EMPLOYMENT PROJECTIONS FOR TYNE & WEAR TO 2016

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CONTENTS

Appendices

Tables

Figures

KEY POINTS

This analysis provides details of employment projections in Tyne & Wear to 2016. These new projections take account of data from the **Annual Business Inquiry (ABI)** and the latest available **national projections** from the **Institute for Employment Research** (IER) at the University of Warwick.

The IER projections for the UK are based upon economic (GDP) growth forecast to be somewhat slower (2.3%pa and 2.4%pa) than over the last five years (2.5%pa 1999-2004) [More detail in Appendix A1]. This underpins UK projections of about 0.5%pa growth in employment, a halving from around 1%pa typical over the dozen years 1993-2005. [For cautions regarding the basis of projections, see Appendix 6].

TWRI has produced employment projections for **total employees** in **25 industry divisions** (as defined by IER). The '2003' base used for the projections is the revised 2003 ABI employee figures for Tyne & Wear, adjusted in agreement with the Local Authority Districts (LADs) on the basis of judgement and local knowledge. Note: The Projections do not include self-employment.

TWRI's method for the Tyne & Wear employment projections has been, essentially, to apply **'Local Factors**' (LFs) to each industry-specific employment change rate in the IER projections (Appendix A2). These LFs are generally higher for manufacturing (giving somewhat faster decline) and slightly lower in services (giving slightly slower employment growth).

***Note**: These projections are based on general assumptions about long-term trends. The results should be regarded as **indicative rather than a precise forecast** of changing employment trends.*

Employee numbers in Tyne & Wear are **forecast to grow 4.2% between 2004 and 2016** (+20,000). IER forecast that between 2004 and 2014 UK employment will grow by 4.3% (1.3m). TWRI projects that Tyne & Wear's employment growth for this period (to 2014) will be 3.5% (+16,800). (Table 2.1).

Employee numbers are forecast to **decline** in Tyne & Wear in **Primary** (-19.8%), **Manufacturing** (-13.3%) and **Construction** (-2.0%) industries over the period 2004-2016. (Appendix A4).

Tyne & Wear is forecast to experience the **fastest employment growth in Business Services** (+13.9%) between 2004 and 2016. Over the IER projection period (2004-14) Business Services in Tyne & Wear are projected to grow by 11.1%. This is slightly slower than the growth forecast for the UK (+15.7%). Indeed, in the UK, IER forecast over half of total employment growth will be in Business Services (about 58%, compared to 42% projected by TWRI in Tyne & Wear).

Employee growth in **Financial Services** in Tyne & Wear between 2004 and 2016 is forecast to be 7.4%. Between 2004-14, employee numbers in Tyne & Wear will grow more than **twice as fast** as the rate forecast for the UK (7.0% compared with 2.8%)[1].

Public Services are forecast to experience the **greatest numerical employee growth** between 2004 and 2016 (up 9,500 or 6.2%). Over the period 2004-14, Tyne & Wear growth in Public Service employment is forecast to be slightly slower than the UK rate of change (5.4% compared to 5.8%).

The **employment structure** of Tyne & Wear is not forecast to alter dramatically. By 2016, the three major industrial groups in Tyne & Wear will be Public Services, Distribution & Retail and Business Services. These are forecast to make up 64% of total employment. (Table 2.2).

The **rate of employment change** in Tyne & Wear over the projection period is forecast to slow slightly from 1.8% (over 5 years) between 2006 and 2011 to 1.6% between 2011 and 2016.

[1] *This is due to TWRI's assumption that recent employment growth in Financial Services, above the UK rate, will continue.*

At 2-digit level, **'Health & Social Work'** is forecast to experience the **largest numerical gain** in employment between 2004 and 2016 (up 8,300). The **fastest rate** of employment growth is forecast to take place in '**Computing Services**' (up 29.4%). (Table 3.1).

The manufacture of **'Machinery, electrical & optical equipment'** is forecast to experience the **greatest numerical fall** in employment (down 2,300 or -16.8%). '**Textiles & Clothing'** is forecast to experience the **fastest rate of decline** over the forecast period (down -64.1%). (Table 3.1).

1 INTRODUCTION

1.1 Introduction to the Projections

This report provides details of TWRI's latest projections of employment (employees only) in Tyne & Wear to 2016. It follows the projections published in 1993 which ran to 2001 (EM 93/2). The new projections take account of data from the Annual Business Inquiry (ABI) and the latest available national projections.

The purpose of these projections is to provide a broad view of trends in employment which are expected to emerge over a number of years. They aim to provide an indication of the scale of any growth or decline. The employment projections are intended to inform the production of Local Authority Local Development Frameworks (LDFs) and also to assist in economic development planning and monitoring. The projections do not, however, incorporate assumptions about specific local policies or developments[2].

1.2 The Basis of the Employee Projections

Employment projections have been produced for total employment for 25 industry divisions (as defined by IER). The '2003 base' for the projections is the revised 2003 ABI employee figures for Tyne & Wear[3], adjusted in agreement with the LADs on the basis of judgement and local knowledge.

The national employment projections produced by the Institute for Employment Research (IER) at the University of Warwick form a key input to the local projections. The projections used are those prepared by the IER and Cambridge Econometrics (CE) in 2006 on behalf of the Sector Skills Development Agency. These update those produced in 2001 and are published in the report 'Working Futures 2004-14: National Report'. The projections are based upon a number of macroeconomic assumptions for the UK including indicators on GDP, GVA, employment, unemployment and inflation (see Appendix 1 for more details)[4].

The Tyne & Wear projections also incorporate TWRI's judgements, based on local information, about any likely divergences of employment in particular industries from national projected trends (see Appendix 2 for 'Local Factors' used). These local judgements in the projections are partly based on past experiences of the relative performance of local industries and major local employment changes including closures and large-scale new investments.

It is important to note that all projections are based on general assumptions about long-term trends. The results should be regarded as indicative of the general nature of changing employment patterns rather than precise forecasts. Actual employment outturns will be influenced by short-term fluctuations, unpredictable economic 'shocks' or policy changes[5]. At the local level, unanticipated major job losses and closures, or large-scale new investments, can lead to significant fluctuations around any underlying long-term trends.

[2] *Except for construction employment, where Housing Market Renewal investment is assumed to keep employment stable until 2011.*

[3] *The IER projections are for total employment and thus include self-employment. This creates a mismatch with the Tyne & Wear base which is for employees only. In the absence of IER estimates for employees only, TWRI has used the IER employment growth rate (including self-employment) and applied this to employees only.*

[4] *The projections are based on the use of the Cambridge Econometrics multi-sectoral, regional economic model (RMDM). IER indicates that for their employment projections, the margin of error is ±10% over a 5-10 year horizon.*

[5] *For example Tyne & Wear's employment growth accelerated to 8% in 1998-2003 from just 2% 1991-98. Nearly all (97%) of the net employment growth after 1998 was in the Public Services. This is clearly policy-led. See TWRI's 'Employment Change in Tyne & Wear 1998-2003' report.*

Note: Employment Projections were produced for Tyne & Wear by the Learning & Skills Council for Tyne & Wear in 2005 [see Appendix A3 for details]. Employment change has been forecast for the period 2004-2014 by sector (Sector Skills Council sectors) and by occupation. Although not directly comparable, reference to these projections will be made where relevant in the analysis which follows in Section 2.

1.3 The National Context

This section reviews the latest UK employment forecasts from the Institute for Employment Research at the University of Warwick (as outlined above in their report 'Working Futures 2004-2014: National Report', 2006).

Table 1.1: IER Projections of UK Employment by 25 Industry Divisions, 2004-2014

			Absolute Levels			Absolute Changes (000s)			Rates of change (%)		
	IER Industry categories	SIC 2003 (2-digit)	2004	2009	2014	2004-09	2009-14	2004-14	2004-09	2009-14	2004-14
1	Agriculture etc	01-02, 05	426,000	396,000	362,000	-30	-34	-64	-7.0	-8.6	-15.0
2	Mining & quarrying; Electricity; Gas and Water	10-14, 40-41	183,000	167,000	152,000	-16	-15	-31	-8.7	-9.1	-16.9
3	Food, Drink & Tobacco	15-16	458,000	435,000	412,000	-23	-23	-46	-5.0	-5.3	-10.0
4	Textiles & Clothing	17-19	183,000	131,000	109,000	-53	-21	-74	-28.7	-16.3	-40.4
5	Wood; Pulp & Paper; Printing & Publishing	20-22	566,000	548,000	529,000	-18	-19	-37	-3.2	-3.5	-6.5
6	Chemicals, & Non-metallic Mineral Products	23-26	599,000	569,000	527,000	-31	-42	-73	-5.1	-7.4	-12.0
7	Metals & Metal Goods	27-28	470,000	443,000	418,000	-27	-25	-52	-5.8	-5.6	-11.1
8	Machinery, Electrical & Optical Equipment	29-33	681,000	655,000	617,000	-26	-39	-64	-3.8	-5.9	-9.4
9	Transport Equipment	34-35	362,000	341,000	317,000	-21	-24	-45	-5.9	-6.9	-12.4
10	Other Manufacturing & Recycling	36-37	233,000	240,000	241,000	7	2	8	2.8	0.7	3.4
11	Construction	45	2,090,000	2,039,000	1,999,000	-51	-41	-92	-2.4	-2.0	-4.4
12	Sale & Maintenance of Motor Vehicles	50	671,000	663,000	689,000	-7	26	18	-0.6	0.2	2.7
13	Wholesale Distribution	51	1,240,000	1,278,000	1,307,000	39	29	68	2.8	4.1	5.4
14	Retailing	52	3,145,000	3,262,000	3,395,000	117	133	250	3.7	4.1	7.9
15	Hotels & Restaurants	55	1,962,000	2,026,000	2,074,000	65	48	112	3.3	2.4	5.7
16	Transport	60-63	1,286,000	1,290,000	1,327,000	4	37	41	0.3	2.9	3.2
17	Communications	64	527,000	528,000	535,000	1	7	8	0.2	1.3	1.5
18	Financial Services	65-67	1,162,000	1,190,000	1,194,000	29	3	32	2.5	0.3	2.8
19	Professional Services	70, 71, 73	803,000	894,000	1,020,000	91	126	217	-2.8	2.9	27.0
20	Computing Services	72	550,000	605,000	711,000	55	106	161	10.0	17.6	29.3
21	Other Business Services	74	3,430,000	3,595,000	3,801,000	165	205	371	8.0	8.3	10.8
22	Public Administration and Defence	75	1,535,000	1,527,000	1,500,000	-8	-27	-35	-0.5	-1.8	-2.3
23	Education	80	2,443,000	2,519,000	2,582,000	76	64	140	3.1	2.5	5.7
24	Health & Social Work	85	3,224,000	3,407,000	3,536,000	183	129	312	5.7	3.8	9.7
25	Other Services	90-99	1,871,000	1,956,000	2,045,000	86	89	174	4.6	4.5	9.3
	Total		**30,099,000**	**30,705,000**	**31,399,000**	**605**	**695**	**1,300**	**2.0**	**2.3**	**4.3**

Source: 'Working Futures 2004-14: National Report' (IER/SSDA, 2006)

UK employment is expected to increase 1.3m between 2004 and 2014 (see Table 1.1). This equates to 4.3% employment growth over the period. Employment growth is predicted to increase at a slightly faster rate between 2009 and 2014 (2.3%) compared to the earlier period between 2004 and 2009 (2.0%)[6]. Note: these IER projections include self-employment.

IER forecast overall employment decline in the Primary, Manufacturing and Construction industries over the period 2004-14. Moderate growth is forecast in Distribution & Retail, Hotels & Restaurants and Transport & Communications. Strong growth is forecast in Business Services[7] (58% of total net employment growth).

In terms of the public services, moderate growth is forecast to continue in 'Education' and 'Health & Social Work' (35% of total net employment growth); however employment in 'Public Administration & Defence' is forecast to fall 2.3% over the period 2004-2014.

6 *The latest projections of the UK labour force were produced by the Office for National Statistics (ONS) in January 2006 and refer to the number of people aged 16 or over who are economically active. ONS forecast the labour force will reach 32.1 million by 2020, an increase of 6.7% from 2005. The annual growth rate in the labour force is projected to follow a declining trend. The average annual growth rate for 2006-10 is expected to be 0.62%, compared with 0.43% for the period 2011-15 and 0.26% for the period 2016-20 [for further details see Labour Market Trends, January 2006, v.114 (1), pp. 13-27].*

7 *'Business Services' combines 'Professional Services', 'Computing Services' and 'Other Business Services'*

1.4 The Regional Context

This section reviews the latest employment forecasts for the North East region from the Institute for Employment Research at the University of Warwick (as outlined in their report for the SSDA 'Working Futures 2004-2014: Spatial Report', 2006).

North East employment is expected to increase 27,000 between 2004 and 2014 (see Table 1.2). This equates to 2.5% employment growth over the period. Employment growth in the North East is therefore forecast to be 1.8 percentage points slower than that predicted for the UK (4.3%).

Table 1.2: IER Projections of North East Employment by 15 Broad Sectoral Categories, 2004-2014

		North East					UK	
	IER Industry categories	**Absolute Levels**		**Absolute Changes**	**Rates of change (%)**	**% change per anum**	**Rates of change (%)**	**% change per anum**
		2004	**2014**	**2004-14**	**2004-14**	**2004-14**	**2004-14**	**2004-14**
1	Agriculture etc	11,000	9,000	-2,000	-18.0	-2.0	-15.0	-1.6
2	Mining & Quarrying	4,000	3,000	-1,000	-22.5	-2.5	-17.6	-1.9
6	Electricity, Gas & Water	7,000	7,000	0	-3.5	-0.4	-16.7	-1.8
	Primary Sector & Utilities	*22,000*	*19,000*	*-3,000*	*-13.9*	*-1.5*	*-15.6*	*-1.7*
3	Food, Drink & Tobacco	17,000	16,000	-1,000	-7.4	-0.8	-10.0	-1.1
4	Engineering	28,000	25,000	-3,000	-10.0	-1.0	-9.5	-1.0
5	Rest of Manufacturing	108,000	95,000	-13,000	-12.0	-1.3	-11.3	-1.2
	Manufacturing	*153,000*	*136,000*	*-17,000*	*-11.1*	*-1.2*	*-10.8*	*-1.1*
7	Construction	68,000	66,000	-2,000	-3.0	-0.3	-4.4	-0.4
8	Retail, Distribution	176,000	185,000	9,000	5.0	0.5	6.7	0.6
9	Hotels & Restaurants	64,000	69,000	5,000	7.2	0.7	5.7	0.6
10	Transport & Comms.	57,000	66,000	9,000	15.8	1.5	2.7	0.3
	Distribution, transport etc	*298,000*	*320,000*	*22,000*	*7.5*	*0.7*	*5.6*	*0.5*
11	Financial Services	27,000	26,000	0	-1.8	-0.2	2.8	0.3
12	Other Business Activities	134,000	154,000	20,000	14.8	1.4	15.7	1.5
16	Other Services	66,000	68,000	2,000	3.7	0.4	9.3	0.9
	Business & Other Services	*226,000*	*248,000*	*22,000*	*9.6*	*0.9*	*12.2*	*1.2*
13	Public Admin. & Defence	83,000	81,000	-3,000	-3.4	-0.3	-2.3	-0.2
14	Education	104,000	107,000	3,000	3.2	0.3	5.7	0.6
15	Health & Social Work	139,000	144,000	4,000	3.0	0.3	9.7	0.9
	Non-marketed Services	*327,000*	*331,000*	*5,000*	*1.4*	*0.1*	*5.8*	*0.6*
	All Sectors	1,093,000	1,120,000	27,000	2.5	0.2	4.3	0.4

Source: 'Working Futures 2004-14: Spatial Report' (IER/SSDA, 2006)

IER forecast overall employment decline in the 'Primary Sector & Utilities' (-13.9%), 'Manufacturing' (-11.1%) and 'Construction' (-3.0%).

Strong growth is forecast in 'Transport & Communications' (15.8%) and 'Other Business Activities' (14.8%) in particular. More moderate employment growth is forecast in 'Hotels & Restaurants' (7.2%) and 'Other Services' (3.7%).

In terms of public service employment ('Non-marketed services'), conservative employment growth is forecast at 1.4%. Moderate growth is forecast in both 'Education' (up 3.2%) and 'Health & Social Work' (up 3.0%) [TWRI projects 10.7% growth for 'Health & Social Work' in Tyne & Wear]. Conversely, employment is forecast to fall in 'Public Admin. & Defence' (-3.4%).

Comparing the IER's forecasts for the North East to those for the UK, 'Primary Sector & Utilities' and 'Construction' are forecast to decline at a slower rate in the North East than the UK. Meanwhile the decline in 'Manufacturing' in the North East is forecast to be slightly faster than that of the UK

(0.3pp). The employment decline forecast to take place in ‘Financial Services’ (-1.8%) in the North East is not forecast for the UK (2.8%).

The growth forecast for the North East in ‘Retail & Distribution’, ‘Other Business Activities’ and the ‘Public Services’ is forecast to be slightly slower than that in the UK. Conversely, growth is forecast to be faster in the North East than the UK in ‘Hotels & Restaurants’ (7.2% compared to 5.7%) and especially significant is that forecast for ‘Transport & Communications’ (13.1 pp higher than the UK).

2 EMPLOYMENT PROJECTIONS IN TYNE & WEAR TO 2016 BY BROAD INDUSTRIAL GROUP

2.1 Introduction

The key features of the TWRI projections of employment in Tyne & Wear to 2016 are presented below in Table 2.1 and Figures 2.1 & 2.2 with further details in the Appendices (see Appendix A4 and A5).

Table 2.1: Tyne & Wear Projected Employee Numbers by Broad Industrial Group, 2004-2016

	2004	2006	2011	2014	2016	T&W Change 2004-16	T&W % change 2004-16	T&W Change 2004-14	T&W % change 2004-14	UK % change 2004-14
Primary	4,700	4,500	4,200	3,900	3,800	-900	-19.8	-800	-16.8	-15.6
Manufacturing	60,100	58,800	55,500	53,500	52,100	-8,000	-13.3	-6,600	-11.1	-10.8
Construction	22,500	22,500	22,500	22,200	22,100	-400	-2.0	-300	-1.2	-4.4
Distribution & Retail	79,600	80,300	82,400	83,900	84,900	5,300	6.7	4,300	5.5	6.6
Hotels & Restaurants	27,100	27,400	28,100	28,400	28,600	1,400	5.3	1,200	4.5	5.7
Transport & Comms.	23,800	23,800	24,100	24,400	24,600	800	3.2	600	2.3	2.7
Financial Services	15,200	15,500	16,200	16,200	16,300	1,100	7.4	1,100	7.0	2.8
Business Services	62,900	64,000	67,400	69,900	71,600	8,700	13.9	7,000	11.1	15.7
Public Services	153,000	155,000	159,300	161,200	162,500	9,500	6.2	8,200	5.4	5.8
Other Services	28,300	28,700	29,700	30,400	30,800	2,500	8.9	2,100	7.4	9.3
Total	**477,200**	**480,700**	**489,300**	**494,000**	**497,200**	**20,000**	**4.2**	**16,800**	**3.5**	**4.3**

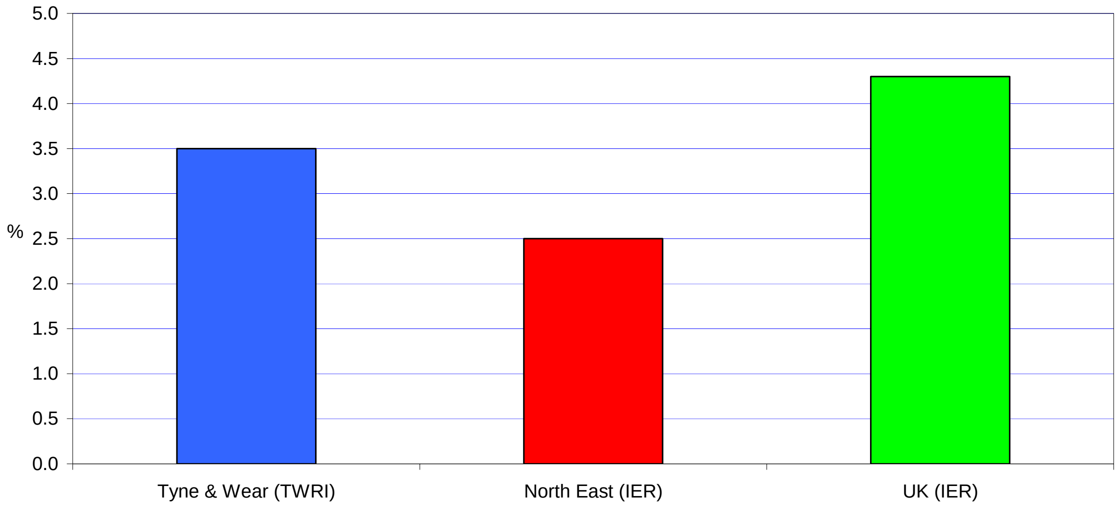
Note: T&W projections are for employees only. Percentage change based on unrounded figures. 'Total' given for T&W is Sum Total.

TWRI projection, based on ABI 2003 and 'Working Futures 2004-14: National Report' (IER/SSDA, 2006) with application of Local Factors.

The projections suggest that, by 2016 total (sum) employment in Tyne & Wear will be 4.2% higher than it was in 2004. Employment is forecast to grow by 20,000 from 477,200 to 497,200.

Over the IER projection period (2004-14) employment growth in Tyne & Wear is forecast to be 3.5% (see Figure 2.1). This is below the 4.3% employment growth forecast by the IER for the UK but above that forecast for the North East (2.5%). It is also marginally higher than that projected by the LSC for Tyne & Wear (2.7% over the same period)[8].

Figure 2.1: Projected Employment Growth Rates 2004-2014



Sources: TWRI projection for Tyne & Wear based on ABI 2003 and 'Working Futures 2004-14: National Report' with application of Local Factors; UK projection from 'Working Futures 2004-14: National Report' and NE projection from 'Working Futures 2004-14: Spatial Report' (IER/SSDA, 2006).

Caution: IER projections are for all employment including self-employment, whereas the TWRI projected growth rates have been applied to employees only.

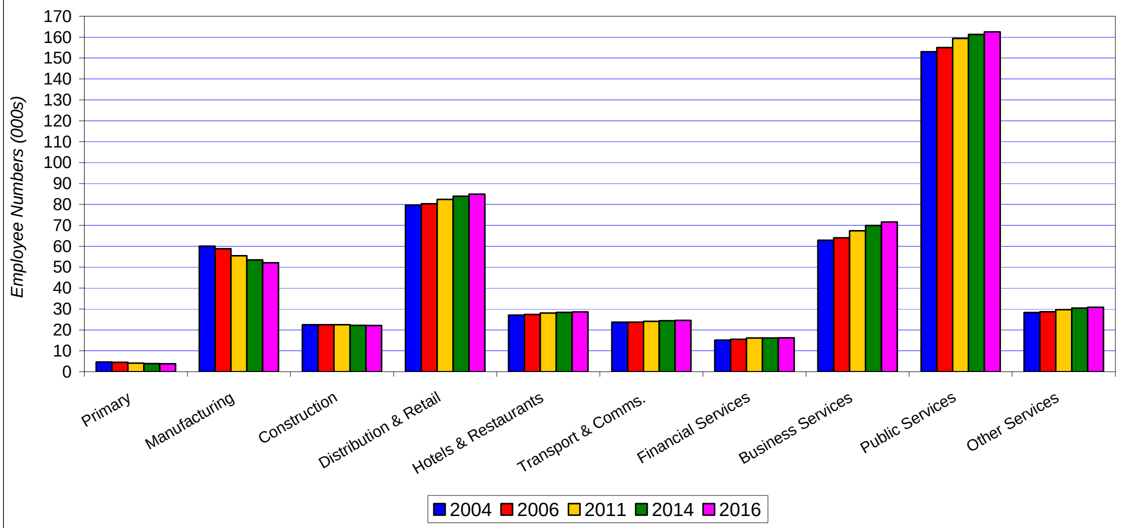
[8] *'Tyne & Wear: The Socio-Economic Context 2005' (LSC, December 2005)*

2.2 Tyne & Wear Employment Projections by Broad Industrial Group, 2004-2016

Between 2004 and 2016, employee numbers in both ‘Primary’ and ‘Manufacturing’ industries are forecast to decline by 19.8% and 13.3% respectively in Tyne & Wear (see Table 2.1 and also Figure 2.2 below). The decline in manufacturing is forecast to be the greatest numerically (-8,000) over the period. Employee numbers in ‘Construction’ are also forecast to fall but at a much slower rate (-2.0%).

All other major industrial groups are forecast to experience employment growth between 2004 and 2016, with employment in the public services forecast to experience the largest numerical increase in employment (9,500, or 47.4% of total net employment growth). ‘Business Services’ in particular, is forecast to experience the fastest growth over the period (13.9%).

Figure 2.2: Projected Employee Numbers in Tyne & Wear by Broad Industrial Group, 2004-16



Source: TWRI projection for Tyne & Wear based on ABI 2003 and 'Working Futures 2004-14: National Report' with application of Local Factors.

Differences between these TWRI projections of industry rates of change and the national rates presented in Table 1.1 earlier are due to locally-based judgements about the relative performance of local industries. A further, more minor, element in the difference between national and local projections is the difference in timescale, with the national figures covering 10 years, and the local projection 12 years to 2016 [see Section 2.3 below for a comparison of IER’s UK projections and TWRI’s Tyne & Wear projections over the IER projection period 2004-14].

2.3 Tyne & Wear Employment Projections by Broad Industrial Group, 2004-2014

Between 2004 and 2014, employee numbers in ‘Primary’ industries are set to decline in Tyne & Wear at a slightly faster rate than nationally and regionally (-16.8% in Tyne & Wear compared to -15.6% for the UK and -13.9% for NE) (see Tables 1.1, 1.2 and 2.1). Employee numbers in ‘Manufacturing’ are also set to decline at a slightly faster rate than nationally (-11.1% compared to -10.8% in the UK; the NE is also -11.1%). Employee numbers in ‘Construction’ are set to decline at a slower rate in Tyne & Wear than in the UK (-1.2% compared to -4.4%) and the NE (-3.0%). [TWRI has assumed that Housing Market Renewal work will keep Tyne & Wear construction on a higher path than in the UK, up to 2011.][9]

[9] *This is informed by the numbers set out in the draft Regional Spatial Strategy (RSS) to 2021.*

Employee growth is forecast to be faster in Tyne & Wear than nationally between 2004 and 2014 in 'Financial Services'. Here employee numbers are forecast to grow at more than double the UK rate (7.0% compared to 2.8%). Financial Services in the NE are actually forecast to decline (-1.8%). TWRI believes employment growth in Financial Services will grow significantly faster than in the UK because this occurred in 1998-2003[10] and because of continued expansion plans by Northern Rock.

Employee growth is forecast to be slower in Tyne & Wear than in the UK over the period 2004-14 for 'Hotels & Restaurants' (4.5% compared to 5.7%), 'Business Services' (11.1% compared to 15.7%), 'Transport & Communications' (2.3% compared to 2.7%), 'Distribution & Retail' (5.5% compared to 6.6% in the UK), 'Public Services' (5.4% compared to 5.8 %) and 'Other Services' (7.4% compared to 9.3%).

2.4 The Projected Industrial Structure of Tyne & Wear Employment to 2016

The overall industrial structure in Tyne & Wear is not forecast to change dramatically over the projection period (Table 2.2).

Table 2.2: Tyne & Wear Projected Employee Numbers as % of Total Employment

	2004	2006	2011	2016
Primary	0.99	0.95	0.85	0.76
Manufacturing	12.60	12.23	11.35	10.48
Construction	4.72	4.68	4.60	4.44
Distribution & Retail	16.68	16.71	16.85	17.08
Hotels & Restaurants	5.69	5.70	5.73	5.75
Transport & Communications	4.99	4.96	4.92	4.94
Financial services	3.18	3.23	3.30	3.28
Business Services	13.18	13.32	13.77	14.40
Public Services	32.06	32.24	32.55	32.68
Other Services	5.93	5.97	6.08	6.20

Note:T&W projections are for employees only.

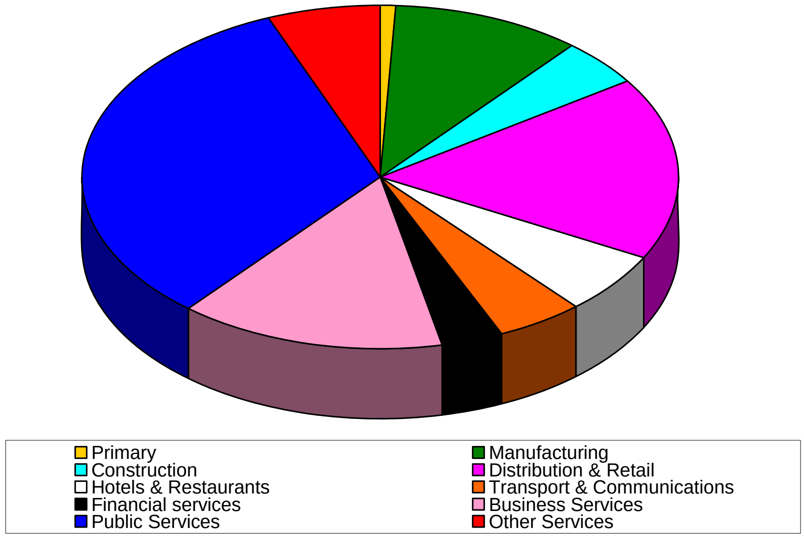
TWRI projection, based on ABI 2003 and 'Working Futures 2004-14: National Report'

(IER/SSDA, 2006) with application of Local Factors.

By 2016, the industrial structure of Tyne & Wear is forecast to comprise of three major industrial groups, which together make up 64% of total employment: 'Public Services' (32.7%); 'Distribution & Retail' (17.1%) and 'Business Services' (14.4%) (Figure 2.3 below). The major change in the industrial structure of Tyne & Wear is the continued reduction in manufacturing employment from 12.6% of total employment in 2004 to 10.5% in 2016.

[10] *TWRI reported that between 1998 and 2003, employment in 'Financial Intermediation' (SIC Section J) grew 15.5% in Tyne & Wear compared to only 4.0% in Great Britain [see TWRI's ABI-based employment report 'Employment Change in Tyne & Wear 1998-2003', published July 2006, EM06/1]*

Figure 2.3: Projected Industrial Structure of Employment in Tyne & Wear, 2016



Source: TWRI projection for Tyne & Wear based on ABI 2003 and 'Working Futures 2004-14: National Report' with application of Local Factors.

The LSC projections for Tyne & Wear forecast similar overall changes in the industrial structure of employment to that of TWRI. The growth of many service industries, particularly Business Services and Education is said to offset decline in other sectors, notably in Manufacturing industries (see Appendix A3)[11].

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[11] *The LSC for Tyne & Wear also projects that the number of jobs requiring high levels skills is likely to grow in Tyne & Wear, while employment in lower level occupations is forecast to decline.*

3 EMPLOYMENT PROJECTIONS IN TYNE & WEAR TO 2016 BY 2-DIGIT SIC

3.1 Tyne & Wear Employment Projections by 2-digit SIC, 2004-2016

The projections show that in Tyne & Wear, the rate of (sum) total employment change over the period 2004-2016 is forecast to grow 0.7% between 2004 and 2006 and 1.8% between 2006 and 2011 before slowing slightly to 1.6% between 2011 and 2016 (Table 3.1).

Table 3.1: Employment Projections for Tyne & Wear for 25 Industry Divisions, 2004-2016

		Absolute levels				Change				Rates of Change (%)			
IER Industry categories	**SIC 2003 (2-digit)**	**2004**	**2006**	**2011**	**2016**	**2004-06**	**2006-2011**	**2011-2016**	**2004-2016**	**2004-06**	**2006-2011**	**2011-2016**	**2004-2016**
Agriculture etc	01-02, 05	400	400	400	300	0	0	0	-100	-2.9	-7.7	-8.6	-18.0
Mining & quarrying; Electricity; Gas and Water	10-14, 40-41	4,300	4,200	3,800	3,500	-200	-400	-300	-900	-3.6	-8.8	-9.0	-20.0
Food, Drink & Tobacco	15-16	6,100	6,000	5,600	5,300	-100	-400	-400	-900	-2.4	-6.1	-6.3	-14.2
Textiles & Clothing	17-19	1,400	1,100	700	500	-300	-400	-200	-900	-20.8	-37.9	-27.1	-64.1
Wood; Pulp & Paper; Printing & Publishing	20-22	7,800	7,700	7,500	7,200	-100	-300	-300	-600	-1.3	-3.3	-3.5	-7.8
Chemicals, & Non-metallic Mineral Products	23-26	9,500	9,300	8,800	8,100	-200	-600	-600	-1,400	-2.0	-6.0	-7.4	-14.7
Metals & Metal Goods	27-28	8,200	8,000	7,600	7,100	-200	-500	-400	-1,100	-2.3	-5.7	-5.6	-13.1
Machinery, Electrical & Optical Equipment	29-33	13,400	13,100	12,200	11,200	-300	-900	-1,100	-2,300	-2.3	-6.9	-8.6	-16.8
Transport Equipment	34-35	9,800	9,600	9,100	8,600	-200	-500	-500	-1,200	-1.9	-5.1	-5.7	-12.1
Other Manufacturing & Recycling	36-37	3,800	3,900	4,100	4,100	100	200	0	300	3.0	5.0	1.0	9.2
Construction	45	22,500	22,500	22,500	22,100	0	0	-400	-400	0.0	0.0	-2.0	-2.0
Sale & Maintenance of Motor Vehicles	50	9,800	9,700	9,800	10,100	0	100	300	300	-0.4	0.7	3.1	3.4
Wholesale Distribution	51	13,700	13,800	14,100	14,400	100	300	300	700	1.0	2.2	1.8	5.1
Retailing	52	56,100	56,800	58,500	60,400	700	1,700	1,900	4,300	1.2	3.1	3.3	7.7
Hotels & Restaurants	55	27,100	27,400	28,100	28,600	300	600	500	1,400	1.0	2.3	1.9	5.3
Transport	60-63	14,300	14,300	14,400	14,500	0	0	100	200	0.0	0.3	0.7	1.1
Communications	64	9,500	9,500	9,700	10,100	0	200	400	600	0.2	1.9	4.0	6.3
Financial Services	65-67	15,200	15,500	16,200	16,300	400	600	100	1,100	2.4	4.0	0.8	7.4
Professional Services	70, 71, 73	9,600	9,900	10,900	12,100	300	1,000	1,200	2,500	3.5	9.8	11.2	26.4
Computing Services	72	6,500	6,700	7,400	8,400	200	700	1,000	1,900	3.1	10.3	13.8	29.4
Other Business Services	74	46,800	47,400	49,100	51,100	600	1,700	2,000	4,300	1.3	3.6	4.0	9.2
Public Administration and Defence	75	41,400	41,300	40,800	40,100	-100	-400	-700	-1,200	-0.2	-1.0	-1.8	-3.0
Education	80	45,200	45,700	46,700	47,600	400	1,000	900	2,400	1.0	2.3	2.0	5.4
Health & Social Work	85	66,400	68,000	71,700	74,700	1,600	3,700	3,000	8,300	2.5	5.4	4.2	12.5
Other Services	90-99	28,300	28,700	29,700	30,800	400	1,000	1,100	2,500	1.4	3.6	3.6	8.9
Total		**477,200**	**480,700**	**489,300**	**497,200**	**3,500**	**8,700**	**7,900**	**20,000**	**0.7**	**1.8**	**1.6**	**4.2**

Note: T&W projections are for employees only. Percentage change is based on unrounded figures.

TWRI projection, based on ABI 2003 and 'Working Futures 2004-14: National Report' (IER/SSDA, 2006) with application of Local Factors.

The projections show that of the 25 industry groups in Tyne & Wear, ‘Health & Social Work’ is forecast to experience the largest numerical gain in employment between 2004 and 2016 (8,300). The fastest rate of employment growth over the same period is forecast to be in ‘Computing Services’ (29.4%).

The manufacture of ‘Machinery, electrical & optical equipment’ is forecast to experience the greatest numerical fall in employment between 2004-16 (-2,300 or -16.8%). The fastest rate of employment decline is forecast to take place in ‘Textiles & Clothing’ (down -64.1%).

Industries forecast to experience accelerating employment growth (or stay the same) over the two sub-periods (2006-11 and 2011-16) include:

- Sale & maintenance of motor vehicles (0.7%, rising to 3.1%)
- Retailing (3.1% and 3.3%)
- Transport (0.3% and 0.7%)
- Communications (1.9% and 4.0%)
- Professional Services (9.8% and 11.2%)
- Computing Services (10.3% and 13.8%)
- Other Business Services (3.6% and 4.0%)
- Other Services (3.6% and 3.6%)

Industries where rates of growth are forecast to slow down in the later sub-period include:

- Wholesale Distribution (2.2%, slowing to 1.8%)
- Hotels & Restaurants (2.3% and 1.9%)

- Financial Services (4.0% and 0.8%)
- Education (2.3% and 2.0%)
- Health & Social Work (5.4% and 4.2%)

The majority of the Primary and Manufacturing industries are forecast to experience a faster rate of employment decline over the later period (2011-2016) compared to that between 2006 and 2011. Only one industry category is forecast to experience a slow down in the decline of employment in the second sub-period; the manufacture of ‘Metal and Metal goods’ (from -5.7% to -5.6%). The only manufacturing industry category forecast to experience employment growth is ‘Other Manufacturing & Recycling’, however the rate of growth here is forecast to slow from 5.0% to 1.0% in the second sub-period.

From zero employment growth between 2006 and 2011 [on TWRI’s assumption], ‘Construction’, is forecast to experience employment decline between 2011 and 2016 of -2.0%. The only non-manufacturing category forecast to experience continued employment decline is ‘Public Administration & Defence’ (from -1.0% between 2006-11 to -1.8% between 2011 and 2016).

3.2 Tyne & Wear Employment Projections by 2-digit SIC, 2004-2014

Details of (comparable) employment change between Tyne & Wear and the UK for the period 2004-2014 are contained in Table 3.2 below.

Table 3.2: Tyne & Wear and UK Projected Employment Change by 25 Industry Divisions, 2004-2014

	IER Industry categories	T&W Change	T&W % Change	UK Change	UK % Change
1	Agriculture etc	-100	-15.0	-64,000	-15.0
2	Mining & quarrying; Electricity; Gas and Water	-700	-16.9	-31,000	-16.9
3	Food, Drink & Tobacco	-700	-11.9	-46,000	-10.0
4	Textiles & Clothing	-800	-59.3	-74,000	-40.4
5	Wood; Pulp & Paper; Printing & Publishing	-500	-6.5	-37,000	-6.5
6	Chemicals, & Non-metallic Mineral Products	-1,100	-12.0	-73,000	-12.0
7	Metals & Metal Goods	-900	-11.1	-52,000	-11.1
8	Machinery, Electrical & Optical Equipment	-1,900	-13.8	-64,000	-9.4
9	Transport Equipment	-1,000	-10.1	-45,000	-12.4
10	Other Manufacturing & Recycling	300	8.8	8,000	3.4
11	Construction	-300	-1.2	-92,000	-4.4
12	Sale & Maintenance of Motor Vehicles	200	2.1	18,000	2.7
13	Wholesale Distribution	600	4.3	68,000	5.4
14	Retailing	3,500	6.3	250,000	7.9
15	Hotels & Restaurants	1,200	4.5	112,000	5.7
16	Transport	100	0.8	41,000	3.2
17	Communications	400	4.6	8,000	1.5
18	Financial Services	1,100	7.0	32,000	2.8
19	Professional Services	2,000	21.1	217,000	27.0
20	Computing Services	1,500	22.9	161,000	29.3
21	Other Business Services	3,500	7.5	371,000	10.8
22	Public Administration and Defence	-900	-2.3	-35,000	-2.3
23	Education	2,000	4.5	140,000	5.7
24	Health & Social Work	7,100	10.7	312,000	9.7
25	Other Services	2,100	7.4	174,000	9.3
	Total	**16,800**	**3.5**	**1,300,000**	**4.3**

Notes: T&W projections are for employees only. Percentage change is based on unrounded figures.'Total' given for T&W is Sum Total.

Sources: TWRI projection for Tyne & Wear based on ABI 2003 and 'Working Futures 2004-14: National Report' with application of Local Factors; UK projection from 'Working Futures 2004-14: National Report' (IER/SSDA, 2006).

Employee numbers in Tyne & Wear are forecast (in TWRI’s judgement) to grow at a faster rate than the UK between 2004 and 2014 for the following industries:

- Other Manufacturing & Recycling (8.8% compared to 3.4%)
- Communications (4.6% compared to 1.5%)
- Financial Services (7.0% compared to 2.8%)
- Health & Social Work (10.7% compared to 9.7%)

Tyne & Wear is forecast to experience slower employment growth than the UK widely across services, thus in the following industries:

- Sale & Maintenance of Motor Vehicles (2.1% compared to 2.7%)
- Wholesale Distribution (4.3% compared to 5.4%)
- Retailing (6.3% compared to 7.9%)
- Hotels & Restaurants (4.5% compared to 5.7%)
- Transport (0.8% compared to 3.2%)
- Professional Services (21.1% compared to 27.0%)
- Computing Services (22.9% compared to 29.3%)
- Other Business Services (7.5% compared to 10.8%)
- Education (4.5% compared to 5.7%)
- Other Services (7.4% compared to 9.3%)

Employee numbers are forecast to decline at the same rate in both Tyne & Wear and the UK for the following industries:

- Agriculture (-15%)
- Mining & Quarrying, Electricity; Gas & Water (-16.9%)
- Wood, Pulp & Paper, Printing & Publishing (-6.5%)
- Chemicals & Non-metallic Mineral Products (-12.0%)
- Metals & Metal Goods (-11.1%)
- Public Admin. & Defence (-2.3%)

Employee numbers are forecast to decline at a faster rate in Tyne & Wear compared to the UK in the following industries:

- Food, Drink & Tobacco (-11.9% compared to -10.0%)
- Textiles & Clothing (-59.3% compared to -40.4%)
- Machinery, Electrical & Optical Equipment (-13.8% compared to -9.4%)

The only industries where employee numbers are forecast to decline at a slower rate in Tyne & Wear compared to the UK is in 'Transport Equipment'[12] (-10.1% compared to -12.4%) and 'Construction' (-1.2% compared to -4.4%).

[12] *Nissan currently forms about half of this industry in Tyne & Wear. TWRI assumes that employment at Nissan will hold up better than nationally.*

Appendices

A1: IER's Macroeconomic Indicators for the UK Projections

IER's Macroeconomic Indicators for the UK Projections

	Historical Trends		Recent Trends		Projections		
	1994-99	**1999-04**	**2001-02**	**2002-03**	**2003-04**	**2004-09**	**2009-14**
GDP at market prices (% p.a.)	3	2.5	1.8	2.2	3.1	2.3	2.4
GVA at basic prices (% p.a.)	3	2.5	1.5	1.9	3.1	2.2	2.3
exl. Extra-Regio (% p.a.)	2.9	2.7	1.5	2.1	3.2	2.4	2.3
Manufacturing output (% p.a.)	0.8	-0.4	-3.8	0.3	1.1	1.7	1.5
Household expenditure (% p.a.)	3.4	3.2	3.3	2.3	3.1	2.3	2.5
Employment (jobs, millions)	28.9	30.3	29.8	30.1	30.3	30.9	31.6
Unemployment (claimants, millions)	1.2	0.9	0.9	0.9	0.9	1.1	1.1
RPIX Inflation (% p.a.)	2.7	2.2	2.2	2.8	2	2.2	2.3
BP/GDP (%)	-2.7	-2.3	-1.7	-1.9	-2.3	-1.9	-1.6
PSNCR/GDP (%)	-0.1	3.2	1.8	3.6	3.2	1.7	1.8

Notes:

GDP is Gross Domestic Product.

GVA is Gross Value Added.

RPIX is Retail Price Index excluding mortgage interest payments.

The balance of payments (BP) and the Public Sector Net Cash Requirements (PSNCR) are expressed as a % of GDP at current prices.

Employment, unemployment, RPIX, BP/GDP and PSNCR/GDP refer to the last year of the period concerned.

Employment is total workplace employment (jobs) and includes HM Forces.

Unemployment is the claimant measure. Some other tables use an ILO definition

Source: CE/IER estimates; CE projections MDM C51F8A Macrotables.xls, in 'Working Futures 2004-14:National Report' (IER/SSDA, 2006, Table 2.1, p.8)

A2: TWRI Methodology Note: Local Factors

Local Factors

	IER Industry categories	SIC 2003 (2-digit)	Local Factors	Explanation
1	Agriculture etc	01-02, 05	1.0	Same as UK
2	Mining & quarrying; Electricity; Gas and Water	10-14, 40-41	1.0	Same as UK
3	Food, Drink & Tobacco	15-16	1.2	Faster decline than the UK
4	Textiles & Clothing	17-19	1.7	Historic decline faster than UK
5	Wood; Pulp & Paper; Printing & Publishing	20-22	1.0	Same as UK
6	Chemicals, & Non-metallic Mineral Products	23-26	1.0	Same as UK
7	Metals & Metal Goods	27-28	1.0	Same as UK
8	Machinery, Electrical & Optical Equipment	29-33	1.5	Historic decline fast
9	Transport Equipment	34-35	0.8	Nissan holds up better
10	Other Manufacturing & Recycling	36-37	2.5	1:1
11	Construction	45	0 to 2011, then 1.0	Due to Housing Market Renewal Work
12	Sale & Maintenance of Motor Vehicles	50	0.8	Local (T&W) demand for Services grows more slowly than UK due to slower population growth and slower income growth.
13	Wholesale Distribution	51	0.8	
14	Retailing	52	0.8	
15	Hotels & Restaurants	55	0.8	
16	Transport	60-63	0.25	Previously negative associations
17	Communications	64	3.0	Faster growth includes call centres (HF 1991-2003 based on weighting of 1:1)
18	Financial Services	65-67	2.5	These are assumed to grow more quickly, notably due to Northern Rock (HF was 7 or 8)
19	Professional Services	70, 71, 73	0.8	Local (T&W) demand for Services grows more slowly than UK due to slower population growth and slower income growth.
20	Computing Services	72	0.8	
21	Other Business Services	74	0.7	HF 1991-2003 based on weighting of 1:1
22	Public Administration and Defence	75	1.0	Over-rule HFs of 7 or 8 when growing
23	Education	80	0.8	Constrained
24	Health & Social Work	85	1.1	Historic out-performance was higher (1.9 and 2.2)
25	Other Services	90-99	0.8	HF 1991-2003 based on weighting of 1:1
	Total		**0.7**	

Note: Historic Factors (HF) have been calculated for each industry based upon a ratio of Tyne & Wear to GB percentage employment change over the period 1991-2003. Ratios were calculated for the sub-periods 1991-1998 and 1998-2003. Two HFs were then produced based upon these ratios using a weighting of 1:1 to give more weight to the recent period's trends and 7:5 in line with their actual length.

TWRI projection, based on ABI 2003 and 'Working Futures 2004-14: National Report' (IER/SSDA, 2006) with application of Local Factors.

A3: LSC Projected Employment Change in Tyne & Wear 2004-14 By Sector

LSC Projected Employment Change in Tyne & Wear 2004-2014 By Sector

Sector	Sector Skills Council	Projected employment change 2004-2014			
		Projected employment change (%)	Expansion Demand	Replacement Demand	Net recruitment demand
Environmental and land-based industries	Lantra	-8.0	-200	800	600
Primary Sector	SSDA-Primary sector	-9.2	-900	3,300	2,400
Mining, quarrying, manufacture of paper products, glass, cement and furniture	ProSkills	-20.9	-1,400	2,200	800
Food & Drink Manufacture	Improve	-6.3	-400	2,300	1,800
Clothing & Textiles	Skillfast	-13.3	-500	1,400	900
Chemicals, oil, gas, petroleum, polymers	Cogent	-1.6	-100	3,000	2,800
Science, engineering and manufacturing technologies	SEMTA	-7.7	-2,400	10,100	7,700
Electricity, gas, waste management and water	Energy & Utility Skills	-8.5	-700	2,600	1,900
Construction	Construction Skills	2.7	700	8,700	9,500
Building services engineering	Summit Skills	-3.3	-200	1,900	1,700
Wholesale	SSDA- Wholesale	-7.0	-1,000	4,700	3,700
Retail motor industry	Automotive Skills	17.1	2,000	3,900	6,000
Retail	Skillsmart	3.4	1,900	21,200	23,100
Hospitality, leisure, travel and tourism	People 1st	8.7	2,400	10,700	13,100
Passenger transport	GoSkills	6.0	500	3,000	3,500
Freight logistics	Skills for Logistics	0.5	100	4,000	4,100
Financial Services	Financial Services Skills	-0.4	-100	5,800	5,800
Property, housing, cleaning and facilities management	Asset Skills	8.0	6,500	30,400	36,900
IT, telecommunications and contact centres	e-skills	-8.9	-1,300	5,300	4,000
Business services/Education	SSDA-Business Services/Ed.	35.5	5,300	5,200	10,400
FE, HE, library and information services, community and work-based learning	Lifelong Learning	-3.1	-1,100	12,900	11,700
Public administration, defence and social security	Central Government	-6.7	-700	3,600	2,900
Custodial care, community justice and police	Skills for Justice	5.5	1,100	7,700	8,800
Health care	Skills for Health	2.9	1,200	16,900	18,100
Social care	Skills for Care and Development	2.7	600	9,200	9,900
Broadcase, film, video, interactive media and photo imaging	Skillset	25.1	900	1,200	2,100
Arts, museums and galleries, heritage, crafts and design	Creative & Cultural Skills	17.6	900	2,000	2,900
Active leisure and learning	SkillsActive	12.4	800	2,200	3,000

Source: Projections derived from Sector Skills Development Agency Working Futures II, 2005, as featured in 'Tyne & Wear: TheSocio-Economic Context 2005' (LSC, December 2005, Table 24, p.22-23).

A4: Employment Projections for Tyne & Wear by Broad Industrial Group, 2003-2016

Employment Projections for Tyne & Wear by Broad Industrial Group, 2003-2016

	TWRI 2003 'Base'	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2004-16	% Change 2004-16
Primary	4,800	4,714	4,630	4,548	4,467	4,387	4,309	4,229	4,150	4,073	3,998	3,923	3,850	3,779	-935	-19.8
Manufacturing	60,800	60,104	59,434	58,788	58,164	57,561	56,977	56,247	55,531	54,826	54,134	53,454	52,785	52,127	-7,976	-13.3
Construction	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,411	22,322	22,234	22,146	22,059	-441	-2.0
Distribution & Retail	79,200	79,574	79,951	80,330	80,711	81,095	81,481	81,962	82,446	82,933	83,423	83,917	84,413	84,912	5,337	6.7
Hotels & Restaurants	27,000	27,139	27,279	27,419	27,561	27,703	27,846	27,950	28,055	28,160	28,266	28,372	28,479	28,586	1,447	5.3
Transport & Comms.	23,800	23,813	23,826	23,839	23,852	23,865	23,878	23,974	24,071	24,168	24,266	24,365	24,464	24,564	751	3.2
Financial services	15,000	15,179	15,360	15,543	15,729	15,917	16,107	16,134	16,161	16,188	16,215	16,242	16,269	16,297	1,118	7.4
Business Services	62,300	62,869	63,444	64,026	64,615	65,210	65,812	66,598	67,397	68,209	69,034	69,872	70,724	71,590	8,721	13.9
Public Services	152,000	152,979	153,969	154,970	155,983	157,006	158,042	158,658	159,280	159,908	160,542	161,183	161,829	162,482	9,503	6.2
Other Services	28,100	28,301	28,503	28,706	28,911	29,118	29,326	29,535	29,746	29,959	30,173	30,389	30,607	30,825	2,525	8.9
Total	**475,500**	**477,173**	**478,897**	**480,671**	**482,493**	**484,362**	**486,276**	**487,787**	**489,337**	**490,836**	**492,374**	**493,951**	**495,566**	**497,220**	**20,047**	**4.2**

Notes: T&W projections are for employees only. These unrounded figures are presented for the information of users. Changes in % shares in each industry can be calculated.

In published reports, round all numbers to the nearest 100. This is for clarity.

TWRI projection for Tyne & Wear, based on ABI 2003 and 'Working Futures 2004-14: National Report' (IER/SSDA, 2006) with application of Local Factors.

A5: Employment Projections for Tyne & Wear for 25 Industry Groupings, 2003-2016

Employment Projections for Tyne & Wear for 25 Industry Groupings, 2003-2016

IER Industry categories	SIC 2003 (2-digit)	TWRI 2003 'Base'	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2004-16	% Change 2004-2016
Agriculture etc	01-02, 05	400	394	388	383	377	372	366	360	354	347	341	335	329	323	-71	-18.0
Mining & quarrying; Electricity; Gas and Water	10-14, 40-41	4,400	4,320	4,242	4,165	4,089	4,015	3,942	3,869	3,797	3,726	3,657	3,588	3,521	3,456	-864	-20.0
Food, Drink & Tobacco	15-16	6,200	6,124	6,048	5,974	5,900	5,828	5,756	5,682	5,608	5,535	5,463	5,393	5,323	5,254	-870	-14.2
Textiles & Clothing	17-19	1,600	1,424	1,268	1,128	1,004	894	795	747	701	658	617	580	544	511	-913	-64.1
Wood; Pulp & Paper; Printing & Publishing	20-22	7,900	7,849	7,799	7,748	7,698	7,649	7,599	7,546	7,493	7,440	7,388	7,336	7,284	7,233	-616	-7.8
Chemicals, & Non-metallic Mineral Products	23-26	9,600	9,502	9,405	9,309	9,213	9,119	9,026	8,889	8,753	8,620	8,489	8,360	8,233	8,107	-1,395	-14.7
Metals & Metal Goods	27-28	8,300	8,202	8,106	8,011	7,916	7,823	7,731	7,642	7,554	7,466	7,380	7,295	7,211	7,127	-1,075	-13.1
Machinery, Electrical & Optical Equipment	29-33	13,600	13,442	13,285	13,131	12,978	12,827	12,678	12,452	12,230	12,012	11,798	11,588	11,381	11,178	-2,263	-16.8
Transport Equipment	34-35	9,900	9,806	9,713	9,620	9,529	9,438	9,349	9,240	9,133	9,027	8,923	8,819	8,717	8,616	-1,190	-12.1
Other Manufacturing & Recycling	36-37	3,700	3,755	3,811	3,867	3,925	3,983	4,042	4,050	4,059	4,067	4,076	4,084	4,093	4,101	346	9.2
Construction	45	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,411	22,322	22,234	22,146	22,059	-441	-2.0
Sale & Maintenance of Motor Vehicles	50	9,800	9,781	9,762	9,744	9,725	9,706	9,688	9,748	9,808	9,869	9,929	9,991	10,053	10,115	333	3.4
Wholesale Distribution	51	13,600	13,666	13,732	13,799	13,865	13,933	14,000	14,050	14,101	14,152	14,203	14,254	14,305	14,357	691	5.1
Retailing	52	55,800	56,127	56,457	56,788	57,121	57,456	57,793	58,164	58,537	58,913	59,291	59,672	60,055	60,441	4,313	7.7
Hotels & Restaurants	55	27,000	27,139	27,279	27,419	27,561	27,703	27,846	27,950	28,055	28,160	28,266	28,372	28,479	28,586	1,447	5.3
Transport	60-63	14,300	14,302	14,304	14,307	14,309	14,311	14,313	14,334	14,354	14,374	14,395	14,415	14,436	14,456	154	1.1
Communications	64	9,500	9,511	9,522	9,532	9,543	9,554	9,565	9,641	9,717	9,794	9,871	9,949	10,028	10,108	597	6.3
Financial Services	65-67	15,000	15,179	15,360	15,543	15,729	15,917	16,107	16,134	16,161	16,188	16,215	16,242	16,269	16,297	1,118	7.4
Professional Services	70, 71, 73	9,400	9,563	9,729	9,898	10,070	10,245	10,423	10,646	10,873	11,106	11,343	11,585	11,833	12,086	2,523	26.4
Computing Services	72	6,400	6,499	6,599	6,700	6,803	6,908	7,014	7,199	7,388	7,582	7,781	7,985	8,194	8,410	1,911	29.4
Other Business Services	74	46,500	46,807	47,117	47,428	47,741	48,057	48,375	48,754	49,136	49,522	49,910	50,302	50,697	51,094	4,287	9.2
Public Administration and Defence	75	41,400	41,357	41,314	41,270	41,227	41,184	41,141	40,995	40,849	40,703	40,558	40,414	40,270	40,126	-1,230	-3.0
Education	80	45,000	45,221	45,444	45,667	45,892	46,117	46,344	46,528	46,712	46,897	47,083	47,269	47,457	47,645	2,423	5.4
Health & Social Work	85	65,600	66,401	67,212	68,033	68,864	69,705	70,556	71,135	71,719	72,308	72,901	73,499	74,103	74,711	8,310	12.5
Other Services	90-99	28,100	28,301	28,503	28,706	28,911	29,118	29,326	29,535	29,746	29,959	30,173	30,389	30,607	30,825	2,525	8.9
Total		**475,500**	**477,173**	**478,897**	**480,671**	**482,493**	**484,362**	**486,276**	**487,787**	**489,337**	**490,836**	**492,374**	**493,951**	**495,566**	**497,220**	**20,047**	**4.2**

Notes: T&W projections are for employees only. These unrounded figures are presented for the information of users. Changes in % shares in each industry can be calculated.
In published reports round all numbers to the nearest 100. This is for clarity.

TWRI projection for Tyne & Wear, based on ABI 2003 and 'Working Futures 2004-14: National Report' (IER/SSDA, 2006) with application of Local Factors.

A6: Cautions Regarding Projections

All projections tend to produce smooth profiles of change through time. Moreover, the period since 1992 in the UK has been one of remarkable stability (of both economic growth and inflation) with strong employment growth.

Over the next decade it is reasonable, in TWRI’s view, to expect economic growth to be somewhat slower and, probably, more variable. This reflects four major facts:

- The government budget deficit is around its maximum (3%+ of GDP) within the fiscal framework. Public spending growth is falling to, or below, the growth rate of the economy from 2008.
- Households have raised their debts rapidly from about 100% of disposable income in 1998 to 150% in 2005. Debt is likely to grow more slowly in the next decade.
- Energy prices are now much higher than in the 1990s. These high prices are assumed to persist (owing, in particular, to demand from China).
- Major events in the international situation may affect the economy more than in 1992-2005.

Conversely, it is possible that economic growth may accelerate – perhaps due to the widespread adoption of techniques like those in the USA which raised the growth rate of productivity in the 1990s.