be noted that much of this future supply is either for mixed B-class (via extant permissions) or for allocations open to E(g)/B Use Class. Therefore, the demand and supply position is sensitive to the exact mix of employment uses that might come forward. It is assumed that take-up would be flexible and follow the market demand profile for each use across the Local Plan period as a result the supply position for specific uses could vary in the longer term.
- 6.11 For instance, for office use classes E(g)(i)/(ii) the need requirement ranges from 45,160 sq.m (Scenario 1 CE) to 96,217 sq.m ha (Scenario 5 CE split), however there is only 2,560 sq.m extant permissions for Class E floorspace, 24,000 sq.m from the Land West of Gardiners Lane South allocation, and potentially some additional office floorspace to be determined from a mix of E(g)/B Use Class permitted developments. Hence, there is likely to be an undersupply of office space within Basildon.

- 6.12 Similarly, for light industrial (E)(g)(iii), industrial (B2) and distribution (B8), the need requirement ranges from 64.3 ha (or 257,240 sq.m) (Scenario 1 CE) to 216.8 ha (or 867,370 sq.m) (Scenario 3 incl. latent demand). The majority of extant permissions relate to industrial and distribution floorspace and some mix of E(g), however there is also likely to be a significant undersupply of floorspace for industrial and distribution uses unless new provision is made.
- 6.13 It should be noted that this demand-supply balance analysis assumes that all outstanding planning permissions and the identified capacity on allocations will come forward in full during the Local Plan period. Any deviation from this assumption could potentially have an effect on the balance of space within Basildon.

## Summary

- 6.14 According to the PPG, analysis of the supply and demand position is intended to allow policy makers to identify whether there is a mismatch between the quantitative and qualitative supply of, and demand for, employment uses. This enables an understanding of which market segments are potentially over-supplied and which are under-supplied.
- 6.15 Against the recommended minimum demand scenario that identifies a need for c 8 ha of office uses and c 61 ha of industrial and distribution uses, the Local Plan would need to provide for a minimum requirement of c 69 ha of employment land. A review of the existing supply stock within Basildon indicates that there would not be sufficient employment supply to meet this minimum requirement, without the delivery of the withdrawn allocation at Burnt Mills (49 ha).
- 6.16 That tightness of potential supply would also be a constraint if the Council were to a) seek to align with the future labour supply growth identified in the South Essex HNA, or b) the higher level of industrial and warehousing needs implied by the elevated market activity as shown in Scenario 3 Market Signals.
- 6.17 Taken together, these factors indicate that the Council should seek to identify opportunities to provide some additional land to allow for more flexibility and choice to both existing and future businesses, and to ensure that the local economy is not unduly constrained by an ongoing shortage of land. This is particularly important given that, in reality, even the modest level of extant permissions for employment space have largely already been implemented early in the Local Plan period (confirming the current market buoyancy), which means the effective supply pipeline over the remainder of the Plan period is already reduced.

## 7.0 Conclusions and Policy Implications

7.1 This section draws together the overall conclusions considering the economic development need arising in Basildon across the Local Plan period to 2043.

### Economic context and trends

7.2 Basildon's population has been growing over recent years although the working-age proportion (16 to 64) has been declining; if this trend continues, it could place pressure on the ability of the Borough's labour supply to take up locally based job opportunities in future.

7.3 The Borough's job base has also been increasing steadily, driven by office-based sectors in particular. The largest employment sectors include public services, professional services, wholesale and retail. Average workforce productivity (measured in terms of GVA) is relatively high within the Borough, but has declined slightly over recent years.

7.4 Basildon performs relatively poorly in relation to various labour market indicators, with a lower proportion of residents achieving higher level qualifications and employed in higher skilled occupations, and lower average weekly earnings by residence and workplace.

7.5 Business performance has been mixed, with the Borough recording relatively high business start-up and survival rates but also a recent decline in its business base in the aftermath of the Covid-19 pandemic. A significant proportion of businesses across Basildon are located in close proximity to the A127 corridor, providing excellent strategic connectivity and access to labour and services.

7.6 With regard to local deprivation, Basildon falls within the 40% most deprived areas nationally. Relative deprivation across the Borough has remained largely unchanged since 2015, with persistent pockets of deprivation evident across the south of the Borough in and around the main urban area of Basildon.

### Commercial property market review

7.7 The Borough's commercial property market has seen significant change over recent years. The stock of office floorspace has gradually been declining, yet still remains the highest of all South Essex authorities. The effects and wider structural changes brought about by the Covid-19 pandemic have severely hampered office demand within the Borough, with the ongoing working from home trend and current economic climate reflected within declining take-up and enquiries from office occupiers.

7.8 What limited demand there is tends to come from professional services companies, focusing on high quality 'Grade A' office space that offers modern-day occupier amenities and high-quality specification. However, limited supply of Grade A space in the Borough makes it difficult to accommodate these enquiries locally, and local agents report that speculative development of new office space is not currently financially viable within the Borough. The loss of office space through Permitted Development Rights (PDR) has kept local office vacancies relatively low, and office availability currently represents less than half a year's worth of take-up.

- 7.9 By contrast, the Borough's industrial market is more buoyant, with current patterns of demand and activity firmly focused on B8 and e-commerce as the main industrial occupiers. Occupier demand is currently reported to be strong, particularly for logistics space, and speculative development is reported to be generally viable.
- 7.10 The Borough's stock of industrial space has increased over recent years, with the largest net gains relating to B8 and flexible B class (B1/B2/B8) developments. Vacancy remains low and availability represents less than half a year's worth of historic take-up. Local agents consider that a lack of supply represents a key constraint for future growth of the Borough's industrial market, and also report a real shortage in the supply of smaller-scale units (typically between 500-10,000 sqft) which is creating affordability issues for smaller local businesses.

## Meeting future employment needs

- 7.11 Five different scenarios of future needs are considered in section 4.0. These indicate the broad scale and type of growth arising from different approaches to modelling Basildon's future employment space needs.
- 7.12 The employment requirements arising from these scenarios vary from 289,040 sq.m (Labour Demand Experian Split – Scenario 2) and 867,370 sq.m (Market Signals including latent demand - Scenario 3) of employment space. Outputs from all five scenarios suggest that the Council should aim to plan for at least around 45,160 to 57,950 sq.m (c 8 ha) of land for office uses in order to accommodate expected growth within office-based sectors over the Plan period as implied by the labour demand scenarios, and a minimum of 231,090 to 260,880 sq.m (c 61.0 ha) of land for industrial and distribution uses.
- 7.13 However, and aligned with the market analysis set out above, there are some factors that indicate that the Council should plan for a higher industrial warehousing requirement. These include taking into account its population and housing growth, and the elevated levels of net absorption of distribution space. This implies planning for up to 91 ha of land for industrial and warehousing uses (i.e., Market Signals, Net absorption - Scenario 3), and potentially more than this if the historic suppressed demand is also to be addressed.
- 7.14 In order to ensure a flexible and responsive planning policy framework for Basildon, it will be necessary to not just concentrate on meeting the forecast quantitative requirements for office and industrial space, which will fluctuate over time in line with economic and market conditions, but to reflect on the opportunities and risks that flow from particular policy approaches. This could include how the delivery of employment land can be prioritised in specific locations and for particular uses, for example to support sector growth opportunities.

## Employment land supply

- 7.15 A qualitative audit has been undertaken of the portfolio of employment sites across the Borough, which focused on 13 existing employment sites, 7 rural enterprise zones, the Ford Research and Development Centre, and two proposed allocations that were included within the withdrawn Basildon Local Plan.



- 7.16 Overall, the audit indicates that the majority of the existing employment sites perform well, and generally have low vacancy levels. This portfolio comprises a wide range of sites that fulfil different local business and employment space needs. Over the past decade, Basildon has lost 10.8% of its stock of employment space, of which the majority of the employment space lost related to office uses, and there is likely to be continued pressure on existing employment sites for redevelopment for other uses. Therefore, a cautious approach to any future release is required reflecting that, in planning terms, it can be difficult to replicate affordable, well-located employment land that plays an important servicing function for the local economy once it has been lost.
- 7.17 In terms of capacity from extant permissions and available land from the portfolio of sites, there is an identified total supply of 124,900 sq.m, which increases to potentially 320,900 sq.m when taking into account the proposed allocation of Burnt Mills Extension (which is also subject to a planning application pending determination at the time of drafting).

## Balance of demand and supply

- 7.18 Once the above future supply (including the Burnt Mills extension) is set against the employment land requirements it implies that there would be sufficient employment space to meet the two Labour Demand scenarios but would not be sufficient to deliver either Market Signals scenarios or the Labour Supply scenarios as shown in Table 7.1.

Table 7.1 Demand-Supply of Employment Space in Basildon, 2023-2043 (sq.m)

	1. Labour Demand (CE)	2. Labour Demand (Experian)	3. Market Signals (Net Absorption)	3. Market Signals (Net Absorption + Latent Demand)	4. Labour Supply (CE Split)	4. Labour Supply (Experian Split)	5. Labour Supply (CE Split)	5. Labour Supply (Experian Split)
Employment Requirements	302,390	289,040	364,060	867,370	426,920	370,910	530,650	302,390
Employment Supply / Capacity	320,900							
Surplus (+)/ Shortfall (-)	+18,510	+31,860	-43,160	-546,470	-106,020	-50,010	-209,750	-180,610

Source: Lichfields analysis

- 7.19 Based on the analysis of the demand and supply position, the Council currently has a sufficient consented supply or potential capacity on existing sites to accommodate the requirements derived from the Labour Demand scenarios (Scenarios 1 and 2).
- 7.20 In particular, against the recommended minimum demand scenario that identifies a need for 8 ha of office uses and 61 ha of industrial and distribution uses, the Local Plan would need to provide for a minimum requirement of 69 ha of employment land (289,040 sq.m to 302,390 sq.m). A review of the existing and emerging supply within Basildon indicates that there would not be sufficient employment supply to meet this minimum requirement without the delivery of the proposed allocation at Burnt Mills (49 ha), which is also subject to a current planning application at the time of drafting.

- 7.21 The identified supply is insufficient to accommodate the requirements implied by the rest of the demand scenarios. As such, the tightness of potential supply would be a constraint if the Council were to a) seek to align with the future labour supply growth identified in the South Essex HNA (or the New Standard Method), or b) the higher level of industrial and warehousing needs implied by the elevated market activity as shown in in Scenario 3 Market Signals (Net Absorption) which points to market demand for 91.0 ha (or 364,060 sq.m) of industrial and distribution land (or greater if historic suppressed demand is also considered).
- 7.22 Taken together, these factors indicate that the Council should seek to identify opportunities to provide some additional land to allow for more flexibility and choice to both existing and future businesses, and to ensure that the local economy is not unduly constrained by an ongoing shortage of land. This is particularly important given that, in reality, even the modest level of extant permissions for employment space have largely already been implemented early in the Local Plan period (confirming the current market buoyancy), which means the effective supply pipeline over the remainder of the Plan period is already reduced.

## **Appendix 1 CE Assumptions**

# UK forecast assumptions (April 2024)

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This note outlines the assumptions used in Cambridge Econometrics' April 2024 UK forecast.

## Data

### Historical data

The last year of historical data available can vary by variable and geography. Table 1 lists the last year of historical data for the three main variables in the forecast for the UK and its regions: population, employment, and gross value added (GVA).

**Table 1: Last year of historical data**

	UK	Regional
Population	2022	2022
Employment	2023	2023
GVA	2022*	2021**

Note(s): \* UK GVA is based on historical annual data to 2022, and an estimate for 2023 is made based on three quarters of data in 2023.

\*\* The 2022 regional GVA forecasts are scaled to historical UK GVA in 2022.

### Population

Historical population figures are based on the 2022 Office for National Statistics (ONS) mid-year population estimates for England and Wales, 2022 Census mid-year population estimates for Scotland and Northern Ireland.<sup>1</sup>

### Employment

The measure of employment is workplace-based jobs, which include full-time, part-time, and self-employed. The data for employees in employment, self-employment and HM Forces come from the ONS quarterly Workforce Jobs series, from which the June (Q2) count seasonally unadjusted data are used.<sup>2</sup> This provides data for employee jobs and self-employment jobs, by 19 sectors and gender/status. These are further disaggregated to more detailed 45 sectors, using data from the Business Register and Employment Survey (BRES) and the earlier Annual Business Inquiry (ABI). Data for Northern Ireland are not available from BRES/ABI, and so the 19-sector data is disaggregated using ratios for Great Britain.

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<sup>1</sup> <https://www.nomisweb.co.uk/datasets/pestsyoala>  
<https://www.scotlandscensus.gov.uk/2022-results/Scotland-s-census-2022-rounded-population-estimates/>  
<https://www.nisra.gov.uk/statistics/2021-census/results/population-and-household-estimates>

<sup>2</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork>

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## Gross Value Added (GVA)

GVA is presented in real terms, and the price base year is 2019. Historical GVA figures for the UK are based on the Blue Book, and the regional GVA data are consistent with sector data (balanced approach) from the ONS' Regional Accounts.<sup>3,4</sup>

## Population projection data

The starting point in developing the population projections in the forecast is the ONS 2020-based interim national population projections for the four UK nations (England, Scotland, Wales and Northern Ireland), and the ONS 2018-based regional population projections for the nine regions of England (which are scaled to be consistent with the 2020-based projections for England).<sup>5,6</sup> These ONS projections are then adjusted using our assumptions for net migration, as described below.

## Macroeconomic assumptions

The medium-term macroeconomic assumptions consider issues such as: global economic development; disruptions to supply chains; the Russia-Ukraine war; the Israel-Gaza war, the energy crisis; the cost-of-living crisis; and high interest rates. Assumptions for longer-term issues, such as Brexit, COVID-19, the green transition and automation are discussed separately below.

## Summary

There is expected to be low growth in household consumption in 2024, because of an increase in both the tax burden and the cost of borrowing, with a modest recovery expected in 2025 and 2026. This is expected to decrease imports, and businesses are expected to continue to postpone investment plans in the face of economic uncertainty. Recovery in exports, as supply-chain disruptions ease worldwide, is expected to be limited by a global economic slowdown. Due to the continued efforts towards a green transition, GVA in Oil and Gas, and Mining and Quarrying are expected to fall in 2024 and beyond.

## The War in Ukraine

The main economic shock to the UK economy resulting from the War in Ukraine, which began in February 2022, is an increase in commodity prices in 2022 and 2023. Commodity price projections in the UK forecast are adjusted based on data from the International Monetary Fund and the World Bank.<sup>7,8</sup> While no assumptions are made about the length of the war, we assume commodity prices will stabilise by 2025. Thus, the short-term macroeconomic forecast accounts for depressed consumer spending, due to higher commodity prices until 2025.

<sup>3</sup> <https://www.ons.gov.uk/releases/uknationalaccountsthebluebook2023>

<sup>4</sup> <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregional-grossvalueaddedbalancedbyindustry>

<sup>5</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/population-projections/bulletins/nationalpopulationprojections/2020basedinterim>

<sup>6</sup> <https://www.ons.gov.uk/releases/nationalpopulationprojections2018based>

<sup>7</sup> <https://www.imf.org/en/Research/commodity-prices>

<sup>8</sup> <https://openknowledge.worldbank.org/entities/publication/e5eccc2f-f1ab-5e65-901a-a430ba85f8a0>

## **Cost-of-living crisis and inflation**

As of January 2024, CPI inflation in the UK was 4.2%, with pressures on food and energy costs easing as supply chain disruptions subside.<sup>9</sup> However, core inflation (excluding food and fuel prices) remains above headline inflation, driven by rapidly rising prices in services and housing. Further easing of inflation is expected following the 12% reduction in the energy price cap in April.<sup>10</sup> We expect inflation to reach the government's 2% target by the summer of 2024, before rising again due to labour market tightness, causing an upward pressure on wages, in line with forecasts from the Bank of England.<sup>11</sup>

According to the Quarterly Economic Survey in 2024Q1 by the British Chamber of Commerce (BCC), expectations of business inflation remain high, with 58% of firms reporting inflation to be their biggest concern.<sup>12</sup> However, while there is a risk of inflation continuing to increase due to a wage-price spiral, that risk is low due to depressed consumer spending. The current economic slowdown and high interest rates are expected to reduce domestic demand and lower inflationary pressure in the manufacturing and distribution sectors. Instead, inflationary pressure is expected to be driven by the service sectors.

## **High interest rates**

Interest rates have peaked at the end of 2024 at 5.25%, with the first cut in the interest rate expected in the summer of 2024. However, further cuts in the interest rate are expected to be delayed in anticipation of an overly expansionary market reaction. This is in line with the February 2024 Bank of England forecasts, which project that the interest rate will fall to around 3.9% in 2025 Q1.<sup>13</sup> High interest rates are expected to reduce borrowing for both households and firms, continue to depress consumption (amidst a squeeze in real wages) and business investment.

## **Disruption to supply chains**

Sustained disruption to global supply chains have put upward pressures on tradable goods prices since the COVID-19 pandemic. Disruptions to supply chains have, however, eased in 2023, which reduced the upward pressure on UK import prices. Bottlenecks in global distribution have eased, in part due to the slowdown in global demand, and global shipping cost indices falling sharply. We assume these disruptions will continue to ease, leading to a downward pressure on inflation after 2025.

Geopolitical developments like the Israel-Gaza war risk causing potential disruption to oil production or transportation routes. Similarly, the Red Sea crisis risks causing potential disruption to shipping through the Red Sea maritime trade routes. Furthermore, trade wars can lead to trade disputes, tariffs, and other protectionist measures, further disrupting supply chains. Given the uncertainty around these developments, we do not impose additional assumptions in our forecast about the future implications of these events.

<sup>9</sup> [Consumer price inflation, UK - Office for National Statistics](#)

<sup>10</sup> [Welcome fall in the price cap but high debt levels remain | Ofgem](#)

<sup>11</sup> In February 2024, the Bank of England (BoE) forecasted inflation will reach 3.7% in 2024Q1, falling to 3.0% in 2025Q1, and 2.3% in 2026Q1.

See Table 1.A in: [Monetary Policy Report - February 2024 | Bank of England](#)

<sup>12</sup> [Quarterly Economic Survey - British Chambers of Commerce](#)

<sup>13</sup> [Monetary Policy Report - February 2024 | Bank of England](#)

## **Government investment and spending assumptions**

The short-term public finances has improved because of higher income tax revenue as a result of nominal wage growth, despite slower economic growth and higher interest payables on central government debt. Following the Office for Budget Responsibility's (OBR) published budget, government spending in 2024 is expected to increase, before slowing down in 2025.<sup>14</sup>

## **Brexit assumptions**

The forecast focussed primarily on the macroeconomic effects of Brexit on exports and imports, migration and investment.

### **Exports and imports**

UK trade with the EU is expected to decline in the long term, with the largest impacts expected in trade in services. A large proportion of the decrease in total long-run exports of goods is expected to have happened in 2021 (immediately following the end of the transition period on 31 December 2020). The new customs formalities and customs checks are expected to have initially reduced exports in goods after the transition period, but the impacts on goods exports is expected to stabilise in the medium-term. Trade in services, however, is expected to continue to decline in the longer-term. Our historical data, which the forecasts are based on, includes the ONS UK historical trade data published in 2023, which already accounts for these effects. Thus, we do not impose further short-term assumptions on UK exports.

In addition, we have included assumptions on the potential effect of the future trade deals with non-EU countries, such as the US, Australia, Canada and New Zealand. We take a moderate view that is aligned with the potential impact of the UK-US free trade agreement modelled by the Department for International Trade (no agreements as of December 2022).<sup>15,16</sup> We assume that UK exports to the US, Australia, Canada and New Zealand will increase in the long-run (relative to a counterfactual in which the UK had remained in the EU). The implicit assumption is that the UK will form trade arrangements with non-EU countries similar to those it achieved through EU membership.

The net effect of these assumptions is a slowdown in the growth of total UK exports in the long-run. Effects on imports are forecasted implicitly within the model framework and we do not impose further assumptions on imports.

### **Migration**

Net migration with the EU fell sharply in the period between the Brexit referendum in June 2016 and the start of the COVID-19 pandemic in early 2020, while non-EU net migration increased.<sup>17</sup> After Brexit, many EU citizens previously residing in the UK relocated to the EU.

UK net migration was around 345,000 in 2016 and dropped to under 235,000 in 2017, the first year after the Brexit referendum. The average annual net migration between 2018 and 2021 was just above 250,000. However, ONS reported that total net migration was just over 672,000 in the year ending June 2023, a much higher level than expected. The large

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<sup>14</sup> [Economic and fiscal outlook – November 2023 - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/economic-and-fiscal-outlook-november-2023/)

<sup>15</sup> <https://www.gov.uk/government/publications/the-uks-approach-to-trade-negotiations-with-the-us>

<sup>16</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-9314/>

<sup>17</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/>

increase in net migration over this period can in part be attributed to higher in-migration from those arriving via humanitarian routes (including Ukrainian and British National Overseas schemes), as well as an increase in non-EU students and workers.<sup>18</sup>

The ONS 2021-based interim population projections (international migration variant) published in January 2023 projected long-term annual net migration would be 245,000. This was revised up to annual net migration reaching 315,000 in the updated ONS projections published in January 2024.<sup>19</sup> Given that the recent net migration figures have been volatile, we assume UK annual net migration will be 280,000 from 2026 onwards (the midpoint between the two ONS projections). The increase in population from net migration is distributed across the regions of the UK based on regional population shares in the projection years.

### **Investment**

Post-referendum uncertainty about the future of the UK-EU relationship depressed investment. While the new agreement clarifies the current relationship, our expectation is that reductions in UK-EU trade will outweigh any gains made through other trade agreements (as above). Combined with continued uncertainty about the speed of any future regulatory divergence, UK investment post-Brexit is likely to be lower than it might otherwise have been (viewed in isolation of the impact of COVID-19).

The latest national accounts include data on private sector investment in the post-Brexit period, which are used as input variables in the forecast. We therefore no longer make explicit assumptions about the effect of Brexit on private investment.

## **COVID-19 assumptions**

The long-term impacts of COVID-19 on productivity and education have been considered.

### **Labour force and Productivity**

As of March 2023, ONS estimated 1.9 million people are living with long COVID conditions.<sup>20</sup> This condition is most prevalent in people aged 35 to 69 years and is expected to have negative impacts on the labour force. Research by the Institute for Fiscal Studies (IFS) shows current levels of long COVID could be causing 110,000 workers to be missing from the labour market, costing the country £1.5 billion per year.<sup>21</sup> Given that there is limited evidence on how severe and permanent the health scarring could be, however, we do not make any explicit assumptions on the impact of long COVID on the labour force in this forecast.

### **Education and remote learning**

School closures and remote education during the COVID-19 pandemic could have led to long-term impacts on human capital and productivity.<sup>22</sup> Based on a study by McKinsey, the change in education provision during the pandemic for the current student cohort could lower

<sup>18</sup> [Long-term international migration, provisional - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/people-population/migration-and-immigration/articles/long-term-international-migration-provisional)

<sup>19</sup> [National population projections - Office for National Statistics](https://ons.gov.uk/people-population/projections/articles/national-population-projections)

<sup>20</sup> [Prevalence of ongoing symptoms following coronavirus \(COVID-19\) infection in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/people-population/health-and-life-expectancy/articles/prevalence-of-ongoing-symptoms-following-coronavirus-covid-19-infection-in-the-uk)

<sup>21</sup> <https://ifs.org.uk/publications/long-covid-and-labour-market>

<sup>22</sup> <https://blogs.lse.ac.uk/covid19/2022/05/16/what-do-we-know-so-far-about-the-effect-of-school-closures-on-educational-inequality/>



their lifetime earnings by approximately 3%.<sup>23</sup> Similarly, findings from an OCED report forecast that current students will suffer a 2.5%-4% loss in income across their entire career, due to the learning time lost from school closures for a third of a school year.<sup>24</sup> However, due to the lack of conclusive evidence on the long-term impact, we do not impose additional assumptions on employee earnings.

## Other macroeconomic considerations

As with the previous forecast, we considered the long-term impact on the economy of the UK's trend towards automation and a green transition. There were no significant updates to these trends since the last forecast update, and we do not impose further explicit assumptions about the impacts of automation and a green transition.

### Automation

The advent of new technologies that can automate work and improve productivity of firms will affect the economy and labour market over the next 25 years. Automation and technologies that enable it, such as artificial intelligence (AI), have the potential to both eliminate existing jobs (as has been observed, for example, within manufacturing sectors in recent decades), and create new jobs that previously would not have been needed. Automation also has the potential to improve the productivity of sectors by producing output faster than human labour, especially when the labour input is manual, rules-based, or repetitive.

Given the uncertainty around the future impacts of automation and any policies or regulations the UK government will enact as a response, we do not make any explicit assumptions in the forecast relating to this topic. The forecast does, however, capture a continuation of recent historical trends and patterns of behaviour. Therefore, there is an implicit assumption that automation continues to take place at the current pace, but we do not impose an evolutionary transformation above that experienced in recent trends.

### Green transition

The UK has a published strategy for its path to reach net zero carbon emissions by 2050.<sup>25</sup> This strategy includes both firm investment commitments and aspirational or goal-based targets that have not yet been budgeted for or implemented.

We did not impose any explicit assumptions about the UK's green transition, as the current level of investment is too small to affect the macroeconomic outlook.

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<sup>23</sup> <https://www.mckinsey.com/industries/education/our-insights/covid-19-and-education-the-lingering-effects-of-unfinished-learning>

<sup>24</sup> <https://www.oecd.org/education/The-economic-impacts-of-coronavirus-covid-19-learning-losses.pdf>

<sup>25</sup> <https://www.gov.uk/government/publications/net-zero-strategy>

## **Appendix 2 Experian Assumptions**

# Data Guide

UK Regional Planning Service  
March 2024



Our main subscription website:

<https://www.experian.co.uk/business/business-information/market-intelligence/economic-services/>



# Data Guide

UK Regional Planning Service  
March 2024

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# Executive summary

This document outlines the current variable coverage in the March 2024 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

[Appendix A](#) includes a glossary of terms.

[Appendix B](#) includes our definitions of the sectors.

[Appendix C](#) has the geography definitions.

[Appendix D](#) contains the most common Frequently Asked Questions

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# 1 Variable Coverage

To avoid implying spurious accuracy, we now round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be volatile when growth rates are considered. We therefore recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

**Figure 1.1: Variable coverage in the RPS**

- ✓ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
<b>PRODUCTION</b>			
Gross Domestic Product (GDP)	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added (GVA)	✓	✓	✓
GVA by sectors	✓	✓	✓
<b>LABOUR MARKET</b>			
Employees by sector	✓	✓	✓
Self-employed by sector	✓	✓	✓
Government Trainees by sector	xls	xls	Upon request
Her Majesties Forces Total	xls	xls	Upon request
FTE Employment by sector	✓	✓	✓
Total ILO Employment – Residence based & Workplace based	✓	✓	✓
ILO Unemployment	✓	✓	✓
Unemployment rate	✓	✓	✓
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
<b>DEMOGRAPHICS</b>			
Population: Total, Adult (16+)	✓	✓	✓
Age bands: 0-15, State Working age, State retirement 16-64, 65+	✓	✓	✓
Population by single- or 5-year age band	Upon request	Upon request	Upon request
<b>HOUSEHOLDS</b>			
Nominal disposable Income	✓	✓	✓
Real disposable income	✓	✓	✓
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	✓	✓	✓
Real consumer spending	✓	✓	✓
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	✓	✓	
House price Index	✓	✓	Upon request
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data is no longer available due to the shift to Universal Credit.

## 2 Historical Endpoints

Figure 1.2: Last historic data point

Variable	UK*	Region	County & Local Authority
Gross Value Added	2023q3	2021q4	2021q4
GVA by sectors	2023q3	2021q4	2021q4
Labour market variables	2023q3	2023q3	All 2022q4 except ILO 2023q3
Income	2023q3	2021q4	2021q4
Consumer spending	2023q3	2022q4	2021q4

The historical endpoint represents the last time-period for which we apply our processes to collect, calculate or derive data, details of which can be found in Chapter 3: Methodology. All time-periods that are in the past but follow the historical endpoint are Experian Economics' estimates.

We have not used any regional data published after July 2023 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

### **Population**

The population data provided are the Office for National Statistics (ONS) 2019 mid-year estimates for 1997-2019. For England, Scotland, and Wales, the 2018-based national and sub-national population projections are used. Further information on population changes is available in [section 4](#).

### **UK forecast**

This forecast is consistent with an Experian Economics' March 2024 macroeconomic forecast. We explore this further in [section 4](#).

# 3 Methodology

## 3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

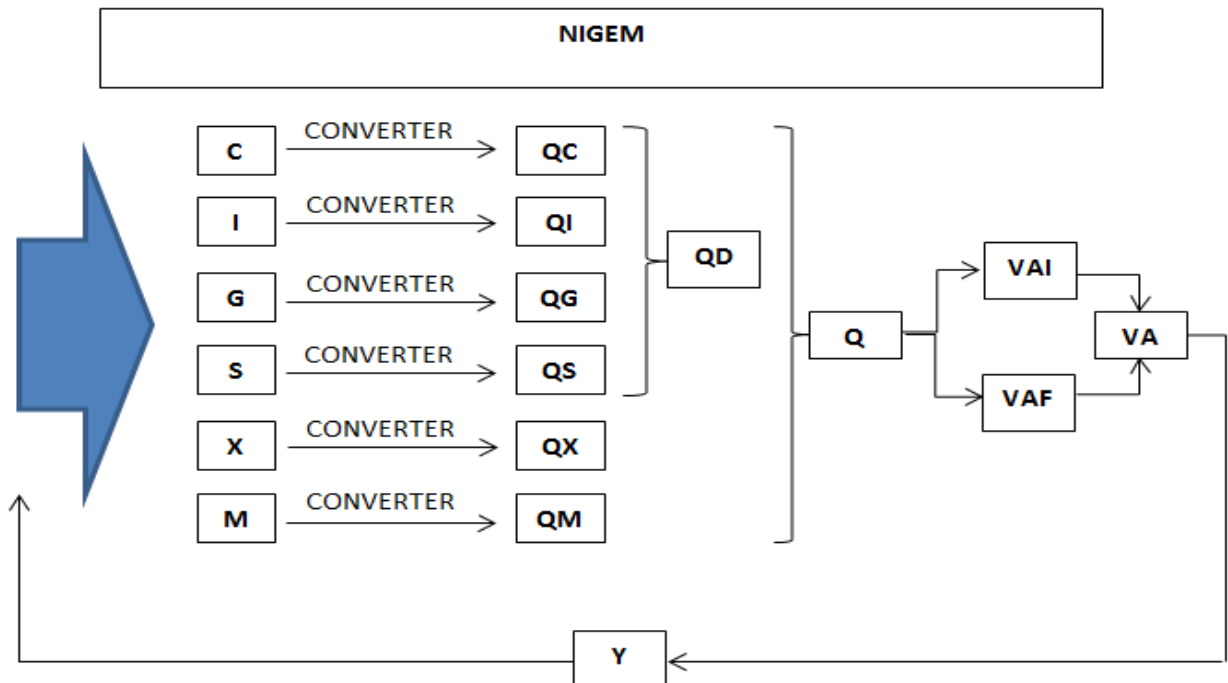
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NiGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using converters derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI), and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained to forecast total GVA from NiGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).





## 3.2 Regional Methodology

### 3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's ONS. Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data, ensuring that it constrains to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.<sup>1</sup> In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These annual surveys are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the sections from the surveys.
- The current release uses the October 2023 BRES, which provides data up to 2022. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities. There are revisions in the latest BRES data both at the regional and local level. More noticeable changes are seen at the local level, please see the local methodology for more details.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.<sup>2</sup> We also use, for this purpose, compensation of employee data from the regional accounts.

Previously, regional gross value-added data (GVA), was only measured on an income basis and published annually in current prices. As of March 2020, we included the ONS balanced estimate of GVA,

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<sup>1</sup> The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.

<sup>2</sup> We do not routinely publish sector level wage forecasts; however, it is available on request.

a new measure derived by balancing the income and production approaches to calculating GVA. The data is published in greater detail than the previous income-based estimates - which were only published at a section level - and so map more directly to Experian's 38 sectors.

Historical data for UK GDP and GVA in the current release are consistent with the October 2023 Blue Book release. There has been no change in the base year and data remains in 2019 prices.

The raw GVA data user for the current round was released by the ONS in April 2023, based on 2019 prices and data up to 2021. This release is not consistent with the latest Blue Book (released October 2023). In order to minimise inconsistencies, we have adjusted the regional data internally to make it more aligned with the latest UK series. Notable revisions compared to the earlier release are observed in sector level data, whereas aggregate values (totals) have been revised by a much smaller margin. For purposes of keeping data as close as possible to the original official source, the regional totals published with this round of the RPS are aligned to the UK total (consistent with the Blue Book) by making minimal corrections, while more extensive adjustments have been applied to the sector-level regional data. Key concepts we have considered while making the adjustments include the relations between the different territorial levels, implications of aggregations and measurements of the data series. Generally, the outcome provides regional profiles that better reflect latest UK GVA data as per the October 2023 Blue Book release.

The data is then made quarterly using workforce jobs data, before being aggregated to produce a regional total.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Previously official sources included income from Non-Profit Institutions Serving Households (NPISH) in the household income data due to lack of credible information to split these. Since March 2019, the ONS has improved their data accuracy by providing income data that is 'households' only, which we have used, thereby excluding NPISH from our income estimates.

Income sources are:

- compensation of employee - wages and salaries *plus* employers' social contributions
- self-employment income
- net property income - made up of property income received *less* income paid
- transfers from the state (i.e., benefits and pensions)
- other transfers

Income deductions are:

- taxes
- social contributions
- transfers to others

The sum of income sources *less* income deductions constitute disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator.

Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.

Sub-national population projections are obtained from the ONS, based on the 2018 sub-national projections for England, Scotland, and Wales. These are spliced onto the 2019 mid-year estimates and constrained to the latest national 2018-based projections.

Our working-age definition incorporates all announced future changes in the state pension age:

- The state pension age for women is rising from 60 to 65, equal with males. Both will then rise, in step, to 67 in our current forecast period.
- Female state retirement age began to increase from 60 in April 2012, reaching 65 by 2018q4.
- From April 2019, both men and women will see their state retirement age rise from 65 to 66, with men reaching 66 by April 2020, and women a few months later in October 2020.
- The move from 66 to 67 is scheduled from April 2026 until April 2028 for both men and women.

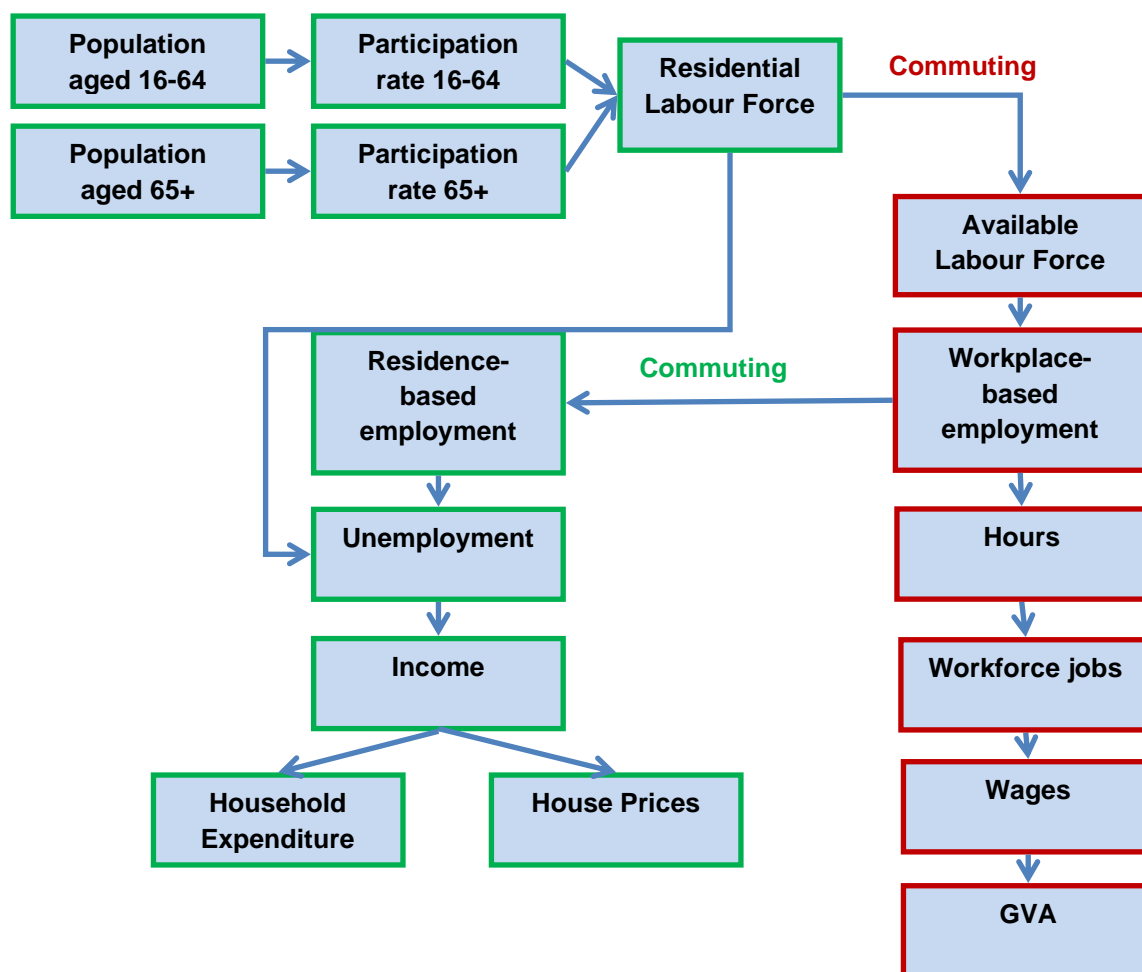
The 2013 Autumn Statement stated that the rise in state pension age to 68 would be moved forward from 2046 to the mid-2030's. However, with no firm date, we have not yet incorporated this into our working age and state retirement age definitions.

Under the current law, the State Pension age is due to increase to 68 between 2044 and 2046. Following a recent review, however, the government announced plans to bring this timetable forward. The State Pension age is now set to increase to 68 between 2037 and 2039. The policy change was announced as of July 2017.

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

### 3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (**red outlined boxes**) or residence-based (**green-outlined boxes**.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to remain relatively stable throughout the forecasting period. However, the rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise sharply over the next twenty years. There is, however, considerable variation at the regional level. Greater London – the youngest region in the UK – is projected to have a stable share. These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

**Workers Resident in the Region – Workers Commuting Out + Workers Commuting In**

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

**Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere**

From this point, residence and workplace-based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.

The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.

Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:



In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

## 3.3 Local Methodology

### 3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at [3.2.1](#). However, data at the local level is more likely to be incomplete<sup>1</sup> or inconsistent<sup>2</sup> than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level

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<sup>1</sup> For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g., if there are only one or two firms in a certain industry in a particular locality.)

<sup>2</sup> In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile<sup>1</sup>. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data<sup>2</sup>. These data are obtained directly from NOMIS and then constrained to the national numbers.

In September 2015, we re-visited the relationship between local workforce jobs and workplace-based employment. The local workforce jobs (which make use of BRES shares) was benchmarked to the ILO workplace-based employment which itself has first been benchmarked to the Census 2011 point with the pattern in years either side preserved.

As with the regional level, there are revisions in the latest BRES data at the local level. Additional changes are due to the changes in local boundaries. More specifically, there are larger revisions in Dacorum and Watford for the "employment activities" industry, which has persisted for two consecutive years. The change has been confirmed by NOMIS.

As with regional GVA, the availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level. As of March 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices.

The local level GVA data that was used in the current run was released by the ONS in April 2023, based on 2019 prices, including data up to 2021. Analogical to the regional GVA data, as the release is not consistent with the latest Blue Book (October 2023), we have applied an internal adjustment that aligns the local level data with the latest UK and the adjusted regional data.

The level of industrial detail of the data varies across sub-regional geographical levels. NUTS2 data has the greatest level of industry disaggregation with a full breakdown of SIC sections. With each subsequent geographic level, the degree of disaggregation in the official data decreases. To provide local area forecasts at the 38-sector level, the data was fully disaggregated at each geographical level.

In the case of NUTS3 current prices, the data is disaggregated using the industry shares in the corresponding NUTS2 and then constrained to that parent region. For local authorities that do not constitute fully a NUTS3, disaggregation takes place using local authority workforce jobs data at the industry level.

The latest data series might exhibit greater changes at the industry levels compared to previous releases due to the change in the local boundary structure effective as of April 2023 and the specifics of the disaggregation process.

In the case of Chain Volume Measure (CVM) GVA; where data is needed to be further disaggregated, implied deflators of the parent geography - NUTS2 in the case of a NUTS3 and NUTS3 in the case of a local authority - are used to deflate the nominal estimates. Due to excessive volatility in the raw GVA

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<sup>1</sup> The volatility represents sampling variability rather than actual volatility in the population data.

<sup>2</sup> In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

data, it is necessary to smooth the local authority estimates and constrain to the parent region. In some cases, this led to some magnitude of difference from the published ONS figures.

The inclusion of these new official statistics has led to noticeable historical revisions across the 38 sector forecasts, however, as is the case at the regional level, the data now provides a more accurate measure of historical activity in each local authority.

No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

Since June 2016, we have applied a moving average procedure to smooth the Annual Population Survey data which has resulted in revisions to our historical data.

We have not used any local data published after February 2024 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

### 3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour, and it takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
  - Labour supply growth becomes relatively more important
  - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also
  - Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
  - Its historic share of incoming workers across the regional boundary.
- An area's residence-based employment growth depends on demand for labour not only in the area but also
  - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
  - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth<sup>1</sup> in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.

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<sup>1</sup> Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

The supply and demand for labour is then resolved in the following way:

- Total demand<sup>1</sup> for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
  - The remaining demand for labour for a local area (*inflow*)
  - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
  - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
  - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
  - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
  - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
    - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
    - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
  - The unemployment rate, accordingly, behaves as expected.
- The satisfied residence supply for labour is converted back into workplace demands and workplace-based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all demand satisfied if there is insufficient labour supply available to meet those needs. Job growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence-based employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

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<sup>1</sup> i.e. all industries and job types aggregated.



## 4 Key changes since December 2023 RPS

### 4.1 UK Economy

The March 2024 RPS forecast is consistent with the Experian March 2024 UK macro forecast, these projections reflect our central forecasts, which assumes that the Russia-Ukraine conflict continues and that no further sanctions are imposed on Russia or elsewhere. Moreover, In February consumer Price Index (CPI) inflation eased from 4% in the 12-months to January 2024 to 3.4% in February, in line with our prior forecasts. Moreover, annual goods inflation fell by 0.7 percentage points to 1.1%, with Food and non-alcoholic beverages inflation easing for a twelfth consecutive month, from 6.9% in January to 5%. Meanwhile services inflation eased by 0.4 percentage points to 6.1%, alleviating somewhat concerns regarding the persistence of wage cost pressures. Easing inflation and real terms increases in total pay (5.6% in the year to November 23 – January 2024) appear to be supporting an improvement in consumer confidence.

The GfK consumer confidence index has trended up from a low of –49 in September 2022, to the most recent reading of –21 in March this year, although this represents a two point fall relative to the local peak of –19 registered in January. The improved personal finance measure (next 12 months) at +2 in March is particularly encouraging because it's the first positive and the highest score since December 2021. Business confidence is also strengthening. In March, the Flash PMI registered a fifth consecutive reading above 50 (50.0 is indicative of an expanding economy), at 52.9. The positive reading was driven by services (53.4) though the manufacturing PMI has also been trending up in recent months, hitting a 20-month high of 49.9. The slightly less timely construction PMI is also close to turning positive, marking 49.7 in February, the highest reading since August 2023.

Looking forward, inflation is expected to continue easing, falling to below 2% in April and coinciding with a lower Ofgem energy price cap. As such real income continues to grow, buoyed by the 2p cut to national insurance contributions from April, though constrained over the coming five years by income tax band freezes. A gradual loosening in monetary policy from June provides a further boost to household budgets and consumer spending strengthens through the year. The unemployment rate rises slightly as prior interest rate rises weigh on firm profitability, though remains extremely low by historic standards.

On balance the month-on-month increase in GDP in January (0.2%) turns into a mild recovery which strengthens through 2024. We expect output to grow by a muted 0.4% this year relative to 2023, though the annual growth would be stronger if not for unfavourable base effects linked to the decline in GDP and subsequent recession in 2023H2.

*For more details on our alternative scenarios, please contact us.*

#### 4.1.1 UK history

Since our March 2022 release, ONS have expanded their Supply and Use Tables (SUT) framework to current prices and previous year's prices. This not only reflects a wider range of annual surveys and administrative information for which estimates are based on, but also records the correct concept of GVA rather than turnover as a proxy indicator. At the industry level, the current price and volume relationship is now preserved, enabling new double deflated annual GVA volume estimates. There has been a modest revision to overall current price and volume GDP however, there are larger revisions at the industry level such as stronger volume growth in the manufacturing sector. The telecommunication services deflator has also improved, resulting in higher gross value-added volume growth.

For more details on these changes, please see the [Impact of Blue Book 2021 changes on current price and volume estimates of gross domestic product](#) release by the ONS.

## 4.1.2 UK outlook<sup>1</sup>

The UK economy fell into a mild technical recession after two consecutive quarters of contraction in 2023Q3 (-0.1%) and 2023Q4 (-0.3%). However, inflation is dropping back swiftly, incomes in real terms are growing and business sentiment has turned more positive. Against this backdrop the 0.2% month-on-month increase in GDP during January is expected to turn into a more sustained, albeit gradual recovery, supported by an expected easing in monetary policy.

In February consumer Price Index (CPI) inflation eased from 4% in the 12- months to January 2024 to 3.4% in February, in line with our prior forecasts. Moreover, annual goods inflation fell by 0.7 percentage points to 1.1%, with Food and non-alcoholic beverages inflation easing for a twelfth consecutive month, from 6.9% in January to 5%. Meanwhile services inflation eased by 0.4 percentage points to 6.1%, alleviating somewhat concerns regarding the persistence of wage cost pressures.

Easing inflation and real terms increases in total pay (5.6% in the year to November 23 – January 2024) appear to be supporting an improvement in consumer confidence. The GfK consumer confidence index has trended up from a low of -49 in September 2022, to the most recent reading of -21 in March this year, although this represents a two point fall relative to the local peak of -19 registered in January. The improved personal finance measure (next 12 months) at +2 in March is particularly encouraging because it's the first positive and the highest score since December 2021.

Business confidence is also strengthening. In March, the Flash PMI registered a fifth consecutive reading above 50 (50.0 is indicative of an expanding economy), at 52.9. The positive reading was driven by services (53.4) though the manufacturing PMI has also been trending up in recent months, hitting a 20-month high of 49.9. The slightly less timely construction PMI is also close to turning positive, marking 49.7 in February, the highest reading since August 2023.

Looking forward, inflation is expected to continue easing, falling to below 2% in April and coinciding with a lower Ofgem energy price cap. As such real income continues to grow, buoyed by the 2p cut to national insurance contributions from April, though constrained over the coming five years by income tax band freezes. A gradual loosening in monetary policy from June provides a further boost to household budgets and consumer spending strengthens through the year. The unemployment rate rises slightly as prior interest rate rises weigh on firm profitability, though remains extremely low by historic standards.

On balance the month-on-month increase in GDP in January (0.2%) turns into a mild recovery which strengthens through 2024. We expect output to grow by a muted 0.4% this year relative to 2023, though the annual growth would be stronger if not for unfavourable base effects linked to the decline in GDP and subsequent recession in 2023H2.

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<sup>1</sup> From our latest Macro Report March 2024.

### 4.1.3 UK forecast

The following UK forecasts are from Experian March 2024, consistent with the regional forecast.

*March 2024 RPS forecast (2019 prices). Previous forecast, December 2023 RPS (2019 prices) in brackets.*

UK	2019	2020	2021	2022	2023	2024	2025-2029	2030-2043
GDP growth	1.6% (1.6%)	-10.4% (-10.4%)	8.7% (8.7%)	4.3% (4.3%)	0.1% (0.5%)	0.4% (0.1%)	1.7% (1.6%)	1.8% (1.7%)
Workforce Jobs growth	1.5% (1.5%)	-1.6% (-1.6%)	0.4% (0.5%)	2.5% (2.7%)	2.0% (1.5%)	-0.1% (-0.3%)	0.6% (0.7%)	0.6% (0.5%)
Unemployment rate	3.8% (3.8%)	4.6% (4.6%)	4.5% (4.5%)	3.7% (3.7%)	4.1% (4.1%)	4.5% (4.5%)	4.2% (4.3%)	4.0% (4%)
Real Income growth	2.0% (2%)	-0.3% (-0.3%)	1.2% (1.2%)	-1.7% (-1.9%)	2.3% (1.5%)	1.4% (0.2%)	1.8% (1.7%)	2.0% (2%)
Spending Volumes growth	1.1% (1.1%)	-13.2% (-13.2%)	7.4% (7.4%)	5.0% (5.2%)	0.4% (0.4%)	0.5% (0.1%)	1.8% (1.7%)	1.8% (1.8%)
House price growth	0.9% (0.9%)	2.8% (2.8%)	8.8% (8.8%)	10.3% (10.3%)	0.4% (0.9%)	-0.7% (-3.7%)	3.5% (3.5%)	4.0% (4%)

Data from the Office for National Statistics (ONS) further reinforces our view that the UK is no longer in a technical recession. UK GDP is estimated to have risen by 0.1% in February following a further 0.3% growth in January that had been revised up from 0.2%.

The production sector was the primary driver behind the growth in February, rising by 1.1%, following a revised 0.3% fall in January. All production subsectors, with the exception of mining and quarrying, contributed to the rise, with manufacturing in particular noting a 1.2% increase on the month corresponding to its improved PMI performance. The service sector also contributed with a 0.1% rise following a 2.6% increase in its transportation and storage sector.

However, the construction sector somewhat offset the overall growth in GDP with a 1.9% fall, with output across eight of its nine subsectors declining as economic headwinds and winter conditions continue to delay planning work.

Following the mild technical recession in the second half of 2023, 2024 has experienced a more optimistic start. The two consecutive months of GDP growth points towards the UK economy no longer being in recession while inflation continues to ease, and business and consumer sentiment follows an upwards trajectory. Furthermore, unemployment remains low, and nominal pay growth is on the rise, signifying that some confidence can be placed in the economy.

However, our forecasts predict that GDP will only grow by 0.4% in 2024, as domestic economic constraints and geopolitical conflicts continue to jeopardise this growth. According to the ONS, around half of UK businesses recognise the current conflict in the Middle East to be the main cause of global supply chain disruption as a shock to global oil prices would drive up domestic inflation if there were any further escalation of the conflict.

The latest UK labour market data published showed a further cooling in the job market. The UK unemployment rate (aged 16-64) rose by 0.3pp in the three months to December – February 2024, though remains low by historic standards at 4.2%. In addition, the UK inactivity rate (aged 16-64) jumped by 0.3pp on the quarter to 22.2%, its highest level since July 2015, and 1.7pp above the pre-pandemic level.

Concurrently the UK employment rate (those aged 16 to 64 years) slipped back to 74.5%. This marks a decline on both a quarterly (-0.5pp) and annual (-0.8pp) basis, and the shortfall relative to before the pandemic has risen to 1.7pp

The ONS continues to emphasise that caution should be exhibited when interpreting movements in the latest unemployment rate data given the reduced Labour Force Survey (LFS) sample size. The movement in the latest unemployment rate is more consistent with the trend seen in the 'Experimental' labour market data published by the ONS in January, which was based on PAYE and Claimant Count information.

The latest labour market release also showed that the number of job vacancies, an indicator unaffected by the LFS data issues, continued to drop back in the first quarter of the year (by 204,000 compared to a year prior) towards more typical levels (916,000), following its peak in May 2022. This is 120,000 above the pre-pandemic level, though the downward trend is expected to continue in the short-term as businesses take a cautious approach to hiring given tough economic conditions.

Given the loosening in the labour market, UK pay growth slowed slightly, though was stronger than expected. In the three months to February regular (excluding bonuses) and total (including bonuses) earnings rose by 6.0% and 5.6% respectively in nominal terms but rose by 1.6% and 1.9% in real terms (after adjusting for inflation). Nominal pay increases are expected to slow further in the coming months, however with inflation also anticipated to ease, real incomes should continue to grow.

Overall, the less pronounced easing of inflationary pressures in April coupled with the strong year-on-year pay growth contributes to concerns surrounding persistent services inflation. Correspondingly, market expectations for rate cuts this year have been trimmed to less than 0.5 basis points. Headwinds linked to conflict in Ukraine and the Middle East and the implications for global commodity prices further cloud the outlook.

Consumer Price Index (CPI) inflation eased to 3.2% in March, from 3.4% in February. Annual goods inflation fell by 0.3pp, to 0.8%, while service inflation dropped by 0.1pp, but remains stubbornly high at 6%.

More than half of the overall CPI 12-month rate increase came from restaurants & hotels (0.82pp), recreation & culture (0.73pp), food & non-alcoholic beverages (0.48pp) and alcoholic beverages and tobacco (0.48).

Food and non-alcoholic beverage inflation eased for a thirteenth consecutive month, with growth reducing from 5% in February to 4% in March, helped by a reduction in fish, 'milk, cheese & eggs', and meat prices.

Transport prices rose by 0.6% month-on-month. This was driven by a 1.8% increase in the price of fuels & lubricants, with the oil price being at the highest level since October 2023 due to OPEC+ continuing their supply cuts and rising geo-political tensions in the Middle East. So far in April, petrol prices have risen further, by roughly 2%.

On a monthly basis, prices increased by 0.6% in March. This was underpinned by an expansion in the price for restaurants & hotels (+0.15pp), recreation and culture (+0.13pp), transport (+0.09pp) and communication (+0.04).

In April we expect a substantial easing in inflation to 2.1% with a reduction in the OFGEM energy price cap from £1,924 to £1,690, more than offsetting the upward impact from increased costs for broadband and fuel. This will provide a further boost to real incomes which have been growing since the middle of last year, following a period of downturn.

public sector finances report showed that public sector net borrowing excluding public sector banks was £8.4bn in February 2024, £3.4bn less than in February 2023. This took borrowing in the financial year-to-February 2024 to £106.8bn, £4.6bn less than in the same eleven-month period a year ago, and the lowest for four years in nominal terms.

Despite needing to borrow, the government saw higher income in February 2024 than in the same month a year earlier. Central government's receipts were £86.4bn, £7.2bn more than in February 2023. Of this rise, central government tax receipts increased by £6.3bn to £65.9bn, with increases in income tax, corporation tax and value added tax (VAT) receipts of £3.5bn, £1.9bn and, £0.6bn, respectively. Frozen tax thresholds for income tax, among others, and the rise in corporation tax in April 2023 have naturally resulted in higher incomes for the government.

Costs have also risen over the past year, though by less than tax receipts. Central government's total expenditure was £89.6bn in February 2024, £2.9bn more than a year earlier. Net social benefits paid by central government increased by £5.9bn to £25bn, largely due to the inflation-linked benefits uprating and around £2bn in cost-of-living payments. Overall, public sector net debt was £2,659.4bn by the end of February 2024 and was provisionally estimated to be around 97.1% of the UK's annual GDP.

The total trade in goods and services deficit widened by £2.2bn to £13.8bn in the three months to January 2024. However, it has been relatively stable since 2023Q1 and the total trade deficit has still declined compared to the recent peak in 2022Q1 when it stood at £26.2bn.

In January 2024, the value of goods imports saw an increase of £0.9 billion (2.0%), attributed to a rise in imports of fuels from both EU and non-EU countries. However, goods exports decrease slightly, with a £0.1 billion (0.5%) drop, primarily driven by a fall in exports to non-EU countries, partially offset by a rise in exports to the EU.

Examining goods trade by commodity, imports from both the EU and non-EU countries increased, particularly in fuels and material manufactures. While the import of machinery and transport equipment only saw declines in EU countries. Meanwhile, services trade experienced a £0.1 billion increase in both imports and exports. Although price rises have affected trade in services in recent months, the value of trade in services remains above pre-pandemic levels. In the three months leading to January 2024, total imports decreased by £4.0 billion (1.8%), while goods and services exports fell by £6.3 billion (3.0%).

The decline in manufacturing production continues to negatively influence goods trade, with an ongoing increase to freight costs and workforce levels at their lowest since the pandemic period, it is likely this will continue in the short term. However, the resilience in services trade, coupled with adjustments for inflation, indicates a degree of economic stability.

#### *4.1.3.1 Upside Risks*

**Sanctions lift:** The possible lifting of curbs upon Russian gas and oil exports to Europe remains the most significant upside risk to the forecast. This would support a quicker fall in inflation to the Bank of England's 2% target and diminish cost-of-living pressures on households.

**Post-general election certainty:** Though a 2024 general election will create business uncertainty in the run-up, a decisive result may lead to a boost in demand in 2025 and beyond, due to more policy certainty.

**Labour force:** 'Back to work' policies announced in last year's Spring Budget and Autumn Statement could see the labour force grow more quickly than projected, buoying growth in the medium to long term. The additional 2p cut to National Insurance contributions could also encourage some people back into

work. On balance, however, for most households the net impact of income tax band freezes more than offsets the uplift from this cut and the 2p cut that came into effect in January.

**Savings rates:** Consumer demand has been relatively resilient against a backdrop of high inflation. Lower precautionary saving than projected could see continued outperformance.

**Easing inflationary pressures:** With March's inflation figure falling to 3.9%, the overall downward trend in services inflation is good news for businesses. Also, as wage inflation softens, further declines are expected. A swift pass through to consumer prices could see inflation ease back to the Bank of England's 2% target sooner than projected.

#### 4.1.3.2 Downside Risks

**Gas prices:** Though European gas prices have fallen in recent weeks, cold weather in winter and stronger demand globally could see prices rise. This would add to inflationary pressures in the UK and hurt consumer spending.

**Middle East escalation:** The conflict in the Middle East is yet to prompt a significant revision to our base case economic forecast. The key risk we envisage is that one or several major oil producing nations cut oil supply as a political reaction to the conflict. A wider conflict could also disrupt global supply chains. Additionally, the impact of the crisis in the Red Sea could drive up operating costs for businesses due to longer delivery times and delaying logistical plans as ships are rerouted to go around Africa. All outcomes would result in increased inflation.

**Job security concerns:** Consumers may choose to build up savings if they become more concerned around job security as unemployment increases, which would drive demand down.

**Chinese economy:** If recent weakness turns into a sustained period of slower growth, this will weigh on the global and UK economies.

**House Prices:** Average UK house prices are estimated to have decreased by 0.6% in the 12 months to January 2024 according to the ONS. A more significant fall could lead to a knock to consumer confidence and spending, which would reduce overall demand in the economy.

## 4.2 Regional Forecast

In addition to changes in the UK history, which our regional data is constrained to, changes in the regional history can be traced back to the latest quarterly data (December 2023 RPS endpoint in brackets):

- Regional Workforce Jobs 2023 Q3 (2023 Q2)
- ILO Data for 2023 Q3 (2023 Q2)
- Business Register and Employment Survey (BRES) 2022 (2021)
- Annual Survey of Hours and Earnings (ASHE) 2023 (2022)

Also note that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

March 2024 RPS forecast. Previous forecast (December 2023 RPS) in brackets.

Regional forecast	SW	SE	GL	ET	EM	WM	NW	NE	YH	SC	WA	NI
<b>2024-43</b>												
GVA growth	1.6% (1.6%)	1.8% (1.8%)	2.1% (2%)	1.7% (1.7%)	1.5% (1.5%)	1.5% (1.4%)	1.4% (1.3%)	1.2% (1.1%)	1.4% (1.3%)	1.3% (1.2%)	1.3% (1.2%)	1.2% (1.1%)
Workforce Jobs growth	0.6% (0.6%)	0.7% (0.8%)	1.0% (1%)	0.6% (0.6%)	0.5% (0.5%)	0.3% (0.3%)	0.3% (0.3%)	0.3% (0.3%)	0.3% (0.3%)	0.1% (0.2%)	0.2% (0.2%)	0.2% (0.2%)
Unemployment rate	3.0% (3.1%)	3.3% (3.3%)	5.1% (5.1%)	3.5% (3.5%)	4.1% (3.9%)	4.7% (4.7%)	4.7% (4.7%)	5.4% (5.5%)	4.2% (4.3%)	3.9% (3.7%)	3.9% (3.9%)	3.7% (3.7%)
Real income growth	1.7% (1.7%)	2.2% (2.1%)	2.3% (2.2%)	2.2% (2.2%)	1.7% (1.6%)	1.6% (1.5%)	1.6% (1.5%)	1.2% (1.1%)	1.6% (1.5%)	1.6% (1.5%)	1.5% (1.4%)	1.7% (1.7%)
Spending volumes growth	1.4% (1.3%)	1.9% (1.9%)	2.4% (2.4%)	1.8% (1.7%)	1.5% (1.5%)	1.5% (1.5%)	1.6% (1.5%)	1.2% (1.1%)	1.5% (1.4%)	1.3% (1.3%)	1.2% (1.2%)	1.6% (1.5%)
House price growth	3.7% (3.5%)	4.1% (4%)	3.9% (3.7%)	3.7% (3.6%)	3.5% (3.4%)	3.3% (3.2%)	3.9% (3.7%)	3.4% (3.3%)	3.0% (2.9%)	3.6% (3.4%)	3.3% (3.2%)	3.4% (3.3%)

### 4.3 Local Forecast

In addition to revisions at the regional and the UK level to which our local data is constrained to, changes to the local history can be traced back to the following new quarterly data (December 2023 RPS endpoint in brackets):

- APS data for 2020 Q4 (2020 Q4)
- Business Register and Employment Survey (BRES) 2022 (2021)
- Annual Survey of Hours and Earnings (ASHE) 2023 (2022)

Also note, that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

For more information about how the history is constructed refer to section [3.2.1](#) for regions and section [3.3.1](#) for local authorities.

### 4.4 Population

Population forecasts for all locals, regions and nations have been updated to include published mid-year estimates between 2017-19, onto which the latest 2018-based population projections are spliced. The ONS have revised population projections downward in the mid-to-long run for all nations. Compared to 2016, the ONS now expects higher net international migration, women to have fewer children due to a fall in total fertility rates, and life expectancy not to increase as much as previously expected.

- The populations of all regions in England are projected to grow by mid-2029; regions in the north of England are projected to grow at a slower rate than those in the south.
- East Midlands is projected to be the fastest growing region; the North East is projected to have the slowest rate of growth.
- Nearly all local authorities are projected to grow by mid-2029; the populations of 43 local authorities are projected to fall.

- North West Leicestershire is projected to be the fastest growing local authority in England; its population is projected to grow by 15.1% between mid-2019 and mid-2029.
- The number of people in older age groups is projected to grow faster than those in younger age groups in all but one local authority, Coventry. By mid-2029, a total of 122 local authorities are projected to have a population where at least one-quarter of the population is aged 65 and over.
- Over the 10 years to mid-2029, London is the region with the fastest increase in population of those aged 65 and over; however, it remains the region with the lowest old age dependency ratio. The South West is projected to have the highest old age dependency ratio by mid-2029.



## 5 A note from the ONS on volatility

A change in methodology behind the ONS employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see [section 3](#) for more information on how we deal with volatility in the official data:

“A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article ‘Revisions to Workforce Jobs’ (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS’s standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.

Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been ‘rotated in’ to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES.”

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore, this volatility is reflected in output as well as employment. Please see [section 3](#) for more information on how we deal with volatility in the official data.

# Appendix A.... Glossary of terms

## Glossary of terms

**Gross Domestic Product (GDP)** Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
  - Expenditure by Households, NPISH and Government
  - Investment (Gross Fixed Capital Formation) by business and Government
  - Changes in Inventories and Acquisitions less disposals of valuables
  - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

**Gross Value Added (GVA)** GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
  - Compensation of Employees in the industry
  - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example, retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

**Current Price / Chain Volume Measure (CVM)** Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

**Productivity** A measure of efficiency calculated by estimating output per unit of input

**Workforce Jobs** A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.
- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

**Full Time Equivalent Employment:** Our definition is based on total hours worked and is as follows:

FTE = (HOURS) divided by (37.8\*13)

Here a constant yardstick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

**ILO Employment** The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

**ILO Unemployment** The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

**Labour Force / Economically Active** The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

**Economically Inactive** A person who is not economically active. The principal categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

**Claimant Count Unemployment** Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

**Extra Region** In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

**School Age Population** Population aged 0-15.

**Working Age Population** Population above the age of 15 but below the current state retirement age for their gender.

**Retirement Age Population** The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6<sup>th</sup> November 1953, on gender. At present, there is a phased equalisation in progress. After 6<sup>th</sup> November 2018, both men and women will retire at 65. This will rise to 66 between 6<sup>th</sup> March 2019 and 6<sup>th</sup> September 2020 and 67 between 6<sup>th</sup> April 2026 and 6<sup>th</sup> March 2027. Our forecasts take account of these changes to retirement legislation.

**Adult (16+) Population** Number of all people aged 16 and above.

**Household Consumer Spending** The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

**Household Disposable Income** Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

**Cost of living index** Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

**NUTS (Nomenclature of Territorial Units for Statistics)** A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.

# Appendix B...Sector definitions

## Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	

	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Transport Equipment	29 Manufacture of motor vehicles, trailers, and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	
	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam, and air conditioning supply	Utilities
	36 Water collection, treatment, and supply	
	37 Sewerage	
	38 Waste collection, treatment, and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the clean-up of contaminated buildings and sites, soil, surface, or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums, and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and recreation activities	

Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy, and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance, and pension funding, except compulsory social security	
Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific, and technical activities	
	75 Veterinary activities	
Administrative & Supportive Activities	77 Rental and leasing activities	
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for own use	

Public Administration & Defence	84 Public administration and defence; compulsory social security	Public Services
	99 Activities of extraterritorial organisations and bodies	
Education	85 Education	
Health	86 Human health activities	
Residential Care & Social Work	87 Residential care activities	
	88 Social work activities without accommodation	



# Appendix C...Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities, post-2023 boundaries (317+33 London boroughs)

# Appendix D...FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?

There are several possible reasons.

- The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
  - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
    - It has been constrained to other sources.
    - It has been converted into CVM data or quarterly data.
    - It has been made consistent with other data or a later vintage of data.
  - The third relates to raw survey data. Raw survey data is often volatile and does not consider information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.
- Why does Experian's job history differ from the *ABI* or *BRES*?
    - The ABI/BRES are surveys taken from a particular year; they are not updated.
    - ABI/BRES is a source for ONS' workforce jobs, but it is not the only source.
    - BRES does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, BRES's employment numbers (mainly consisting of total employees and working owners e.g. sole traders) would be lower than the ONS's workforce jobs.
    - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
    - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.
  - How often are data updated?
    - We always use the latest available data at the cut-off date for history.
    - New GVA data is available from the ONS
      - At the UK Level, three times a quarter.
      - At the Regional and Local level, annually (normally in December.)
    - New Expenditure data is available from the ONS at the UK level twice a quarter.
    - New LFS Employment data is available from the ONS once a quarter.
    - New Workforce Jobs data is available from the ONS once a quarter.
    - New BRES is published once a year (normally in December.)
    - New Income data is available from the ONS
      - At the UK level, once a quarter.
      - At the Regional and Local level, once a year (normally in April.)
    - Population projections are published once every two years.
    - New mid-year population estimates are published annually.
    - New LCFS is published annually.
  - How do revisions to historical data affect your history and forecasts?
    - As explained above, we always take into account the latest historical data.
    - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
    - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.

- Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.
- How are past growth trends captured in the forecasts?
  - All our models are econometric models.
  - An econometric model is a model estimated on historical data.
  - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
  - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.
- How are industry/regional/local developments and policies reflected in forecasts?
  - If past developments and policies are reflected in model inputs (for example population) or in history, then they will be automatically captured by the model.
  - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
  - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.
  - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
  - At the industry level we can consider announced developments in that industry which are large enough to affect the growth in the industry at the national, regional, or local level (as the case may be).
  - At the regional and local, we have considered announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
  - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.
- How does population relate to the employment forecasts?
  - This is discussed in detail in the methodology section above for the regions and the locals.
  - It is important to remember that employment is forecast on both a residence and workplace basis.
  - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
  - Workplace based employment depends on labour supply throughout the region and across the regional boundary.
- What is working age?
  - The definition of working age used based on the state pension age.
  - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
  - The key changes to the state pension age that have been announced are:
    - A gradual equality in state pension age for men and women.
    - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)
- What is the participation rate / economic activity rate?
  - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)

- The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
- The participation rate is an endogenous variable in all our models. It is not a fixed assumption.
- What assumptions have been made regarding commuting in the local model?
  - Commuting in the local model is based on estimates given by the ONS.
  - These are based on the Census 2011.
  - Commuting assumptions are fixed over the forecast.
  - However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers as possible across a particular commuting relationship.
- How is Full-Time Equivalent employment derived?
  - This is based on the total hours worked (please see the glossary.)
  - The relationship between FTEs and hours is fixed by definition.
  - In different industries, the hours worked per job will differ.
  - Historical data for this is taken from ASHE (please see the body of the guide.)
  - The forecast considers changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.
- How does the weighting of different factors change over the forecast period?
  - There is no fixed rule about the changes in this time.
  - The coefficients of the econometric equations are fixed over time.
  - However, at the local level population growth becomes more important as unemployment decreases.
- Are any automation and artificial intelligence (AI) assumptions considered in the labour market forecast period?
  - The labour force size is an independent variable in the employment forecast, alongside lagged employment and total hours worked (and lagged total hours worked).
  - The coefficients of the econometric equations are fixed over time.
  - Total hours worked is dependent on Gross Domestic Product (reflecting the strength (or not) of the economy), and labour augmenting technical progress.
  - The latter considers the impact of automation and artificial intelligence on hours and highlights a negative coefficient.

# Appendix E...About us



## Our economic forecasting expertise

Experian's team of 20 economists is a leading provider of global, national, regional, and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk, and make informed decisions.

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Would you like to understand how your credit portfolio compares to your peers and how it is likely to be impacted by changes in lending policy, market competition and the economy in the future? Our experts in economics, credit risk, construction, market analysis and portfolio benchmarking combine to provide an in-depth understanding of the market and economic context in which you manage your business both now and in the future.

For more information, please contact us on [Experian.Economics@uk.experian.com](mailto:Experian.Economics@uk.experian.com)

## How we can help you

01

An independent unbiased view of the market based upon quantitative analysis of data.

02

Benchmark your portfolio against your peers, both now and forecast into the future.

03

Provide economic forecasts specific to your sector.

04

Develop accurate business case(s) for entry into new markets.

05

Assess future market risk and predict potential economic pressures – at a granular level.

06

Highlight future revenue opportunities.

07

Meet regulatory requirements for stress testing and loss forecasting.

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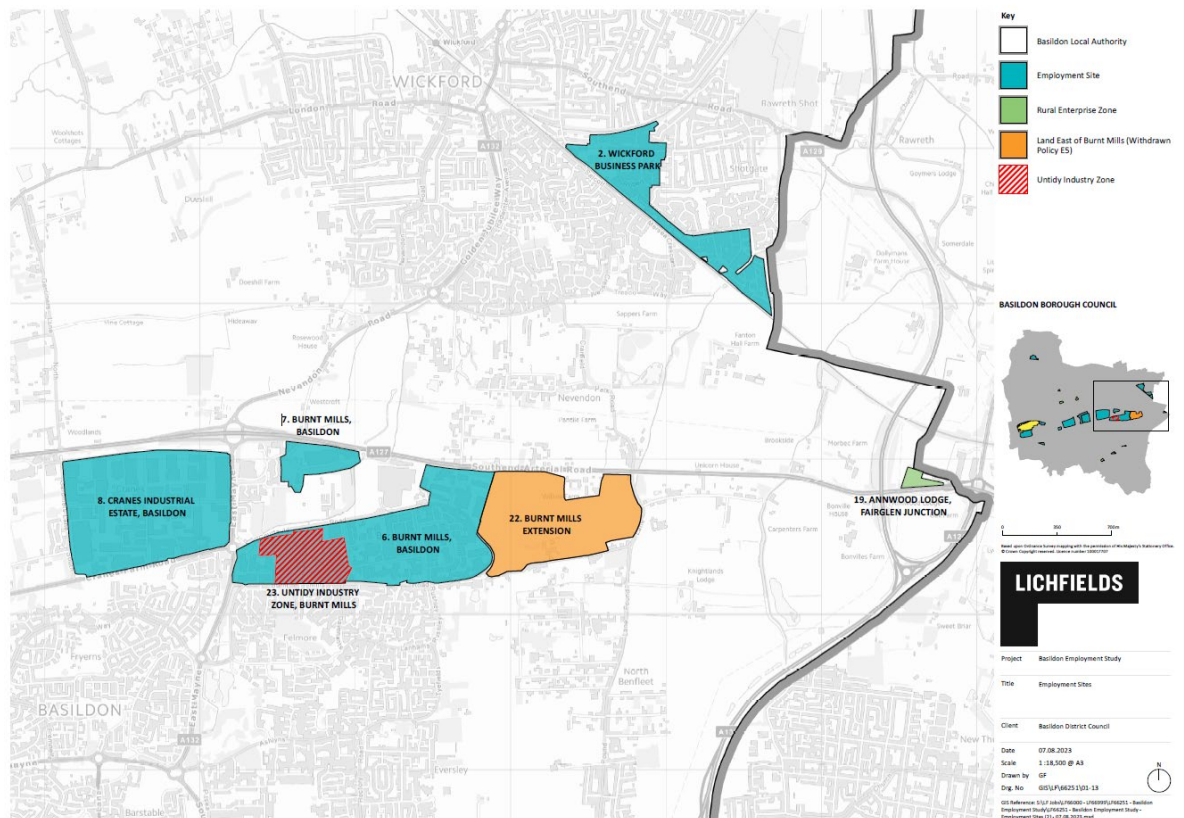
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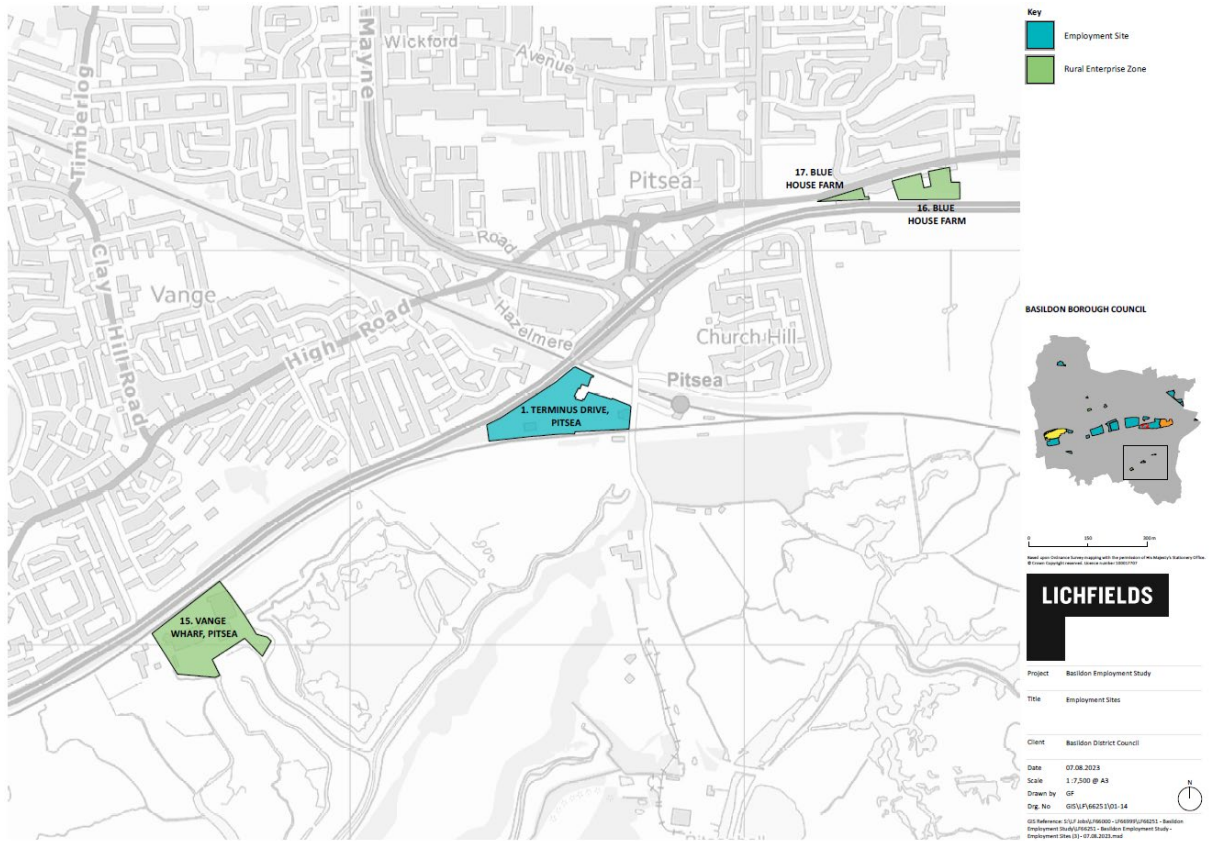
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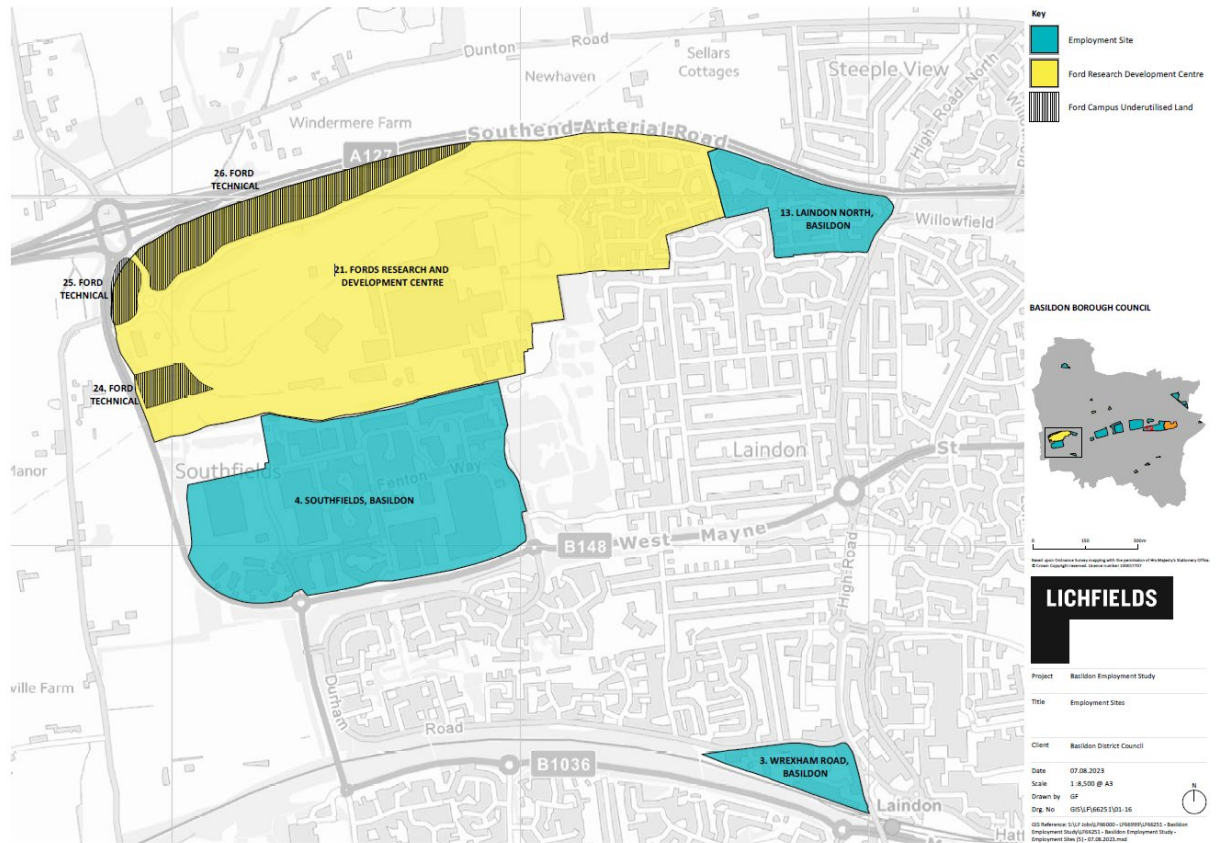
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# Appendix 3 Site Plans











## Appendix 4 Site Assessment Criteria

<p><b>(1) Strategic Accessibility</b></p> <p>Adequacy of existing infrastructure</p> <p>Proximity and ease of access to a strategic road/motorway junction</p> <p>Future infrastructure or accessibility improvements</p> <p><b>Scoring:</b></p> <p>5 = Very good: within 2km of strategic road / Motorway junction via good unconstrained (this will include consideration of road widths, quality of road surface etc) which are typically A Roads or Motorway.</p> <p>1 = Poor: over 5km from strategic road / motorway junction/access, and/or through constrained/ local roads, and/or where access to the nearest strategic junction is through town centre or residential areas etc.</p>
<p><b>(2) Local Accessibility</b></p> <p>Adequacy of road infrastructure within and surrounding the site (road width/quality, level of congestion etc)</p> <p>Proximity to train station/frequency of public transport infrastructure servicing the site</p> <p><b>Scoring:</b></p> <p>5= Very good: high quality road infrastructure servicing the site; wide and uncongested access; frequent public transport service in close proximity to the site</p> <p>1 = Poor: low quality road infrastructure servicing the site; narrow and/or congested access; lack of/infrequent public transport infrastructure servicing the site</p>
<p><b>(3) Proximity to Urban Areas</b></p> <p>Review of proximity to urban areas and access to local labour and services</p> <p><b>Scoring:</b></p> <p>5= Very good: within or near town or local centre with a wide range of services and access to labour nearby</p> <p>1= Poor: remote isolated site, lack of local services and access to labour nearby</p>
<p><b>(4) Proximity to Incompatible Uses</b></p> <p>In proximity/adjacent to residential areas or other sensitive uses and dependent on the type of employment use, and the effects of activity in terms of noise and air pollution, car and HGV traffic</p> <p><b>Scoring:</b></p> <p>5= Well-established employment area/no incompatible adjoining land use</p> <p>1= Industrial/light industrial/warehouse units (E(g)ii/B2/B8) adjoining residential/other sensitive uses</p>
<p><b>(5) Site Characteristics and Development Constraints</b></p> <p>Site-specific characteristics including size, existing use classes/type of occupiers on site, quality/age of units, any opportunities for further development or intensification/co-location and improvements to access, geographical constraints</p> <p><b>Scoring:</b></p> <p>5= Very good: large, well-established site; high quality and modern units; provides opportunity for expansion/intensification; no other significant constraints on new development</p>

1= Poor: smaller or less established employment site; geographical constraints; lower quality/ageing units; reduced potential for expansion/intensification; any other notable constraints to development

**(6) Market Attractiveness**

Occupancy rate, vacancy rate/number of vacant units, quality and age of building stock, quality of local environment

**Scoring:**

5= Very good: high profile/high quality appearance, managed site; good local environment and high-profile occupiers; low vacancy rates

1= Poor: lower quality and ageing stock; run down/unoccupied units; high vacancy; poor quality of local environment/unmanaged site

## Appendix 5 Site Assessment Table

Site Ref	Site Area (ha)	Strategic road access		Local accessibility		Proximity to urban areas & access to labour & services		Proximity to incompatible uses		Site characteristics & development constraints		Market attractiveness		Total ranking (out of 30)	Nature of business activity	Barriers to delivery	Potential for intensification	Future potential uses	Overall summary	
		Rank (out of 5)	Comments	Rank (out of 5)	Comments	Rank (out of 5)	Comments	Rank (out of 5)	Comments	Rank (out of 5)	Comments	Rank (out of 5)	Comments							
1	Terminus Drive, Pitsea	3.5	5	Very close to A13 with good access via Pitsea Hall Lane	5	Adjacent to A13 and good access via Pitsea Hall Lane. Also adjacent to Pitsea station	4	Immediately South of Pitsea (part of Basildon urban area)	3	Some residential to the North on opposites side of A13	2	Fairly small site, mostly open field with a small ungaraged construction yard area at the South of site. Enclosed by A13 and railway lines to the North and South due to proximity to Pitsea station	2	Mostly undeveloped scarp/yard/storage area, lower quality units but good accessibility	21	Small yard area with some offices and construction materials suppliers	Fairly small, mostly undeveloped site. Bordered by the A13 to the North and rail lines to the North and South	High potential for intensification on the developed area of the site	Further construction related activities	Fairly small, mostly undeveloped site adjacent to Pitsea station, good local and strategic access. Close proximity to residential and bordered by rail lines to North and South
2	Wickford Business Park	33.9	3	Close to strategic roads but fairly poor access to A127 and A130 due to proximity to rail line/lack of nearby junctions	3	Close to Wickford town centre via A129 but access points limited by railway lines to the North and South. Around 1km to Wickford station.	4	Within Wickford urban area and around 1km to Wickford town centre	1	Surrounded by residential on all sides	4	Large business park with mostly B8, light industrial and retail, regular shape, bordered by rail lines to the North and South	4	Large business park with high occupancy, varying quality of units and some general accessibility issues	19	Mostly B8, light industrial and retail	Slightly constrained by rail lines to the North and South	Low, largely occupied and high density	n/a	Large business park South East of Wickford town centre. Close proximity to residential. Some strategic accessibility issues due to rail lines to the North and South
3	Wreham Road, Basildon	4.6	4	1.6km from A127 access	3	Good local accessibility via Durham Road and High Road and adjacent to Laindon station	5	Located in Laindon (part of Basildon urban area) and <1km from Southfields industrial area	2	Residential immediately to the North and East of the site	3	Fairly small business park located in Laindon, mixed use but mostly light industrial and retail, average quality units. Bordered to the South by rail line	3	Mostly occupied but lower quality units, constrained by rail line to the South	20	Mixed use, mostly light industrial and retail, some garages/vehicle rentals and a gym	None major, rail line to the South of site	Limited, high occupancy and minimal undeveloped land on site	n/a	Fairly small business park in Laindon. Close proximity to residential and bordered to the South by rail line. Decent accessibility and adjacent to Laindon station
4	Southfields, Basildon	42.9	5	<1km from A127 junction with good access via West Mayne	5	Good local access via West Mayne, North towards A127 junction and East towards Basildon town centre	4	Just West of Laindon and South of Ford R&D centre	2	Residential areas of Laindon to the South and East	4	Large industrial area just South of Ford campus, mostly B8 with some offices and a large car dealership at South of site. Victoria Park borders site to the East	4	Large site with high occupancy, mostly B8 with occupiers including FedEx and DHL, mostly good quality units and good accessibility	24	Largely B8 with some offices	None	Small area of undeveloped land to the North West of the site (not within site boundary), just South of Ford campus test track	Further B8/office use	Large industrial area West of Laindon, just South of Ford Dunton campus. Very good local and strategic accessibility. Close proximity to residential to the South
5	Radford Way, Billericay	13.7	2	Around 4km from A12 access and 5km from A127 access	3	Good, wide and uncongested access via R1007 and Mountnessing Road. Adjacent to Billericay station	3	Just North of Billericay town centre	2	Surrounded by residential to the East, South and West	3	Medium sized site mixed use site, mostly office, retail and light industrial. Mostly average quality units. Site bordered by rail line to the south	3	Mostly occupied and good town centre location. Average quality units and poor strategic road access	16	Office, retail and light industrial	None	None	n/a	Medium sized industrial area located in Billericay, just North of town centre and adjacent to Billericay station. Close proximity to residential. Fairly poor strategic accessibility. Bordered by rail line to the South
6	Burnt Mills, Basildon	74	5	600m to A127 access to the North	5	Good local accessibility via Burnt Mills Road and Courtald Road. Access to A127 junction via A132	5	Immediately North of Basildon urban area	1	Very large industrial area including B2 and an untidy industry zone, immediately North of residential	4	Very large mixed use industrial area including B2/B8, light industrial, office and retail. Varying quality of units and high density. Bordered by residential along the Southern boundary	4	Large strategic industrial location with good accessibility and high occupancy. Varying quality of units	24	Mixed use industrial area	Untidy industry zone falls within site boundary	Limited, mostly occupied and high density industrial area	Mixed use	Very large industrial area North East of Basildon town centre. Good strategic and local accessibility, close proximity to residential. Bordered by A127 to the North. Includes 15.5 ha of untidy industry zone
7	Burnt Mills, Basildon	9.5	5	A127 borders site to the North, around 400m from junction	5	Good access to A127 junction from Cricketers Way	5	Just North of main Burnt Mills industrial estate and Basildon urban area	3	Some residential West of the site	4	Medium sized site mostly occupied by very large B8 unit (PMS International). Bordered by A127 to the North. Wooded area at the West of the site	4	Fully occupied, decent quality unit and good strategic access	26	B8 warehouse (PMS International)	Undeveloped wooded area is close to existing residential	Wooded area at the West of the site but this is in immediate proximity to residential to the West	Intensified B8 use but this would be incompatible with residential to the West	Medium sized site just North of main Burnt Mills industrial area, good accessibility. Bordered by A127 to the North. Small scale residential to the West
8	Cranes Industrial Estate, Basildon	73.7	5	Immediately adjacent to A127 junction	5	Very close to A127 junction and good access via Cranes Farm Road and East Mayne	5	Located in Basildon urban area, 2km from town centre	1	Large residential area to the South of site	4	Very large, high density industrial estate, lots of B8, light industrial and office units of varying quality. Bordered by A127 to the North and just West of Burnt Mills industrial estate	5	High occupancy, some high quality units and very good local and strategic accessibility. Prominent occupiers include Amazon and Hermes	25	Mixed use, mostly B8 and light industrial with some office	None major, established industrial location	Very large site but limited potential for intensification. High density and largely occupied	n/a	Very large industrial area North East of Basildon town centre. Bordered by A127 to the North and just West of Burnt Mills industrial area. Good strategic and local accessibility. Just North of large residential area
9	Case New Holland Tractor Park, Basildon	39.8	5	Bordered to the North by A127 and <1km from access	5	Good access to A127 via Cranes Farm Road and A176	5	Just North of Basildon residential area and 1.3km from town centre	2	200m from large residential area	4	Large tractor park with very large B8 units on site, adjacent to Festival Business Park	4	Fully occupied by B8 units and tractor parking, mostly good quality units and good accessibility	25	Tractor Park	None	None, fully occupied by tractor park	n/a	Large site occupied by tractor park. North of Basildon town centre and just East of Festival Business Park. Good local and strategic accessibility, just South of A127. Residential area to the South but not in immediate proximity
10	Festival Business Park, Basildon	21.7	5	Bordered to the North by A127 and <1km from access	5	Good access to A127 via Cranes Farm Road and A176	5	Just North of Basildon residential area and 1.3km from town centre	2	200m from large residential area	4	Fairly large site adjacent to Case New Holland Tractor Park, mostly B8 with some office and retail units. High density units with Festival Leisure Park immediately to the West	5	Fairly large site, fully occupied, high quality units, and good accessibility	26	Mostly B8 and office, some retail at the South of the site	None	None, high density site and fully occupied	n/a	Large business park North of Basildon town centre, borders Case New Holland Tractor Park. Good local and strategic accessibility. Residential area to the South but not in immediate proximity. Bordered by A127 to the North
11	Pippo Hill, Basildon	51.3	5	Bordered by A127 to the North and adjacent to access	5	Very close to A127 junction and good access via Cranes Farm Road and A176	5	Located in Basildon urban area, 1km from town centre	3	Some residential to the West, and to the North on opposite side of A127 but not in immediate proximity	5	Large industrial area North of Basildon town centre, bordered by A127 to the North. Mostly B8 and light industrial, some office and retail. New South Essex College campus located on site. Festival Leisure Park borders site to the East	5	Strategic industrial site with high occupancy, mostly good quality units and very good accessibility. Very Large Argos distribution centre on site	28	Mixed use, mostly B8, light industrial and office	None	None, high occupancy and no undeveloped land on site. Recently constructed South Essex College campus at the South of site	n/a	Large employment area North of Basildon town centre, including recently developed South Essex College Campus. Good local and strategic accessibility. A127 just to the North. Some residential to the North and West but not in immediate proximity
12	WOS, St Nicholas Lane, Basildon	5.2	5	300m from A127 junction	5	Close to A127 and good access via St Nicholas Lane and A176	5	Located in Basildon urban area, 1.2km from town centre	4	Residential area just to the North but only office on site so not incompatible	3	Medium sized office site. Single occupier (SSIC Technologies). Large office unit with significant parking provision. Also a lake adjacent to office unit. Site bordered to the West by Hilly Road park	4	Single occupier, one large high quality office unit on site and very good accessibility	26	Office	None	None	n/a	Medium sized office site (single occupier), North of Basildon town centre and just West of Pippis Hill. Very good local and strategic accessibility. Residential to the North and South. Adjacent to Hilly Road Park
13	Laindon North, Basildon	8.9	5	Adjacent to A127 junction	4	Very close to A127 access and good accessibility via High Road	4	Just North of Laindon (Western extent of Basildon urban area)	2	Large residential areas in close proximity to the West and South of site	3	Medium sized site North of Laindon, East of Ford Dunton campus. Mostly B8/light industrial with some retail. Varying quality of units with newer units at the West of the site. Bordered by A127 to the North	3	Mostly occupied and varying quality of units, good location and strategic accessibility	21	Mostly B8 and light industrial	None major	None	n/a	Medium sized industrial area in Laindon, East of Ford Dunton Campus. Bordered by A127 to the North. Close proximity to residential. Good local and strategic accessibility
14	Guldfime Business Centre	1.6	3	Around 2km from A127 access	3	Good access to A127 via Barleylands Road	2	3km from Billericay town centre and 2km from Basildon urban area	4	Some residential to the North but not incompatible, mostly surrounded by agricultural use	2	Small site, rural in character. Just South of South Green (Billericay urban area). Average quality units, retail/office/light industrial	3	Looks fully occupied, average quality units with decent accessibility	17	Office, retail and light industrial	None	None	n/a	Very small rural business centre South of Billericay. Decent local and strategic accessibility. Residential area to the North but mostly surrounded by agricultural use

15	Vango Wharf, Pitsea	3.6	5	Direct access to A13 from site	4	Site only accessible via A13 exit, hindered by level crossing at entrance	4	Just South of Basildon urban area North of A13	3	Residential to the North but on opposite side of A13	3	Fairly small site, just South of Basildon urban area, most B8 distribution units on site. Level crossing at access road due to rail line to the North	3	Fully occupied distribution units, fairly good quality and good accessibility via A13 but level crossing is incompatible with an active B8 site	22	B8	Bordered by rail line to the North, making level crossing necessary at site entrance	None	n/a	Small industrial area South West of Pitsea. Bordered by rail line to the North and only accessible via level crossing off A13. Residential to the North but mostly surrounded by Marsh area/agricultural use
16	Blue House Farm (East) (*unable to gain access)	1	5	700m from A13 access	5	Good access to A13 via London Road	5	Located in Pitsea (part of Basildon urban area)	2	Residential in immediate proximity and to the North on London Road	2	Small undeveloped site, wooded area/open field with residential houses bordering site boundary. A13 borders site to the South	2	Undeveloped site, mostly wooded area	21	Undeveloped site	Lots of residential in close proximity and most of the site is currently wooded area	High as site is currently undeveloped but residential in close proximity	Office/retail similar to units to the West	Small undeveloped (mostly wooded) area in Pitsea. Good local and strategic access, bordered by A13 to the South. Close proximity to residential
17	Blue House Farm (West)	0.2	5	500m from A13 access	5	Good access to A13 via London Road	5	Located in Pitsea (part of Basildon urban area)	2	Residential in immediate proximity and to the North and East	2	Very small site, occupied by retail units mostly. Bordered by A13 to the South.	3	Very small site, lower quality units but fully occupied and good accessibility	22	Retail	Very small site, enclosed by A13 to the South, London Road to the North and residential to the East	None, very small fully occupied site	n/a	Very small site located in Pitsea, mostly retail units. Bordered by London Road to the North and A13 to the South. Close proximity to residential. Small scale residential separating site from Eastern section of Blue House Farm
18	Whitesbridge Farm Industrial Estate	3.6	4	1.2km from A127 access	3	Access off A129, good access to A127 via Harding's Elms Road/Pippys Hill Road	3	1km North of Basildon urban area	4	Very small scale residential to the South, the rest is agricultural use and a fishing lake to the West.	2	Fairly small site, rural in character despite close proximity to Basildon. Bordered by river Crouch to the West. Mostly retail/light industrial units	3	Mostly occupied, average quality units but well located	19	Retail and light industrial	None	None	n/a	Small rural site just West of Crays Hill, mostly retail/light industrial. Decent local and strategic access, not too far from A127. Small scale residential to the South
19	Amwood Lodge, Fairlight Junction	1.8	5	Very good access, located on junction between A127 and A130	5	Good access to Basildon, Southend and Wickford via adjacent junction (A127/A130)	3	Fairly rural despite good strategic access, 2.7km East of Basildon, 1.6km West of Rayleigh and 2km South West of Wickford	5	No residential in proximity, rail line to the North and A127 to the South	2	Small rural site, occupied by digger/heavy machinery training centre	2	Occupied but very small undeveloped site, currently in specialist use, good accessibility	22	Specialist vehicle training centre	None	None if site remains in current use	n/a	Small rural site East of Basildon, mostly undeveloped and currently used as a digger/specialist vehicle training centre. Good accessibility, bordered by A127 to the South and access to A130 junction just to the East. No residential in proximity
20	Barleylands Depot, Billericay (*unable to gain access)	4.2	4	1.5km from A127 access	3	Good access to A127 via Barleylands Road/Wash Road	3	1km North of Basildon urban area	4	No residential in proximity, caravan site to the East and football club to the South	2	Fairly small rural site. Occupiers include truck rental company and recycling centres, some offices. Lower quality units. Sports clubhouse sits within site boundary. Bordered by river Crouch to the North	3	Largely occupied by recycling centre and truck rental company. Lower quality units but good accessibility	19	Recycling centre, truck rental company and some office	None	Not highly developed but mostly occupied by recycling centre	n/a	Fairly small rural site North of Basildon, good local and strategic accessibility. Mostly occupied by recycling centre and truck rental company. No residential in close proximity
21	Ford Research and Development Centre	96.5	5	Immediately adjacent to A127 junction	5	Bordered by A127 to the North with good access via West Mayne	4	Just North of Laindon (Western extent of Basildon urban area)	3	200m West of large residential area but mostly compatible uses	5	Very large site, occupied by Ford Dunton R&D/office/test truck facilities	5	Very large site fully occupied by Ford, high quality office/research facility units including test track. Very good local and strategic accessibility	27	Ford Dunton offices	None	High potential for intensification, sites 24, 25 and 26 are undeveloped areas within site boundary, designated as Ford underutilised land for future development	Further Ford R&D facilities, offices, dealership expansion	Very large site just North West of Basildon. Occupied by Ford R&D centre including office/research facilities and test track. Just South of A127 and very good local and strategic access. Fairly large residential area within site boundary to the East. Site includes underutilised land areas to the North and West
22	Burnt Mills Extension (*unable to gain access)	49	5	Adjacent to A127 access via Pound Lane	4	Good local access via Burnt Mills Road and access to A127 via Pound Lane	5	Adjacent to Burnt Mills area and just North East of Basildon urban area	2	Around 300m from large residential area	3	Large site adjacent to Burnt Mills, mostly agricultural use, also existing dairy farm on site (Bradfields Farm). Borders A127 to the North.	3	High potential for redevelopment as expansion of Burnt Mills industrial area, good accessibility	22	Currently in agricultural use/small dairy farm also on site	None major	High, likely to be an intensification area for Burnt Mills	Further mixed used industrial area	Large site just East of Burnt Mills industrial area, mostly in agricultural use. Small residential area to the North. Bordered by A127 to the North with decent local accessibility
23	Untidy Industry Zone, Burnt Mills	15.5	5	600m to A127 access to the North	5	Good local accessibility via Burnt Mills Road and Courtald Road. Access to A127 junction via A132	5	Immediately North of Basildon urban area	1	Large industrial section of the wider Burnt Mills industrial estate, immediate proximity to residential to the South	3	Around 15 ha within Burnt Mills, mostly B2/B8 and light industrial. Generally lower quality units.	3	Largely occupied and good accessibility but generally lower quality units.	22	B2/B8 and light industrial	Untidy industry zone designation	Low, mostly occupied and high density	n/a	Medium sized area within Burnt Mills estate designated as Untidy Industry Zone. High density B2/B8 and light industrial. Good local and strategic access. Residential immediately to the South of site
24	Ford Technical	1.6	5	Very close proximity to A127 junction	5	A127 junction just to the North with good access via West Mayne	4	Just North of Laindon (Western extent of Basildon urban area)	4	Some small scale residential to the West of the site on Lower Dunton Road	3	Very small site, currently undeveloped area within Ford Dunton campus	3	Currently undeveloped land but very good accessibility and attractive location	24	Undeveloped site	None major, designated as Ford underutilised land	High, undeveloped land located on Ford Dunton campus	Further Ford R&D facilities, offices, dealership expansion	Small site on Ford Dunton Campus designated as underutilised. Ford dealership to the North and test track to the South. Good accessibility, some small scale residential to the West
25	Ford Technical	1.3	5	Very close proximity to A127 junction	5	Immediately adjacent to A127 junction with good access via West Mayne	4	Just North of Laindon (Western extent of Basildon urban area)	4	Some small scale residential to the South West of the site on Lower Dunton Road	3	Very small site, currently undeveloped area within Ford Dunton campus	3	Currently undeveloped land but very good accessibility and attractive location	24	Undeveloped site	None major, designated as Ford underutilised land	High, undeveloped land located on Ford Dunton campus	Further Ford R&D facilities, offices, dealership expansion	Small site on Ford Dunton Campus designated as underutilised. Ford dealership to the South. Good accessibility, some small scale residential to the South West. Adjacent to A127 access
26	Ford Technical	8.7	5	Very close proximity to A127 junction	5	Immediately adjacent to A127 junction with good access via School Avenue	4	Just North of Laindon (Western extent of Basildon urban area)	4	Eastern end of the site is 250m from residential area	3	Medium sized site, currently undeveloped area within Ford Dunton campus, bordered by A127 to the North	3	Currently undeveloped land but very good accessibility and attractive location	24	Undeveloped site	None major, designated as Ford underutilised land	High, undeveloped land located on Ford Dunton campus	Further Ford R&D facilities, offices, dealership expansion	Medium sized site on Ford Dunton Campus, mostly open field with some wooded area. Bordered by A127 to the North. Eastern end of the site is 250m from residential area