

MATTER 2 APPENDIX
FULFORD PARISH COUNCIL
AUGUST 2022

Introducton

- 1 This appendix addresses the issue raised by the Inspectors in their Phase 4 MIQs for the UoY of whether the level of job creation projected by the University has implications for the Plan's OAHN. This issue was not raised in their MIQs for the Phase 3 hearing on the UoY and so is not addressed in our main statement.
- 2 The Plan's OAHN is based on the 650 jobs per annum target that is set out in Policy SS1 which in turn is derived from an employment projection made by Oxford Economics which is contained in the 2016 Employment Land Review (SD064). The resulting OAHN of 790 dpa is greatly in excess of any reasonable calculation of the demographic requirements of the City, including that based on likely rates of future in-migration.
- 3 At previous hearings, developer representatives have sought to justify a higher OAHN by comparing the UoY's projected future employment increase by 2033 with the Oxford Economics forecast of a reduction of 100 in the education sector in its 2016 ELR projection, arguing that the UoY job increase should be added to the 650 jobs per annum target to derive a new and much higher OAHN. We consider this suggested approach to be wholly misconceived.

The University's Projected Job Increase

- 4 The starting-point must be that there is great uncertainty over the number of new jobs which will be created by the UoY in York over the plan period. It will be very dependent on the number of students attracted by the University and how many of these students and supporting staff are based in York.
- 5 The UoY's own evidence puts forward a wide range of potential outcomes for future student numbers. As we say in our main Matter 2 statement, much of the justification for the higher growth figures are based upon recent past performance when the University was developing its second campus and the Government was seeking to achieve significantly greater levels of university participation by UK school-leavers. Circumstances

have now changed. Much of Campus East is now developed and the Government is no longer seeking to increase the proportion of school leavers attending university. As a result, any significant growth would have to be a result of the University attracting more international students. However this will be more difficult in the future than the recent past due to geopolitical tensions (China has been the principal source for international students since BREXIT), increasing competition from host countries for international students, and the fact that China and other similar countries are rapidly developing their own university sectors.

- 6 There is also a question of how many university staff will actually be based in York. The University has aspirations to increase substantially the number of students studying online. This would allow many of staff teaching and supporting these students to be equally online and working remotely. We understand that the University already allows significant home-working by its staff.
- 7 In conclusion there is no certainty about future job levels at the University or how many of these jobs would be occupied by people needing to live in York.

The ELR Projection

- 8 The ELR projection was prepared in 2015 and covered the period 2014-2031. It is now over 7 years old and predates substantial changes to the UK and local economy, including the economic shocks of BREXIT, COVID and more recently the Ukraine War and the resultant high inflation. Since the ELR was published, CYC has published two further employment projections. The first in December 2019 (EX/CYC/29) forecasts an increase of 510 jobs per annum over the period 2017 to 2038. This is of course the period for which Policy SS1 seeks to make provision. The second with a base date of October 2021 forecasts an increase of 479 jobs per annum for the same period, 2017 to 2038. In the light of these newer employment projections, the Council's continued reliance on the ELR projection to justify the 650 jobs pa target, and the OAHN based upon it, must be considered unreasonable.
- 9 Since October 2021 and the last employment projection prepared for the Council, there has been a major change in the national economic circumstances as a result of the Ukraine War and high inflation. There is now consensus amongst most reputable economic forecasters that the UK is about to enter recession with significant implications for employment. The Bank of England in its August 2022 report is expecting unemployment to increase until at least 2025. This position is very different from that argued by CYC at the Phase 2 hearings when it said that the UK economy was in a V-

shaped recovery from COVID. As York generally follows national economic trends, the implication that there will be at least 5 years of little or no employment growth in York within the plan period, taking into account that there has been little employment growth since 2019 because of COVID. In these circumstances, even the Council's October 2021 projection must be considered out-of-date and unrealistic.

- 10 For these reasons, the ELR projection and its 650 jobs per annum cannot be considered to be considered a sound basis for policy-making or adding on any further supplement for UoY jobs.
- 11 In any event, it would be methodologically unsound to do so. The ELR forecast is an econometric projection, applying national and regional factors to the employment base of York to derive an estimate of future employment. It takes no account of the plans of individual firms or organisations, however large or important. As a result, such econometric projections are bound not to be correct for individual economic sectors. It is the overall total which is more likely to be reliable (although such projections are highly sensitive to economic conditions at the base date). If an attempt is made to correct the employment projection for one sector to take into account the growth plans of one organisation, the same should be done for all the major employers in the City. Such an approach would undermine the whole basis of the econometric projection.

Conclusion

- 12 In conclusion, it would be unreasonable and unsound to apply an additional factor for employment growth at the UoY to the OAHN as derived from the 2016 ELR.