

Committee: LDF WG

Agenda Item

Date: 22 November 2012

3

Title: Report into Greater Essex Demographic Forecasts Phase 3

Report Author: Andrew Taylor

Key decision: **No**

Summary

1. The Greater Essex Demographic Forecasts project has involved the use of POPGROUP technology to produce a range of scenarios for population growth within specific areas.
2. The project involves 4 phases. Phase 3 was published in July 2012. Phase 4 was due to include any new demographic forecasts. However, this is not now going to be the case because, on data and information currently available, there is no reasonable basis on which to amend the detailed assumptions in the POPGROUP model. Such amendment requires publication of further data from ONS and CLG in the form of revised mid-year population estimates for 2002-2010 (expected Spring 2013) and, in the longer term, publication of the 2012-based sub-national ONS population and CLG household projections (probably not before 2014).
3. Accordingly, it has been decided that Phase 4 of the project will be a descriptive account of the current situation. This will enable the Phase 3 forecasts to be placed in the context of the new demographic evidence that has emerged since preparation of the forecasts. The Phase 4 report will review the data within the 2011 Census First Release; the ONS 2011 mid-year population estimates; and the ONS 2011-base short term population projections and their relationship to the 2001-2010 series of mid-year population estimates and to the ONS 2010-based population projections.
4. Phase 4 is expected to be received in draft in November and to be formally published in January 2013.

Recommendations

5. To note the Phase 3 Demographic Forecasts and, pending approval by Cabinet, Officers will use this approach in the preparation of the new Uttlesford Local Plan.

Financial Implications

6. There are no direct costs associated with this report.
7. The provision of new housing within the District will have a direct impact on future Council Tax income which the District Council would receive. The greater Council Tax we collect locally results in a lower reliance on Central Government grants as 10% of Council Tax collected is retained by UDC. Any

increase in Council Tax would need to be balanced against the fact that an increase in housing also increases demand for UDC services e.g. refuse collection.

8. Any early delivery of housing could feed into New Homes Bonus payments, although this is unlikely due to the timing.

Background Papers

9. None

Impact

- 10.

Communication/Consultation	The overall housing numbers will be part of the Local Plan consultation in January/February 2013.
Community Safety	No direct impacts.
Equalities	The demographic forecasts are not disaggregated to age sex groups in a way that would enable change in groups with protected characteristics e.g. older people to be identified.
Health and Safety	No issues.
Human Rights/Legal Implications	No issues.
Sustainability	Strategic Environmental Assessment has been carried out through each successive stage in the preparation of an up to date development plan. This has considered how impacts could be mitigated, for example, by policies to require new housing to be energy efficient to limit its carbon footprint. SEAs were also prepared of the levels housing proposed in the Approved RSS and Draft RSS Review dwelling led scenarios.
Ward-specific impacts	Affects all wards.
Workforce/Workplace	No issues

Introduction

11. Local authorities in Essex and adjoining areas have historically made use of demographic forecasts commissioned by the former East of England Regional Assembly (EERA). These forecasts informed the preparation and monitoring of the Regional Spatial Strategy (RSS). With the proposed revocation of the RSS and the abolition of the planning functions of the East of England Local Government Association (the successor body to EERA), demographic forecasts and analysis will no longer be available from this source. Local authorities are now charged with the production of a new evidence base to support the preparation of Local Plans and to contribute to other planning activities within the Greater Essex area.
12. To replace the demographic services provided by the former EERA, the Essex Planning Officers Association (EPOA) has commissioned Edge Analytics to prepare a range of population, household and labour force forecasts to ensure consistency and robustness of evidence across the range of technical studies to be undertaken by EPOA and its member authorities. EPOA's demographic requirements are to be delivered through an agreed programme of work conducted in 4 phases. The phase 3 report, incorporating details of phase 1 and 2, was published in July 2012.
13. In April 2012 Cabinet adopted the Economic Scenario as the most appropriate basis on which to develop the new Local Plan. Phase 3 of the report has revised the forecasts with the most up to date information and it is necessary for Cabinet to reaffirm the adoption of this Scenario.

East of England Forecasting Model

14. The East of England Forecasting Model (EEFM) was originally developed for the East of England Development Agency (EEDA) and regional partners by Oxford Economics. Its purpose was to project economic, demographic and housing trends in a consistent fashion and in a way that would help in the development of both the Regional Economic Strategy (RES) and the Regional Spatial Strategy (RSS) for the East of England. The outputs released are available on the Insight East website <http://www.insighteast.org.uk/viewArticle.aspx?id=17083>. A number of other related resources can also be accessed on the site also.
15. The abolition of EEDA has resulted in ownership of the EEFM being transferred to the East of England Local Government Association (EELGA). Cambridgeshire County Council is to manage the Model on behalf of the Association and Oxford Economics has been re-appointed to maintain and operate it for a further 2 years. The currently available forecasts were produced in Spring 2012 and consist of a Baseline forecast and three scenario forecasts.
16. The EEFM is primarily designed to produce economic forecasts for local authority areas. It is a spreadsheet-based model which covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run and the impacts of different assumptions can be measured. For instance, the Model can show the impact on the local economy of different overall

economic growth rates or of accelerated growth or decline in particular sectors and the consequence for future dwelling requirements. Similarly, the Model can show the impact that different scale and distribution of dwelling change between authorities may have on the local economy in terms of job growth, commuting and unemployment.

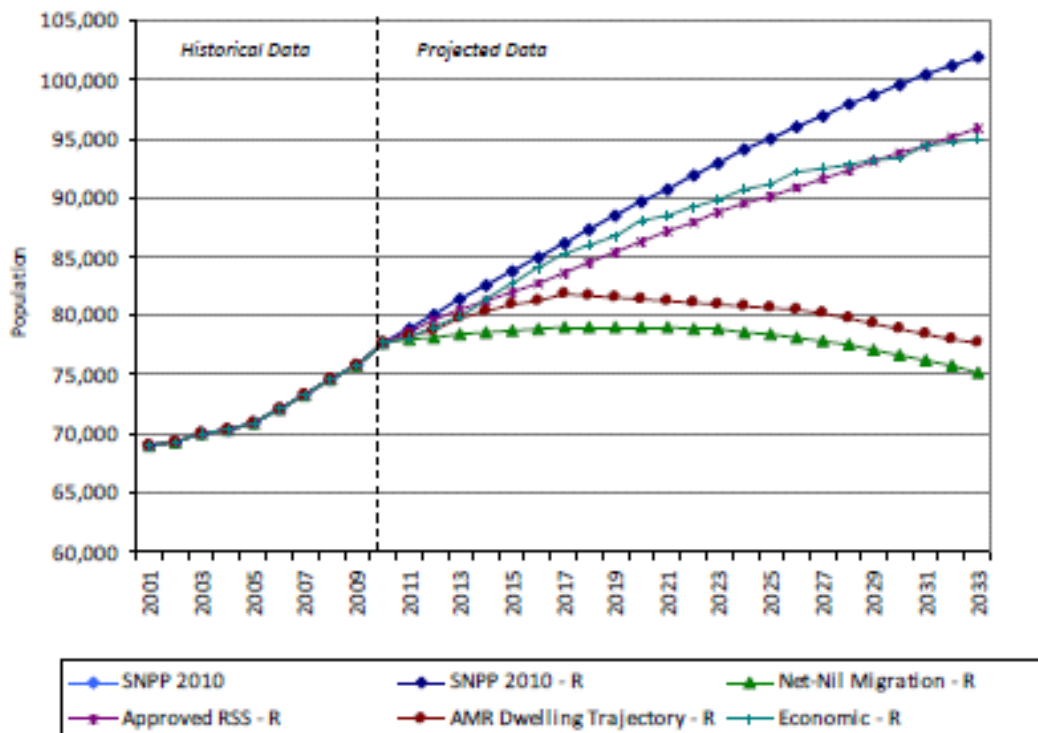
17. The EEFM comprises a full database including 147 separate variables for each of the East of England's 48 pre-April 2009 local authorities, as well as for historic counties, strategic authorities, selected other local authority groupings, the East of England as a whole, and the UK. Key outputs of the Model are:
 - Information at local authority level for individual years to 2031;
 - Forecasts of employment and Gross Value Added (GVA) by 29 sectors;
 - Numbers of employed people by workplace and residence with net commuting;
 - Unemployment;
 - Total population, households and dwellings
 - Carbon emissions by 4 groups
18. An important feature of the EEFM is its links to other Oxford Economics forecasting models, ensuring that all EEFM forecasts are consistent with Oxford Economics' world, UK national and UK regional forecasts.
19. The overall Model structure of the EEFM captures the interdependence of the economy, demographic change and housing at a local level, as well as reflecting the impact of broader economic trends on the East of England. The employment forecasts take account of the supply and demand for labour, the demographic forecasts reflect labour market trends as they are reflected in migration (and natural change indirectly), and the housing forecasts take account of both economic and demographic factors. This structure allows scenarios to be designed which test the impact of variables upon each other – for example, the impact of housing supply on economic variables as well as vice versa.
20. The EEFM is constructed on an annual basis. Historic data for most variables has been collected over 20 years to provide a basis for estimating the relationships between variables and for forecasting future trends. Forecasts are currently made up to 2031, reflecting the end dates of the available global, national and regional forecasts. But, the longer-term forecasts should be treated with caution, as unforeseen - but inevitable - future change in key causal factors will affect forecast accuracy. Medium-term forecasts are more likely to be better approximations than shorter-term ones, as there can usually be more confidence about medium-term trends than about short-term random fluctuations around the trend.
21. The EEFM is very large, with over 7,000 economic, demographic and housing indicators. Each of these variables is linked to others within the Model, and many key variables are also linked to others in the wider Oxford Economics suite of models.

Local Plan timescale

22. The National Planning Policy Framework makes clear in paragraph 157 that Local Plans need to “be drawn up over an appropriate time scale, preferably a 15-year time horizon”.
23. The current Local Plan has an end date of 2011 and it is therefore considered appropriate to start the new Local Plan from that date to provide continuity and to ensure we have a continuous Local Plan coverage. This would provide an end date of 2026 for the new Local Plan.
24. In this way the Council is meeting the terms of the NPPF by drawing up a plan over a 15-year time horizon.

Housing requirements

25. The following charts show the various population projections of the different scenarios together with the average number of dwellings required per year and the required number of dwellings to be delivered by the new Local Plan.



Scenario	Change 2010 - 2033				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Jobs
SNPP 2010	24,117	31.0%	11,676	37.5%	880	526	351
SNPP 2010 - R	24,117	31.0%	11,604	37.5%	880	523	351
Approved RSS - R	18,060	23.2%	9,544	30.8%	661	430	223
Economic - R	17,236	22.2%	9,214	29.7%	617	415	200
AMR Dwelling Trajectory - R	-85	-0.1%	2,957	9.5%	-29	133	-173
Net-Nil Migration - R	-2,513	-3.2%	3,159	10.2%	0	142	-253

Note: The 'SNPP 2010' and 'SNPP 2010 – R' scenarios have identical population growth. However, household growth will vary between the two scenarios due to the use of different household headship rates.

	Annual requirement	No. of Years	
Requirement 2011 - 2026			
2011/12 – 2012/13 @ RSS annual requirement of 430pa	430	2	860
2013/14 – 2025/26 @ locally derived requirement of 415 pa	415	13	5395
Total requirement			6255

Supply	
Built 2011/12	521
Sites of 6+ units with PP at April 2012	1800
Deliverable sites without PP at April 2012	458
Sites granted PP since April 2012	248
Required sites	3228

Conclusion and recommendation

26. The publication of the National Planning Policy Framework and the Government's focus on the need to support economic growth to help rebuild the economy led the drive for the review of planning guidance. In addition Uttlesford Council have provided additional support and momentum behind local economic development through the funding of this work and the adoption of an Economic Development Strategy to further the economy of the District.
27. The economy within the District is fairly robust and this is demonstrated through the East of England Forecasting Model outputs. The updated economic led scenario is a robust basis on which to base the Local Plan.

Risk Analysis

28.

Risk	Likelihood	Impact	Mitigating actions
Insufficient houses are provided to meet the population needs.	3 - Those residents responding to the consultation on the local plan are generally opposed to providing for growth,	3 – Inadequate provision for housing will result in household formation being depressed and new households	A robust assessment of the scenarios has been undertaken. The Economic Scenario follows the East of England Forecasting model and job creation which will therefore ensure a balance between the size of the work force

	<p>particularly when specific sites are being considered</p>	<p>that do form being displaced from the district by market pressures. The ability to deliver intermediate affordable/ shared ownership and social rented/ affordable rented homes depends on the market housing delivered.</p>	<p>and potential jobs. Additional houses on Exceptions schemes could be forthcoming to provide housing specifically for people with local connections.</p>
--	--	---	--

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Appendix 1

Scenario: Economic – R

	Jobs - Change																						Total Change
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	
Basildon	-200	-700	300	700	600	300	100	-100	-100	-100	-100	-100	-200	-100	-100	-200	-100	-100	-100	-100	-100	-100	700
Braintree	-700	-300	500	1,000	900	700	600	300	300	300	200	300	200	300	200	300	200	300	200	300	200	200	6,700
Brentwood	-1,500	-600	300	700	800	600	400	300	200	100	200	100	100	0	100	0	100	0	0	0	100	100	2,200
Castle Point	0	-100	100	300	300	300	100	100	100	100	0	100	0	100	100	0	100	100	0	100	100	100	2,200
Chelmsford	1,800	1,200	1,900	2,600	2,500	2,200	2,000	1,700	1,600	1,700	1,600	1,600	1,600	1,700	1,600	1,700	1,700	1,700	1,800	1,800	1,800	1,800	41,900
Colchester	3,400	1,200	1,800	2,100	2,000	1,500	1,200	900	800	800	700	700	600	500	600	500	400	500	400	400	400	400	22,200
Epping Forest	300	100	800	1,400	1,600	1,300	1,100	700	500	400	400	300	300	300	300	300	300	200	300	200	300	300	12,000
Harlow	500	-100	400	700	600	400	400	100	200	100	100	100	100	100	100	100	100	100	100	100	100	100	4,600
Maldon	100	100	300	500	500	400	300	200	100	200	100	200	100	100	200	100	100	100	200	100	100	100	4,300
Rochford	-300	-100	300	400	400	300	300	100	200	100	100	100	200	100	100	200	100	100	200	100	200	200	3,600
Tendring	300	-100	300	600	500	400	400	200	300	200	300	200	300	200	300	200	200	300	200	300	200	200	6,200
Uttlesford	600	200	300	800	800	700	500	300	200	100	100	100	0	100	0	0	-100	0	0	-100	0	0	4,600
Southend	-400	-700	400	700	800	500	200	200	100	100	100	100	200	100	100	100	200	100	200	100	200	200	3,800
Thurrock	0	100	5,100	3,200	2,500	2,000	1,600	1,300	1,200	1,100	1,100	1,000	1,100	1,000	1,000	1,000	1,100	1,100	1,000	1,100	1,200	1,200	32,200
Cambridge City	1,600	700	2,300	2,900	2,500	1,900	1,500	1,100	900	800	800	700	700	700	700	600	600	600	700	600	700	700	25,100
South Cambridgeshire	1,300	600	1,600	2,300	2,400	2,100	1,800	1,400	1,100	1,100	900	1,000	1,000	900	1,000	900	900	1,000	900	900	1,000	1,000	28,100
Broxbourne	-900	-400	300	600	700	600	400	200	200	100	100	100	100	100	100	100	100	0	100	100	100	100	3,000
East Hertfordshire	-400	-100	900	1,400	1,500	1,100	800	600	500	300	300	300	300	300	200	200	300	100	200	200	200	200	9,600
Welwyn-Hatfield	500	500	1,400	2,000	1,900	1,600	1,300	1,000	900	800	800	800	800	800	700	700	700	700	700	700	800	800	21,700
Babergh	500	100	400	700	600	500	400	200	200	100	100	100	100	100	100	200	200	200	200	200	200	200	6,000
Ipswich	3,700	800	900	1,200	1,000	800	600	600	500	500	600	500	600	500	500	500	500	600	500	500	500	500	17,400
Mid Suffolk	500	200	500	700	700	500	400	200	200	100	100	100	100	100	100	0	100	100	100	0	100	100	5,100
Suffolk Coastal	1,300	300	300	800	700	600	400	400	200	300	200	200	200	200	200	200	200	200	200	200	200	200	7,700
St Edmundsbury	900	100	600	1,100	1,000	700	500	200	200	100	100	100	100	100	100	0	100	100	100	100	100	100	6,600
Essex CC	4,300	800	7,300	11,800	11,500	9,100	7,400	4,800	4,400	4,000	3,700	3,300	3,400	3,500	3,200	3,100	3,300	3,200	3,200	3,400	3,400	3,400	109,200
Greater Essex	3,900	200	12,800	15,700	14,800	11,600	9,200	6,300	5,700	5,200	4,900	4,800	4,600	4,500	4,600	4,300	4,400	4,500	4,400	4,400	4,800	4,800	145,200
Essex Thames Gateway	900	1,500	6,200	5,300	4,600	3,400	2,300	1,600	1,500	1,300	1,200	1,300	1,200	1,200	1,100	1,400	1,300	1,300	1,300	1,600	1,600	1,600	41,100
Heart of Essex	400	700	2,500	3,800	3,800	3,200	2,700	2,200	1,900	2,000	1,900	1,900	1,800	1,800	1,900	1,800	1,900	1,800	1,900	2,000	2,000	2,000	47,800
Essex Haven Gateway	3,300	900	2,900	4,200	3,900	3,000	2,500	1,600	1,500	1,500	1,300	1,400	1,200	1,100	1,300	1,100	900	1,200	1,000	1,100	900	900	39,400
Suffolk Haven Gateway	5,800	1,400	2,100	3,400	3,000	2,400	1,800	1,400	1,100	1,000	1,000	1,000	1,000	900	900	1,000	1,100	1,000	900	1,000	1,000	1,000	36,200
Haven Gateway	8,900	2,300	5,000	7,600	6,900	5,400	4,300	3,000	2,600	2,500	2,300	2,400	2,200	2,100	2,200	2,000	1,900	2,300	2,000	2,000	1,900	1,900	75,600
West Essex	1,400	200	1,500	2,900	3,000	2,400	2,000	1,100	900	600	600	500	400	500	400	300	300	400	200	400	400	400	21,200
Hertfordshire (East)	1,300	500	1,200	2,000	2,200	1,700	1,200	800	700	400	400	400	400	300	300	400	200	200	300	300	300	300	12,600
Stansted/M11 Corridor	100	300	2,700	4,900	5,200	4,100	3,200	1,900	1,600	1,000	1,000	900	800	900	700	700	700	500	600	500	700	700	33,800
Harlow Joint Working Area	400	100	2,100	3,500	3,700	2,800	2,300	1,400	1,200	800	800	700	700	700	600	600	700	400	600	500	600	600	26,200
ALL AREAS	12,700	3,000	22,000	29,400	27,800	22,000	17,300	12,200	10,600	9,400	8,900	8,600	8,400	8,300	7,800	8,100	8,200	8,000	7,900	8,700	8,700	8,700	275,500

Figure 16: Jobs Growth Trajectory (Source: EEFM)

