

8) Employment trends in Nottingham

a) Introduction

This section looks at trends in the Nottingham Core HMA for the employment market, a key factor impacting on local housing markets. The table below shows trends for the Nottingham Core HMA employment market: A similar analysis for the Greater Nottingham Partnership (GNP) area can be found in the Appendix of Tables and Additional Information: Table 15.

Table 150. Trends in employment – Nottingham Core HMA

Nottingham Core HMA								change %
Industry	1998	1999	2000	2001	2002	2003	2004	
1 : Agric & Fishing	1,100	1,000	1,000	1,000	1,000	900	1,000	-9%
2 : Energy and water	3,200	3,300	4,200	3,700	4,300	4,200	3,800	19%
3 : manufacturing	58,200	54,100	50,300	45,900	45,600	40,400	37,000	-36%
4 : Construction	13,800	11,700	12,400	13,400	12,700	13,300	12,800	-7%
5 : Distr; hotels	72,300	71,850	77,100	79,700	81,500	78,800	77,600	7%
6 : Transport & comms	13,100	14,700	16,000	14,800	15,000	15,300	15,500	18%
7 : Bank; profs	53,300	48,500	51,800	53,400	54,800	56,300	57,700	8%
8 : Public admin	86,900	86,100	85,500	90,700	89,900	94,700	98,300	13%
9 : Other services	14,000	15,500	14,700	15,200	19,700	15,600	15,400	10%
Total	315,900	306,750	313,000	317,800	324,500	319,500	319,100	1%
Difference	=5,700	1,950	-100	100	1,400	2,000	-2,500	

Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

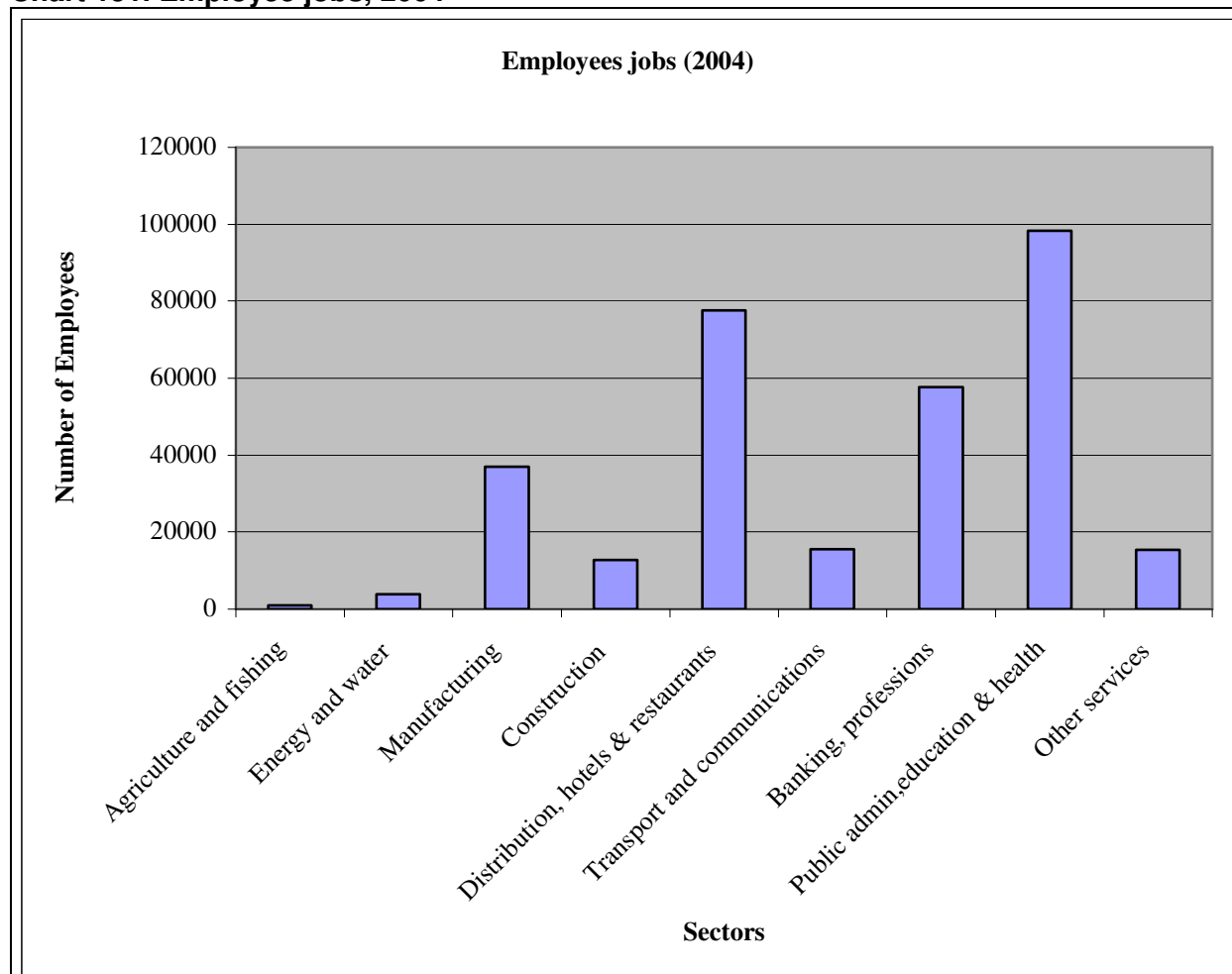
The tables provide similar conclusions, which are to be expected given the commonalities between the two geographical areas. Both tables show the stark decline in manufacturing as against the sharp rise in the energy and transport/communications sectors. Overall employment growth for the period 1998 to 2004 ranges from 1% (HMA) to 2% (GNP).

b) The current job market

The total growth (1998 to 2004) in jobs across all sectors has been around 4,000. The figures for the Nottingham Core HMA were 3,200 with the Greater Nottingham Partnership area showing an increase of 5,000 jobs.

The chart below shows how the total number of employees is divided between the different sectors within the Nottingham Core HMA. The chart shows that in 2004, the sector with the highest number of employees was public administration, education and health. This sector made up nearly 31% of employees jobs in 2004.

Chart 151. Employee jobs, 2004



Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

Other significant sectors are distribution, hotels and restaurants which made up almost a quarter of all employee jobs, and banking and the professions with almost 20% of jobs.

Manufacturing and construction, as more traditional sectors made up together only around 15% of all jobs.

The picture for the Nottingham Core area is thus that most people are employed in the broader service sector, with public sector jobs providing an important role.

A very low proportion of the total number of employees have jobs in the agriculture, fishing, energy and water sectors.

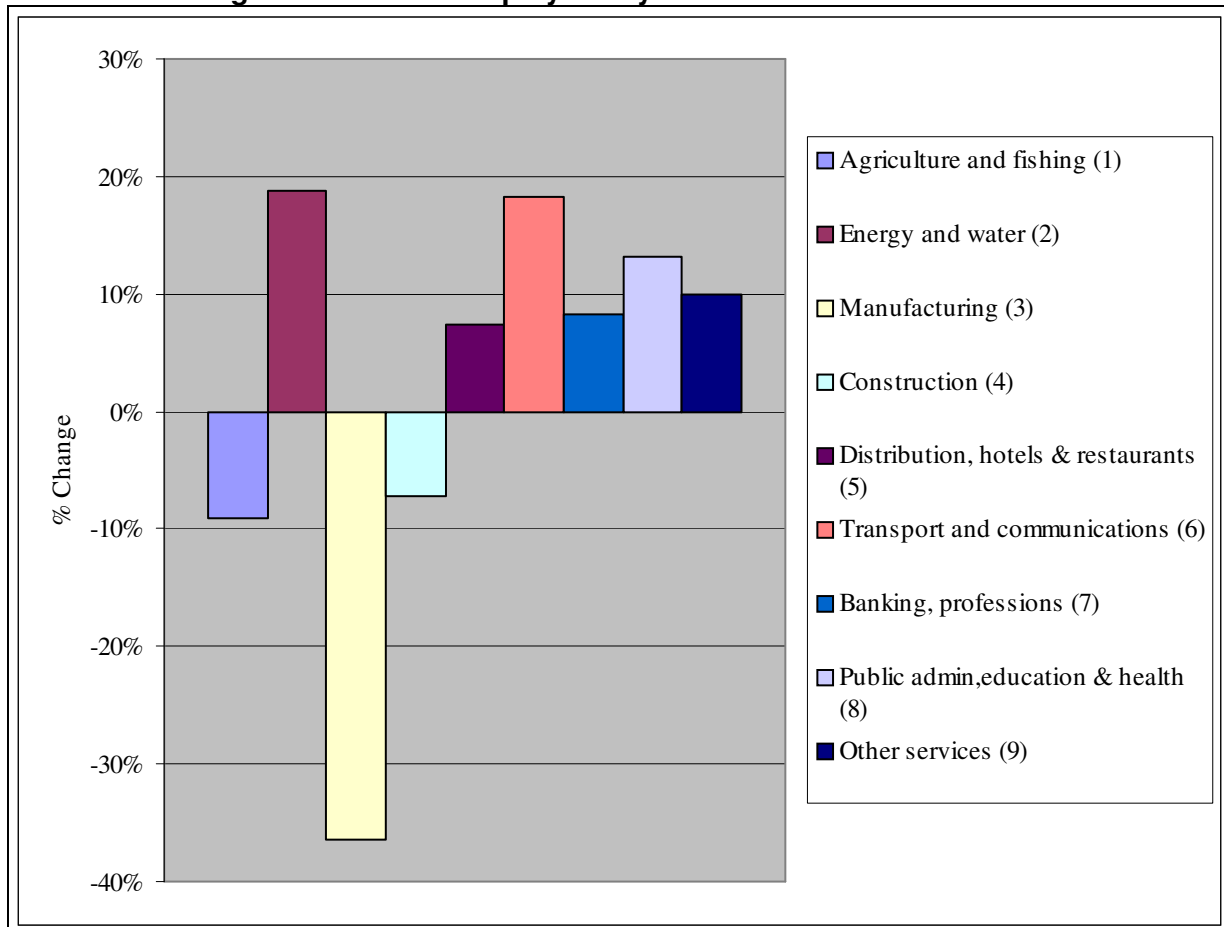
Nottingham Core area: % change in the number of employees by sector

The Nottingham Core HMA employment market has seen very significant changes over the period 1998 to 2004.

As we would expect from anecdotal evidence, manufacturing jobs have been lost, although the extent to which this has happened may not be appreciated. As a sector, manufacturing has lost almost 40% of its jobs.

Surprisingly, in the relatively buoyant housing and property market, jobs would also appear to have been lost in the construction sector. The fall in the number of employees is not as radical as in the manufacturing sector (less than 10%), but nevertheless concerning given the expectation that the industry had steady demand in particular for house building in the future.

Chart 152. Change in number of employees by sector

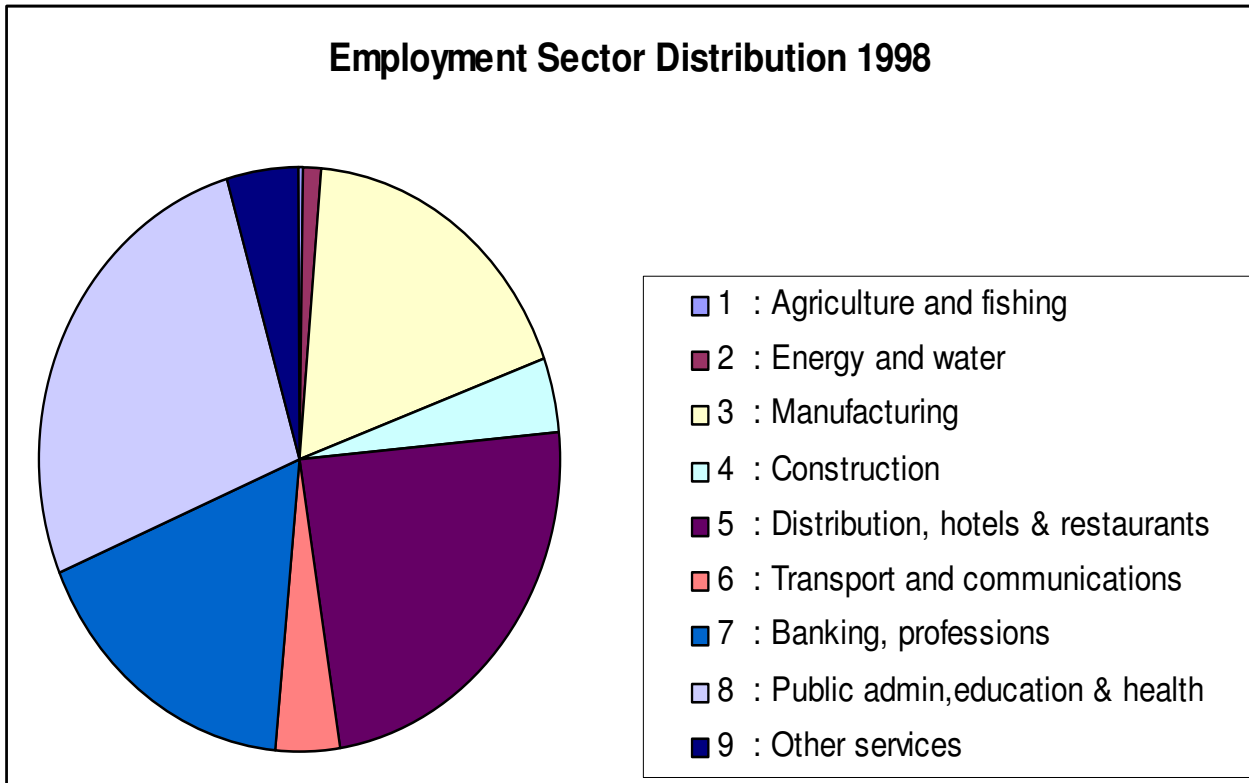


Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

Percentage increases in the number of people employed are reported for the transport and communications and public administration sectors in particular (see above). Less significant increases in sectors such as distribution and banking were also recorded.

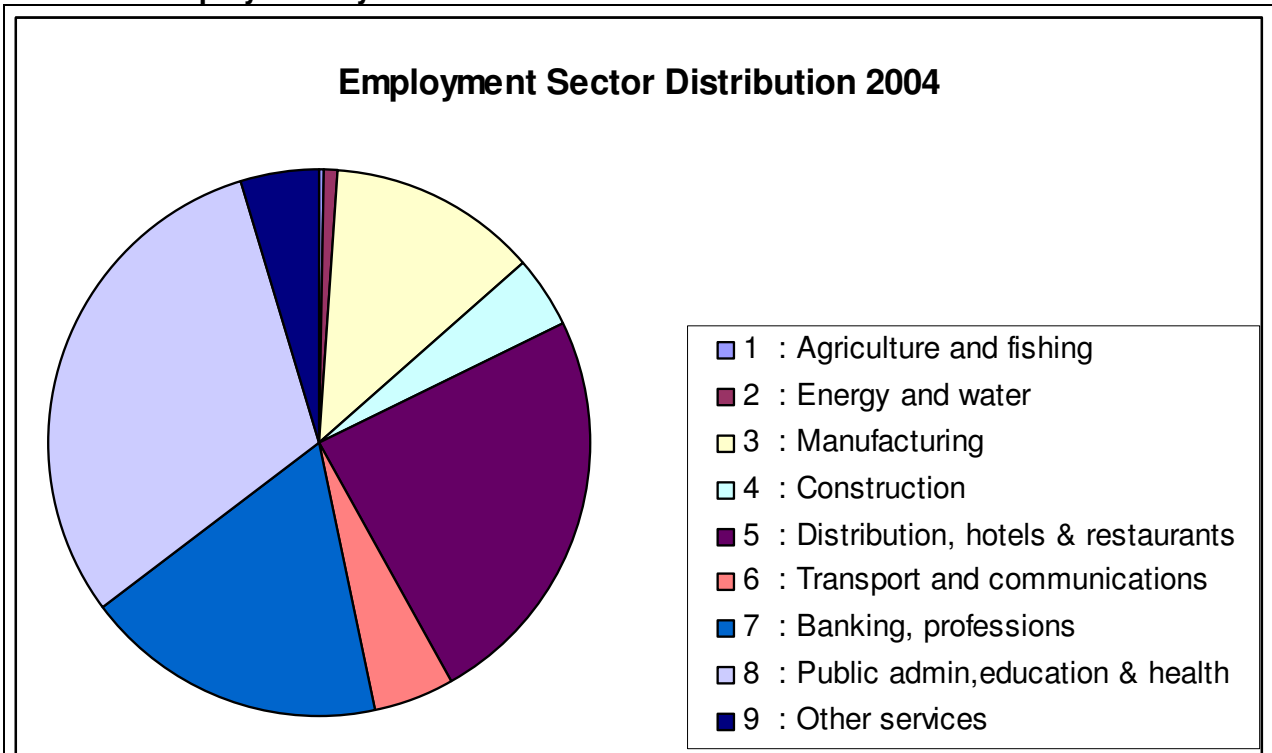
The picture comparing jobs by sector between 1998 and 2004 is shown in the charts below:

Chart 153. Employment by sector 1998



Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

Chart 154. Employment by sector 2004



Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

Against an increase in the total number of jobs of 3,200, it can be seen how the manufacturing and construction sectors have lost jobs, whilst the public sector in particular has gained them. Again, this would support anecdotal evidence that the private sector has struggled to maintain its presence, particularly in industry, whilst the public sector has gained.

Employment change by sector as a percentage of the total net jobs created

To understand better the absolute impacts of changes in the job market for specific sectors, we expressed the data as a proportion of all net jobs created within the period 1998 to 2004 (this was 3,200 jobs).

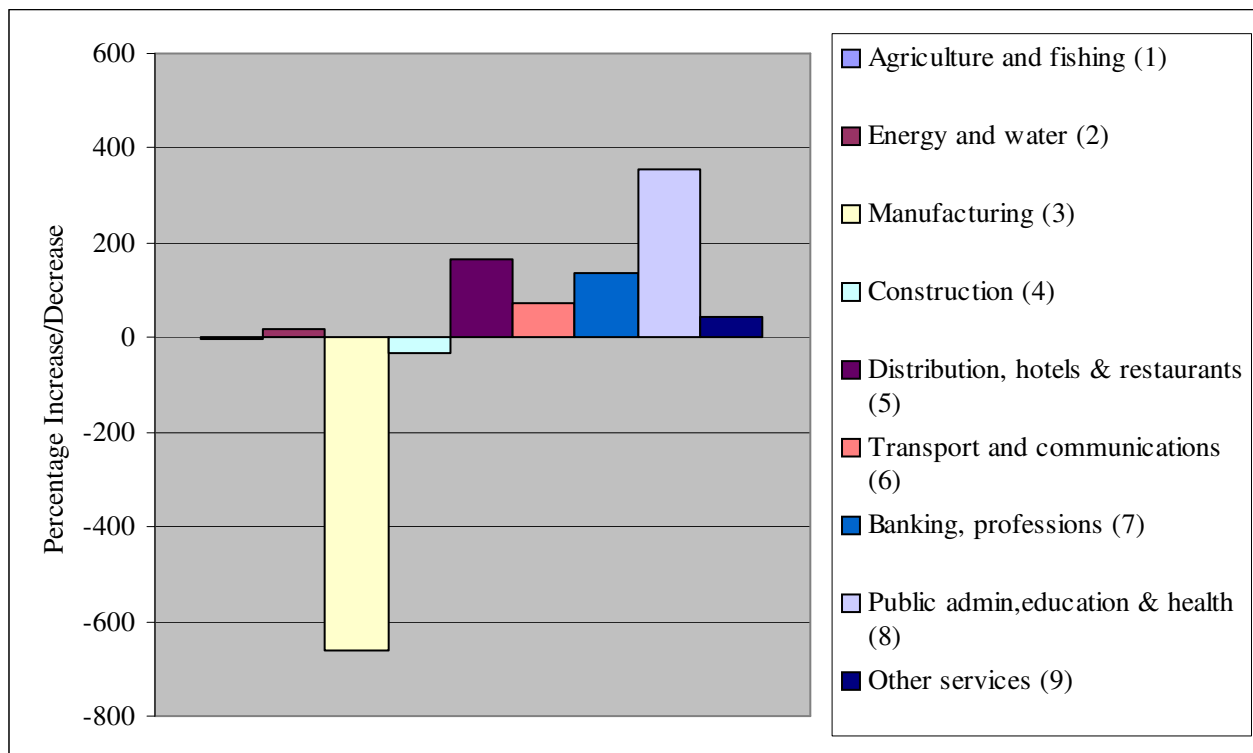
This analysis shows the impact of the decline of manufacturing to be far more significant than would appear by just looking at % change within each sector at the two given points in time (see Chart: Change in number of employees by sector). In losing 36% of its workforce between 1998 and 2004, manufacturing actually lost over 6 times the net number of jobs created.

Contrasting trends in the other sectors are highlighted. For example, there was almost a fourfold increase in the number of public sector administration jobs compared to the total net number of employee jobs created.

The distribution, hotels and restaurant sectors also increase substantially.

The absolute loss in manufacturing jobs was almost precisely offset by the growth in jobs across the public administration, banking and distribution sectors.

Chart 155. Changes in employment levels by sector



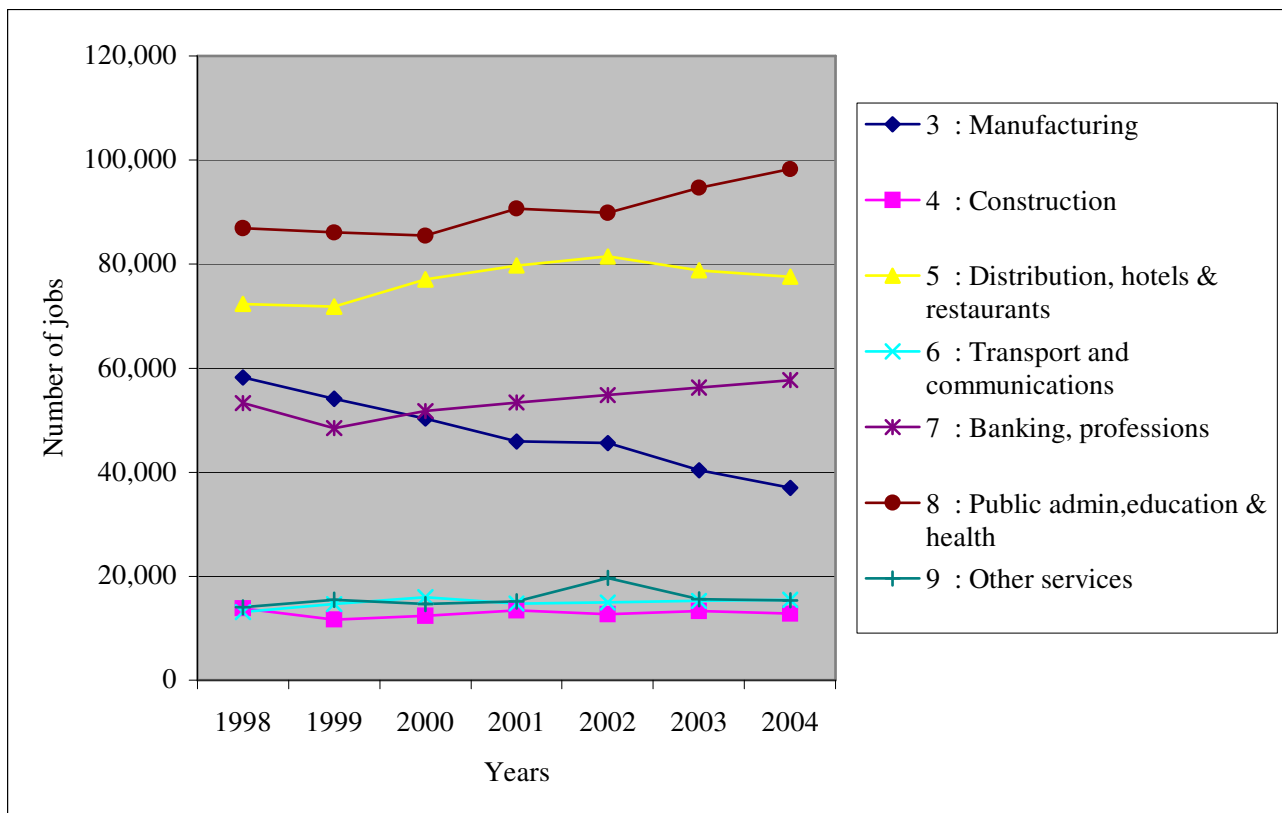
Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

Momentum in the employment sectors

The following chart plots 'momentum' in the sectors over the past few years (1998 to 2004). Several points can be made. First, it would appear that the manufacturing sector is in some form of structural decline. It also appears that the largest employer, the public administration, education and health sectors have impetus and momentum, although their ability to continue to grow is presumably heavily dependent on continued government spending and investment. Employment losses are now expected in the Health sector - the latest figures are 1,200 jobs to be lost between 2006 and 2008.

The banking and professions sector and the distribution, hotels and restaurant sector both grew strongly from 2000, although job growth in the former appears to have greater long term sustainability.

Chart 156. Trends in Changes in employment levels by sector



Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

c) Full Time and Part Time jobs

It is important to look not only at how sectors as a whole have fared, but also at how the trend for full time jobs compare with part time positions over the period (again 1998 to 2004).

The table below shows the key data. We take here the Greater Nottingham Partnership area including Hucknall.

Table 157. Full and part time jobs by sector

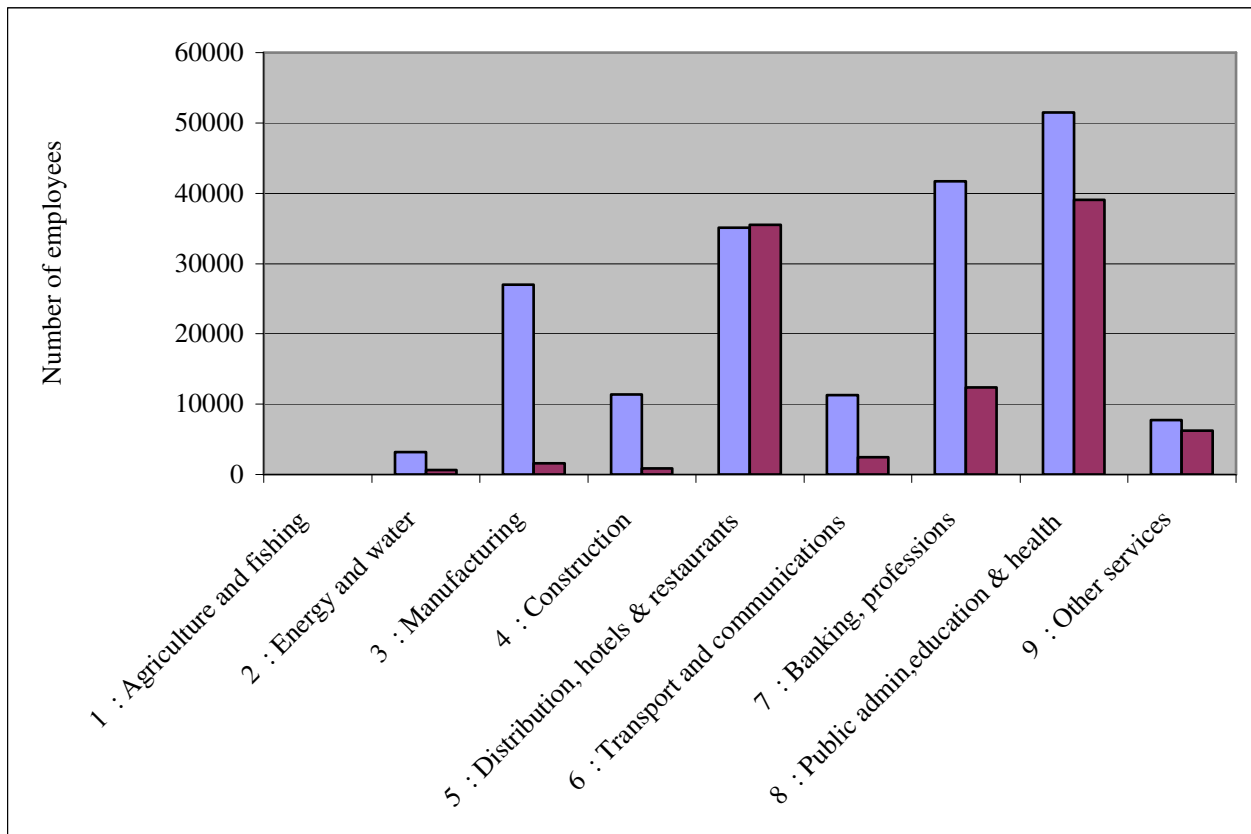
GNP inc Hucknall (2003)	1998		1999		2000		2001	
Industry	Full	Part	Full	Part	Full	Part	Full	Part
1 : Agric & Fishing	-	-	-	-	-	-	-	-
2 : Energy and water	2,800	200	3,100	100	4,100	100	3,400	200
3 : manufacturing	42,500	4,800	41,700	3,700	37,500	3,800	33,900	2,700
4 : Construction	11,000	1,300	8,700	900	10,200	1,100	10,600	1,000
5 : Distr; hotels	34,700	29,700	35,500	29,400	36,700	33,000	36,900	35,100
6 : Transport & comms	9,100	1,800	10,100	2,000	10,800	2,600	10,500	2,200
7 : Bank; profs	37,500	12,200	34,900	10,700	35,700	13,700	39,000	11,800
8 : Public admin	48,100	34,000	46,900	32,600	48,500	32,000	51,400	32,700
9 : Other services	7,400	5,600	8,100	6,300	7,300	6,200	7,600	6,200
Total	193,100	89,600	189,000	85,700	190,800	92,500	193,300	91,900
FTEs (part time Equals 0.4*full time	228,900		223,300		227,800		230,100	
GNP inc Hucknall (2003)	2002		2003		2004		FT	PT
Industry	Full	Part	Full	Part	Full	Part	Change	Change
1 : Agric & Fishing	-	-	-	-	-	-		
2 : Energy and water	3,600	600	3,300	800	3,200	600	14.3%	200.0%
3 : manufacturing	34,000	2,100	29,400	2,700	27,000	1,600	-36.5%	-66.7%
4 : Construction	10,300	900	11,700	1,000	11,400	800	3.6%	-38.5%
5 : Distr; hotels	39,000	35,500	35,300	34,800	35,100	35,500	1.2%	19.5%
6 : Transport & comms	10,900	1,900	11,200	2,300	11,300	2,400	24.2%	33.3%
7 : Bank; profs	37,500	14,900	39,100	14,800	41,700	12,400	11.2%	1.6%
8 : Public admin	47,300	34,500	50,000	37,400	51,500	39,100	7.1%	15.0%
9 : Other services	9,200	8,800	7,800	6,400	7,700	6,200	4.1%	10.7%
Total	191,800	99,200	187,800	100,200	188,900	98,600		
FTEs (part time Equals 0.4*full time	231,500		227,900		228,300			

Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

The chart that follows shows the number of persons employed in a full and a part time capacity in each of the employment sectors (for 2004).

Some sectors are predominantly full time; namely manufacturing, construction and banking and the professions. The distribution, hotels and restaurant sectors along with the public administration, health and education Sector have jobs shared fairly evenly across the full and part time sectors.

Chart 158. Comparison of full and part time jobs by sector



Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

However, this picture needs to be looked at in the context of what has changed in the recent past.

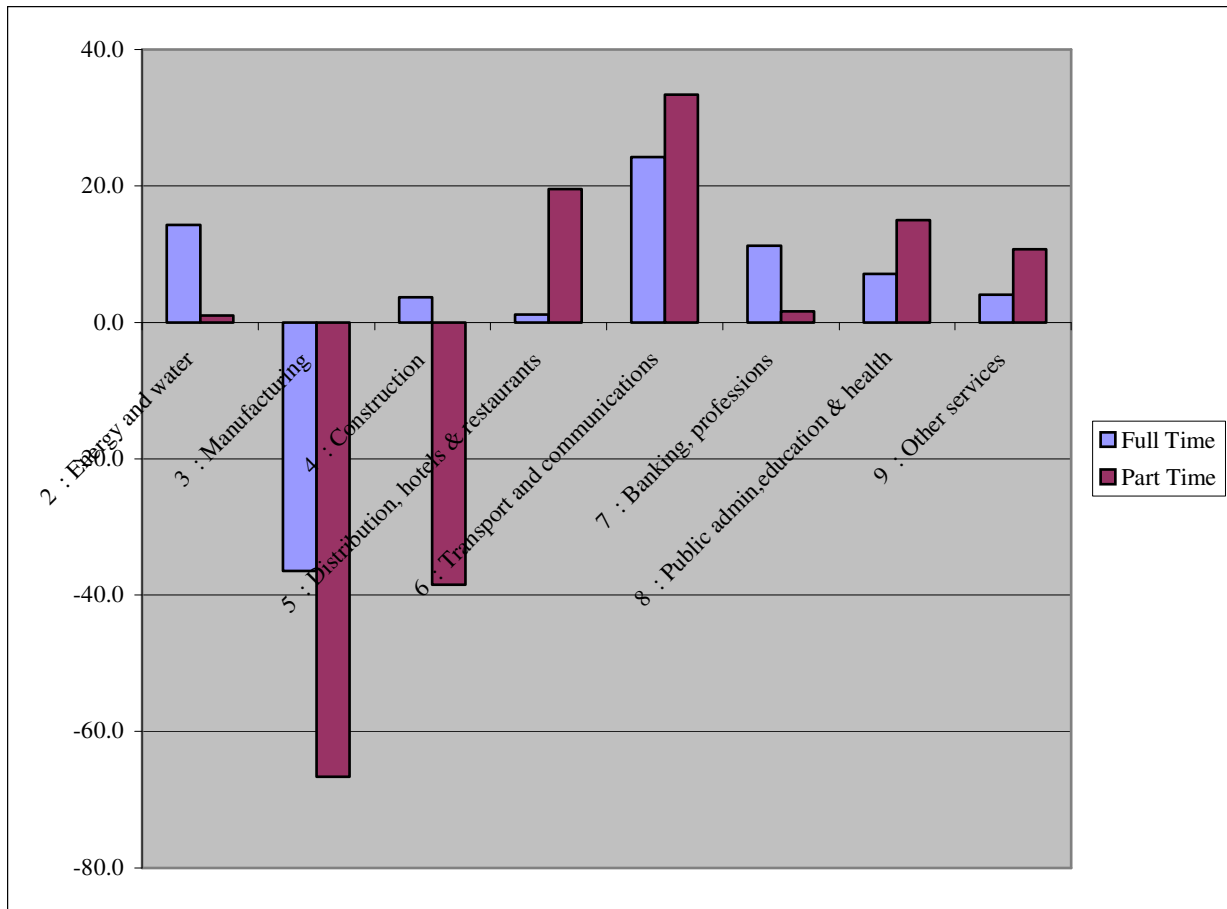
The next chart shows the percentage change between 1998 and 2004 in both full and part time employment across all the sectors.

The most remarkable change has been the loss of part time jobs in manufacturing and in Construction. These are sectors that would appear to be in decline but which are left now with a mainly full time labour force (see above).

By contrast, and importantly, part time jobs appear to be an important explanation in the growth of sectors such as distribution, hotels and restaurants (the prime example), and transport and communications. The public administration, education and health sector's success in increasing jobs has also relied to an important extent on part time positions.

Overall, between 1998 and 2004, 4,200 Full Time jobs were lost, whilst 9,000 part time jobs were created.

Chart 159. Percentage change in full and part time employment 1998 - 2004 by sector

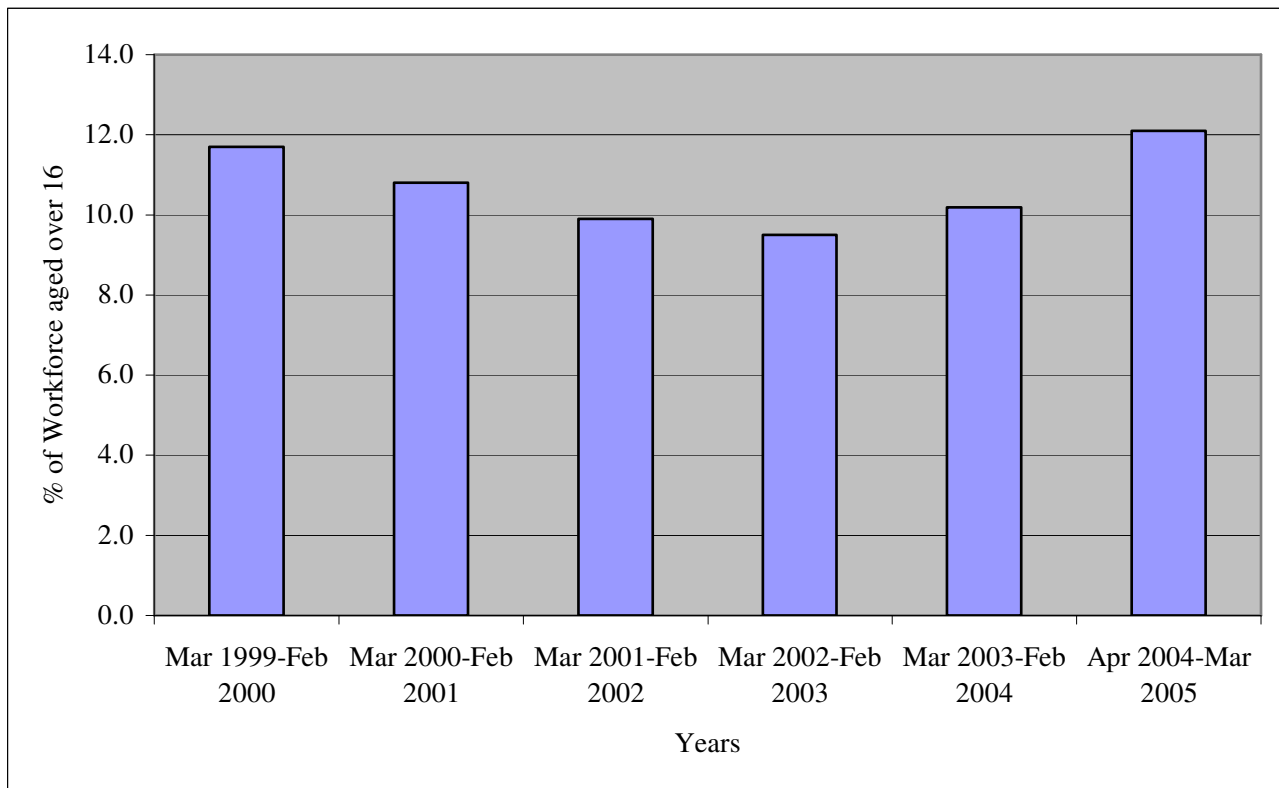


Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

The self employed sector

The number of people classing themselves as self-employed over the last five years in the Greater Nottingham area has varied between 26,000 and 33,000.

Chart 160. Self employment levels and trend



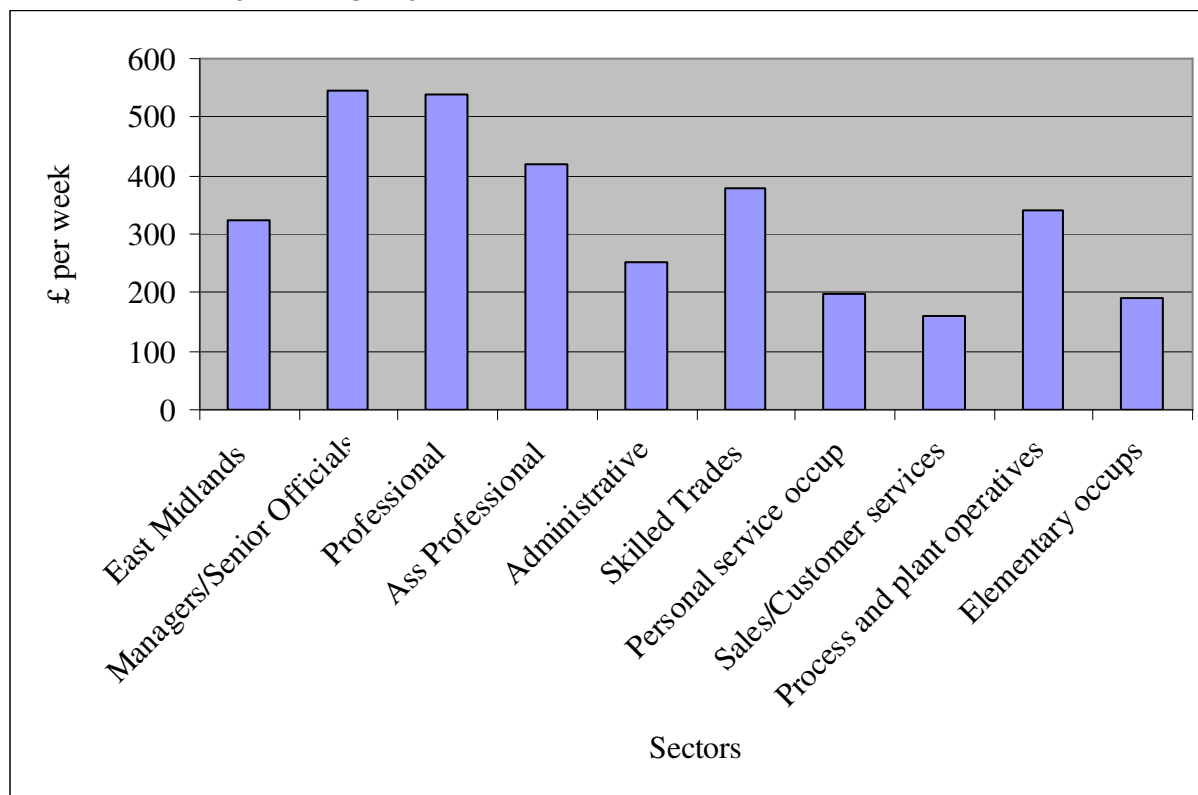
Source: Annual Business Inquiry Employee Analysis ONS Crown Copyright Reserved (from NOMIS on 12th May 2006)

As the above shows, the proportion of the workforce classed as self-employed is currently around 12%. This figure has not changed significantly, although it would appear to be currently at a high point, with the lowest percentage being reached in 2003.

Earnings by sector

The graph below shows the levels of weekly earnings by sector for the East Midlands. This is clearly not a Nottingham Core bespoke data set, although there will be overlaps.

Chart 161. Weekly earnings by sector



Source: Annual Survey of Hours and Earnings 2005

As is to be expected, there is a very large range of incomes across the different sectors. The professional and managerial sectors are earning on average almost three times weekly income for sales and customer services and the elementary occupations. Skilled trades and process and plant operatives earn at around the regional average.

Taking these trends together with the changes in levels of employment, it looks likely that Nottingham Core will have larger proportions of both high and low earners, but a lower proportion of middle earners. This is because middle earners are associated with trades and operations, which the data shows have been in decline for the last few years.

Feedback from employment agencies

We spoke to several employment agencies to establish whether the trends picked up in the data were also being borne out in practice.

The demise of middle to heavy industry (including textiles) was consistently stated to be terminal. Two factors have influenced this trend: first, the fact that UK governments have consistently failed to support industry to an equivalent level to that extended by governments abroad; second, because of foreign competition, a factor which has been particularly significant in the demise of the textile industry and the local lace industry in particular. These factors mean, according to one agent, "there is no way back". The manufacturing sector has therefore been considerably weakened. There is still however a small, but quite significant engineering sector.

There has been a change in the manufacturing sector away from jobs which demand great experience and a high level of skill, to a situation in which there is a wide and diverse range of lower skilled jobs. In the case of Nottingham, these include operatives in food processing, packing and light manufacture (e.g. plastics). There are a significant number of jobs in process related areas (e.g. mail sorting and order picking).

The market for jobs has swung strongly away from the employee to the employer in recent years. It is a 'buyer's market'. In part this trend has been fuelled by high investment in plant and machinery for processes (where skill levels need only be low), but also partly via the influx of migrant workers from Eastern Europe. It was stated that in some factories in the Greater Nottingham area, up to 80% of the workforce are Polish. Recruitment agencies are themselves employing Poles to assist employers.

Many migrant workers are employed in agriculture. There are a steady number of jobs here in the summer months, but there is a high degree of casual employment generally.

We asked about the extent to which Polish migrants in particular were likely to stay in the city. The answer depends on the age of the people themselves. There is a high proportion (one agent suggested around 30%) of Poles who are students, most of whom are expected to return to Poland. Those in their twenties and older, and particularly those with families, are expected to remain here. One agent said that this group will 'follow the work around'. There is a problem however for migrant workers wishing to move from the lower paid manual and processing jobs to the administrative and retail sector, as they require references which need to be established over two years service.

The short term implications of in migration from eastern Europe for Nottingham's housing market are likely to fall on the private rented sector. People who organise in-migrant labour forces (sometimes otherwise known as 'gangmasters') will also, in many cases, organise housing, probably at high density occupation. New legislation, which came into force in September 2006, puts responsibility on housing providers such that accommodation standards fall under the new licensing arrangements. Longer term, for those in-migrants that stay, and have established some capital or equity, the impacts for the housing market are potentially significant. These households will probably want to purchase homes and buy in the intermediate market, with consequent effects for housing and land supply.

The administration and retail sectors are steady, although there are pockets of undersupply in retail. It is also difficult to attract people into middle ranking administrative jobs in banking and finance as they tend to want to move up, or out of the sector altogether.

d) Conclusions to the employment trends and implications for the housing market

There are clear emergent trends:

Manufacturing, and, it would appear also (although to a lesser extent) construction, are in decline. There has, in these two sectors, been widespread shedding of part-time labour, which has been particularly severe in the construction industry. These two sectors are now virtually reliant on a full time labour force. With the likely continued demise of the manufacturing sector, a continued reduction in full time employment seems likely. This trend may stifle the housing market, which, towards the middle range of prices, benefits from households with steady, reasonably paid jobs.

An equally significant consequence of the decline of manufacture will be to open up opportunities for residential development on sites which are redundant. There is still considerable mileage in this land recycling, which is being taken on within the city as part of the regeneration programme.

The sectors which have gained labour, and in particular those such as distribution (hotels and restaurants), transport and communications, public administration (education and health) and 'other services' have gained in number, although mainly as a result of taking people on part-time.

The trend towards part-time work is potentially concerning for the sustainability of the housing market. Even where there are two earners, if both are in part-time positions, then household earning power is weak. The increasing proliferation of this type of job, combined with the affordability issue, may be reflected in the recent response (nationally) of one of the large banks to increase income multiples to encourage a higher number of households onto the mortgage ladder.

The impact of the strong growth of the public administration, education and health sector is one which is likely to help the market over the longer term. This sector does not generally earn highly (with the exception of the highly qualified and senior managers), although the sector as a whole has a relatively sound footing and will therefore be able to sustain demand across the middle market. It is questionable whether the right type of (middle market) housing is available in reasonable proximity to the key centres of employment for this sector which are mainly in the inner ring of Nottingham, and it is probable that a significant section of this group is required to commute.

There has been modest job growth in the distribution, hotel and restaurant sector. However, jobs in hotels and restaurants are generally not well paid, and employment tenure is not good. This is a significant employment sector but with weak effective demand which may point the way towards more intermediate and social housing.

Overall, the prospect for the housing market in the Core area looks uncertain. The increasing number of part time jobs may signal a looming affordability problem unless house prices respond accordingly. The target market for new build, on the basis of these trends, would seem to be towards cheaper family housing combined with a mix of intermediate affordable market homes, but this needs to be qualified in the light of the main affordability assessments.

CHAPTER 8 SUMMARY: EMPLOYMENT TRENDS

1. The employment sector in the Nottingham Core Housing Market Area has become more dominated by services. It has shown a sharp decline in manufacturing and a steep rise in the energy and transport/communications sectors. Most people (approximately 75%) are employed within the sectors of 'public administration, education and health', 'distribution, hotels and restaurants', and 'banking and professions'. These sectors also show the greatest momentum in terms of growth.
2. Both the manufacturing and construction industries show a net loss of jobs between 1998 and 2004. The loss of jobs in these sectors has been offset largely by gains in the public sector.
3. The relative growth and decline of jobs in each sector can be partially explained by shifts between full and part time contracts. There have been substantial increases in part time jobs within the distribution, hotels and restaurants sector as well as the public administration and health sector. The manufacturing sector has lost both full and part time workers but is left with a predominantly full time workforce. Around 12% of the workforce is classified as self employed.
4. Based on the distribution of workers across the employment sectors and average incomes across sectors, it is likely that the Nottingham Core Housing Market Area will contain large proportions of workers in high and low earnings brackets, but fewer earning middle incomes, as the associated sector (trades and operations) is in decline.
5. Employment agencies believe that the decline in manufacture is due to both increased foreign competition and a lack of support from government. The Nottingham manufacturing sector is dominated by low skilled jobs in food processing, packing and light manufacture. Administration and retail sectors are steady but it is hard to retain employees long term.
6. Employment agencies also maintain that the influx of immigrants from Eastern Europe has had a significant impact on the manufacturing sector. People organising housing for migrant workers are likely to provide high density accommodation but will have to comply with new legislation. Older migrants appear more likely to settle and may significantly increase demand for housing.
7. The increase in part time jobs may have a negative impact on the number of successful mortgage applicants.
8. There may be potential for land recycling on manufacturing sites which have become redundant.
9. The steady momentum of the public administration, education and health sector is likely to provide continued demand across the middle market, though it is questionable whether appropriate housing is available in proximity to the sectors' key employment centres. Growth in the distribution, hotel and restaurant sector may indicate an increased need for intermediate and social housing as these jobs tend to be less well paid.