

# Cambridge Econometrics Economic Projections

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## Methodology and data sources

Cambridge Econometrics (CE) have maintained and developed a highly disaggregated database of employment and GVA data by industry (12 broad sectors or a more detailed 45 sectors<sup>1</sup>) from 1981 for all unitary authorities and local authority districts in Great Britain.

CE's projections are baseline economic projections based on historical growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. They assume that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.

They further assume that economic growth in the local area is not constrained by supply-side factors, such as population and the supply of labour. Therefore, no explicit assumptions for population, activity rates and unemployment rates are made in the projections. They assume that there will be enough labour (either locally or through commuting) with the right skills to fill the jobs. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.

The measure of employment is workplace based jobs, which include full-time, part-time and self-employed. The data on employees in employment by industry, which distinguish full-time and part-time as well as gender for the local area, are taken from the Business Register and Employment Survey (BRES) and the earlier Annual Business Inquiry (ABI). The agricultural employment data also include agricultural labour force data from the Department for Environment, Food & Rural Affairs (DEFRA). Estimates of self-employment are taken from the Annual Population Survey (APS) from 2004 onwards. For earlier years estimates are generated under the assumption that the ratios of self-employed to employees at local level, by industry and gender, are the same as those at the corresponding regional level. The figures are made consistent with more recently-published estimates of jobs at a regional level (quarterly workforce jobs, June figures) published by ONS, which include people in the armed forces but do not include people on government training schemes.

The GVA data are consistent with sectoral data at NUTS 2 level from the ONS' Regional Accounts.

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<sup>1</sup> See appendix for the definitions of CE's detailed and broad sectors in terms of the 2007 Standard Industrial Classification.

# Appendix

Table A.1: Definitions of CE's 45 industries in terms of the 2007 Standard Industrial Classification (SIC2007)

	SIC2007
Agriculture, forestry & fishing	01-03
Mining & quarrying	05-09
Food, drink & tobacco	10-12
Textiles etc	13-15
Wood & paper	16-17
Printing & recording	18
Coke & petroleum	19
Chemicals	20
Pharmaceuticals	21
Non-metallic mineral products	22-23
Metals & metal products	24-25
Electronics	26
Electrical equipment	27
Machinery	28
Motor vehicles	29
Other transport equipment	30
Other manufacturing & repair	31-33
Electricity & gas	35
Water, sewerage & waste	36-39
Construction	41-43
Motor vehicles trade	45
Wholesale trade	46
Retail trade	47
Land transport	49
Water transport	50
Air transport	51
Warehousing & postal	52-53
Accommodation	55
Food & beverage services	56
Media	58-60
IT services	61-63
Financial & insurance	64-66
Real estate	68
Legal & accounting	69
Head offices & management consultancies	70
Architectural & engineering services	71
Other professional services	72-75
Business support services	77-82
Public Administration & Defence	84
Education	85
Health	86
Residential & social	87-88
Arts	90-91
Recreational services	92-93
Other services	94-96

**Table A.2: Definitions of CE's broad sectors in terms of CE's 45 industries and SIC2007**

	CE45	SIC2007
Agriculture, forestry & fishing	1	01-03
Mining & quarrying	2	05-09
Manufacturing	3-17	10-33
Electricity, gas & water	18-19	35-39
Construction	20	41-43
Distribution	21-23	45-47
Transport & storage	24-27	49-53
Accommodation & food services	28-29	55-56
Information & communications	30-31	58-63
Financial & business services	32-38	64-82
Government services	39-42	84-88
Other services	43-45	90-96