

Plan for Fylde - Plan for the Future

Fylde Council

The OBJECTIVELY ASSESSED HOUSING and ECONOMIC
DEVELOPMENT NEEDS and the FYLDE LOCAL PLAN TO 2032



May 2017

The Objectively Assessed Housing and Economic Development Needs and the Fylde Local Plan to 2032 (May 2017).

1. Introduction

1.1 On Monday 8th May 2017 a special meeting of the Planning Committee was arranged to consider new evidence concerning the Objectively Assessed Need for Housing and Economic Development for the Local Plan to 2032. This new evidence comprises two independent technical documents;

- a. Independent Assessment of the Economic Prospects of Fylde (Amion Consulting, May 2017), and*
- b. Fylde Addendum 3: Analysis of the OAN in light of the 2014-based SNPP and SNHP (Turley, May 2017).*

1.2 This report recaps previous evidence, presents new evidence and outlines the necessary amendments to the Local Plan in order for the Examination in Public to continue.

2. Existing Evidence Base in Relation to Objectively Assessed Need

2.1 The 2013 Fylde Coast Strategic Housing Market Assessment (SHMA) was primarily prepared in 2013 to conform with the National Planning Policy Framework (NPPF) which was published in 2012. During its preparation, draft Planning Practice Guidance (PPG) was published in August 2013, with the SHMA referencing the release of this guidance. The 2013 SHMA provided an OAN across the three Fylde Coast authorities (Fylde, Wyre and Blackpool) and established a distinct OAN range for Fylde of 300 – 420 dwellings per annum over the period assessed (2011 – 2031).

2.2 Following the publication of the 2012-based SNPP dataset, an Addendum (Addendum 1) was prepared which sought to consider the implications of this dataset on the concluded OAN in the 2013 SHMA. Addendum 1 was prepared in the context of the PPG published by the Government in March 2014. A further Addendum (Addendum 2) was also commissioned by the Council following the release of the 2012-based household projections, and published in May 2015. Addendum 2 recommended that the OAN range was updated to reflect a higher upper end of the range of 440 to 450 dwellings per annum.

2.3 Collectively, this evidence was used by the Council to inform the development of the draft Local Plan up to its submission on 9th December 2016.

3. Inspector's Letter 11th April 2017 and Addendum 3

3.1 Addendum 3 is intended to provide a direct response to the request from the Local Plan Inspector, as set out in her letter dated 11th April 2017 to the Council, to provide further clarity on the implications of the official 2014-based sub-national population projections (SNPP) and the 2014-based sub-national household projections (SNHP) for the objectively assessed need for housing in Fylde.

3.2 Specifically in this regard the Inspector requested that:

“This should be in the form of a paper which sets out the 2014-based assessments using relevant scenarios (including economic) and takes account of all reasonable adjustments and uplifts as referred to in previous demographic evidence. It should also include an explanation as to what the implications of this are for the OAHN, including meeting affordable housing needs”

3.3 In responding to this request, Addendum 3 draws together the evidence submitted to the Local Plan Examination in Public (EiP) relating to housing need subsequent to the submission of the Local Plan for examination. It seeks to reflect upon and respond to the points of discussion during the hearing sessions on 28th and 29th March 2017 and references as appropriate the hearing statements submitted and referred to throughout the EiP hearing sessions relating to the OAN. In addition Addendum 3 will rely upon an independent assessment of the economic prospects of Fylde which the Council commissioned Amion Consulting to undertake.

4. Independent Assessment of the Economic Prospects of Fylde (May 2017)

4.1 The 'Independent Assessment of the Economic Prospects of Fylde' (Amion Report) is an independent piece of technical evidence concerning employment levels and related matters in Fylde. The Council commissioned this piece of evidence independently of Turley and directly in response to the Stage 1 of the Local Plan Examination in Public and the Inspector's letter to the Council of 11th April 2017. Turley have subsequently made use of this evidence in the preparation of Addendum 3.

4.2 Amion Consulting were appointed to provide an independent view on the likely level of future employment growth in Fylde. Their report builds upon previous analysis undertaken to inform the Fylde Coast SHMA and subsequent addenda (Addendum 1 and 2). Throughout the EiP hearings there was a particular focus on the scale of likely job growth that could be considered reasonable for Fylde, with arguments arranged accordingly to support greater or lower housing numbers. In light of this, the letter from the Inspector to the Council and the potential implications for the OAN, the Council considers there to be a need to review up-to-date forecasts to reach a clear view as to a reasonable level of employment forecast for Fylde to 2032.

4.3 Given the context outlined above the purpose of this report was to;

- a. *provide a review of the historic economic picture for Fylde, particularly in terms of historic employment growth, as well as considering factors that could influence future growth;*
- b. *verify if the three employment forecasts (produced by Cambridge Econometrics, Experian and Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;*
- c. *consider whether, given Fylde's local labour market conditions, reasonable assumptions were used in the modelling of the relationship between employment growth and the implied population growth in deriving the levels of calculated housing need within the 2013 Fylde Coast SHMA, and subsequent papers published to update the modelling and analysis; and*
- d. *conclude as to the reasonable level of future employment growth in Fylde and recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions.*

4.4 In short, the most pertinent conclusions of the Amion report which feed into the work of Turley and Addendum 3 are the recommendation of the use of an average annual growth rate of employment to inform the detailed demographic and economic modelling undertaken as part of Addendum 3. Also, that two approaches to calculating an average be modelled by Turley giving an average annual growth rate of

91 jobs or 55 jobs. In addition, there should be no adjustment made to the Local Plan or OAN with respect to employment generation at the two Enterprise Zones. This partly reflects a high level of uncertainty in terms of the timing, scale and additionality of any impact and at this moment in time there is insufficient evidence to make specific adjustments.

5. Implication for the OAN for Fylde to 2032

5.1 Demographic Starting Point

5.1.1 The 2014-based population and household projections provides a new 'starting point' for the assessment of housing needs, in accordance with the Planning Practice Guidance (PPG).

5.1.2 The 2014-based SNHP indicates a modelled need for 274 dwellings per annum following the application of a vacancy rate. This is considered to be a 'starting point' for establishing the OAN for Fylde.

5.1.3 It is of note that this 'starting point' projection of need is higher than that represented by the earlier 2012-based SNHP, which formed the starting point for the analysis in the Addendum 2 report and projected a need for 237 dwellings per annum. It is lower, however, than the concluded reasonable minimum level of demographic need presented within the 2013 SHMA (Migration-led 10 year scenario), which projected a need for approximately 320 dwellings per annum.

5.1.4 Adjustments result in a minimum demographic need for 351 dwellings per annum in Fylde over the plan period (2011 – 2032). This level of need is some 77 dwellings per annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, and represents a 28% upward adjustment.

5.2 Taking Account of Employment Growth

5.2.1 The May 2017 Independent Economic Assessment for Fylde (Amion Report) concludes that it is considered reasonable that the level of future employment growth in Fylde will lie in the range of 55 to 91 jobs per year over the remainder of the plan period (2015 – 2032). This indicates a need to provide for a higher level of housing need than projected through the demographic projections with a modelled need for between 397 and 421 dwellings per annum projected over the plan period.

5.2.2 The application of a consistent headship rate adjustment to that applied to the demographic projections elevates this range of assessed need to 408 to 432 dwellings per annum.

5.2.3 Taking each of the adjustments collectively it is considered that the evidence indicates an OAN of between 410 and 430 dwellings per annum, based on a rounding of the modelling outputs.

5.3 Consideration of Affordable Housing

5.3.1 The 2013 SHMA identified a need for 207 affordable homes per annum. This was updated in the Addendum 1 report which concluded with a higher modelled need for 249 affordable homes per annum.

5.3.2 Through the Examination in Public hearings, the calculated need for affordable housing was debated with no significant challenge made to its robustness. The assessed level of need concluded within the Addendum 1 report is therefore considered robust for the purposes of considering its implications for the overall need for housing in Fylde following the PPG methodology.

5.3.3 The Council identified that historically between 2003 and 2016 Fylde has, on average, seen the delivery of approximately 210 net dwellings per annum. The concluded OAN, following the PPG

methodological steps above, would more than double this historic rate of development. This clearly aligns with the Government's objectives to boost the supply of housing and 'get more homes built right now and for many years to come'.

5.3.4 Assuming that 30% of the calculated OAN was delivered as affordable homes would suggest that between approximately 120 and 130 affordable homes per annum will be able to be provided. Whilst it is apparent that this will not meet the need for affordable housing in full it is important to reflect on the fact that this will represent a significant uplift on the recent historical rates of affordable housing provision, noting that less than 40 affordable dwellings were delivered in Fylde in 2015/16.

5.3.5 As well as representing a significant uplift on the long-term historic rate of delivery the range of OAN also represents a marked uplift to the concluded demographic projection of need, being some 16% to 23% higher. On this basis it is not considered justified in this context to apply a further upward adjustment relating directly to the provision of affordable housing to the OAN range set out in Table 1. It is considered, however, that in the context of a recognised significant need for affordable housing that this provides further support for placing greater emphasis on the upper end of the OAN range.

5.4 Taking Account of Market Signals

5.4.1 The updated analysis presented in Addendum 3 continues to indicate that there is evidence of worsening affordability in Fylde, albeit that a number of other market signals suggest that the impact is less pronounced than in other comparator areas.

5.4.2 In this context, it is considered that the previous conclusion reached in the Addendum 2 report that '...a modest uplift applied to the household projections could help to address affordability issues in the borough' remains justified. It is recognised that more recently a number of Local Plan Inspectors have considered it appropriate to specify a separate market signals adjustment.

5.4.3 In establishing a reasonable response to the identified evidence of some worsening of market signals, it is noted that the views of representors in the hearing statements did not present a consistent picture. It was noted that some representors considered the assessment to be robust and did not appear to advance the need for any further upward adjustment in relation to market signals. A number of other representors, however, indicated that a more positive adjustment to that used in the preceding Addendum reports would be justified.

5.4.4 At least one representor advanced a recommendation that in providing for this 'modest uplift' an uplift of 10% should be applied to the demographic projection of need. In the context of the updated assessment of market signals it is considered reasonable to view this as an upper limit to any such adjustment to be applied to the demographic projection. Applying a 10% uplift to the adjusted demographic projection (351dpa) would result in a need for 386 dwellings per annum.

5.4.5 It is of note that this level of need falls below the range of need concluded as being required to support the scale of job growth forecast over the plan period. Irrespective of the considered reasonableness of a 10% adjustment in relation to market signals, the level of need resulting from aligning job growth and population growth would be expected to provide a level of housing provision which would, on this basis, represent a boosting of supply addressing the impact of any historic imbalance between supply and demand.

5.5 Summary of Implication for OAN

5.5.1 Taking each of the adjustments collectively it is considered that the evidence indicates an OAN of between 410 and 430 dwellings per annum, based on a rounding of the modelling outputs. The stepped application of the methodological steps followed in deriving the OAN are set out in Table 1.

Table 1: Adjustments to the ‘Starting Point’ in Arriving at the OAN

	Adjustment (dwellings per annum)	Dwellings per annum 2011 – 2032	% uplift from ‘starting point’
The ‘starting point’ – 2014-based SNHP		274	
Adjusted demographic projection	+77	351	28%
Supporting likely job growth	+57 – 81	408 - 432	49% - 58%
<i>(Market signals adjustment to demographic projection +10%)</i>	<i>(+35)</i>	<i>(386)</i>	<i>(40%)</i>
Objectively assessed need (OAN) rounded	+134 – 156	410 - 430	50% - 57%

Source: Turley

5.5.2 The concluded OAN range within Addendum 3 sits either side of the upper end of the OAN range concluded within the 2013 SHMA (300 – 420 dwellings per annum) but slightly below the upper end of the updated OAN range within the Addendum 2 report. Consistent with the upper end of the OAN in both of these reports the concluded OAN arrived at in Addendum 3 is directly associated with supporting a forecast of likely job growth.

5.5.3 Whilst a range of OAN for housing has been concluded associated with the range of job growth considered reasonable within the Independent Economic Assessment (Amion Report) it is recognised that this report concludes that it is ‘expected...that the likely level of employment growth will be at the upper end of this range’. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the identified OAN range.

6. Alignment between the Local Plan to 2032 and Addendum 3

6.1 In light of the new evidence that the Council has procured, it is necessary to consider the implications for the previously concluded Housing Requirement Figure (370 dwelling per annum) and the Local Plan to 2032. Just prior to the commencement of the Hearings of the EiP the Council was able to update the Housing Land Supply Trajectory and the resulting Five Year Housing Supply Statement (EL1.008). This work was titled ‘interim’ owing to the fact that only data available up to and including 28th February 2017 was available. This document provides a supply of land for a minimum of 8,702 dwellings to 2032.

6.2 Having now taken account of all data for March 2017, the final Housing Land Supply Trajectory, base dated 31st March 2017, and the resulting Five Year Housing Supply Statement (to be published soon) the Council can confirm that the final Housing Land Supply Trajectory provides a supply of land for a minimum

of 8,793 dwellings to 2032. The summary table of the Housing Land Supply Trajectory can be seen in Table 2 below. Accordingly the Planning Committee resolved on 8th May 2017 that the Housing Requirement for Fylde Borough to 2032 is 415 dwellings per annum and that the Local Plan be amended accordingly. The figure of 415 falls within the newly concluded OAN range as recommended by the Council’s independent economic development and planning advisors (Turley and Amion Consulting).

7. Alignment with Vision and Strategic Objectives

7.1 The new evidence presented in the Independent Amion Report and Addendum 3 is suggestive that the Council would need to once again ensure that the Local Plan to 2032 is sound given any changes to the Housing Requirement Figure. In particular, during the EIP Hearings lengthy discussion took place on matters relating to the alignment of the evidence to the Vision and Strategic Objectives of the Plan. The key focus of these discussions being the alignment or integration between the ‘housing strategy’ and the ‘economic development strategy’.

7.2 Therefore, the Council has looked again at the Vision for Fylde to the year 2032 and also Strategic Objective 4: to diversify and grow the local economy, and concluded that the Local Plan to 2032 will achieve this Vision and deliver this Strategic Objective through the policies set out in the Plan. An assessment of the level of employment land provided by the Plan concludes that it is capable of supporting in excess of the most optimistic economic forecasts set out in the SHMA and all subsequent addenda, including Addendum 3, and so ensures that the Local Plan does everything it can to support sustainable economic growth and in no way could it be considered to act as an impediment to sustainable economic growth especially when considering the provision of employment land.

7.3 Whilst recognising that there is a degree of uncertainty in projecting future levels of jobs growth and that the relationship between future jobs growth and population change is complex, it is clear that the Local Plan to 2032 and a Housing Requirement Figure of 415 supports the Vision for Fylde to the year 2032 and especially Strategic Objective 1: to create sustainable communities and Strategic Objective 4: to diversify and grow the local economy. It is also clear that the allocation of housing land, as set out in the Local Plan, supports economic growth. In conclusion, the Local Plan to 2032 and a Housing Requirement figure of 415 dwellings per annum ensures that sustainable economic growth has been supported by and aligned with the provision of the requisite amount of new housing.

8. Summary Table from the Housing Land Supply Trajectory (base dated 31st March 2017)

Table 2

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Total Housing Provision	140	162	234	230	317	455	676	740	883	773	802	737	565	396	340	325	280	252	166	160	160	8793
Annual Housing Requirement	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	415	8715
Annual Performance Against Requirement	-275	-253	-181	-185	-98	40	261	325	468	358	387	322	150	-19	-75	-90	-135	-163	-249	-255	-255	78

Appendices

Appendix 1 – *Fylde Addendum 3: Analysis of the OAN in light of the 2014-based SNPP and SNHP (Turley, May 2017)*

Appendix 2 - *Independent Assessment of the Economic Prospects of Fylde (Amion Consulting, May 2017)*

Appendix 1

Fylde Addendum 3: Analysis of the OAN in light of the 2014-based SNPP and SNHP (Turley, May 2017).

**Fylde Addendum 3: Analysis of the
OAN in light of the 2014-based
SNPP and SNHP**
Fylde Borough Council

May 2017

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Client

Fylde Borough Council

Our reference

BLAM2004

May 2017

Executive Summary

1. This report is intended to provide a direct response to the request from the Local Plan Inspector – as set out in her letter dated 11 April to Fylde Borough Council ('the Council') – to provide further clarity on the implications of the official 2014-based sub-national population projections (SNPP) and the 2014-based sub-national household projections (SNHP) for the objectively assessed need (OAN) for housing in Fylde.
2. Specifically in this regard the Inspector requested in her letter to the Council that:

“This should be in the form of a paper which sets out the 2014-based assessments using relevant scenarios (including economic) and takes account of all reasonable adjustments and uplifts as referred to in previous demographic evidence. It should also include an explanation as to what the implications of this are for the OAHN, including meeting affordable housing needs”¹
3. This Addendum 3 report presents a fully updated assessment of the need for housing in Fylde taking into account the 2014-based SNHP. In following the PPG methodology for calculating the OAN for housing the analysis takes into account the conclusions reached by AMION Consulting in a separate report titled the '*Independent Assessment of the Economic Prospects of Fylde*' (Independent Economic Assessment), which the Council commissioned following the EiP hearings in March 2017. The report therefore considers an updated range of demographic and economic scenarios of potential need which take full account of the 2014 SNPP and SNHP. These scenarios of population and household growth are considered in the context of market signals evidence and the previously calculated need for affordable housing in the presentation of an updated assessment as to the implications for the OAN for housing in Fylde.
4. The 2014-based SNHP indicates a modelled need for 274 dwellings per annum following the application of a vacancy rate. This is considered to represent the 'starting point' for establishing the OAN for Fylde. This 'starting point' projection of need is higher than that represented by the earlier 2012-based SNHP, which formed the starting point for the analysis in the Addendum 2 report and projected a need for 237 dwellings per annum². It is lower, however, than the concluded reasonable minimum level of demographic need presented within the 2013 SHMA (Migration-led 10 year scenario), which projected a need for approximately 320 dwellings per annum³.
5. In a consistent manner to the approach taken in the 2013 SHMA and subsequent Addendum reports the demographic projection of need has been adjusted upwards to reflect a projection of population growth based upon a longer-term historic period to that used in the 2014-based SNPP. A further positive adjustment has also been applied to the household formation rates assumed within the 2014-based SNHP, again reflecting a consistent adjustment of the headship rates applied by the DCLG in the previous assessments of need. Collectively these adjustments estimate a minimum demographic need for 351 dwellings per annum in Fylde over the plan period (2011 – 2032). This

¹ Letter from the Local Plan Inspector to Fylde Borough Council on the 11 April 2017 titled 'Fylde Council Local Plan – Duty to Cooperate, Objectively Assessed Needs and the Development Strategy' – EL5.003

² ED023 Figure 3.2

³ ED021 – Paragraph 11.34

level of need is some 77 dwellings per annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, and represents a 28% upward adjustment.

6. It is recognised that there is a degree of uncertainty in projecting both future levels of job growth and labour-force behaviours. The previous housing evidence documents have recognised the complexity of this relationship, presenting different sensitivities relating to alternative assumptions around labour-force behaviour as well as modelling the need for housing based upon differing forecast levels of job growth.
7. The May 2017 Independent Economic Assessment for Fylde concludes that it is considered reasonable that the level of future employment growth in Fylde will lie in the range of 55 jobs to 91 jobs per year over the remainder of the plan period (2015 – 2032). The implications of supporting this range of job growth has been assessed through the application of a set of modelling assumptions around labour-force behaviour which are broadly consistent with the methodology applied in the Addendum 1 and 2 reports, albeit with some updates to reflect the latest data. This indicates a need to provide for a higher level of housing need than projected through the demographic projections with a modelled need for between 397 and 421 dwellings per annum projected over the plan period.
8. The application of a consistent headship rate adjustment to that applied to the demographic projections elevates this range of assessed need to 408 to 432 dwellings per annum. This level of need represents an uplift of between 57 and 81 dwellings or between 16% and 23% from the scale of demographic projected need.
9. The analysis of market signals in Fylde continues to indicate that there is evidence of worsening affordability in Fylde, albeit that a number of other market signals suggest that the impact is less pronounced than in other comparator areas. It is therefore considered reasonable to continue to assume that a modest uplift to the level of need implied by the demographic household projections is reasonable to help to address affordability issues in the borough. The application of a 10% adjustment, as advanced by at least one representor within their EiP hearing statement, is considered to represent a reasonable upper limit to any such adjustment in the context of the updated market signals evidence. Applying this uplift to the adjusted demographic projection (351dpa) would result in a need for 388 dwellings per annum. The resultant level of need falls below the range of need concluded as being required to support the scale of job growth forecast over the plan period.
10. Taking each of the adjustments collectively it is considered that the evidence indicates an OAN of between 410 and 430 dwellings per annum, based on a rounding of the modelling outputs. The stepped application of the methodological steps followed in deriving the OAN are set out in Table 1.

Table 1: Adjustments to the ‘Starting Point’ in Arriving at the OAN

	Adjustment (dwellings per annum)	Dwellings per annum 2011 – 2032	% uplift from ‘starting point’
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<i>(Market signals adjustment to demographic projection +10%)</i>	<i>(+35)</i>	<i>(386)</i>	<i>(40%)</i>
Objectively assessed need (OAN) rounded	+134 – 156	410 - 430	50% - 57%

Source: Turley

11. Whilst a range of OAN for housing has been concluded associated with the range of job growth considered reasonable within the Independent Economic Assessment it is recognised that this report concludes that it is ‘*expected...that the likely level of employment growth will be at the upper end of this range*’⁴. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the identified OAN range.
12. The 2013 SHMA identified a need for 207 affordable homes per annum⁵. This was updated in the Addendum 1 report which concluded with a higher modelled need for 249 affordable homes per annum⁶. The draft Local Plan assumes a requirement to deliver 30% affordable housing. Applying this rate of provision to the OAN would suggest that approximately 120 - 130 affordable homes per annum will be able to be provided.
13. Whilst it is apparent that this will not meet the need for affordable housing in full this will represent a significant uplift on the recent historical rates of affordable housing provision, noting that less than 40 affordable dwellings were delivered in Fylde in 2015/16⁷.
14. The Council identified that historically between 2003 and 2016 Fylde has on average seen the delivery of approximately 210 net dwellings per annum of all tenures. Delivering the concluded OAN would require an approximate doubling of this historic rate of development. This clearly aligns with the Government’s objectives to boost the supply of housing and ‘*get more homes built right now and for many years to come*’⁸.
15. As well as representing a significant uplift on the long-term historic rate of delivery the range of OAN also represents a marked uplift to the concluded demographic projection of need, being some 16% to 23% higher. On this basis it is not considered justified in

⁴ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting

⁵ ED021 – Figure 9.6

⁶ ED022 – Paragraph 6.16

⁷ DCLG Live Table 1011C indicates that 37 affordable homes were completed in Fylde in 2015/16

⁸ DCLG (2017) Fixing our Broken Housing Market (p7)

this context to apply a further upward adjustment relating directly to the provision of affordable housing to the OAN range set out above. It is considered, however, that in the context of a recognised significant need for affordable housing this provides further support for placing greater emphasis on the upper end of the OAN range.

16. The OAN range within this Addendum 3 sits either side of the upper end of the OAN range concluded within the 2013 SHMA (300 – 420 dwellings per annum) but slightly below the upper end of the updated OAN range within the Addendum 2 report. Consistent with the upper end of the OAN in both of these earlier reports the concluded OAN arrived at in this Addendum 3 report is directly associated with supporting a forecast of likely job growth.

1. Introduction

1.1 This report is intended to provide a direct response to the request from the Local Plan Inspector – as set out in her letter dated 11 April to Fylde Borough Council (‘the Council’) – to provide further clarity on the implications of the official 2014-based sub-national population projections (SNPP) and the 2014-based sub-national household projections (SNHP) for the objectively assessed need (OAN) for housing in Fylde.

1.2 Specifically in this regard the Inspector requested in her letter to the Council that:

“This should be in the form of a paper which sets out the 2014-based assessments using relevant scenarios (including economic) and takes account of all reasonable adjustments and uplifts as referred to in previous demographic evidence. It should also include an explanation as to what the implications of this are for the OAHN, including meeting affordable housing needs”⁹

1.3 In responding to this request, this paper draws together the evidence submitted to the Local Plan Examination in Public (EiP) relating to housing need subsequent to the submission of the draft Local Plan for examination. It seeks to reflect upon and respond to the points of discussion during the hearing sessions on 28 and 29 March 2017 and references as appropriate the hearing statements submitted and referred to throughout the EiP hearing sessions relating to the OAN.

1.4 The 2013 Fylde Coast Strategic Housing Market Assessment (SHMA)¹⁰ was primarily prepared in 2013 to confirm with the National Planning Policy Framework (NPPF) which was published in 2012. During its preparation, draft Planning Practice Guidance (PPG) was published in August 2013, with the SHMA referencing the release of this guidance. The 2013 SHMA provided an OAN across the three Fylde Coast authorities (Fylde, Wyre and Blackpool) and established a distinct OAN range for Fylde of 300 – 420 dwellings per annum over the period assessed (2011 – 2031).

1.5 Following the publication of the 2012-based SNPP dataset, an Addendum¹¹ (‘Addendum 1’) was prepared which sought to consider the implications of this dataset on the concluded OAN in the 2013 SHMA. This Addendum was prepared in the context of the PPG published by the Government in March 2014. A further Addendum¹² (‘Addendum 2’) was also commissioned by the Council following the release of the 2012-based household projections, and published in May 2015. Addendum 2 recommended that the OAN range was updated to reflect a higher upper end of the range of 440 to 450 dwellings per annum.

1.6 Collectively, this evidence was used by the Council to inform the development of the draft Local Plan up to its submission in December 2016.

⁹ Letter from the Local Plan Inspector to Fylde Borough Council on the 11 April 2017 titled ‘Fylde Council Local Plan – Duty to Cooperate, Objectively Assessed Needs and the Development Strategy’ – EL5.003

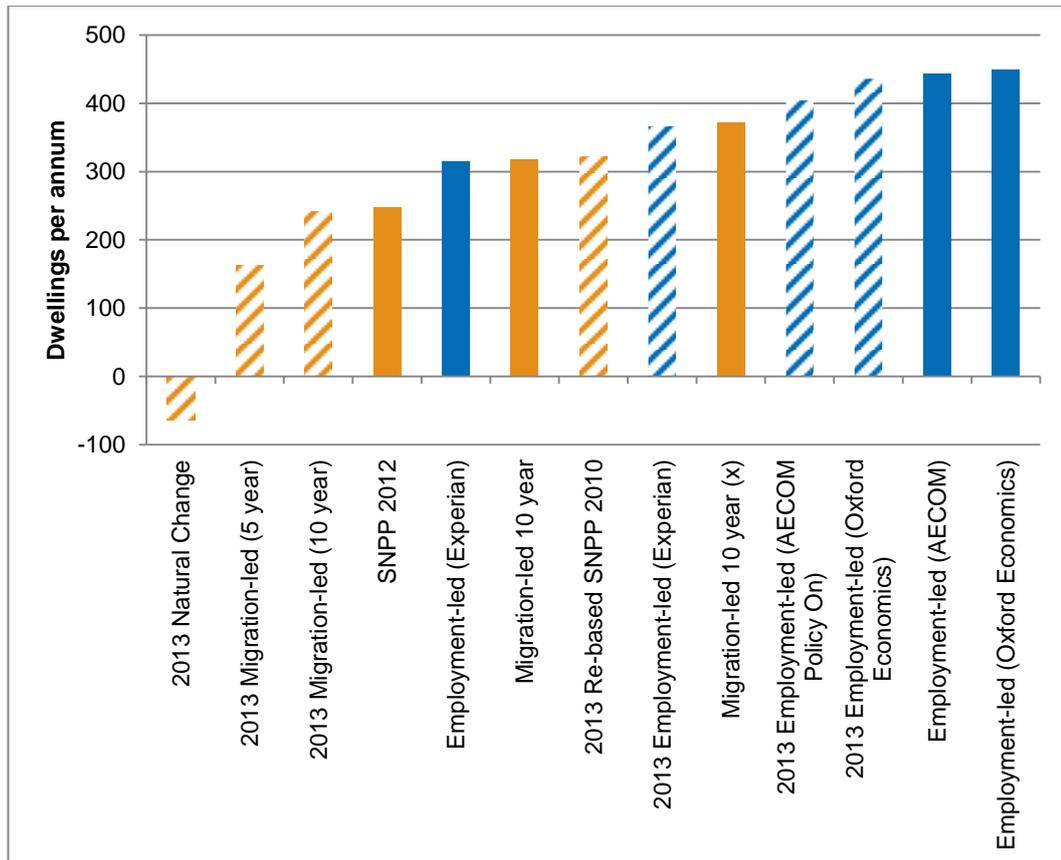
¹⁰ ED021

¹¹ ED022

¹² ED023

1.7 The Addendum 2 report included an illustration of the full range of scenarios of projected need within both the Addendum 1 and Addendum 2 at Figure 5.1. This is replicated below at Figure 1.1 to provide a context for the range of scenarios of housing need considered prior to the Submission Draft of the Local Plan being prepared.

Figure 1.1: Addendum 1 and Addendum 2 Scenarios of Average Annual Housing Need – Fylde 2011 – 2030



Source: Turley/Edge Analytics 2015

1.8 In responding to the Local Plan Inspector’s questions in advance of the EiP hearings on OAN and the housing requirement – and in response to points raised through the hearing statements of representors to the Plan – the Council subsequently commissioned a number of separate bespoke briefing papers to consider the implications of the 2014-based SNPP and SNHP datasets on the OAN:

- EL2.025 b(ii): ‘Fylde Coast SHMA Briefing Paper: Sense Check with regards to the Economic Modelling for Fylde’ (March 2017); and
- EL1.011: ‘Fylde Demographic Projections SHMA Update – Including the 2014-based Population & Household Projections’ (March 2017)

1.9 This report draws upon the evidence presented in these briefing papers to provide a single point of reference which considers the implications of the 2014-based SNPP and SNHP for the OAN for Fylde.

1.10 In order to provide a clear and transparent assessment of the implications for the OAN, the report is structured to respond to the methodological steps set out in the PPG for the calculation of an OAN. The report is therefore structured to present analysis according to the following stepped process:

- The Latest DCLG Published Household Projections – the ‘Starting Point’;
- Adjustment to the DCLG Household Projections – Demographic Need;
- Taking Employment Trends into Account;
- Responding to Market Signals;
- Arriving at an Overall OAN; and
- Taking into Account the Need for Affordable Housing.

1.11 Recognising the particular focus through the EiP hearings on the scale of likely employment growth considered as being reasonable for Fylde, the Council separately commissioned AMION Consulting to prepare an *Independent Assessment of the Economic Prospects of Fylde* (Independent Economic Assessment) which is submitted as a separate Examination document to this report. The conclusions of this report are directly drawn upon within this report to inform the step of the methodology which takes into account employment trends and its impact on the OAN.

2. 2014-based SNPP/ SNHP

- 2.1 The 2014-based population and household projections provides a new '*starting point*' for the assessment of housing needs, in accordance with the PPG¹³.
- 2.2 The following table shows the projected change in population and households in Fylde under the 2014-based projections for the plan period (2011 – 2032). This is a direct replication of the table included on the final page of the Economic Briefing Paper (EL2.025b(ii)).

Table 2.1: 2014-based SNPP / SNHP Projection of Need 2011 – 2032

	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
2014 SNPP	6,651	8.7%	5,375	15.3%	726	274

Source: Edge Analytics

- 2.3 Household growth is converted to dwellings using a vacancy rate of 6.6% sourced from the 2011 Census which is consistent with the analysis presented in Addendum 2¹⁴. It is considered that the application of this adjustment was not specifically challenged by representors through the EiP hearing sessions in March 2017 and has therefore been retained for the purposes of re-modelling in this report.
- 2.4 **The modelled need for 274 dwellings per annum – or 5,755 dwellings over the plan period – suggested by the 2014-based SNPP and SNHP is considered to represent the 'starting point' for establishing the OAN for Fylde.**
- 2.5 It is of note that this 'starting point' projection of need is higher than that represented by the earlier 2012-based SNHP, which formed the starting point for the analysis in the Addendum 2 report and projected a need for 237 dwellings per annum¹⁵. It is lower, however, than the concluded reasonable minimum level of demographic need presented within the 2013 SHMA (Migration-led 10 year scenario), which projected a need for approximately 320 dwellings per annum¹⁶.

¹³ PPG Reference ID 2a-015-20140306

¹⁴ This is confirmed at paragraph 3.10 of the Addendum 2 report. It is noted that the 2013 SHMA applied a vacancy rate of 2.5% - as cited at paragraph 7.39 of the SHMA – where it was noted that this vacancy rate fell below levels evidenced from Council Tax.

¹⁵ ED023 Figure 3.2

¹⁶ ED021 – Paragraph 11.34

3. The Demographic Projection of Need

Population Projections

- 3.1 The 2013 SHMA included a detailed analysis of the historic demography of Fylde and the housing market area. In accordance with the PPG, this sought to consider the extent to which there was evidence of differing trends within the demographic picture historically and the extent to which this was likely to reflect the consequences of the past under-delivery of housing and worsening affordability.
- 3.2 The Addendum 1 and 2 reports subsequently also took account of the then-latest population and household projections, and the most recent demographic evidence including the latest population estimates released by the Office for National Statistics (ONS).
- 3.3 Within the 2013 SHMA, it was identified that:

“Fylde has seen a steady level of population growth between 2001/02 and 2011/12. As with Blackpool natural change represents a ‘drag’ effect with deaths exceeding births by around 400 persons each year. Net in-migration has been consistently positive over the full period with annual variations on average showing slightly higher levels over the first half of the decade”¹⁷

- 3.4 In the context of this demographic evidence, the 2013 SHMA – and subsequently the analysis in the Addendum 1 and 2 reports – included consideration of sensitivity testing of different projections of population growth, based upon the use of trends recorded during variant historic periods.

Sensitivity Testing the Population Projections

- 3.5 Each of the previous housing evidence reports prepared by Fylde have presented a range of variant projections built using the latest demographic evidence and primarily aimed at using a longer-term trend-based projection to assess the implication of assuming differing levels of migration. This approach was broadly considered appropriate by representors within their hearing statements¹⁸.
- 3.6 The 2013 SHMA observed:

“A five year historical period is a typical time-frame from which migration ‘trend’ assumptions are derived (this is consistent with the ONS official methodology). However, given the unprecedented economic changes that have occurred since 2008 it is important to give due consideration to an extended historical time period for assumptions derivation”¹⁹

- 3.7 The modelling in the 2013 SHMA and the subsequent Addendum 1 report confirmed that using a longer-term historic period resulted in a level of projected need which was higher than implied by the official ONS projections. This reflected the inclusion of a

¹⁷ ED021 – paragraph 7.14 2nd bullet

¹⁸ For example it is noted that this position is supported within EL2.011b at paragraph 2.16 – 1st bullet point

¹⁹ ED021 – paragraph 7.15

historic period which saw a more positive level of population growth, partially offsetting the lower levels of growth seen more recently.

3.8 In deriving the OAN range, the 2013 SHMA concluded:

“Given that the last five years have represented a period of economic downturn and associated housing market stagnation, particularly outside of the South East, the longer-term migration trend should be considered as representing a more robust ‘check’ regarding demographic pressures to which housing need should be assessed”²⁰

3.9 Submitted hearing statements broadly acknowledged the concluded justification for preferring a higher level of projected population growth, based on a longer-term trend-based projection over the ONS projections.

3.10 In presenting a range of variant population projections, the Addendum 1 report also considered the implications of unattributable population change (UPC), recognising that the ONS in producing its official projection had chosen to not directly take into account any implied correction associated with this factor. It was noted in the case of Fylde that the 2011 Census indicated a modest over-estimation of population growth in the borough by the ONS between the Census years²¹.

3.11 Scenarios were therefore presented which both included and excluded UPC, with the latter resulting in a slightly higher projection of population growth. It was acknowledged that Edge Analytics considered that the full exclusion of UPC would overestimate the projected scale of international migration in Fylde²², although it was noted that the scale of UPC was less significant than seen in Wyre. It was concluded, however, that the uncertainty associated with this component would justify a prudent approach which takes full account of the full range of modelled projections. The upper end of the range – based on a ten year trend-based projection and excluding UPC – was found to represent a minimum level of demographic need²³.

3.12 Given that this conclusion did not appear to be subject to specific challenge through representors’ submissions to the EiP, it is considered reasonable to undertake a comparable sensitivity testing exercise when considering the implications of the 2014-based SNPP. This remains relevant and consistent with the PPG.

3.13 Edge Analytics presented a range of variant demographic projections within a report titled ‘*Fylde – Demographic Projections SHMA Update*’. This report was submitted prior to the EiP hearings in March 2017 and included as document EL1.011 in the Examination library. The modelling approach used within the Edge Analytics report followed was similar to that used in the 2013 SHMA and the Addendum 1 report.

3.14 The outputs of the modelling presented in the Edge Analytics report are summarised below alongside a consideration of its implications for the OAN in Fylde.

²⁰ ED021 – paragraph 11.13

²¹ ED022 – paragraph 3.12

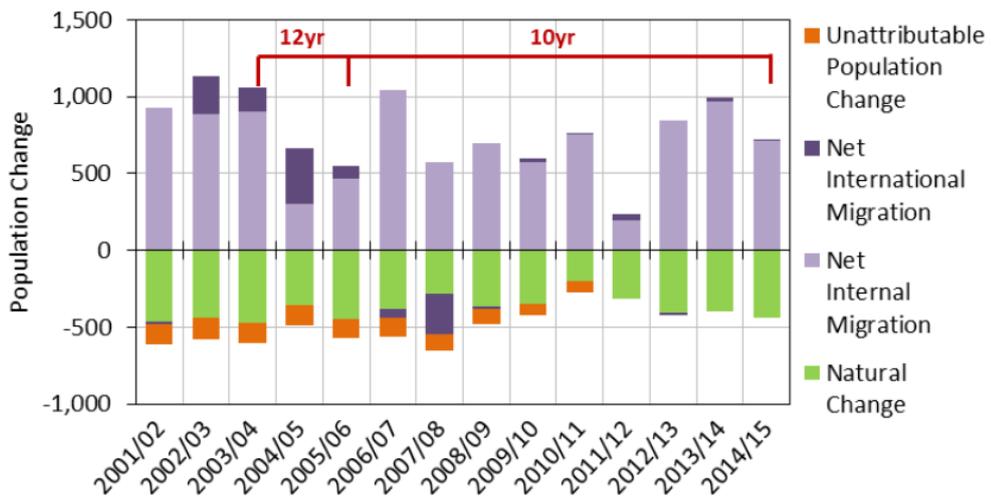
²² ED022 – paragraph 3.13

²³ ED022 – paragraph 7.20

Taking account of the 2014 SNPP and the latest ONS MYE population data

- 3.15 Within EL1.011, Edge Analytics presented an updated projection based upon the application of a longer-term ten year historic period (2005/06 to 2014/15), thereby integrating the latest demographic data published by the ONS including the 2015 MYE. For the reasons set out above, the scenario was modelled on the basis that UPC was excluded from the historic period from which trends are drawn. This demographic projection has used the latest 2014-based SNPP and household projection model, with a full explanation of the assumptions used in the modelling set out in Appendix 1.
- 3.16 In addition to a ten year trend-based projection Edge Analytics also ran a further sensitivity scenario basing the forward projection on a twelve year historic period (2003/04 to 2014/15). This twelve year scenario therefore integrates the original ten year historical period used within the trend-based projections in the Addendum 1 report but also takes account of the most recent additional two years of released population estimates by ONS.
- 3.17 Figure 3.1 illustrates the historic components of change annually and the different historic periods used within each of the scenarios.

Figure 3.1: Fylde Components of Population Change 2001 – 2015



Source: Edge Analytics, ONS

- 3.18 Table 3.1 presents the outcomes of these updated demographic projections compared with the 2014-based SNPP/ SNHP²⁴.

²⁴ This replicates data presented at Table 1 of EL1.011

Table 3.1: Updated Longer-term Demographic Projections using the 2014-based SNPP/ SNHP

Scenario ²⁵	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
12yr Trend	8,972	11.8%	6,693	19.1%	832	341
10yr Trend	8,370	11.0%	6,317	18.0%	805	322
2014 SNPP	6,651	8.7%	5,375	15.3%	726	274

Source: Edge Analytics, 2017

- 3.19 As with the analysis presented in the 2013 SHMA and Addendum 1, the longer-term projection results in an uplift to the projected population growth based on the official projections and therefore a higher level of associated housing need.
- 3.20 In their presentation of these updated demographic projections, Edge Analytics compare the most up-to-date 10 year trend-based projection against the comparable scenario within Addendum 2. It is noted that the dwelling growth outcome under the updated 10 year trend projection is slightly lower than the equivalent scenario presented in Addendum 2 (360 dwellings per annum). It is important to note that the different level of projected need will represent a combination of factors, noting the different historic period from which the projection is based and the application of updated demographic projections relating to mortality, fertility, migration rates and household formation rates used within the 2014-based dataset. Edge Analytics do conclude, however, that the lower level of projected population growth is the primary contributing factor, with this resulting from a projected larger negative impact of natural change on population growth²⁶.
- 3.21 Looking at Figure 3.1, it is evident that the two earlier years (2003/04 and 2004/05) omitted from the 10 year trend-based projection – but included in the 12 year trend-based projection – represent years in which population growth was relatively strong. Figure 4.8 of Addendum 1²⁷ indicates that they follow a year (2002/03) of comparatively strong net completions in Fylde.
- 3.22 It is also considered of benefit to maintain a level of consistency in the base-point of the historic trend-based projection to that used in the previous derivation of the 10 year projections in the Addendum 1 and 2 modelling, with this period also included within the historic period considered in the 2013 SHMA. On this basis, it is considered prudent to use the twelve year trend-based projection as being representative of a minimum level of projected population growth from which to assess the future need for housing in Fylde.

²⁵ The scenarios are given different labels by Edge Analytics in EL1.011 - 12 Year Trend scenario (PG 12r-X) and the 10 Year Trend scenario (PG 10yr-X).

²⁶ EL1.011 – paragraph 3.4

²⁷ ED022

- 3.23 This is considered to present a consistent position with the justification and methodological approach previously presented in the 2013 SHMA and subsequent analysis in the two Addendum reports.

Adjustments to Household Formation Rates

- 3.24 Within the 2013 SHMA, the household and dwelling growth outcomes were modelled and presented using both the interim 2011-based headship rates and the 2008-based headship rates. This led to two alternative household growth outcomes for each projection of population growth.
- 3.25 The SHMA 2013 highlighted the importance of ensuring that future projections of household growth are not solely based on the 2011-based headship rates. This recognised concerns that this dataset projected forward a continuation of the suppressed position resulting from an unprecedented set of national market and economic conditions, as well as the limitations of the underpinning 2011-based SNPP population projections²⁸.
- 3.26 A mid-point (average) between the two alternative household growth outcomes for each scenario was presented by Edge Analytics. This provided a balanced position regarding the different historically derived trends implied by both household growth outcomes²⁹, and reflected the uncertainty associated with future rates of household formation and the limitations of the 2011-based interim household projection model, which was the most up-to-date dataset available at the time.
- 3.27 In accordance with the PPG³⁰, following the release of the 2012-based SNHP, Addendum 2 sought to establish whether the household formation rates assumed by this dataset were based on historic trends constrained by supply and the historic worsening affordability of housing. The conclusion was reached that for a number of younger household groups, there was evidence that the propensity to form households (headship rates) had fallen since 2001. It was observed that:

“It is also evident that for a number of the age groups the 2012 SNHP dataset does not suggest a recovery to rates seen in 2001 but rather a continuation or marginal uplift. This is true of the age groups where the head of household is aged between 20 – 24 and 25 – 29”³¹

- 3.28 The relationship between an evidenced worsening of affordability and a historic under-supply of housing – with reference to the market signals reviewed – was recognised³². In order to respond positively to this assumed continuation of suppressed younger household formation, an adjustment was applied which assumed a recovery of the

²⁸ Further detail is set out in the section titled ‘household projections’ within Section 7 of ED021. At paragraph 7.35 of the SHMA the challenges of projecting forward on the basis of a continuation of trend using either dataset is highlighted: *‘Evidently the period to 2008 represented a comparatively buoyant period in the housing market with derived rates therefore not taking account of the unprecedented economic conditions that have occurred since 2008. Equally, the fact that these are unprecedented conditions also means that taking a 2011 base point has the inherent weakness of projecting forward the current market conditions [footnote reference to analysis in section 5 of the SHMA]/ position over the long term.’*

²⁹ Paragraph 7.44 of ED021

³⁰ PPG Reference ID: 2a-015-20140306

³¹ ED023 – paragraph 4.63

³² ED023 – paragraph 4.64

formation rates of these younger household groups to a level previously seen in 2001 by 2022.

- 3.29 The impact of this adjustment was a slightly elevated level of projected household growth and therefore dwelling need associated with each of the variant population projections. Across the different demographic scenarios modelled, the adjustment indicated an upward adjustment of 2.8% per annum, or 10 to 11 dwellings per annum³³.

Applying Adjustments to the 2014-based SNHP Headship Rates

- 3.30 As part of the preparation of updated modelling to take account of the 2014-based SNPP/ SNHP, comparable analysis of household formation rates has been undertaken by Edge Analytics. This confirmed that the latest DCLG dataset showed a comparable assumption for Fylde that the household formation rates of younger households (aged 15 to 35) would continue to fall below those seen in 2001, and for those aged 25 to 34 would actually follow a worsening trend³⁴.
- 3.31 While a number of representors did not consider this adjustment sufficient in isolation to fully respond to market signals, the adjustment – and the comparable adjustment used in Addendum 2 – was not specifically challenged by the majority of representors. It is on this basis considered reasonable to retain this approach unchanged for this Addendum 3 report. The justification for a separate and additional uplift related specifically to market signals is considered further in Section 5 of this report.
- 3.32 A comparable adjustment to that used within Addendum 2 – assuming a recovery in younger household formation rates to a level seen in 2001 – was applied by Edge Analytics in their presentation of updated demographic projections using the 2014-based SNHP dataset within EL1.011. The impact of this adjustment on the implied need for dwellings is shown in Table 3.2, and compared with the unadjusted modelling outputs presented at Table 3.1.

Table 3.2: Average Annual Dwellings – Implications of the adjustment to the household formation rates of younger households in the 2014 SNHP

Scenario	Unadjusted 2014-based headship rates	Headship Rate Return Adjustment ³⁵	% uplift
12yr Trend	341	351	2.8%
10yr Trend	322	332	2.9%
2014 SNPP	274	283	3.4%

Source: Edge Analytics

³³ This is shown at Figure 4.16 of ED023

³⁴ The analysis of the household formation rates within the 2014 SNHP is included within Appendix 1 in EL2.025b (ii) alongside a justification for the retention of a comparable adjustment to that used within the analysis in Addendum 2 at paragraph 3.17 – 3.18.

³⁵ Within EL1.011 this is referenced by Edge Analytics as the '2014-based return' scenarios.

- 3.33 Applying this comparable positive adjustment to assumed 2014-based household formation rates evidently results in an uplift in the need for dwellings of a similar scale to that resulting from the analysis in Addendum 2.

Summary and Implications

- 3.34 The 2013 SHMA and subsequent Addendum reports have consistently set out a justified explanation that the official ONS / DCLG projections serve to underestimate the projected need for housing in Fylde, with regards to both the projected level of population growth and its translation into a need for households and dwellings.
- 3.35 Preference has consistently been placed on the use of demographic projections of need in Fylde which are based upon a longer ten year historic period. This ensures that a more balanced projection of need is identified which is not unduly affected by the lower levels of population growth seen more recently, which are considered likely to reflect the impacts of a recent and recognised undersupply of housing. The previous evidence has also considered it prudent to exclude UPC in the demographic projections when considering the minimum level of associated projected demographic need in Fylde.
- 3.36 Comparable variant projections have been developed by Edge Analytics using the 2014-based SNPP and SNHP datasets. This has included an up-to-date ten year past growth projection, which integrates the latest available estimates of population including the 2015 MYE. It has also included a projection which uses the same base date as the previous ten year past growth projection, but includes the most recent two additional years of population data, thereby basing its projection on a twelve year historic period. These scenarios have been modelled excluding UPC based on the concluded position set out in each Addendum.
- 3.37 In order to ensure consistency – and in recognition of the fact that the original ten year period included a number of years of comparatively strong levels of population growth at the start of its historic period – it is considered prudent to use the twelve year trend-based projection as being representative of a minimum level of projected population growth.
- 3.38 Throughout the analysis presented in the 2013 SHMA and subsequent Addendum reports, a positive response has been applied to address evidence of the potential suppression of younger household formation rates consistently represented in recent official projections. The modelling presented in this section has applied an adjustment to the household formation rates of younger households within the 2014-based SNHP which assumes a recovery to rates seen in 2001. This provides a positive response to the assumed reduction in younger household formation within the 2014-based SNHP, which is considered at least partially associated with the worsening affordability and historic undersupply of housing in the borough. This adjustment is methodologically consistent to that used in Addendum 2, and has been used in the projections modelled by Edge Analytics in the Economic Modelling Briefing Paper (EL2.025b (ii)) and the Demographic Projections Update Paper (EL1.011).
- 3.39 This adjustment results in a minimum demographic need for 351 dwellings per annum in Fylde over the plan period (2011 – 2032). This level of need is some 77 dwellings per

annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, and represents a 28% upward adjustment.

4. The Implications of Likely Employment Growth

Taking Employment Trends into Account within the SHMA evidence base

- 4.1 In accordance with the NPPF and draft PPG, the 2013 SHMA derived its concluded OAN range from a consideration of the relationship between likely future job growth and projected growth in the economically active working age population (labour force supply) across the housing market area (HMA).
- 4.2 Whilst the evidence was assembled at HMA level, the analysis within the 2013 SHMA directly sought to consider the relationship between job growth and demographic change at an individual authority level. The SHMA did not seek to apply any judgements on the subsequent distribution of housing or employment across the HMA, with this falling outside of the OAN calculation and into the subsequent development of policy.
- 4.3 In order to inform the assessment, up-to-date economic forecasts were sourced from Experian and Oxford Economics³⁶. A review of published economic assessment evidence for each of the authorities was also undertaken. In the case of Fylde, this included consideration of the forecast scale of job growth identified within the Employment Land and Premises Study prepared by AECOM³⁷ and published in August 2012. A 'policy-on' scenario from the study was used within the analysis, which forecast an increase of approximately 2,400 jobs over the period 2012 – 2030 (133 jobs per annum)³⁸.
- 4.4 All three forecasts previously referenced suggested that total employment in Fylde would increase by an average of circa 52 – 148 jobs per annum³⁹ over the period from 2011 to 2030⁴⁰.
- 4.5 In order to assess the implications of likely future job growth, the 2013 SHMA presented a set of scenarios built using POPGROUP which constrained future population and household growth to the range of employment growth forecast under each of the economic forecasts and the policy-on scenario. These 'jobs-led' scenarios therefore provided an indication as to the scale of population growth likely to be required to ensure a sufficiently sized labour-force to support forecast job growth.
- 4.6 For Fylde, the 2013 SHMA identified that the jobs-led scenarios implied a higher level of projected population growth, and therefore housing need, than the trend-based demographic projections. This reflected a modelling assumption that a higher level of migration was required to offset the impact of a projected ageing in the borough's population. The scale of higher projected population growth was directly related to the

³⁶ Summary of forecasts provided at paragraph 2.23 of EL2.025b(ii)

³⁷ AECOM (2012) Employment Land and Premises Study - ED041a

³⁸ Turley Associates (2013) Fylde Coast SHMA, Figure 5.22

³⁹ Turley (2014) Fylde Coast SHMA Addendum 1 (para 5.19)

⁴⁰ As noted above the forecast within ED041a was presented over the period 2012 and 2030

scale of employment growth forecast under each of the scenarios, with the 2013 SHMA identifying:

“In line with the different levels of jobs forecast the AECOM [policy-on scenario] and Oxford-Economics constrained scenarios show a higher level of population growth than the Experian scenario which is based on a lower level of job growth.”⁴¹

- 4.7 Addendum 1 revisited the relationship between job growth and population growth using the same economic forecasts – noting that the report was prepared less than 12 months after the SHMA was published – but taking account of the since released 2012-based population projections. In the case of the higher forecasts of job growth (Oxford Economics and the ‘policy-on’ scenario) these scenarios continued to represent the upper end of the range of housing need identified. The re-basing of the projection modelling to take into account the 2012-based projections resulted in the scenario aligned to Experian’s forecast job growth indicating a lower level of need than the upper end of the demographic projections⁴². The updating of the analysis to take account of the 2012-based SNHP in the Addendum 2 report reflected this updated position, with the underlying projections of population growth under the demographic and jobs-led scenarios remaining unchanged.
- 4.8 Following submission of the draft Local Plan and prior to the EiP hearings, the Council requested that Turley undertake a headline ‘sense check’ to establish how the most up-to-date economic forecast data impacts upon the previous assessments of housing need for Fylde, set out within the 2013 SHMA and subsequent Addendums.
- 4.9 A briefing paper titled ‘Fylde Coast SHMA Briefing Paper: Sense Check with regards to the Economic Modelling for Fylde’ was published in March 2017 (EL2.025b(ii)). This presented three new up-to-date economic forecasts from each of the main forecasting houses, Oxford Economics, Experian and Cambridge Econometrics.
- 4.10 In order to assess the implications of these up-to-date forecasts of employment growth, a further set of jobs-led scenarios were modelled by Edge Analytics using POPGROUP constrained to the latest forecasts and an average of the two forecasting houses used in the 2013 SHMA latest datasets. This modelling integrated the 2014-based SNPP/ SNHP and at the request of the Council used a consistent set of labour-force assumptions (i.e. economic activity rates, unemployment and commuting) to those applied within the Addendum 1 report⁴³, albeit integrating updated data where relevant.
- 4.11 The briefing paper identified that the latest forecasts suggested a comparatively wide range of potential levels of employment change from the base date of 2014 (aligned to the 2014-based SNPP/ SNHP), with the forecast change in employment over the period 2014 to 2032 ranging from a loss of 112 jobs per annum to a gain of 122 jobs per annum. The associated level of future housing growth needed to support this level of job growth reflected this broad range.

⁴¹ ED021, paragraph 7.28

⁴² The implication of updating the modelling to include the 2012 SNPP and the 2013 MYE was explained at paragraphs 5.22 to 5.25 of ED022.

⁴³ EL2.025b(ii), paragraph 3.9. This includes a summary of the labour-force adjustments applied.

4.12 In recognition of the breadth of forecast job growth, the briefing paper presented an average level of job growth based on the Oxford Economics and Experian forecasts (both of which were used in the 2013 SHMA) and associated housing need. This indicated a need for 410 dwellings per annum to support forecast job growth of 56 jobs per annum. This level of housing need applied a consistent adjustment to headship rates of younger households to that considered appropriate in relation to the demographic projections, as explained in section 3 of this report.

The 2017 Independent Assessment of the Economic Prospects of Fylde

4.13 The EiP hearings carefully considered the range of employment growth forecasts presented in both the 2013 SHMA and the subsequent briefing paper. Recognising the significant level of variation in the economic outlooks represented by the previous and more recent economic forecasts and the important potential implication this has for the housing OAN, the Council commissioned AMION Consulting in April 2017 to undertake an Independent Economic Assessment of Fylde⁴⁴. This was expressly intended to respond to the Local Plan Inspector's request for further clarification on the OAN for housing in Fylde in the context of the latest demographic and economic datasets.

4.14 The AMION report has been submitted separately to the EiP and is considered to represent the latest evidence on the likely future job growth in Fylde for the purposes of understanding the implications for the assessment of housing need. The analysis and conclusions of the report represent the independent views of AMION Consulting.

4.15 In order to ensure that all three of the economic forecasts are using the same historic data inputs – which includes published data from the Business Register and Employment Survey (BRES) – a new forecast from Experian was sourced by AMION. The forecasts for Oxford Economics and Cambridge Econometrics referenced in the briefing paper both integrated 2015 data and have therefore not been updated, with the data therefore consistent with that presented in the briefing paper.

4.16 Recognising the consistent integration of historic employment data to 2015 and the inclusion of the 2015 mid-year population estimate within the demographic modelling presented in section 3 of this report, the level of job growth forecast over the period from 2015 to 2032 has been presented by AMION. This evidently differs from the period used in the briefing paper, with the reported job outputs also therefore differing in terms of the total level of employment forecast and annual averages.

4.17 Following a detailed assessment of the three economic forecasts the AMION report concludes that *'it is considered reasonable to assume that the level of future employment growth in Fylde will lie in the range of 55 jobs to 91 jobs per year, between 2015 and 2032'*⁴⁵.

4.18 This range is based upon a variant approach to calculating the average level of job growth forecast from the three economic forecasts. AMION's conclusion suggests that

⁴⁴ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting

⁴⁵ *Ibid* – Section 5

Fylde is likely to see the creation of between approximately 900 and 1,500 additional jobs over the remainder of the plan period (2015 – 2032).

- 4.19 In assessing future job growth, the potential implications of the Enterprise Zones have been considered by AMION within their Independent Economic Assessment, as recognised in the 2012 AECOM study and referenced within a number of the hearing statements provided by representors to the EiP. Informed by consultations with representatives from BAE Systems, Blackpool Fylde & Wyre Economic Development Company and the Lancashire Local Enterprise Partnership, AMION consider that there is not sufficient evidence to include an allowance under the baseline scenario for additional employment growth in Fylde from the Enterprise Zones⁴⁶. While it is recognised that the Enterprise Zones have the potential to support the creation of new employment, the timing, scale and additionality of such impacts is currently uncertain. This assumption will need to be monitored and reviewed as the plans for the Blackpool Airport and Warton Enterprise Zones are further developed.
- 4.20 However, in the context of their consideration of the plans for new development at the Enterprise Zones and their analysis of the historic economic profile of Fylde, AMION conclude that *'on balance, it is considered that the likely level of employment growth will be at the upper end of the range'*⁴⁷.
- 4.21 In the context of the conclusion reached by AMION it is considered reasonable to assess the impact of the range of forecast job growth recommended in considering its implication on the OAN for housing. However, the observation regarding the upper end of the range is considered to form an important context in framing the concluded OAN in section 6.
- 4.22 It is noted that the implied range of likely future job growth concluded within the AMION report over the remainder of the projection period falls within the range previously assessed within the 2013 SHMA and therefore subsequently the Addendum 1 and 2 reports.

Implications for the need for housing

- 4.23 Two further jobs-led scenarios have been developed by Edge Analytics using POPGROUP to consider the implications of the range of likely level job growth concluded by AMION in their Independent Economic Assessment.
- 4.24 As noted above, these scenarios utilise the 2014-based SNPP/ SNHP and have been rebased to 2015 to integrate the latest 2015 population estimate.
- 4.25 In assessing the implication of forecast job growth on future population and therefore housing need it is necessary to apply a series of assumptions around future labour-force behaviour. It is considered reasonable in the context of the purpose of this Addendum 3 report to respond directly to the Inspector's request for clarification as to the impact of the 2014-based demographic datasets on the OAN to broadly retain the methodology in deriving these adjustments used within the Addendum 1 report and the briefing paper. The Independent Economic Assessment has considered each of the labour-force

⁴⁶ *Ibid* – Section 3

⁴⁷ *Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting, Section 5*

adjustments separately in section 4 and concludes that they are considered reasonable for the purposes of assessing the impact of job growth on housing need in Fylde.

4.26 Reflecting the evidence presented within the Independent Economic Assessment the following labour-force assumptions are therefore applied:

- The **economic activity rates** of all but those aged 60 – 69 are held constant using data from the 2011 Census. A set of modest increases to older cohorts are consistently applied to that used in the previous modelling;
- The **commuting rate** for Fylde remains unchanged, based upon the 2011 Census ratio of 0.80. A ratio of less than 1 means that Fylde is a net importer of labour, with this therefore assumed to continue within the modelling;
- The **unemployment rate** of 3.3% at the base date of the projections (2015) is applied and fixed over the projection period, with this considered to reflect an up-to-date position as of the base date of the economic forecasts and demographic projections.
- An additional small allowance is made for residents holding more than one job ('**double jobbing**'). This reflects local evidence recorded by the Annual Population Survey (APS) that circa 3.9% of residents have more than one job, based on a long-term average⁴⁸.

4.27 Table 4.1 presents the outputs of this modelling for the lower end of the range of likely job growth concluded within the Independent Economic Assessment. The modelled household growth and annual dwelling need are presented both with the application of the 2014-based headship rates and the headship rate adjustment to younger households set out in section 3.

Table 4.1: Modelled implications of the concluded lower end of the likely jobs growth range 2011 – 2032

AMION Job forecast scenario	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
Lower Range Headship rates						
Unadjusted	12,132	15.9%	7,792	22.2%	981	397
Adjusted	12,132	15.9%	7,998	22.8%	981	408

Source: Edge Analytics, 2017

4.28 The modelling indicates that supporting the lower end of the job growth range will generate a need for circa 397 – 408 dwellings per annum to grow the labour force and support the creation of approximately 900 jobs over the remainder of the plan period.

⁴⁸ This rate is based upon the average of historic data recorded in the Annual Population Survey over the period 2007 – 2016.

This falls within the range implied by the scenarios presented within the Addendum 2 report and the 2013 SHMA.

- 4.29 The following table presents comparable modelling outputs for the higher end of the job growth range.

Table 4.2: Modelled implications of the concluded higher end of the likely jobs growth range 2011 – 2032

AMION Job forecast scenario	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
Higher Range						
Headship rates						
Unadjusted	13,168	17.3%	8,263	23.6%	1,028	421
Adjusted	13,168	17.3%	8,472	24.2%	1,028	432

Source: Edge Analytics, 2017

- 4.30 The modelling indicates that to support the slightly higher level of job growth, circa 421 – 432 dwellings per annum will be needed to grow the labour force and support the creation of approximately 1,500 jobs over the remainder of the plan period. This falls within the range implied by the scenarios presented within the Addendum 2 report and is only slightly higher at the upper end than the top end of the range of OAN concluded in the 2013 SHMA.
- 4.31 As highlighted in the briefing paper, the modelling presented in the 2013 SHMA and Addendum 1 sought to use the latest available evidence on labour-force behaviour and apply prudent assumptions on future change. In particular, at the time the modelling within the 2013 SHMA was undertaken, the macro-economic context remained uncertain given the preceding years of recession and sustained downturn.
- 4.32 The modelling therefore sought to assume relatively limited future changes to the key labour-force variables used in the demographic modelling⁴⁹.
- 4.33 The briefing paper presented a sensitivity scenario which applied the 2015 unemployment rate, integrated the assumption on double jobbing introduced above but also applied a variant assumption on future changes to economic activity rates⁵⁰. With regard to the latter, the adjustments applied in the 2013 SHMA were made to reflect planned changes to state pension age, and take account of the likely impact on those aged 60 to 69. However, the sensitivity presented in the briefing paper sought to take account of national evidence produced by the Office for Budget Responsibility (OBR), which produces long-term forecasts of economic participation for different age groups. An allowance for change in economic participation rates based on the change forecast

⁴⁹ EL2.025b (ii), paragraphs 3.7 and 3.8

⁵⁰ Presented at Appendix 2 of EL2.025b(ii)

by the OBR has been given weight in a recent appeal decision⁵¹ and featured within the recommendations made by the Local Plans Expert Group (LPEG)⁵².

- 4.34 The implications of this alternative assumption can be considered through a further sensitivity modelled by Edge Analytics, based on the upper range of the job growth considered likely by AMION and referenced above⁵³. The outputs of this modelling are presented in Table 4.3.

Table 4.3: Modelled implications of the Higher Range AMION scenario of likely job growth – 2011 – 2032 using the OBR adjustments to economic activity rates

AMION Job forecast scenario Higher Range (OBR) Headship rates	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
	Unadjusted	8,470	11.1%	6,190	17.7%	814
Adjusted	8,470	11.1%	6,381	18.2%	814	325

Source: Edge Analytics, 2017

- 4.35 Applying this variant labour-force assumption reduces the assessed need for housing to circa 316 – 325 per annum. However, as recognised in the briefing paper, this largely results from an assumption that older cohorts will represent a larger component of the labour force⁵⁴. Whilst this could be viewed as a reasonable assumption, in the context of Fylde it needs to be considered against the overall profile of labour-force change associated with the ageing of the population and the scale of job growth forecast. Figure 4.1 below shows how the age profile of Fylde is projected to change based on the modelling underpinning Tables 4.2 and 4.3, with the demographic ‘starting point’ of the 2014-based SNPP also presented for context.

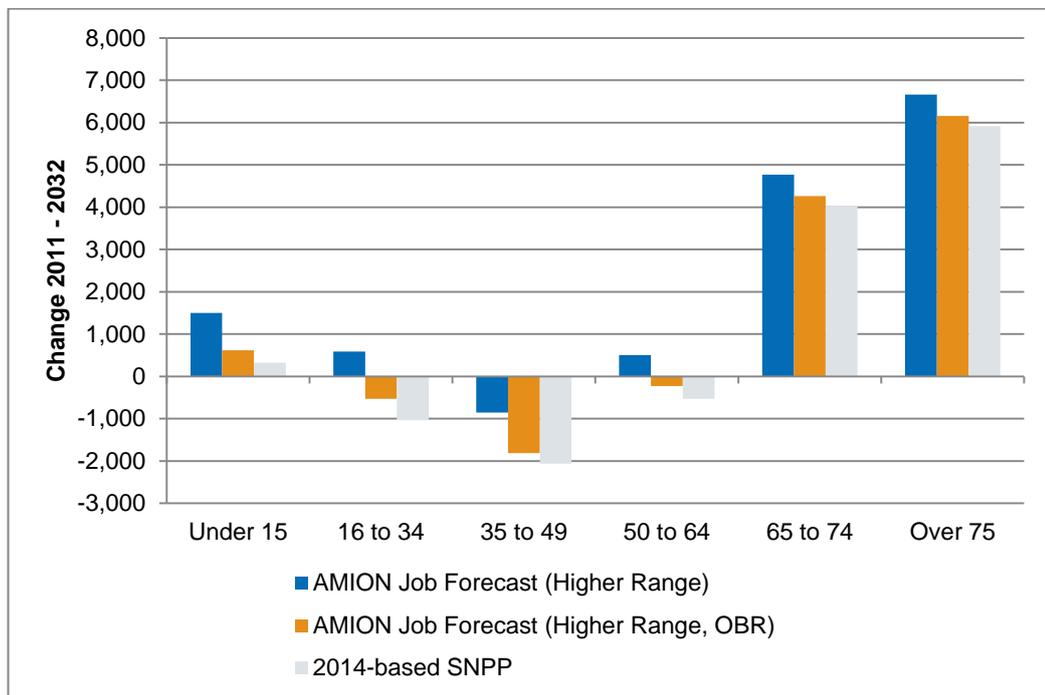
⁵¹ Appeal Decision – Longbank Farm, Ormesby, Middlesbrough (APP/V0728/W/15/3018546) (para 21) – Appendix 4 (extract)

⁵² Local Plans Expert Group (2016) Local Plans Report to Government, Appendix 6 - <http://lpeg.org/>

⁵³ Full detail of the modelling assumptions used are included in Appendix 1.

⁵⁴ EL2.025 b(ii), Appendix 2

Figure 4.1: Projected Change to the Age Profile of the Population under the Updated Employment-led projection variants



Source: Edge Analytics, 2017

- 4.36 The OBR sensitivity scenario assumes that the upper end of the forecast job growth can be supported without a growth in the working age population, and indeed this scenario assumes that the number of working age residents (16 – 64) reduces by some 2,570 persons over the plan period. With a declining working age population, however, there is an inherent risk that job growth cannot be supported if the more marked changes in economic participation assumed within this scenario do not materialise.
- 4.37 Allowing for only prudent changes in labour-force behaviour generates a need for growth in the working age population to support the upper end of future job creation in Fylde, with the number of working age residents (16 – 64) modestly increasing by circa 240 persons over the plan period under this scenario.
- 4.38 AMION considered in some detail Fylde’s labour-force and the economic activity rates of different age groups within the Independent Economic Assessment. They confirmed that whilst the OBR long-term projections of changes to economic activity rates were considered a robust dataset for the purposes of assessing the relationship between job growth and population change in the context of the modelling for Fylde their application should be viewed as a sensitivity⁵⁵. This recognised the comparatively modest level of job growth forecast, the distinct age profile of Fylde and in particular the significant projected increase in the older cohorts from which labour would be assumed to be drawn. The Assessment also concludes in the context of assessing the implications for the assessment of housing need that:

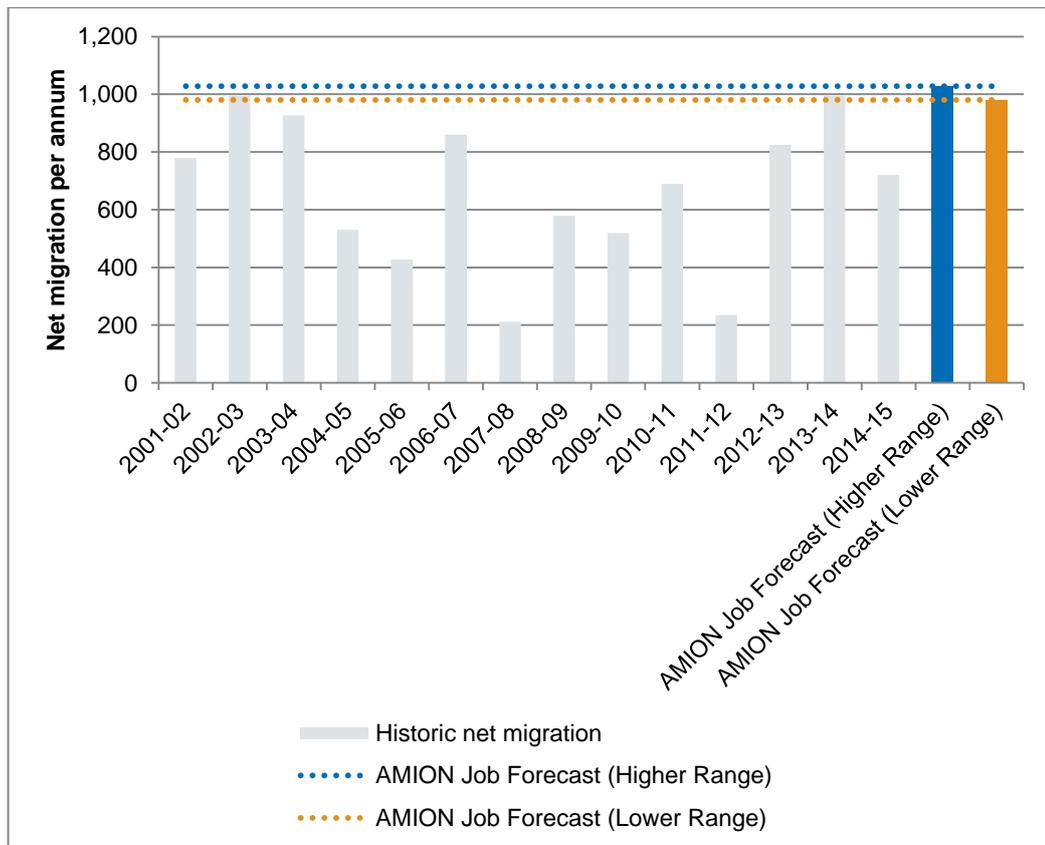
⁵⁵ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting, Section 4

“Overall, the core assumptions in relation to economic activity rates, unemployment rates and commuting ratios used in the Economic Briefing Paper and applied in Addendum 2 are considered to be reasonable as a base position. It is expected that labour force behaviours will change in the context of growing employment, which could, for example, lead to increases in older cohorts remaining in the workforce, albeit this would also likely contribute towards retaining and attracting those in the core working-age populations (aged 16-64) given the range of industrial sectors forecast to grow.”⁵⁶

- 4.39 In this context the profile of population change resulting from the application of the comparable labour-force behaviour adjustments applied in the Addendum 2 report is considered to be reasonable to ensure that future population growth will support the growth of Fylde’s economy. This does not mean that the alternative profile resulting from the application of more pronounced changes to economic activity rates is not reasonable, but that it is considered that it could potentially present a risk that employment growth was not fully supported as a result of Fylde’s specific demographic profile.
- 4.40 In further considering the implications and reasonableness of the scale of population change implied by the jobs-led scenarios, consideration has been given to the implied level of net migration associated with each in the context of historic demographic trends. The implied annual level of migration under both of the updated jobs-led scenarios as set out in Tables 4.1 and 4.2 is compared to historic levels in Figure 4.2.

⁵⁶ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting, Section 5

Figure 4.2: Projected Levels of Annual Migration under the Jobs-led Scenarios



Source: Edge Analytics, 2017

- 4.41 It is evident that the level of net migration required annually to grow the labour force and support future job growth under both jobs-led scenarios is not disproportionate to that seen historically in Fylde. It is, however, recognised that the implied levels of population growth under both scenarios would represent the continuation of previous peak levels of migration being sustained over the plan period, and would therefore represent a departure from the more recent historic picture of demographic change.

Summary and Implications

- 4.42 This section has taken into account the conclusions of the Independent Economic Assessment prepared by AMION Consulting on behalf of the Council in April 2017 and assessed its potential impact on the scale of housing needed in Fylde. This assessment has been submitted as part of the Council’s evidence base to the EiP and is considered to represent the most up-to-date assessment of the likely future job growth in Fylde to be taken into account in assessing its impact on the OAN for housing.
- 4.43 The AMION report has assessed three up-to-date economic forecasts, two of which – from Oxford Economics and Cambridge Econometrics – were presented in the Economic Briefing Paper (EL2.025b(ii)), and the third – the Experian forecast – represented a more up-to-date iteration to that presented previously.

- 4.44 AMION conclude that an average of the three forecasts is considered to be representative of future job growth within Fylde. Two variant approaches to calculating the likely future job growth on the basis of a calculated average are presented in the Independent Economic Assessment, with the conclusion reached that *'it is considered reasonable to assume that the level of future employment growth in Fylde will lie in the range of 55 jobs to 91 jobs per year, between 2015 and 2032⁵⁷*. This leads the Assessment to conclude that Fylde is likely to see the creation of between approximately 900 and 1,500 additional jobs over the remainder of the plan period (2015 – 2032).
- 4.45 This level of job growth sits within the range of forecasts considered within the 2013 SHMA, which suggested that total employment in Fylde would increase by an average of circa 52 – 148 jobs per annum⁵⁸ over the period from 2011 to 2030⁵⁹.
- 4.46 Following a consistent approach to that used in the previous assessments, a series of employment-led scenarios have been modelled by Edge Analytics to consider the level of housing growth likely to be needed to support this range of job growth. In modelling these scenarios, a set of modelling assumptions around labour-force behaviour have been applied by Edge Analytics, which are broadly consistent with the methodology applied in the Addendum 1 and 2 reports albeit with some updates to reflect the latest data. The output of this modelling indicates a need to provide for between 397 and 421 dwellings per annum over the plan period. The application of the same headship rate adjustment for younger households as applied to the demographic projections in section 3 elevates this level of assessed need to between 408 and 432 dwellings per annum.
- 4.47 It is recognised that whilst there is a degree of uncertainty in projecting future levels of job growth, equally the relationship between the future growth in jobs and population change is complex. The previous housing evidence documents have recognised the complexity of this relationship, presenting different sensitivities relating to alternative assumptions around labour-force behaviour. In the analysis presented in this section a sensitivity which sees the economic activity rates of the labour-force change in line with nationally projected adjustments by the OBR has been presented.
- 4.48 The analysis of the labour force profile in the Independent Economic Assessment recommends that it would be prudent to retain the more modest adjustments to labour-force adjustments used in the main scenarios presented in this Addendum. This recognises the scale of job growth forecast in Fylde, the distinct projected changes to the age profile of Fylde and the significant impact of an increasingly ageing population as well as the range of industrial sectors in which growth is forecast. It is considered on this basis that it is reasonable to assume that in order to support the likely job growth concluded in the Independent Economic Assessment that there will be an associated need for between 408 and 432 dwellings per annum to support the forecast job growth.
- 4.49 It is recognised importantly, however, that the Independent Economic Assessment concludes that it is *'expected...that the likely level of employment growth will be at the*

⁵⁷ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting, Section 5

⁵⁸ Turley (2014) Fylde Coast SHMA Addendum 1 (para 5.19)

⁵⁹ As noted above the forecast within ED041a was presented over the period 2012 and 2030

*upper end of this range*⁶⁰. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the modelled jobs-led scenarios.

⁶⁰ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting

5. Updated Market Signals

- 5.1 In line with the PPG, the housing need evidence has consistently included an assessment of market signals in order to inform the calculation of the OAN in Fylde.
- 5.2 Addendum 2 summarised at paragraph 4.8 (replicated below) how market signals were taken into account in the SHMA and then subsequently updated in the Addendum 2 document:

“Each of these factors is considered in turn below, building upon the analysis within the SHMA and subsequent evidence prepared by the Council. Section 6 of the SHMA considered active market evidence, which included a number of the market signals indicators since introduced in the PPG. This includes house prices (Figures 6.1 – 6.6), affordability (Figures 6.9 and 6.10) and rents (Figures 6.7 and 6.8). The analysis in Section 4 of the SHMA also considered other market signals, including overcrowding (Figure 4.10), rates of development (Figures 4.6 and 4.7) and vacancy (Figures 4.8 and 4.9).”⁶¹

- 5.3 Addendum 2 included a full update of the market signals identified in the PPG, and in the context of the data summarised in Table 4.13 arrived at the conclusion that:

“Based on this table – and the analysis throughout this section – it is clear that change in market signals in Fylde has not been significantly worse than many neighbouring authorities or the national picture, ranking in an average position for most indicators. The evidence suggests that affordability has worsened to a relatively large extent – albeit less than seen nationally – while there has been very little growth in the number of concealed families, relative to the comparator areas.

Furthermore, the analysis within this section has shown that the rate of development has not met planned targets, resulting in the accumulation of a significant backlog against the housing targets in the RSS. As per the PPG, this may justify an uplift to the official household projections, which represent the ‘starting point’ for assessments of housing need. There is also evidence to suggest that there may be relatively high land prices in the borough, although this is unclear and does not align with earlier evidence produced by the Council.

Overall, therefore, while there is little evidence to suggest that there has been a significant worsening of market signals in Fylde, a modest uplift applied to the household projections could help to address affordability issues in the borough, and can ensure that a relatively constrained position – in terms of the backlog against planned supply – is not projected forward”⁶²

- 5.4 In analysing market signals in Addendum 2, Fylde was compared with the other authorities in the HMA (Wyre and Blackpool), England and neighbouring Preston and South Ribble.

⁶¹ ED023 Paragraph 4.8

⁶² ED023 Paragraph 4.57 – 4.59

5.5 A number of representors presented updated evidence and analysis of the market signals indicators identified within the PPG⁶³. Those representors which provided consideration of up-to-date data in a number of cases assessed Fylde's trends in the context of a selection of those areas considered in the Addendum 2 analysis.

5.6 Within this section, the analysis presented in Addendum 2 has been updated where more up-to-date data is available. Where no update is available, the evidence from Addendum 2 is represented to ensure a full consideration of market signals in this report. A consistent comparison has been retained with regard to the other comparator areas used. In the context of the preceding evidence and the information provided by representors this is considered to be a robust approach for the purpose of this report.

An Up-to-Date Assessment of Market Signals

5.7 The PPG states:

*"The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand."*⁶⁴

5.8 Six market signals are identified for review in the PPG and were considered separately in the Addendum 2 report:

- **House prices** – assessing proportionate levels of inflation as an indicator of long-term imbalances between supply and demand;
- **Rents** – consideration of rental values as an indicator of long-term imbalances between supply and demand;
- **Affordability** – comparing house prices against residents' ability to pay;
- **Rate of development** – assessing the rate at which development has kept pace with planning targets, in order to establish whether a position of backlog or undersupply exists which should be addressed through future provision;
- **Land prices** – identification of price premiums as an indicator of demand for land relative to supply; and
- **Overcrowding** – considering changing levels of overcrowding, concealed and shared households, homelessness and numbers in temporary accommodation, as an indicator of undersupply.

5.9 The analysis of each of these market signals in the Addendum 2 report is updated below using the latest available data.

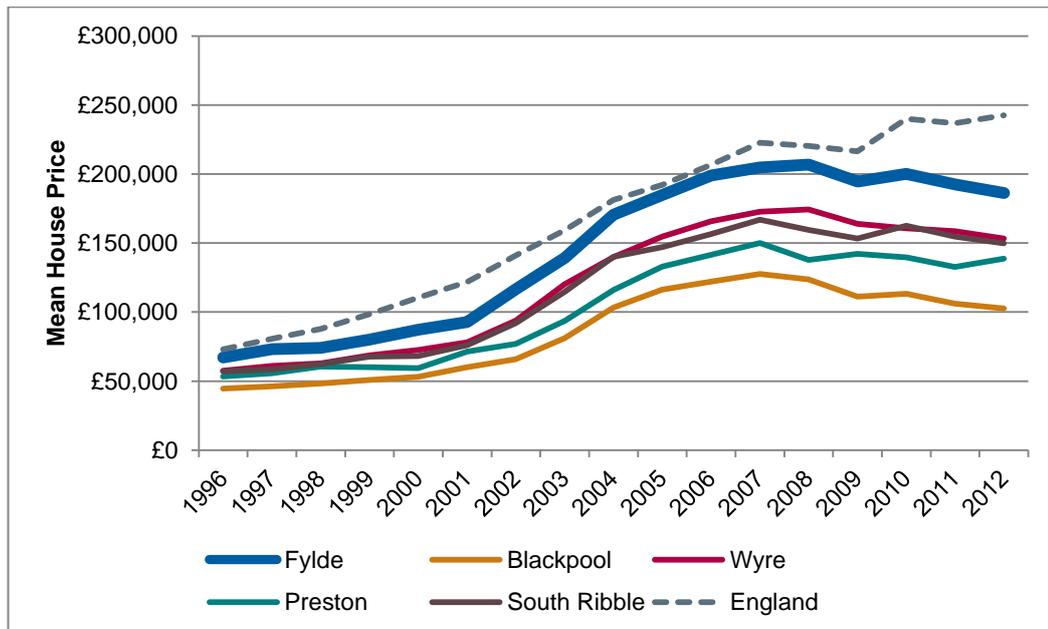
⁶³ EL2.011b for example includes a summary of a separate assessment of each of the market signals identified in the PPG

⁶⁴ http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

House Prices

- 5.10 The PPG states that longer term increases in house prices can be indicative of an imbalance between supply and demand. DCLG provides information on mean house prices – based on Land Registry data – enabling the analysis of long-term house price trends. The graph below shows how mean house prices have changed since 1996, with England and neighbouring authorities also shown for context.

Figure 5.1: Change in Mean House Prices 1996 – 2012



Source: DCLG, 2015

- 5.11 As highlighted in the SHMA, house prices in Fylde have historically been higher than neighbouring authorities but lower than the national average. Prior to 2008, Fylde saw a steep growth with average values coming close to the national average. Since 2008, however, prices have fallen consistently, as they have done in neighbouring areas, with this contrasting to a national picture which has seen a modest uplift in prices over this period.
- 5.12 Data published by DCLG covers a period to 2012, and – given the continued national recovery in the housing market – it is important to consider the latest available data to understand more recent house price trends. The following table uses Land Registry data to calculate the mean price paid in Fylde, neighbouring authorities and England in the calendar years of 2001 and 2016.

Table 5.1: Change in Mean House Prices 2001 – 2016

	2001	2016	Change
England	£121,768	£285,146	134%
Preston	£67,759	£153,264	126%
Fylde	£93,028	£209,030	125%
South Ribble	£75,925	£168,350	122%
Wyre	£78,641	£164,667	109%
Blackpool	£53,836	£110,982	106%

Source: Land Registry, 2017

- 5.13 Over the period presented above, average house prices in Fylde have grown at a faster rate than seen elsewhere in the Fylde Coast housing market area, although the scale of growth has fallen below that seen in neighbouring Preston or indeed nationally. It is, however, evident that average house prices in Fylde – as in 2001 – are relatively high compared to neighbouring areas, albeit remaining below the national average.
- 5.14 While the analysis above focuses on mean house prices, it is also beneficial to consider the cost of housing at entry level, given that disproportionate growth in lower value housing can constrain the ability of newly forming households to access housing. The following table therefore compares lower quartile house prices in 2001 and 2016, with the rate of growth shown for Fylde, neighbouring authorities and England.

Table 5.2: Change in Lower Quartile House Prices 2001 – 2016

	2001	2016	Change
England	£54,000	£140,000	159%
Fylde	£56,000	£138,500	147%
South Ribble	£48,750	£119,000	144%
Preston	£37,500	£85,000	127%
Wyre	£51,000	£110,000	116%
Blackpool	£37,500	£75,000	100%

Source: Land Registry, 2017

- 5.15 As shown, lower quartile house prices in Fylde have again grown to a greater extent than seen in Blackpool and Wyre, with the rate of growth aligning relatively closely – albeit slightly exceeding – with neighbouring South Ribble. Lower quartile house prices have not, however, grown to the extent seen nationally over the same period.

Rents

- 5.16 The PPG suggests that the rental market should also be considered as a market signal, with longer term changes in rental levels indicative of a potential imbalance between the demand for and the supply of housing.
- 5.17 Data published by the Valuation Office Agency (VOA) collates information provided by private rental landlords, with the latest available data covering the period from October 2015 to September 2016. This includes both lower quartile and mean rents to show the cost of rental properties. This can be compared against the first comparable dataset released by the VOA – which covered the year to June 2011 – to show how rents have changed in Fylde, neighbouring authorities and England.
- 5.18 This is summarised in the following table, initially for mean rents. The analysis is limited to properties with two bedrooms to enable direct comparison.

Figure 5.2: Change in Mean Rents (2 beds) 2010/11 – 2015/16

	2010/11	2015/16	Change
England	£660	£780	18%
Preston	£517	£543	5%
South Ribble	£514	£534	4%
Blackpool	£512	£513	0%
Wyre	£548	£542	-1%
Fylde	£567	£556	-2%

Source: VOA

- 5.19 Mean rents for two bedroom properties in Fylde have slightly declined over the period shown, in line with the limited decline seen elsewhere in the Fylde Coast. This evidently contrasts with the modest growth in rents observed in Preston and South Ribble, and the more significant growth seen nationally.
- 5.20 Again, it is beneficial to also consider change in lower quartile rents in order to illustrate growth at the lower end of the market, which could have implications for newly forming households. This is summarised in the following table, again based on two bedroom properties.

Figure 5.3: Change in Lower Quartile Rents (2 beds) 2010/11 – 2015/16

	2010/11	2015/16	Change
England	£475	£500	5%
Preston	£455	£475	4%
Wyre	£498	£498	0%
Fylde	£495	£495	0%
South Ribble	£495	£495	0%
Blackpool	£477	£475	0%

Source: VOA

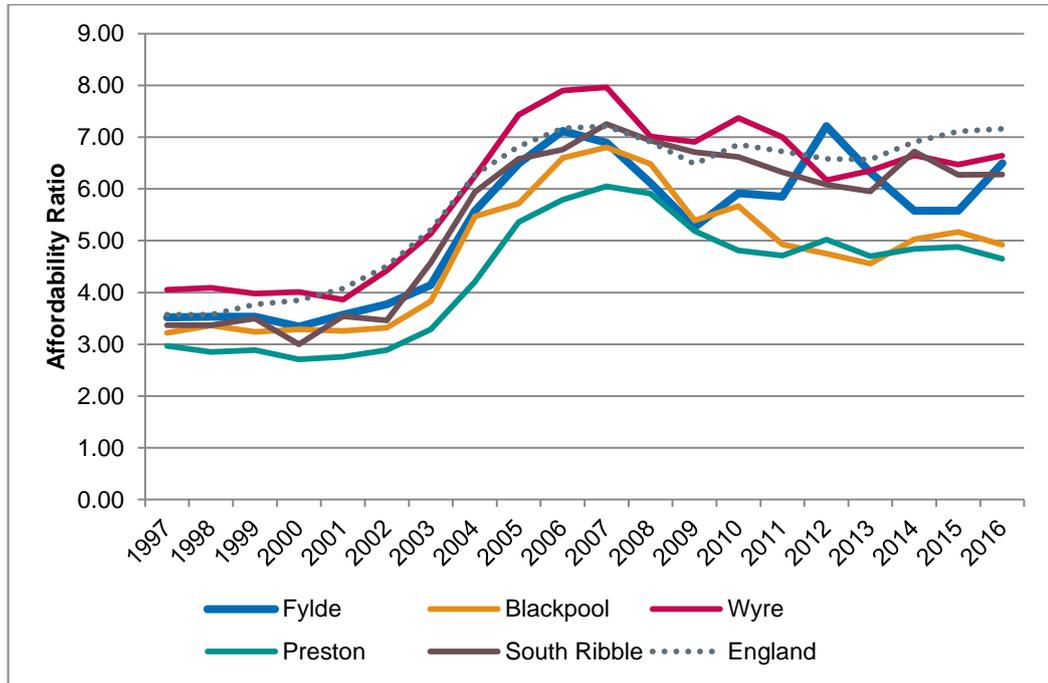
- 5.21 There has been no growth in the lower quartile cost of renting a two bedroom property in Fylde over recent years, in line with trends observed across the Fylde Coast and neighbouring South Ribble. Lower quartile rents have modestly increased at a national level.

Affordability

- 5.22 The PPG states that an assessment of the relative affordability of housing within an area should be undertaken, through a comparison of the cost of housing and the ability of households to pay.
- 5.23 Nationally, the housing market has undergone significant change in recent years, with the recent economic downturn constraining the availability of mortgage finance. First time buyers – and those households purchasing at the height of the market – now find themselves in a much more challenging position when looking to either buy a home or move home. Many younger households are increasingly turning to parents for deposit contributions, or looking to alternative housing products with lower immediate financial requirements.
- 5.24 Nationally, this has resulted in a considerable reduction in the number of residential transactions – which has been mirrored in the Fylde Coast, as shown in the SHMA – with many households either saving for a deposit, deciding to remain in their current home due to economic insecurity or looking to the social rented or private rented sector as an alternative option.
- 5.25 The impact of rising house prices on affordability of homes in Fylde is illustrated in the following graph, based on ONS data showing the ratio of lower quartile house prices to lower quartile earnings⁶⁵.

⁶⁵ Workplace-based earnings

Figure 5.4: Ratio of Lower Quartile House Price to Earnings (1997 – 2016)



Source: ONS, 2017

- 5.26 Overall, the affordability ratio in Fylde has been lower than the national rate, suggesting that households typically pay less – relative to income – than the national profile. While affordability in Fylde worsened considerably prior to the recession, it has consistently been between around 5.5 and 7 since 2006, albeit with a significant amount of annual volatility most evident in 2012.
- 5.27 When assessing the rate of change in the affordability ratio since 2001, it is clear – as shown in the following table – that Fylde has seen a change in the relationship between lower quartile house prices and income which exceeds that seen in the other Fylde Coast authorities and the other comparative neighbouring authorities. The proportionate growth also exceeds that seen nationally, although housing in 2016 remains more affordable relative to income than the national position.

Table 5.3: Change in Affordability Ratio 2001 – 2016

	2001	2016	Change
Fylde	3.57	6.50	82%
South Ribble	3.54	6.28	77%
England	4.08	7.16	75%
Wyre	3.86	6.64	72%
Preston	2.76	4.65	68%
Blackpool	3.26	4.92	51%

Source: ONS, 2017

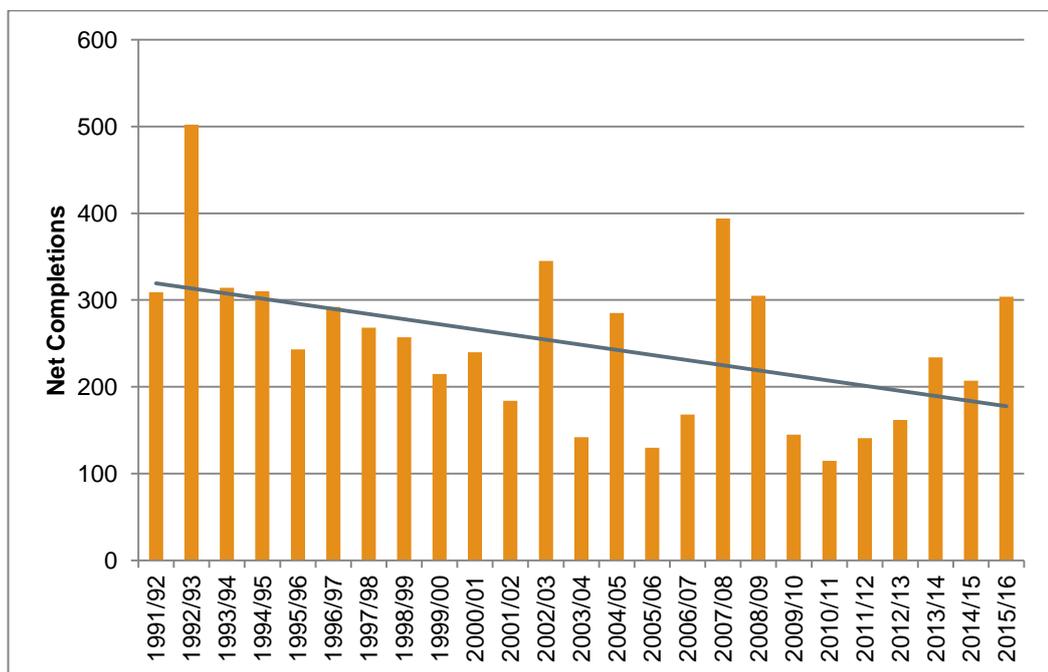
Rate of Development

5.28 The PPG suggests that the recent supply of new dwellings should be analysed in order to identify any shortfalls against planned provision as an indicator of previous under-delivery. The PPG states that:

“If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan”⁶⁶

5.29 Monitoring undertaken by the Council allows net completions to be analysed over a long-term period from 1991, and this is illustrated in the following graph. A trend line has also been overlaid.

Figure 5.5: Net Completions 1991/92 – 2015/16



Source: Fylde Borough Council

5.30 The overlaid trend line indicates that there has been a long-term fall in the rate of development in Fylde, which appears primarily driven by a declining trend prior to the recession. During this period, the rate of development fell below that seen in the 1990s, which is likely to be driven by a range of factors including the effective moratorium in place for a limited period of time in the borough. It is, however, important to note that comparatively strong rates of development were also recorded in some years prior to the recession, with the recent peak (394 dwellings, 2007/08) surpassed in only one year since 1991. While subsequent years saw notably low levels of development, an improving trend is evident since 2010/11, with the most recent year (2015/16) suggesting a return to a level last seen prior to the recession.

⁶⁶ http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

- 5.31 In understanding the implications of the analysis presented above, the Joint Lancashire Structure Plan requirement for a maximum of 155 dwellings per annum in Fylde (2001 – 2016) provides important context. It is understood that this target remained in place until 2007/08, with completions data indicating that this was largely exceeded on an annual basis. Indeed, a surplus of 563 dwellings was accumulated relative to this target⁶⁷.
- 5.32 The Structure Plan was replaced in 2008 by the adopted North West Regional Spatial Strategy (RSS). This established a requirement to provide at least 5,500 dwellings between 2003 and 2021, equivalent to 306 dwellings per annum. This target was only met in a single year (2007/08), with a backlog of 764 dwellings accumulated relative to this target between 2003 and 2011 (the base date of the new Local Plan).
- 5.33 It is important to acknowledge judgement from the High Court which asserted that the previous policy figure – in this case the RSS – should not be used to assess the existence of a backlog, noting:
- “...There was no methodological error in the way these competing estimates for the period 2011-2031 were drawn up by reason of the notional ‘shortfall’ in housing delivery between 2006 and 2011 by comparison with the average annual figure for additional housing indicated in the South East Plan... There was no reason whatever for a person in 2011 seeking to draw up a current estimate of population growth and housing requirements looking into the future from that date to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period included in the South East Plan..”⁶⁸*
- 5.34 The judgement continues:
- “According to Mr Cahill’s suggestion, the modellers in 2011 should have begun by saying that there was a shortfall of 854 homes against a previous estimate and then should have added that on their own modelled estimates for new homes for 2011-2031 to produce the relevant total figure. In fact, none of them proceeded in that way, and rightly so. In my view, they would clearly have been wrong if they had tried to do so. Their own modelling for 2011-2031 is self-contained, with its own evidence base, and would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base. That would have involved mixing apples and oranges in an unjustifiable way.”⁶⁹*
- 5.35 This suggests that a backlog against RSS targets should not simply be added on to projections of housing need, although the PPG does continue to suggest that the rate of development should be considered against planned targets when considering whether there is justification for uplifting from the projected need implied by household projections.

⁶⁷ Based on total completions between 2001/02 and 2007/08, compared to annual target of 155 dwellings in the Joint Lancashire Structure Plan over the same period

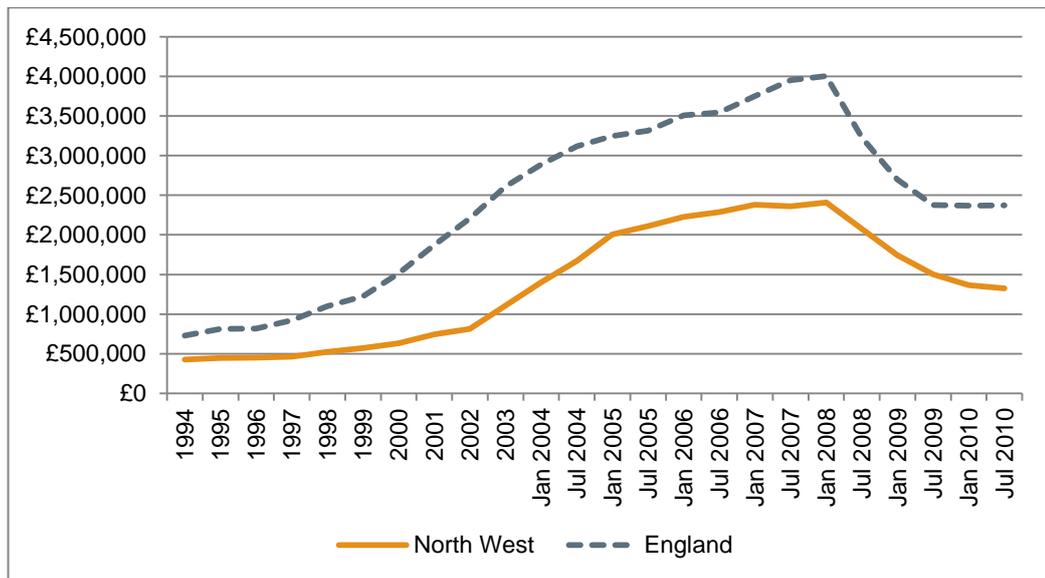
⁶⁸ Zurich Assurance Limited v Winchester City Council and South Downs National Park Authority, [2014] EWHC 758 (Admin) at [94]18th March 2014

⁶⁹ Ibid [95]

Land Prices

- 5.36 The PPG notes that land prices are indicative of the demand for land relative to supply, with price premiums providing direct information on a shortage of land within an area.
- 5.37 Data published by DCLG shows the average valuation of residential building land with planning permission over the period from 1994 to 2010. This data is only available at a regional level, but nevertheless provides an indication of historic supply and demand in the wider North West. Land price trends are also presented for England to enable comparison.

Figure 5.6: Average Valuations of Residential Building Land with Outline Planning Permission



Source: DCLG, 2015

- 5.38 Historically, the value of residential building land with outline planning permission has been lower in the North West compared to England as a whole, although there was notable growth in values ahead of the recession. This dataset does not extend beyond 2010 due to a decline in market activity.
- 5.39 The discontinuation of these datasets means that it is challenging to understand how land values have recovered, although local estimates of land value for policy appraisal have been produced by DCLG⁷⁰ and published in December 2015. This sets out an estimated value per hectare of a typical residential site in each local authority in England, and allows a comparison between estimated values in Fylde and its neighbours. A weighted average for England excluding London is also shown for context.

⁷⁰ DCLG (December 2015) Land value estimates for policy appraisal

Table 5.4: Estimated Value of Typical Residential Site

	Estimated value per hectare
Fylde	£2,600,000
England (excluding London)	£2,100,000
Preston	£1,665,000
Wyre	£1,720,000
Blackpool	£1,300,000
South Ribble	£975,000

Source: DCLG, 2015

- 5.40 This evidence suggests that residential land in Fylde is characterised by relatively high values, which exceed the weighted average for England excluding London and also exceed all neighbouring authorities.
- 5.41 This does, however, deviate from the findings of a stakeholder workshop event held in 2013 to inform the Council's Viability Study, where landowners and developers felt that a land value of £1 million per hectare was an appropriate assumption. The Council's 2016 Economic Viability Assessment⁷¹ suggests that previous developed land in Fylde could have a value of £1.1 million per hectare in the highest value areas, with greenfield land valued at up to £618,000.
- 5.42 Overall, therefore, there is conflicting evidence on whether there is a significant price premium on residential land in Fylde and the evidence does not provide a consistent or strong market signal indicator. Values should, however, continue to be monitored as further local information becomes available.

Overcrowding

- 5.43 The PPG suggests that indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation should be analysed, given that they can be indicative of unmet need for housing.
- 5.44 The PPG states that:
- "Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers"*⁷²
- 5.45 The 2013 SHMA included an analysis of the proportion of households who have at least one fewer bedroom than required, based on the bedroom standard, and this shows that only 1.5% of households in Fylde are overcrowded. This is lower than the national average and the levels seen in the other Fylde Coast authorities.

⁷¹ Keppie Massie (February 2016) Fylde Local Plan Economic Viability Assessment (Table 5.1)

⁷² http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

- 5.46 The PPG highlights the importance of considering change in overcrowded households, although – given that the number of bedrooms was not recorded in the 2001 Census – it is difficult to profile how the level of overcrowding has changed in Fylde over recent years. However, the Census in both 2001 and 2011 recorded an occupancy rating based on the number of rooms in a household, allowing an understanding of whether there has been an increase in the number of overcrowded households based on the room standard. This is presented in the following table, showing change in the number of households with at least one fewer room than required.

Table 5.5: Number of Households Overcrowded (Rooms) 2001 – 2011

	2001	2011	% Change
England	1,457,512	1,928,596	32.3%
South Ribble	1,112	1,396	25.5%
Preston	3,536	4,292	21.4%
Fylde	1,337	1,348	0.8%
Wyre	1,593	1,603	0.6%
Blackpool	4,653	4,590	-1.4%

Source: Census 2011; Census 2001

- 5.47 Fylde has seen only a marginal increase in the number of households with at least one fewer bedroom than required, which has nevertheless exceeded the rates seen elsewhere in the Fylde Coast housing market area. This is significantly lower than the rates seen in South Ribble and Preston, or indeed the national average.
- 5.48 A further indicator of overcrowding and concealment is the number of families who are classified as concealed, given that they are a family reference person (FRP) but not a household reference person (HRP). This suggests that a family is not the main family in a household. The following table shows how the number of concealed families in Fylde, neighbouring authorities and England has changed between 2001 and 2011, based on Census data.

Table 5.6: Change in Concealed Families 2001 – 2011

	2001	2011	% Change
England	161,254	275,954	71.1%
South Ribble	262	444	69.5%
Wyre	256	386	50.8%
Preston	558	814	45.9%
Blackpool	504	724	43.7%
Fylde	178	247	38.8%

Source: Census 2011; Census 2001

5.49 While the number of concealed families in Fylde has increased by 69, the proportionate increase falls below that seen in all neighbouring authorities, and is significantly lower than the national average. In 2011, 1.1% of families in Fylde were classified as concealed, which again falls below all of the comparator areas presented.

Homelessness

5.50 The analysis in Addendum 2 did not include an assessment of homelessness. Evidence of the comparative performance of Fylde was presented by one representor⁷³ through the hearing statements and for completeness analysis of homelessness has been included within this update. This is based on DCLG monitoring⁷⁴ of the number of households accepted as homeless and in priority need in 2015/16, relative to the overall number of households. This shows that the level of homelessness in Fylde is comparatively low, falling below that seen in comparator areas with the exception of Wyre.

Table 5.7: Households Accepted as Homeless and in Priority Need 2015/16

	Total households accepted as homeless and in priority need	Homeless per 1,000 households
England	57,730	2.52
Blackpool	86	1.33
Preston	49	0.84
South Ribble	31	0.66
Fylde	9	0.25
Wyre	8	0.17

Source: DCLG

Drawing the Market Signals Evidence Together

5.51 Figure 4.13 in Addendum 2 drew together those market signals which could be directly quantified and compared to present a ranking of performance of Fylde against each of the comparator areas. This has been updated at Table 5.8.

5.52 Again a rank of 1 – coloured in orange – indicates that the area has the worst market signal relative to the other areas shown, while a rank of 6 – coloured in blue – suggests more favourable market signals.

⁷³ EL2.011b paragraph 2.22 bullet point 6

⁷⁴ DCLG (2016) Live Table 784

Table 5.8: Selected Market Signals Summary

	Fylde	Blackpool	Wyre	Preston	South Ribble	England
House prices						
Change (mean) 2001 – 2016	3	6	5	2	4	1
Change (LQ) 2001 – 2016	2	6	5	4	3	1
Rents						
Change (mean) 2010/11 – 2015/16	6	4	5	2	3	1
Change (LQ) 2010/11 – 2015/16	3	6	5	2	3	1
Affordability						
Change 2001 – 2016	1	6	4	5	2	3
Overcrowding						
Change 2001 – 2011	4	6	5	3	2	1
Concealed families						
Change 2001 – 2011	6	5	3	4	2	1

Source: Turley, 2017

- 5.53 The analysis continues to indicate that the change in market signals in Fylde has not been significantly worse than neighbouring authorities or the national position, with the borough ranking in a relatively average position for a number of indicators. It is noted that the relationship between entry-level earnings and house prices has proportionately worsened to a greater degree than the other comparator areas since 2001, including the national picture. It is noted that Fylde's affordability ratio of 6.50 is lower than that seen in Wyre (6.64) and the national average (7.16) in 2016 and that it remains lower than the levels seen in the borough prior to the credit crunch.
- 5.54 Over the longer term it is also identified that the growth in lower quartile house prices has exceeded that seen in the comparator areas but has fallen below the national rate of increase. Collectively these signals indicate that affordability issues remain and indeed continue to worsen within Fylde impacting potentially on the ability of households, particularly younger households, to access housing.
- 5.55 It is, however, also important to note that a number of other market signals suggest that the impact of the imbalance between supply and demand is less pronounced than the comparator areas. For example, the signals indicate that average private rents have fallen slightly over recent years and that there are comparatively low proportions of overcrowded households and a low growth in the number of concealed families between the Census years.

Summary and Implications

- 5.56 The updated analysis presented in this section continues to indicate that there is evidence of worsening affordability in Fylde, albeit that a number of other market signals suggest that the impact is less pronounced than in other comparator areas.
- 5.57 In this context, it is considered that the previous conclusion reached in the Addendum 2 report that '*a modest uplift applied to the household projections could help to address affordability issues in the borough*' remains justified. It is recognised that more recently a number of Local Plan Inspectors have considered it appropriate to specify a separate market signals adjustment⁷⁵.
- 5.58 In establishing a reasonable response to the identified evidence of some worsening of market signals, it is noted that the views of representors in the hearing statements did not present a consistent picture. It was noted that some representors considered the assessment to be robust and did not appear to advance the need for any further upward adjustment in relation to market signals⁷⁶. A number of other representors, however, indicated that a more positive adjustment to that used in the preceding Addendum reports would be justified.
- 5.59 At least one representor advanced a recommendation that in providing for this '*modest uplift*' an uplift of 10% should be applied to the demographic projection of need⁷⁷. In the

⁷⁵ The Local Plan Inspector's positions at Eastleigh, Canterbury and Mid Sussex are widely referenced examples in this regard.

⁷⁶ This view appears to be the conclusion in EL2.013b i (paragraph 1.23) for example.

⁷⁷ Within EL2.001b it is suggested that an adjustment of 10% would be appropriate based upon the LPEG methodology. It is suggested that this should be applied to the adjusted demographic projection in the Addendum 2 report i.e. 370 dpa.

context of the updated assessment of market signals it is considered reasonable to view this as an upper limit to any such adjustment to be applied to the demographic projection. Applying a 10% uplift to the adjusted demographic projection (351 dpa) would result in a need for 386 dwellings per annum.

- 5.60 It is of note that this level of need falls below the range of need concluded as being required to support the scale of job growth forecast over the plan period, as concluded in section 4. Irrespective of the considered reasonableness of a 10% adjustment in relation to market signals, the level of need resulting from aligning job growth and population growth would be expected to provide a level of housing provision which would, on this basis, represent a boosting of supply addressing the impact of any historic imbalance between supply and demand.

6. Implications for the OAN for Fylde

6.1 This report is intended to provide a direct response to the request from the Local Plan Inspector – as set out in her letter dated 11 April to Fylde Borough Council (‘the Council’) – to provide further clarity on the implications of the official 2014-based sub-national population projections (SNPP) and the 2014-based sub-national household projections (SNHP) for the objectively assessed need (OAN) for housing in Fylde.

6.2 Specifically in this regard the Inspector requested in her letter to the Council that:

“This should be in the form of a paper which sets out the 2014-based assessments using relevant scenarios (including economic) and takes account of all reasonable adjustments and uplifts as referred to in previous demographic evidence. It should also include an explanation as to what the implications of this are for the OAHN, including meeting affordable housing needs”⁷⁸

6.3 In responding to this request, this paper draws together the evidence submitted to the Local Plan Examination in Public (EiP) relating to housing need subsequent to the submission of the draft Local Plan for examination. It seeks to reflect upon and respond to the points of discussion during the hearing sessions on 28 and 29 March 2017 and references as appropriate the hearing statements submitted and referred to throughout the EiP hearing sessions relating to the OAN.

6.4 In order to provide a clear and transparent assessment of the implications for the OAN the preceding chapters of this report have been structured to respond to the methodological steps set out in the PPG for the calculation of an OAN:

- The Latest DLCG Published Household Projections – the ‘Starting Point’;
- Adjustment to the DCLG Household Projections – Demographic Need;
- Taking Employment Trends into Account; and
- Responding to Market Signals.

6.5 This section draws upon the conclusions reached with regards to each of these methodological steps to set out an up-to-date assessment of the OAN for Fylde, with full consideration to the latest available informing datasets including the 2014-based SNPP and SNHP. The section also considers the implication of the calculated need for affordable housing on the concluded OAN.

⁷⁸ Letter from the Local Plan Inspector to Fylde Borough Council on the 11 April 2017 titled ‘Fylde Council Local Plan – Duty to Cooperate, Objectively Assessed Needs and the Development Strategy’ – EL5.003

Factoring in the 2014-based SNPP / SNHP in the Modelling of Housing Need

A Higher ‘Starting Point’ Projection

- 6.6 The 2014-based population and household projections provides a new ‘*starting point*’ for the assessment of housing needs, in accordance with the PPG⁷⁹.
- 6.7 The 2014-based SNHP indicates a modelled need for 274 dwellings per annum following the application of a vacancy rate. This is considered to represent the ‘starting point’ for establishing the OAN for Fylde.
- 6.8 This ‘starting point’ projection of need is higher than that represented by the earlier 2012-based SNHP, which formed the starting point for the analysis in the Addendum 2 report and projected a need for 237 dwellings per annum⁸⁰. It is lower, however, than the concluded reasonable minimum level of demographic need presented within the 2013 SHMA (Migration-led 10 year scenario), which projected a need for approximately 320 dwellings per annum⁸¹.

Updated Demographic Projection of Need

- 6.9 The 2013 SHMA and subsequent Addendum reports have consistently established a concern that the official ONS / DCLG projections serve to underestimate the projected need for housing in Fylde, with regards to both the projected level of population growth and its translation into a need for households and dwellings.
- 6.10 Preference has consistently been placed on the use of demographic projections of need in Fylde which are based upon a longer historic period. This ensures that a more balanced projection of need is identified which is not unduly affected by the lower levels of population growth seen more recently in the borough, which are considered likely to reflect, at least in part, the impacts of a recent and recognised undersupply of housing. Based upon the evidence presented in Addendum 2 it was also considered prudent to exclude UPC in the projections of demographic need for Fylde when considering the minimum level of associated projected demographic need. This approach continues to be considered reasonable in the context of the updating of scenarios of demographic need using the 2014-based datasets in Fylde.
- 6.11 Comparable variant projections have been developed by Edge Analytics using the 2014-based SNPP and SNHP datasets. This has included an up-to-date ten year past growth projection, which integrates the latest available estimates of population including the 2015 MYE. It has also included a projection which uses the same base date as the previous ten year past growth projection, but includes the most recent two additional years of population data, thereby basing its projection on a twelve year historic period. These scenarios have been modelled excluding UPC based on the concluded position set out in each Addendum.
- 6.12 In order to ensure consistency – and in recognition of the fact that the original ten year period included a number of years of comparatively strong levels of population growth at

⁷⁹ PPG Reference ID 2a-015-20140306

⁸⁰ ED023 Figure 3.2

⁸¹ ED021 – Paragraph 11.34

the start of its historic period – it is considered prudent to use the twelve year trend-based projection as being representative of a minimum level of projected population growth.

- 6.13 Throughout the analysis presented in the 2013 SHMA and subsequent Addendum reports, a positive response has been applied to address evidence of the potential suppression of younger household formation rates consistently represented in recent official projections. The modelling presented in this section has applied an adjustment to the household formation rates of younger households within the 2014-based SNHP which assumes a recovery to rates seen in 2001. This provides a positive response to the assumed reduction in younger household formation within the 2014-based SNHP. This adjustment is methodologically consistent to that used in Addendum 2, and has been used in the projections modelled by Edge Analytics in the Economic Modelling Briefing Paper (EL2.025b(ii)) and the Demographic Projections Update Paper (EL1.011).
- 6.14 This adjustment results in a minimum demographic need for 351 dwellings per annum in Fylde over the plan period (2011 – 2032). This level of need is some 77 dwellings per annum higher than that projected by the ‘starting point’ projection of the 2014-based SNHP, and represents a 28% upward adjustment.

Taking Likely Employment Growth into Account

- 6.15 Following the EiP hearings in March the Council separately commissioned AMION Consulting to prepare an Independent Economic Assessment of Fylde. This has been submitted as a separate Examination document to this report. The conclusions of this report are directly drawn upon within this Addendum 3 report to inform the step of the methodology which takes into account employment trends and its impact on the OAN.
- 6.16 The AMION report has assessed three up-to-date economic forecasts, two of which from Oxford Economics and Cambridge Econometrics were presented in the Economic Briefing Paper (EL2.025b(ii)), and the third, the Experian forecast, represented a more up-to-date iteration to that presented previously.
- 6.17 AMION conclude that an average of the three forecasts is considered to be representative of future job growth within Fylde. Two variant approaches to calculating the likely future job growth on the basis of a calculated average are presented in the Independent Economic Assessment with the conclusion reached that *‘it is considered reasonable to assume that the level of future employment growth in Fylde will lie in the range of 55 jobs to 91 jobs per year, between 2015 and 2032⁸²’*. This leads to the conclusion that Fylde is likely to see the creation of between approximately 900 and 1,500 additional jobs over the remainder of the plan period (2015 – 2032).
- 6.18 This level of job growth sits within the range of forecasts considered within the 2013 SHMA, which suggested that total employment in Fylde would increase by an average of circa 52 – 148 jobs per annum⁸³ over the period from 2011 to 2030⁸⁴.

⁸² Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting, Section 5

⁸³ Turley (2014) Fylde Coast SHMA Addendum 1 (para 5.19)

⁸⁴ As noted above the forecast within ED041a was presented over the period 2012 and 2030

- 6.19 Following a consistent approach to that used in the previous assessments, a series of employment-led scenarios have been modelled by Edge Analytics to consider the level of housing need likely to be required to support this range of job growth. In modelling these scenarios, a set of modelling assumptions around labour-force behaviour have been applied by Edge Analytics which are broadly consistent with the methodology applied in the Addendum 1 and 2 reports, albeit with some updates to reflect the latest data. The output of this modelling indicates a need to provide for between 397 and 421 dwellings per annum over the plan period. The application of the same headship rate adjustment for younger households as applied to the demographic projections in section 3 elevates this level of assessed need to between 408 and 432 dwellings per annum.
- 6.20 It is recognised that whilst there is a degree of uncertainty in projecting future levels of job growth equally the relationship between the future growth in jobs and population change is complex. The previous housing evidence documents have recognised the complexity of this relationship presenting different sensitivities relating to alternative assumptions around labour-force behaviour.
- 6.21 The analysis of the labour force profile in the Independent Economic Assessment recommends that it would be prudent to retain the more modest adjustments to labour-force adjustments used in the main scenarios presented in this Addendum. This recognises the scale of job growth forecast in Fylde, the distinct projected changes to the age profile of Fylde and the significant impact of an increasingly ageing population as well as the range of industrial sectors in which growth is forecast. It is considered on this basis that it is reasonable to assume that in order to support the likely job growth concluded in the Independent Economic Assessment that there will be an associated need for between 408 and 432 dwellings per annum to support the forecast job growth.
- 6.22 However, it is recognised importantly that the Independent Economic Assessment concludes that it is *'expected...that the likely level of employment growth will be at the upper end of this range'*⁸⁵. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the modelled jobs-led scenarios.

Review of Market Signals

- 6.23 The updated analysis presented in this section continues to indicate that there is evidence of worsening affordability in Fylde, albeit that a number of other market signals suggest that the impact is less pronounced than in other comparator areas.
- 6.24 In this context, it is considered that the previous conclusion reached in the Addendum 2 report that *'a modest uplift applied to the household projections could help to address affordability issues in the borough'* remains justified. It is recognised that more recently a number of Local Plan Inspectors have considered it appropriate to specify a separate market signals adjustment⁸⁶.
- 6.25 In establishing a reasonable response to the identified evidence of some worsening of market signals, it is noted that the views of representors in the hearing statements did not present a consistent picture. It was noted that some representors considered the

⁸⁵ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting

⁸⁶ The Local Plan Inspector's positions at Eastleigh, Canterbury and Mid Sussex are widely referenced examples in this regard.

assessment to be robust and did not appear to advance the need for any further upward adjustment in relation to market signals⁸⁷. A number of other representors, however, indicated that a more positive adjustment to that used in the preceding Addendum reports would be justified.

- 6.26 At least one representor advanced a recommendation that in providing for this '*modest uplift*' an uplift of 10% should be applied to the demographic projection of need⁸⁸. In the context of the updated assessment of market signals it is considered reasonable to view this as an upper limit to any such adjustment to be applied to the demographic projection. Applying a 10% uplift to the adjusted demographic projection (351dpa) would result in a need for 386 dwellings per annum.
- 6.27 It is of note that this level of need falls below the range of need concluded as being required to support the scale of job growth forecast over the plan period, as concluded in section 4. Irrespective of the considered reasonableness of a 10% adjustment in relation to market signals, the level of need resulting from aligning job growth and population growth would be expected to provide a level of housing provision which would, on this basis, represent a boosting of supply addressing the impact of any historic imbalance between supply and demand.

An Updated OAN

- 6.28 Drawing together the analysis above, the evidence presented in this Addendum 3 report has justified a series of adjustments from the need for 274 dwellings per annum implied by the 'starting point' of the 2014-based SNHP.
- 6.29 In accordance with the evidence presented consistently through the housing need evidence for Fylde since the 2013 SHMA, it is considered that the short-term period from which the more recent official projections of population growth – in this case the 2014-based SNPP – serves to underestimate future levels of population growth. This recognises that the historic period from which trends are drawn in the 2014-based SNPP corresponds with a period of comparatively low population growth, with this in turn likely to be affected by the consequences of the past under delivery of housing.
- 6.30 A projection of future population growth based upon a longer-term period – which bases future trends on a historic period which includes both a stronger and weaker picture of demographic change – is considered to be more representative of future needs. On this basis, it is considered that the need is adjusted upwards to reflect a twelve year past growth scenario which retains the base date of the historic period used in the analysis in the Addendum 1 and 2 reports (ED022 and ED023) but integrates the latest two years of ONS published population estimates. This indicates a need to provide for 341 dwellings per annum in Fylde.
- 6.31 However, a further adjustment continues to be considered necessary to allow for a return to higher levels of household formation amongst younger people, which has deteriorated over recent years and is not assumed to recover within the 2014-based

⁸⁷ This view appears to be the conclusion in EL2.013b i (paragraph 1.23) for example.

⁸⁸ Within EL2.001b it is suggested that an adjustment of 10% would be appropriate based upon the LPEG methodology. It is suggested that this should be applied to the adjusted demographic projection in the Addendum 2 report i.e. 370 dpa.

SNHP. This was also assumed within the 2012-based SNHP previously considered (ED023). This would result in a need for 351 dwellings per annum, uplifting the demographic projection by a further 10 dwellings per annum. Provision of this scale would meet the need generated by population growth and would enable a recovery of household formation rates of younger households affected by the worsening affordability of housing in the borough.

- 6.32 It is considered that the future growth of Fylde's economy will be an important factor generating an additional need for housing beyond that resulting from a continuation of demographic trends. AMION Consulting has concluded that Fylde's economy is likely to continue to grow in the future and over the remaining years of the plan period. Supporting a forecast growth in employment will require Fylde to attract and retain a greater number of people in core working age groups. This will have an impact on the projected levels of net migration over the plan period, which alongside the impacts of existing migration flows and natural change factors indicate the need for an upward adjustment to the demographic projection of need.
- 6.33 In the context of AMION's assessment of the future economy and the changing profile of the labour-force, it is considered that in order to support the range of likely job growth there will be a need to provide for between 408 and 432 dwellings per annum, an uplift of between 57 and 81 dwellings or between 16% and 23% from the scale of demographic projected need.
- 6.34 The analysis of market signals in Fylde continues to indicate that there is evidence of worsening affordability in Fylde, albeit that a number of other market signals suggest that the impact is less pronounced than in other comparator areas. It is therefore appropriate to recommend that a modest uplift would need to be applied to the demographic projections in order to provide a reasonable supply response which could be expected to help to address affordability issues in the borough. It is noted that the scale of uplift concluded as being reasonable to support forecast levels of job growth is over 15%.
- 6.35 In the context of the impact of aligning housing need with likely job growth it is not considered necessary to specifically conclude an appropriate reasonable scale of uplift relating to market signals. However, for the purposes of presenting a separate uplift within this Addendum, the 10% recommended by at least one representor and considered to represent an upper limit of such an adjustment on the basis of the market signals evidence in Fylde is used to isolate its potential impact in uplifting the demographic projection of need.
- 6.36 The adjustments summarised above in arriving at an updated OAN for Fylde are summarised in the following table.

Table 6.1: Adjustments to the ‘Starting Point’ in Arriving at the OAN

	Adjustment (dwellings per annum)	Dwellings per annum 2011 – 2032	% uplift from ‘starting point’
The ‘starting point’ – 2014-based SNHP		274	
Adjusted demographic projection	+77	351	28%
Supporting likely job growth	+57 - 81	408 - 432	49% - 58%
<i>(Market signals adjustment to demographic projection +10%)</i>	<i>(+35)</i>	<i>(386)</i>	<i>(40%)</i>
Objectively assessed need (OAN) rounded	+134 - 156	410 - 430	50% - 57%

Source: Turley

- 6.37 In arriving at a conclusion on the OAN for housing, as reflected in the table above it is considered that it is appropriate to round the calculated OAN range to between **410 and 430 dwellings per annum**.
- 6.38 Whilst a range of OAN for housing has been concluded – associated with the range of job growth considered reasonable within the Independent Economic Assessment – it is recognised that this report concludes that it is ‘*expected...that the likely level of employment growth will be at the upper end of this range*’⁸⁹. It is therefore considered that the full need for housing will be more closely aligned with the upper end of the identified OAN range.

Consideration of the Evidenced Need for Affordable Housing

- 6.39 The PPG does not specify how any adjustment should be made to the OAN in relation to affordable housing.
- 6.40 The 2013 SHMA identified a need for 207 affordable homes per annum⁹⁰. This was updated in the Addendum 1 report which concluded with a higher modelled need for 249 affordable homes per annum⁹¹.
- 6.41 Through the EiP hearings, the calculated need for affordable housing was debated with no significant challenge made to its robustness. The assessed level of need concluded within the Addendum 1 report is therefore considered robust for the purposes of considering its implications for the overall need for housing in Fylde following the PPG methodology.
- 6.42 Within Section 9 of the 2013 SHMA the associated hypothetical amount of market housing required to meet the annual affordable need per annum (207 per annum) for the first five years of the plan period was provided for illustrative purposes, in accordance

⁸⁹ Independent Assessment of the Economic Prospects of Fylde, May 2017, AMION Consulting

⁹⁰ ED021 – Figure 9.6

⁹¹ ED022 – Paragraph 6.16

with guidance. This assumed on the basis of a policy based requirement for 30% of housing to be affordable that there would be a need to deliver some 3,455 homes in total in Fylde or almost 700 per annum⁹².

- 6.43 The draft Local Plan continues to assume a requirement to deliver 30% affordable housing. Following a similar approach but using the updated calculated need for affordable housing arrived at within the Addendum 1 report would suggest a need to deliver in excess of 800 homes per annum to address the full calculated need for affordable housing. The 2013 SHMA noted for all of the Fylde Coast authorities that *'this would require levels of overall development of all tenures far in excess of any single year's provision as seen over the last ten years'*. It was also concluded that *'this is extremely unlikely to be realised and therefore this level of provision should not be reasonably expected'*⁹³.
- 6.44 The 2013 SHMA identified in its assessment of the OAN in this context that *'there is an onus on ensuring that the overall requirement for housing is of sufficient scale to seek to make progress in addressing this need and avoiding exacerbating affordable issues further'*⁹⁴.
- 6.45 Assuming that 30% of the calculated OAN was delivered as affordable homes would suggest that between approximately 120 and 130 affordable homes per annum will be able to be provided. Whilst it is apparent that this will not meet the need for affordable housing in full it is important to reflect on the fact that this will represent a significant uplift on the recent historical rates of affordable housing provision, noting that less than 40 affordable dwellings were delivered in Fylde in 2015/16⁹⁵.
- 6.46 The Council identified that historically between 2003 and 2016 Fylde has on average seen the delivery of approximately 210 net dwellings per annum of all tenures. The concluded OAN following the PPG methodological steps above would require an approximate doubling of this historic rate of development. This clearly aligns with the Government's objectives to boost the supply of housing and *'get more homes built right now and for many years to come'*⁹⁶.
- 6.47 As well as representing a significant uplift on the long-term historic rate of delivery the range of OAN also represents a marked uplift to the concluded demographic projection of need, being some 16% to 23% higher. On this basis it is not considered justified in this context to apply a further upward adjustment relating directly to the provision of affordable housing to the OAN range set out in Table 6.1. It is considered, however, that in the context of a recognised significant need for affordable housing that this provides further support for placing greater emphasis on the upper end of the OAN range.

⁹² ED021, Figure 9.10

⁹³ ED021, paragraph 9.34

⁹⁴ ED021, paragraph 11.26

⁹⁵ DCLG Live Table 1011C indicates that 37 affordable homes were completed in Fylde in 2015/16

⁹⁶ DCLG (2017) Fixing our Broken Housing Market (p7)

Comparison with the Previous OAN Range in the 2013 SHMA

6.48 The 2013 SHMA (published February 2014) concluded that there was a need for between 300 and 420 dwellings per annum in Fylde over the period 2011 – 2030. The SHMA concluded that:

“The lower end of the spectrum is informed by the demographic-led scenarios which – as identified above – would be likely to at best only support a sustaining of current employment levels at this scale. The employment evidence base within the authority highlights the potential vulnerability of employment change to the realisation of the ambitions of the Enterprise Zone. Careful monitoring will therefore be required to ensure an alignment between economic growth and housing need, with the scenarios updated as required as Local Plan policy is developed”⁹⁷

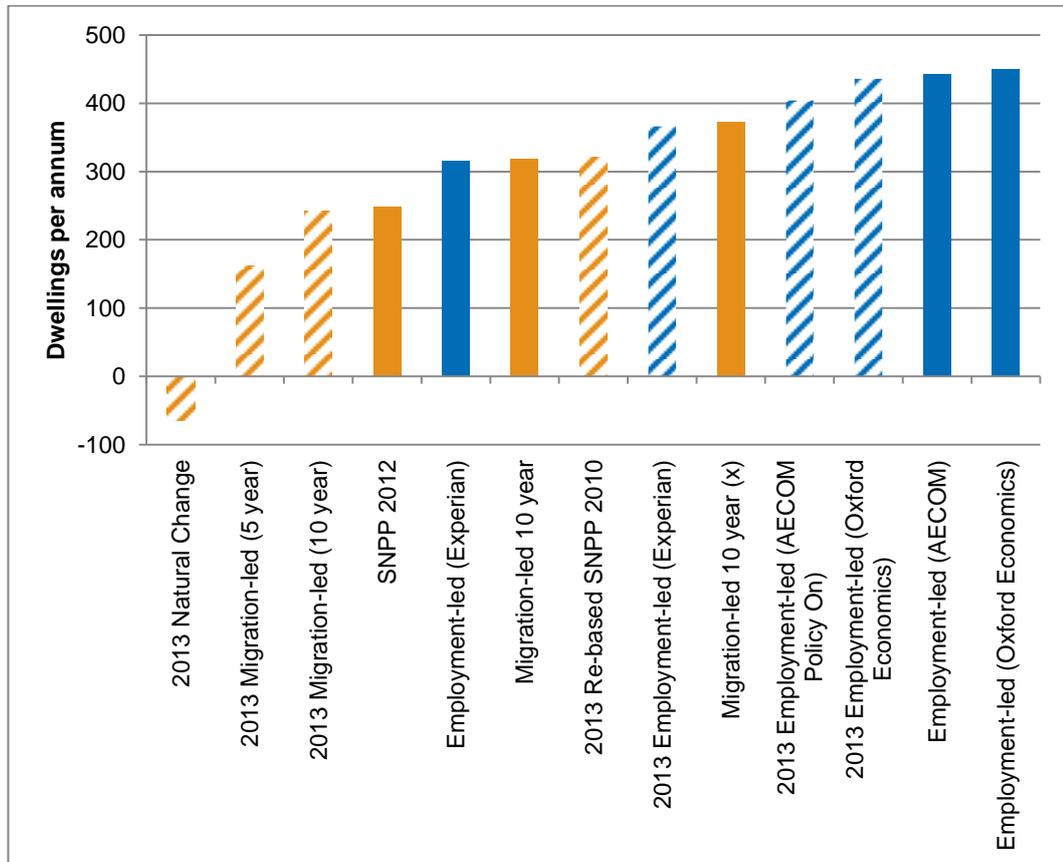
6.49 The Addendum 1 report (November 2014) concluded that this range of OAN remained appropriate in the context of the analysis of the 2012-based SNPP dataset.

6.50 However, the integration of the 2012-based SNHP in the Addendum 2 report for Fylde (May 2015) – alongside an updating of evidence relating to market signals – suggested that there was a need to consider the upper end of the range as being represented by 440 to 450 dwellings per annum. This upper end of the range continued to be predicated upon supporting a forecast level of employment growth in Fylde, with this continuing to be based upon the economic forecasts used within the 2013 SHMA.

6.51 The Addendum 2 report included an illustration of the full range of scenarios of projected need within both the Addendum 1 and Addendum 2 at Figure 5.1. This is replicated at Figure 6.1.

⁹⁷ ED021 – paragraph 11.36

Figure 6.1: Addendum 1 and Addendum 2 Scenarios of Average Annual Housing Need – Fylde 2011 – 2030



Source: Turley/Edge Analytics 2015

6.52 The range of concluded OAN set out within this Addendum 3 evidently sits towards the upper end of these scenarios of need. This recognises that:

- **The ‘starting point’ projection of need has risen slightly**, with the 2014-based SNPP/ SNHP projecting a stronger growth in households than the 2012 SNHP;
- **A population projection based upon a longer-term historic period than the official ONS SNPP is used.** A 12 year trend-based projection which includes the ten year period used previously in the Addendum reports and takes into account the additional last two years of ONS population estimates has been preferred within this Addendum;
- **An allowance is made for a recovery in younger household formation rates, relative to the assumptions underpinning the 2014-based SNHP.** This is considered to represent a positive response to offset the projected sustained impact of worsening affordability and the under-supply of housing in Fylde on the propensity of these households to form. The methodological approach and principle of the adjustment is consistent to that used in the Addendum 2 report;
- **A separate supply response is justified to upwardly adjust the demographic projection in response to modest worsening in market signals.** On the basis

of the views of representors to the EIP hearings and the updating of the market signals evidence, it is considered that any such uplift applied would not exceed 10%;

- **Fylde will continue to see a growth in employment opportunities with on average, between 55 and 91 jobs likely to be created annually in Fylde over the remainder of the plan period.** This level of job growth falls within the range previously presented based upon economic forecasts and the Council's 2012 Employment Land and Premises Study⁹⁸; and
- **An uplift in the delivery of affordable housing can be supported**, in response to the calculated need for 249 affordable homes per annum presented within the Addendum 1 report⁹⁹. It is concluded that the uplifts applied to the OAN through the above steps could result in an approximate doubling of the historic level of annual housing provision in Fylde (210dpa, 2003 – 2016)¹⁰⁰, which could make a significant contribution towards increasing the provision of affordable housing from recently recorded levels.

⁹⁸ ED041a

⁹⁹ ED022 – paragraph 6.16

¹⁰⁰ ED017 – paragraph 121

Appendix 1: Edge Analytics Modelling Assumptions

Fylde

2014-based SNPP Demographic & Jobs-led Update

Assumptions Note

May 2017

edgeanalytics

Leeds Innovation Centre | 103 Clarendon Road | Leeds | LS2 9DF

0113 384 6087 | www.edgeanalytics.co.uk

Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

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Introduction

- 1.1 Fylde Borough Council requires an update to its existing demographic evidence, to consider the implications of updates to key data-sets on the emerging Local Plan including; the 2014-based Sub-National Population Projection (SNPP), 2014-based household projection model and employment forecasts prepared by AMION¹ in May 2017. Edge Analytics has been commissioned to provide new demographic information and forecasts in order to support the evidence being prepared by Turley.
- 1.2 In 2013, Edge Analytics provided demographic evidence for Blackpool, Fylde and Wyre which comprise the aggregate Fylde Coast area. This evidence was used to inform the Fylde Coast Strategic Housing Market Assessment (SHMA)² published in 2014.
- 1.3 Following the release of demographic and economic data in 2014 and 2015, Edge Analytics provided an updated range of evidence which was presented in Addendum 1 (2014)³ and Addendum 2 (2015)⁴ respectively.
- 1.4 Fylde Borough Council has requested that the latest demographic evidence and employment forecasts be considered collectively. This includes the 2014-based SNPP from the Office for National Statistics (ONS), the 2014-based household projection model from the Department for Communities and Local Governments (DCLG) and mid-year population estimates (MYEs) from ONS. Additionally, this analysis also considers an updated range of employment growth forecasts from AMION, taking account of the latest unemployment rates and 2017 labour market trend analysis from the Office for Budget Responsibility (OBR).

¹ These employment forecasts are considered within the 'Independent Assessment of the Economic Prospects of Fylde' published by AMION consulting in May 2017

² <https://www.blackpool.gov.uk/Residents/Planning-environment-and-community/Documents/Fylde-Coast-SHMA-Report-Final-27thFeb14.pdf>

³ <http://www.wyre.gov.uk/downloads/file/3390/shma-wyre-addendum-november-2014>

⁴ Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections. Fylde Borough Council [May 2015].

- 1.5 The assumptions and methodology used in the development of the demographic and jobs-led scenarios are outlined in **Section 2**, with a summary of economic assumptions used in the SHMA, Addendums and latest analysis presented in **Section 3**.

2 POPGROUP Methodology & Assumptions

POPGROUP

2.1 A range of demographic and jobs-led scenarios have been developed for Fylde using POPGROUP v.4 and the Derived Forecast model. POPGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a cohort component model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

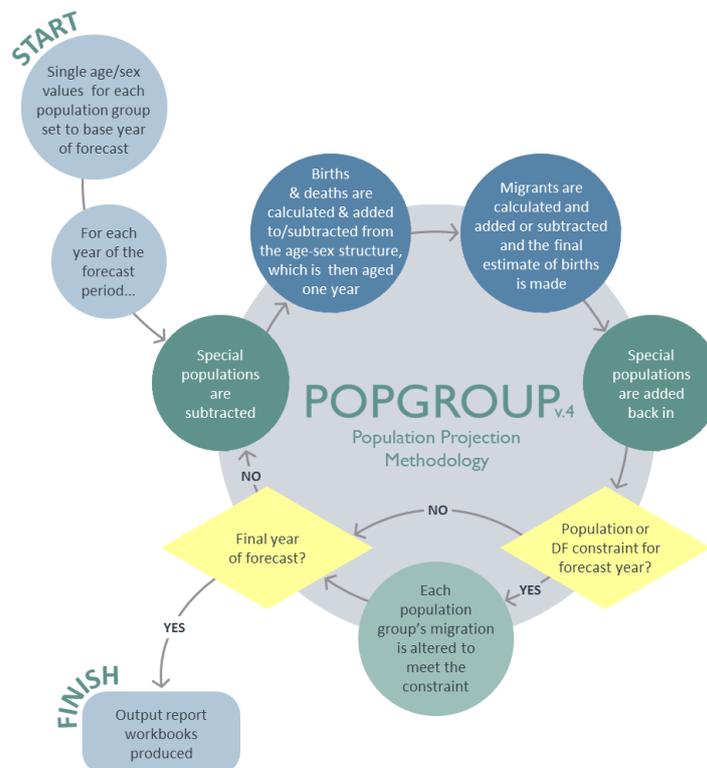


Figure 1: POPGROUP population projection methodology

2.2 The Derived Forecast (DF) model (Figure 2) sits alongside the population model, providing a headship rate model for household projections and an economic activity rate model for labour-force projections.

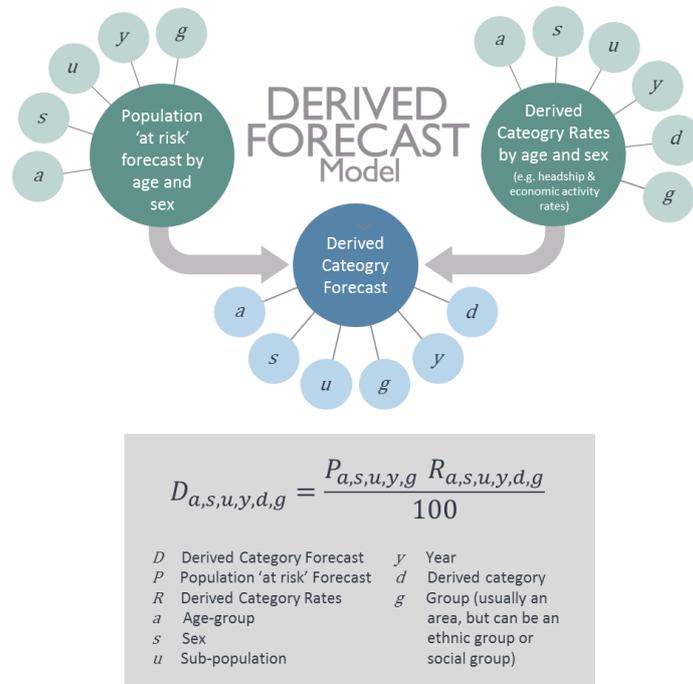


Figure 2: Derived Forecast (DF) methodology

2.3 Evidence is often challenged on the basis of the appropriateness of the methodology that has been employed to develop growth forecasts. The use of a recognised forecasting product which incorporates an industry-standard methodology (a cohort component model) removes this obstacle and enables a focus on assumptions and output, rather than methods.

2.4 The POPGROUP suite of demographic models draw data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using historical data evidence for 2001–2015, in conjunction with information from the Office for National Statistics (ONS) sub-national population projections (SNPPs) and Department for Communities and Local Governments (DCLG) household projections, a series of assumptions have been derived which drive the scenario forecasts.

Scenario Definition

- 2.5 Three demographic scenarios have been developed for Fylde which include the SNPP-2014 ‘benchmark’ scenario and two ‘alternative trend’ scenarios for comparison. The ‘alternative trend’ scenarios consider the impact of variant assumptions based on different migration histories:
- **SNPP-2014:** This scenario replicates the 2014-based SNPP for Fylde
 - **PG 10yr-X:** Internal and international migration assumptions are based on the last ten years of historical migration data (2005/06–2014/15). The UPC adjustment is *excluded* from the derivation of international migration assumptions up to 2011.
 - **PG 12yr-X:** Internal and international migration assumptions are based on the last twelve years of historical migration data (2003/04–2014/15). The UPC adjustment is *excluded* from the derivation of international migration assumptions up to 2011.
- 2.6 In addition to the demographic scenarios, two jobs-led scenarios (**Jobs-led Average Lower** and **Jobs-led Average Higher**) have also been developed; using annual employment growth targets provided by AMION which are based on variant calculations of the ‘Average’⁵ of three economic forecasting houses. A sensitivity scenario based on the ‘Average Higher’ employment growth trajectory has also been developed, applying alternative economic activity rate assumptions (**Jobs-led Average Higher SENS**).
- 2.7 In a jobs-led scenario, the impact of an employment growth trajectory can be evaluated by measuring the relationship between the number of jobs in an area (as defined by the higher and lower ‘Average’ economic forecasts), the size of the resident labour force and the size of the resident population. Key to determining the level of population growth required to meet a defined jobs growth trajectory are the three assumptions on economic activity, unemployment and commuting.
- 2.8 The **Jobs-led Average Lower** and **Jobs-led Average Higher** scenarios consider economic activity rates and commuting ratio assumptions consistent with those presented in previous Addendum 1 (2014) and Addendum 2 (2015), however using the latest unemployment rate.

⁵ Note that these are adjusted to account for a fixed proportion of double-jobbing, as outlined within the Turley report.

- 2.9 The **Jobs-led Average Higher SENS** scenario considers the impact of alternative economic activity rate assumptions, with all other assumptions consistent with the **Jobs-led Average Higher** scenario.
- 2.10 A full comparison of the economic assumptions used within the POPGROUP modelling in the development of the jobs-led scenarios presented in the SHMA and is included in **Section 3**.

Population Assumptions

- 2.11 Population change is driven by assumptions on births, deaths, internal and international migration components of change. The assumptions underpinning each of the demographic and jobs-led scenarios presented in the Addendum 3 report is outlined in the following sections.

Population

- 2.12 In each scenario, historical population statistics are provided by the mid-year population estimates (MYEs), with all data recorded by single-year of age and sex. These data include the revised MYEs for 2002–2010, which were released by the ONS in May 2013. The revised MYEs provide consistency in the measurement of the components of change (i.e. births, deaths, internal migration and international migration) between the 2001 and 2011 Censuses.
- 2.13 In the **SNPP-2014** scenario, the historical MYEs are used up to 2014. From 2014, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2014-based SNPP.
- 2.14 In the **PG 10yr-X**, **PG-12yr-X** and **Jobs-led (Average Lower, Higher and Higher SENS)** scenarios, the historical MYEs are used up to 2015.

Births & Fertility

- 2.15 In each scenario, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.
- 2.16 In the **SNPP-2014** scenario, historical births are used from 2001/02 to 2013/14. From 2014/15, future counts of births are specified, to ensure consistency with the 2014-based official projection.

- 2.17 In all other scenarios, historical births are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific rate (ASFR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2014-based SNPP.
- 2.18 In combination with the 'population-at-risk' (i.e. all women between the ages of 15–49), the area-specific ASFR and future fertility rate assumptions provide the basis for the calculation of births in each year of the forecast period (i.e. from 2015 onwards).

Deaths & Mortality

- 2.19 In each scenario, historical mid-year to mid-year counts of deaths by 5-year age group and sex have been sourced from the ONS MYEs.
- 2.20 In the **SNPP-2014** scenario, historical deaths are used from 2001/02 to 2013/14. From 2014/15, future counts of deaths are specified, to ensure consistency with the 2014-based official projection.
- 2.21 In all other scenarios, historical deaths are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific mortality rate (ASMR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2014-based SNPP.
- 2.22 In combination with the 'population-at-risk' (i.e. the whole population), the area-specific ASMR and future mortality rate assumptions provide the basis for the calculation of deaths in each year of the forecast period (i.e. from 2015 onwards).

Migration

Internal Migration

- 2.23 In each scenario, historical mid-year to mid-year estimates of internal in- and out-migration by 5-year age group and sex have been sourced from the ‘components of population change’ files that underpin the ONS MYEs. These internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and the Higher Education Statistics Agency (HESA).
- 2.24 In the **SNPP-2014** scenario, historical counts of internal in and out-migrants are used from 2001/02 to 2013/14. From 2014/15, future counts of migrants are specified, to ensure consistency with the 2014-based official projection.
- 2.25 In the **PG 10yr-X** and **PG 12yr-X** scenarios, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future internal migration flows are based on the area-specific historical migration data. In the **PG-10yr-X** scenario, a *ten* year history is used (2005/06 to 2014/15). In the **PG 12yr-X** scenario, a *twelve* year internal migration history is used (2003/04 to 2014/15).
- 2.26 In the **PG 10yr-X** and **PG 12yr-X** alternative trend scenarios, the relevant historical time period is used to derive the age-specific migration rate (ASMigR) schedules, which are then used to determine the future number of in- and out-migrants.
- 2.27 In the case of internal in-migration, the ASMigR schedules are applied to an external ‘reference’ population (i.e. the population ‘at-risk’ of migrating into the area). This is different to the other components (i.e. births, deaths, internal out-migration), where the schedule of rates is applied to the area-specific population (i.e. the population ‘at-risk’ of migrating out of the area). The reference population is defined by considering the areas which have historically contributed the majority of migrants into the area. In the case of Fylde it comprises all districts which cumulatively contributed 70% of migrants into the Lancashire LEP over the 2008/09–2014/15 period.
- 2.28 In the **Jobs-led (Average Lower, Higher and Higher SENS)** scenarios, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, these scenarios then

calculate their own internal migration assumptions to ensure an appropriate balance between the population and the targeted increase in the number of jobs that is defined in each year of the forecast period. A higher level of net internal migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. In the **Jobs-led (Average Lower, Higher and Higher SENS)** scenarios, the profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2014-based SNPP.

International Migration

- 2.29 Historical mid-year to mid-year counts of immigration and emigration by 5-year age group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs. Any 'adjustments' made to the MYEs to account for asylum cases are included in the international migration balance.
- 2.30 In all scenarios, future international migrant counts are specified.
- 2.31 In the **SNPP-2014** scenario, historical counts of migrants are used from 2001/02 to 2013/14. From 2014/15, the international in- and out-migration counts are drawn directly from the 2014-based official projection.
- 2.32 In the **PG 10yr-X** and **PG 12yr-X** scenarios, historical counts of international in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future international migration counts are based on the area-specific historical migration data. In the **PG 10yr-X** scenario, a ten year history is used (2005/06 to 2014/15). In the **PG 12yr-X** scenarios, a twelve year history is used (2003/04 to 2014/15). In both **PG** scenarios, an ASMigR schedule of rates is derived from the relevant migration history and is used to distribute future counts by single year of age. The UPC adjustment is excluded from international migration assumptions.
- 2.33 In the **Jobs-led Average Lower, Jobs-led Average Higher** and **Jobs-led Average Higher SENS** scenarios, historical counts of international in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, international migration counts are taken from the ONS 2014-based SNPP (i.e. counts are consistent with the **SNPP-2014** scenario). An ASMigR schedule of rates from the ONS 2014-based SNPP is used to distribute future counts by single year of age.

Households & Dwellings

2.34 The 2011 Census defines a household as:

“one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.”

2.35 In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or vacant.

2.36 In all scenarios, the household and dwelling implications of the population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate. These data assumptions have been sourced from the 2001 and 2011 Censuses and the 2008-based, 2012-based and 2014-based household projection model from the DCLG. The 2014-based model was released by the DCLG in July 2016, and is underpinned by the 2014-based SNPP from ONS.

Household Headship Rates

2.37 A household headship rate (also known as household representative rate) is the *“probability of anyone in a particular demographic group being classified as being a household representative”*⁶.

2.38 The household headship rates used in the POPGROUP modelling have been taken from the latest DCLG 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The DCLG household projections are derived through the application of projected headship rates to a projection of the private household population. The methodology used by DCLG in its household projection models consists of two distinct stages:

- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status group over the projection period.

⁶ Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). <https://www.gov.uk/government/statistics/2012-based-household-projections-methodology>

- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals.

2.39 In POPGROUP, the Stage Two headship rates have been applied by 10-year age group in an 8-fold household type classification (Table 1).

Table 1: DCLG Stage Two headship rate classification household type classification

DCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

2.40 Two sets of headship rates have been applied to the scenarios:

- **2014-based:** These are the 2014-based DCLG headship rates for Fylde (Figure 3)
- **2014-based Return:** 2014-based headship rates, with the rates for the 15–24 and 25–34 age groups returned to their respective 2001 values by 2024, following the original trend thereafter. Note that this adjustment has been made for all household types within the defined 15–24 and 25–34 age groups (Figure 3).

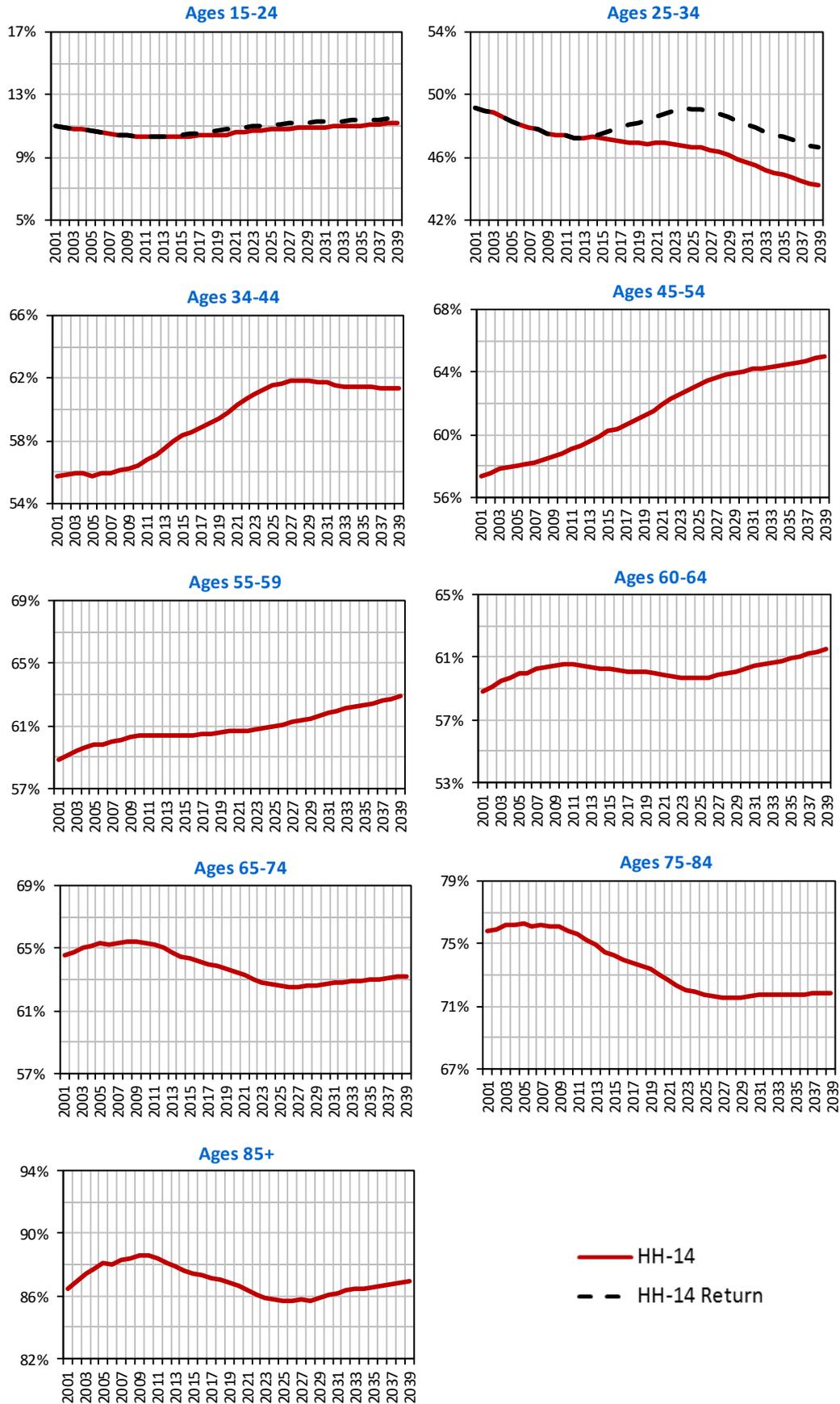


Figure 3: 2014-based and 2014-based Return headship rates by age group 2001–2039

Communal Population Statistics

- 2.41 Household projections in POPGROUP exclude the population ‘not-in-households’ (i.e. the communal/institutional population). These data are drawn from the DCLG 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.
- 2.42 For ages 0–74, the number of people in each age group not-in-households is fixed throughout the forecast period. For ages 75–85+, the proportion of the population not-in-households is recorded. Therefore, the population not-in-households for ages 75–85+ varies across the forecast period depending on the size of the population.

Vacancy Rate

- 2.43 The relationship between households and dwellings is modelled using a ‘vacancy rate’, sourced from the 2011 Census⁷. The vacancy rate is calculated using statistics on households (occupied household spaces) and dwellings (shared and unshared).
- 2.44 A vacancy rate of 6.6% for Fylde has been applied, fixed throughout the forecast period. Using the vacancy rate, the ‘dwelling requirement’ of each household growth trajectory has been evaluated.

Labour Force & Jobs

- 2.45 In the **Jobs-led Average Lower**, **Jobs-led Average Higher** and **Jobs-led Average Higher SENS** scenarios, the economic activity rate, unemployment rate and commuting ratio assumptions are used to determine the level of population growth required by the defined jobs growth trajectory.

Economic Activity Rates

- 2.46 The level of labour force participation is recorded in the economic activity rates. Economic activity rates by five year age group (ages 16-75+) and sex have been derived from Census statistics. Between the 2001 and 2011 Censuses, rates of economic activity increased, most notably for females and males in the older age groups (Figure 4).

⁷ Census Table KS401EW: Dwellings, household spaces and accommodation type

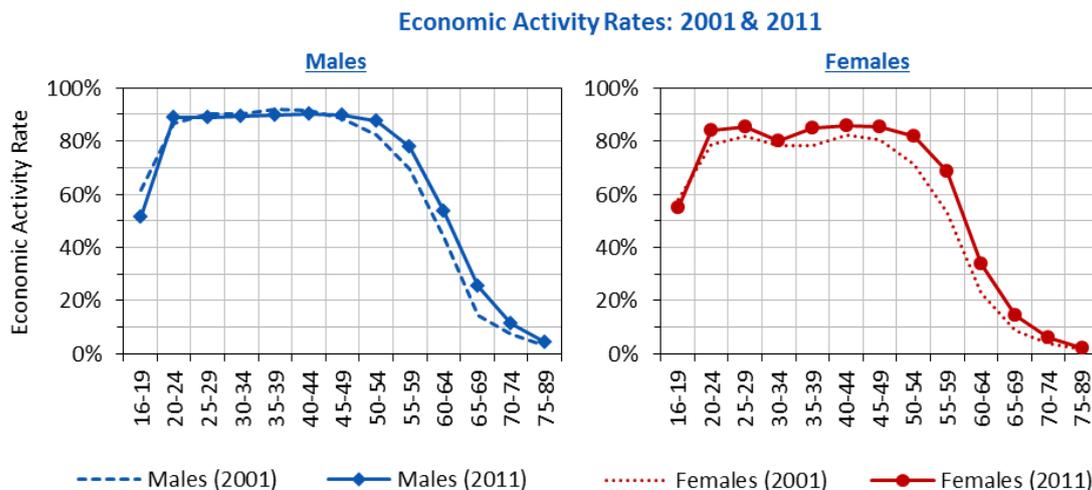


Figure 4: Fylde Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

2.47 In the **Jobs-led Average Lower** and **Jobs-led Average Higher** scenarios, economic activity rates have been defined for the 16–74 age group, with adjustments to account for changes in the State Pension Age (SPA). These are consistent with economic activity rate adjustments presented in Addendum 1 (2014) and Addendum 2 (2015), which considered the ONS economic activity rate forecasts from a 2006 base⁸. Over the 2011–2020 period, the ONS forecasts estimated that male economic activity rates would rise by 5.6% and 11.9% in the 60–64 and 65–69 age groups respectively, with corresponding female rates rising by 33.4% and 16.3%.

2.48 Addendum 1 (2014) and Addendum 2 (2015) considered these changes under the ONS forecasts, applying economic activity rates for the 16–74 age groups, with adjustments made to the 60–64 and 65–69 age groups. These assumptions have been used in the development of the **Jobs-led Average Lower** and **Jobs-led Average Higher** scenarios.

2.49 The following adjustments have been made over the 2011–2020 period, in line with Addendum 1 and 2 economic activity rate assumptions:

- **Females 60–64:** 40% increase from 2011 to 2020, fixed thereafter
- **Females 65–69:** 20% increase from 2011 to 2020, fixed thereafter
- **Males 60–64:** 5% increase from 2011 to 2020, fixed thereafter
- **Males 65–69:** 10% increase from 2011 to 2020, fixed thereafter

⁸ONS January 2006, Projections of the UK labour force, 2006 to 2020
<http://www.ons.gov.uk/ons/rel/lms/labour-market-trends--discontinued-/volume-114--no--1/projections-of-the-uk-labour-force--2006-to-2020.pdf>

2.50 Figure 5 illustrates these adjustments to economic activity rates in the start and end year of the plan period (2011 and 2032).

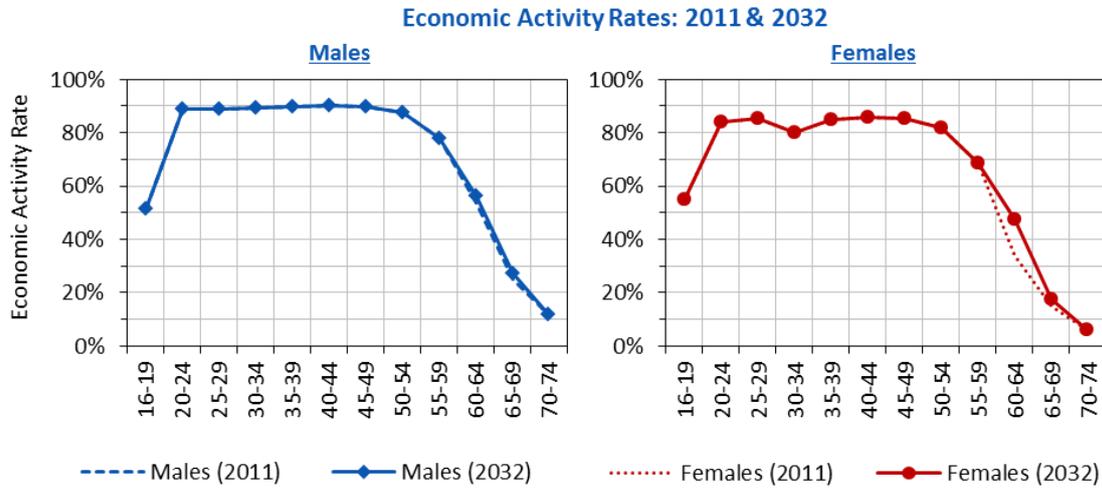


Figure 5: Fylde Economic activity rates: 2011 and 2032 Census comparison (source: ONS)

2.51 The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its latest 2017 Fiscal Sustainability Report⁹. Included within its analysis is a forecast of changing economic activity rates for males and females, extending to a long-term 2066 forecast horizon. This forecast has been used to generate an alternative set of economic activity rates for the 16–89 age group under the **Jobs-led Average Higher SENS** scenario.

2.52 Adjustments have been made to all age groups (16–89) by sex over the forecast period (Table 2). The economic activity rate profiles are summarised in Figure 6.

⁹ http://cdn.budgetresponsibility.org.uk/FSR_Jan17.pdf

Table 2: OBR Economic Activity Rate adjustments

OBR Economic Activity Rates Change 2011–2031			
Males		Females	
16–19	2%	16–19	-1%
20–24	2%	20–24	3%
25–29	0%	25–29	0%
30–34	0%	30–34	1%
35–39	0%	35–39	5%
40–44	-1%	40–44	4%
45–49	-1%	45–49	4%
50–54	0%	50–54	2%
55–59	3%	55–59	7%
60–64	15%	60–64	72%
65–69	49%	65–69	100%
70–74	37%	70–74	118%
75–89	57%	75–89	301%

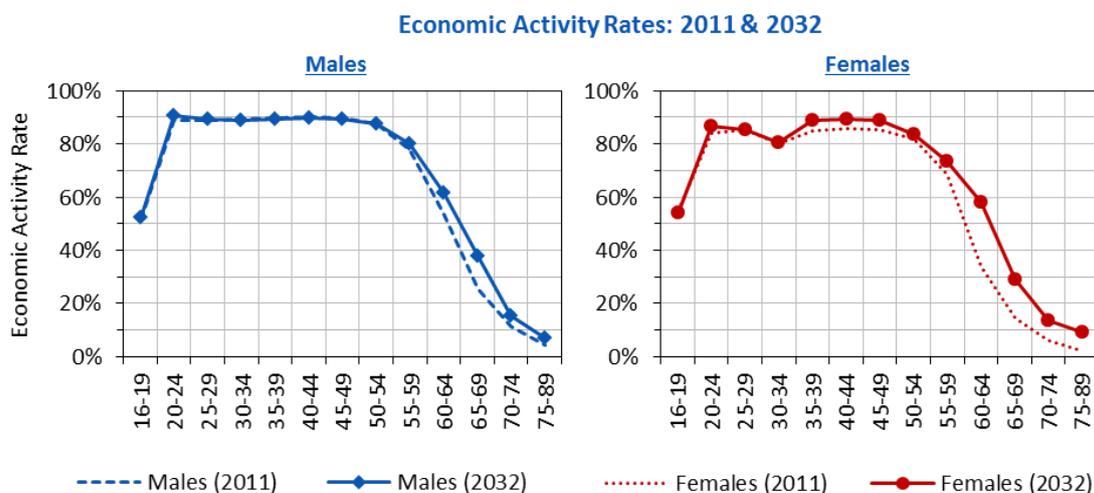


Figure 6: OBR economic activity rate profile for Fylde 2011–2032

Commuting Ratio

- 2.53 The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district.
- 2.54 A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the number of jobs available in the district, resulting in a net out-commute. A commuting ratio less

than 1.00 indicates that the number of jobs in the district exceeds the size of the labour force, resulting in a net in-commute.

- 2.55 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, commuting ratios have been derived for Fylde. This is compared to the 2001 Census value in Table 3.

Table 3: Commuting Ratio Comparison

Fylde		2001 Census	2011 Census
Workers	<i>a</i>	32,235	34,796
Jobs	<i>b</i>	40,633	43,270
Commuting Ratio	<i>a/b</i>	0.79	0.80

Note: 2001 data from Census Table *T101 – UK Travel Flows*; 2011 data from Census Table *WU02UK - Location of usual residence and place of work by age*.

- 2.56 The 2011 Census commuting ratio of 0.80 has been applied in the **Jobs-led Average Lower**, **Jobs-led Average Higher** and **Jobs-led Average Higher SENS** scenarios, fixed throughout the forecast period.

Unemployment Rate

- 2.57 The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the number of jobs available within an area.
- 2.58 In the **Jobs-led Average Lower**, **Jobs-led Average Higher** and **Jobs-led Average Higher SENS** scenarios, historical unemployment rates are defined up to 2015. From 2015, the unemployment rate is kept fixed throughout the forecast period (Table 4).

Table 4: Historical unemployment rate 2004–2015

Unemployment Rate (%)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fylde	2.6	3.1	3.3	3.7	3.5	4.4	4.9	4.6	5.3	4.7	4.3	3.3

Source: ONS model-based estimates of unemployment, Annual Population Survey, NOMIS

3 Comparison of Employment-led Scenarios

- 3.1 Table 5 provides a summary comparison of the data assumptions underpinning each of the job-led scenarios presented in the SHMA (2013), Addendum 1 (2014), Addendum 2 (2015) and the latest Addendum 3 (2017).

Table 5: Comparison of assumptions in the SHMA, Addendums and April 2017 Report

Assumptions	SHMA (2013)	Addendum 1 (2014)	Addendum 2 (2015)	Addendum 3 (2017)
Historical Data	2001–2012	2001–2013		2001–2015
Official Projection	2010-based	2012-based		2014-based
Household Assumptions				
Household Model & Headship Rates	2008-based & 2011-based	2008-based & 2011-based	2012-based & 2012-based Return Sensitivity	2014-based & 2014-based Return Sensitivity
Dwelling Vacancy Rate	6.6%	6.6%	6.6%	6.6%
Employment Forecasts				
Employment Forecasts	Experian (Sept 2013) Oxford Economics (2013) AECOM	Experian (Sept 2013) Oxford Economics (2013) AECOM	Two variant <i>Average</i> economic forecasts calculated by AMION using the 2017 Experian, Oxford Economics and Cambridge Econometrics employment forecasts.	
Commuting Ratio Assumptions				
Commuting Ratio (CR)	0.80 from the 2011 APS	0.80 from the 2011 Census		0.80 from the 2011 Census TTW
Commuting Ratio (Sensitivity)	'Balanced' CR assumed all jobs are taken up by residents in Fylde	-		-

Assumptions	SHMA (2013)	Addendum 1 (2014)	Addendum 2 (2015)	Addendum 3 (2017)
<i>Unemployment Rate Assumptions</i>				
Unemployment Rate (UR)	Fixed Average (2008–2012) 5.3%	Fixed Average (2008–2013) 5.3%		Fixed 2015 UR of 3.3%
Unemployment Rate (Sensitivity)	Fixed Average (2004–2012) 4.7%	Reducing from ‘recession’ average (2008–2013) in 2013 of 5.3% to pre-recession average (2004–2007) in 2018 of 4.3%, fixed thereafter		-
<i>Economic Activity Rate Assumptions</i>				
Economic Activity Rates (EA)	EA rates from the 2001 Census and LFS (NOMIS)	2011 Census economic activity rates with uplifts in the 60–69 age groups to account for changes to the SPA. EA rates defined for the 16–74 age group.		2011 Census economic activity rates with uplifts in the 60–69 age groups to account for changes to the SPA. EA rates defined for the 16–74 age group.
Economic Activity Rate (Sensitivity)	-	-		OBR (2017) adjustments to the 2011 Census EA rates in all age groups over the forecast period. EA rates defined for the 16–89 age groups.

Turley
1 New York Street
Manchester
M1 4HD

T 0161 233 7676

Turley

Appendix 2

Independent Assessment of the Economic Prospects of Fylde (Amion Consulting, May 2017)

Fylde Borough Council

Independent Assessment of the Economic Prospects of Fylde

Final Report

May 2017

LIVERPOOL Winslow House • Rumford Court • 16 Rumford Place • Liverpool L3 9DG T:
0151 227 5563

LONDON 78 York Street • London W1H 1DP T: 0207 183 6790

www.amion.co.uk

AMION Consulting is the trading name of AMION Consulting Limited.

Registered Office: Langtons, The Plaza, 100 Old Hall Street, Liverpool L3 9QJ. Company No: 3909897

Fylde Borough Council

Independent Assessment of the Economic Prospects of Fylde

Final Report

May 2017

Reviewed and approved by:	
Signature(s):	
Name(s):	Graham Russell
Job Title(s):	Chief Executive
Date:	May 2017

AMION Consulting is the trading name of AMION Consulting Limited
Registered Office: Langtons, The Plaza, 100 Old Hall Street, Liverpool L3 9QJ
Company No: 3909897
Tel: 0151 227 5563
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1 Introduction

1.1 Overview

AMION Consulting (AMION) has been appointed by Fylde Borough Council (the Council) to provide an independent view on the likely level of future employment growth in Fylde. This report builds upon previous analysis undertaken to inform the Fylde Coast Strategic Housing Market Assessment (SHMA) and subsequent addendums.

The Council submitted their Local Plan to the Planning Inspectorate on 9th December 2016. Through the Examination in Public (EiP) hearings, there was a particular focus on the scale of likely job growth that could be considered reasonable for Fylde. Recognising this, and the potential implications for the Objective Assessment of Need (OAN), there is a need to review up-to-date forecasts to reach a clear view as to a reasonable level of employment forecast for the Borough.

Within this context, the purpose of the AMION report is to:

- provide a review of the historic economic picture for Fylde, particularly in terms of historic employment growth, as well as considering factors that could influence future growth;
- verify if the three employment forecasts (produced by Cambridge Econometrics, Experian and Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;
- consider whether, given Fylde’s local labour market conditions, reasonable assumptions were used in the modelling of the relationship between employment growth and the implied population growth in deriving the levels of calculated housing need within the 2013 Fylde Coast SHMA¹, and subsequent papers published to update the modelling and analysis; and
- conclude as to the reasonable level of future employment growth in Fylde and recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions.

It is understood that the conclusions of this report will be used to inform the preparation of a new Addendum 3 report for Fylde to the 2013 Fylde Coast SHMA which responds to the Inspector’s letter to the Council dated the 11 April 2017² and presents an updated position on the OAN for Fylde for the period 2011 to 2032.

The report covers the forecast period 2015 to 2032 in order to coincide with the Fylde Local Plan period and in recognition of the base date of the demographic and economic forecast datasets used.

¹ ED021

² EL5.003

1.2 Context

Fylde’s new Local Plan will guide planning matters in the Borough and will replace the current Fylde Borough Local Plan, which was adopted in October 2005. The plan period will run from 1st April 2011 to 31st March 2032. To help inform housing policies and proposals in the new Local Plan, a Fylde Coast SHMA was produced in 2013. The SHMA was prepared to update the evidence base of housing needs and demand across the Fylde Coast. It includes population and household projections based on natural change, sub-national population projections, and migration-led and employment-led scenarios.

Subsequent addendums to the original 2013 SHMA have been produced, primarily to take into account the release of new demographic data. This included Fylde Coast SHMA Addendum 1: ‘Analysis of Housing Need in light of the 2012 Sub-National Population Projections’ (November 2014) and Addendum 2: ‘Analysis of Housing Need in light of the 2012 Sub-National Household Projections’ (May 2015). The two addendums did not provide updated economic forecast data to that used in the 2013 SHMA.

In March 2017, two briefing papers were also produced, commissioned by the Council: EL2.025 b(ii): ‘Fylde Coast SHMA Briefing Paper: Sense Check with regards to the Economic Modelling for Fylde’ (March 2017); and EL1.011: ‘Fylde Demographic Projections SHMA Update – Including the 2014-based Population & Household Projections’ (March 2017). The ‘sense check’ briefing paper was prepared to establish how updated economic forecast data impacted upon the previous assessments of housing need for Fylde. The briefing paper presented updated economic forecasts from Cambridge Econometrics, Experian and Oxford Economics.

1.3 Structure

This report continues in four sections, as follows:

- Section 2 – provides a review of the historic performance of the Fylde economy, focusing on employment change;
- Section 3 – analyses three sets of economic forecasts for Fylde, prepared by Cambridge Econometrics, Experian and Oxford Economics;
- Section 3 – assesses Fylde’s labour market conditions and recent trends; and
- Section 4 – summarises the results and recommendations of the report.

2 Overview of historic performance

2.1 Introduction

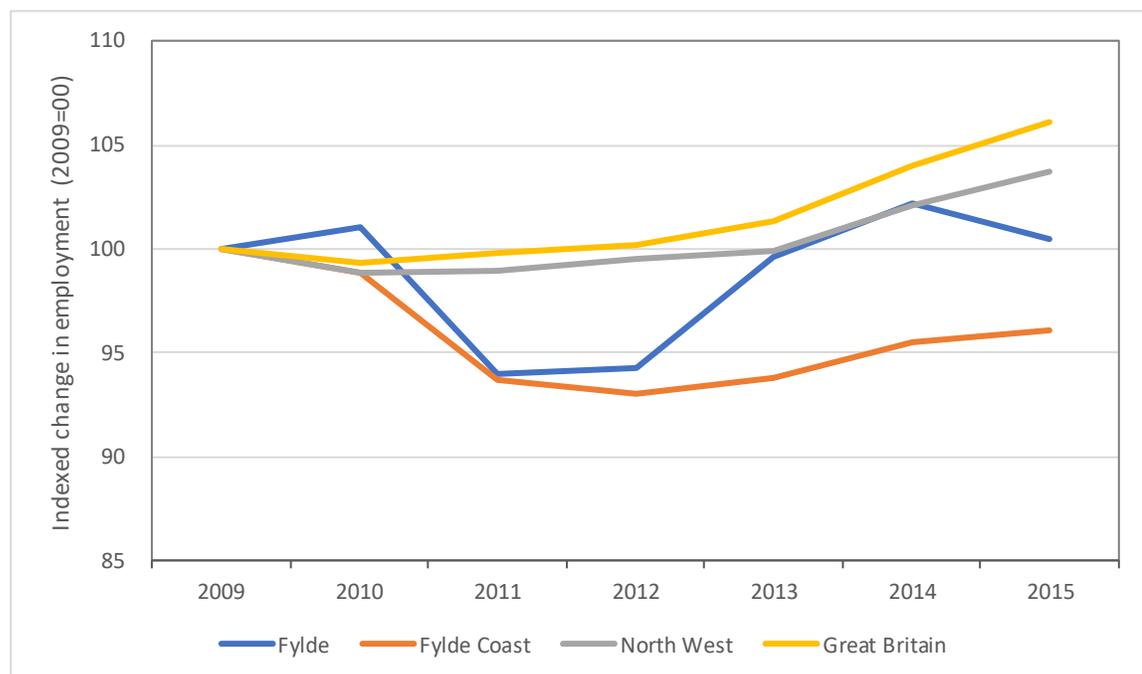
As part of coming to a clear view as to the likely level of future employment growth within Fylde, it is informative to consider the historic performance of the economy. This can also help in understanding and appraising the differences in the forecasts for the Borough, as discussed in Section 3. Within this section, the change in employment over recent years, as well the longer-term, is therefore reviewed – both for the economy of Fylde as a whole and in terms of growth within individual industrial sectors. The section draws on official ONS data from the Business Register and Employment Survey (BRES) and historic data from the three forecasting houses.

2.2 Short-term historic employment growth

2.2.1 Analysis of BRES total employment and sectoral data

Figure 2.1 shows the change in employment in Fylde between 2009 and 2015, as recorded by BRES, with comparative data set out for the Fylde Coast, North West and Great Britain (consistent BRES employment data only extends back to 2009). It can be seen that over the period there has been relatively significant fluctuations year-on-year. However, between 2009 and 2015, the total growth in employment has only amounted to approximately 200 jobs. This represents a change of just 0.5%, compared to 3.7% in the North West and 6.1% nationally.

Figure 2.1: Indexed change in employment (2009-2015)



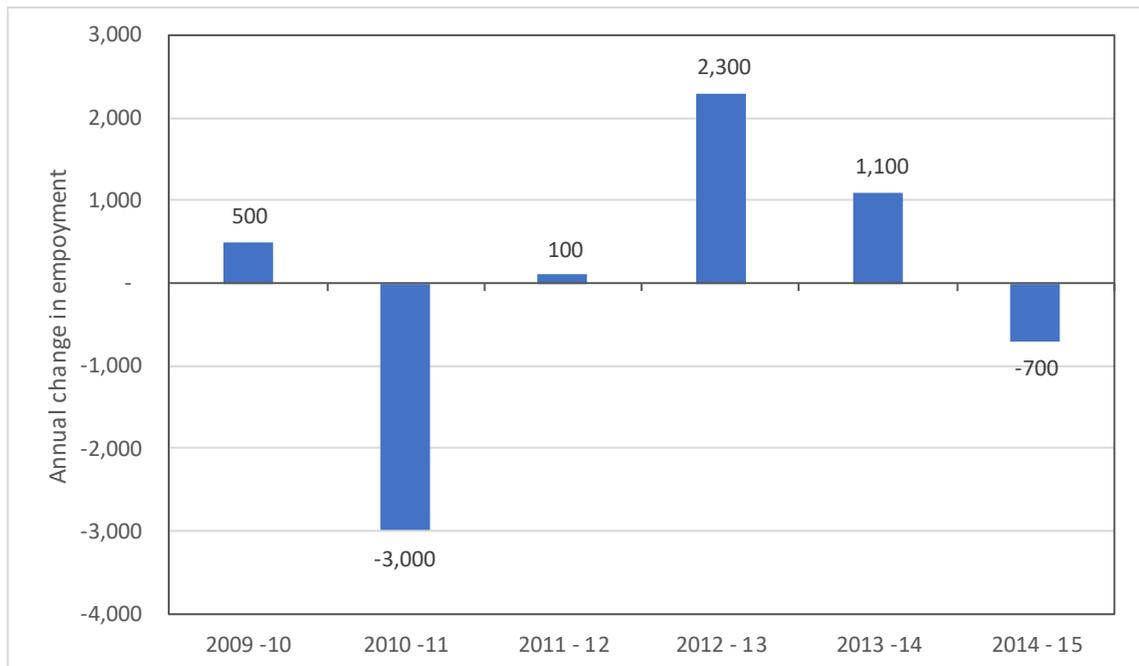
Source: BRES

The BRES data shows a sharp decline in employment within Fylde between 2010 and 2011, with a broadly corresponding increase between 2012 and 2014. The growth in employment at the regional and national level has been much less variable. This possibly could be due to the issues associated with measuring employment at the local level. As BRES is an annual survey, the employment data for a particular local area can be subject to volatility. In addition, it was noted in the Economic Briefing Paper (EL2.025 b(ii)) that:

*'analysis by Lancashire County Council suggests that some of the changes in employee numbers implied over recent years resulted from administrative changes, rather than actual changes in physical jobs in local authority areas. The large administrative movement of jobs from Fylde to Ribble Valley in 2009 is cited as one such example which created a 'spike' in the manufacturing sector in Ribble Valley.'*³

The volatility in the BRES employment data is further highlighted in Figure 2.2. Between 2009 and 2015, the BRES data suggests that total employment varied from a low of approximately 40,000 (in 2011) to a high of 43,500 (in 2014). From 2010 to 2011, total employment was recorded as falling by 3,000 jobs. In contrast, between 2012 and 2013, employment grew by some 2,300 jobs, followed by a further increase of 1,100 jobs from 2013 to 2014.

Figure 2.2: Annual change in total employment (2009-2015)



Source: ONS BRES

To further understand the drivers of historic employment change within Fylde, an analysis has been undertaken of the growth in employment by broad industry sector. Table 2.1 sets out the sectors recording the largest annual growth or decline in employment each year between 2009

³ Turley (2017), *Fylde Coast SHMA Briefing Paper: Sense Check with regards to the Economic Modelling for Fylde.*

and 2015. This updates the analysis that was previously undertaken in the Economic Briefing Paper (EL2.025 b(ii)), but for total employment rather than number of employees.

Table 2.1: Sectors recording largest annual growth or decline in employment		
	Largest growth	Largest decline
2009 - 10	Other service activities (900) Professional, scientific and technical activities (600) Human health and social work activities (500)	Manufacturing (-600) Accommodation and food service activities (-600)
2010 - 11	Accommodation and food service activities (600)	Manufacturing (-1,600) Other service activities (-1,300)
2011 - 12	Professional, scientific and technical activities (900)	Manufacturing (-700)
2012 - 13	Professional, scientific and technical activities (1,100) Administrative and support services (900)	
2013 - 14	Professional, scientific and technical activities (700) Accommodation and food service activities (700) Manufacturing (500)	Administrative and support services (-700)
2014 - 15	Administrative and support services (500)	Financial and insurance activities (-600) Professional, scientific and technical activities (-600)
Overall – 2009 - 15	Professional, scientific and technical activities (2,800) Human health and social work activities (800) Administrative and support services (700)	Manufacturing (-2,700) Financial and insurance activities (-700) Construction (-500)

Source: ONS BRES

Over the period as a whole, there has been relatively consistent growth in the professional, scientific and technical activities sector. In contrast, the manufacturing sector has seen the biggest decline in employment. The sharp fall in employment between 2010 and 2011 was principally due to a loss of 1,600 jobs in the manufacturing sector and 1,300 jobs in the other service activities sector. For a number of the other broad industry sectors in Fylde, changes in levels of employment have oscillated between growth and decline year-on-year.

Table 2.2 shows the results of a shift-share analysis undertaken at the Fylde level for each of the broad industry sectors, based on BRES data. Shift-share is a standard analysis that seeks to determine why employment is growing or declining in a given industry at a regional or local

level. It provides a basis for differentiating between changes driven by national trends or as a result of specific local factors.

Table 2.2: Shift-share analysis at the Fylde level

	2009 employment	2015 employment	Employment change 2009 - 2015	National share	Industry mix	Local shift
Agriculture, forestry and fishing	100	100	-	-	-	-
Mining and quarrying	-	-	-	-	-	-
Manufacturing	12,800	10,000	-2,700	800	-1,000	-2,500
Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-
Water supply; sewerage, waste management and remediation activities	200	200	100	-	-	-
Construction	2,100	1,500	-500	100	-200	-400
Wholesale and retail trade; repair of motor vehicles and motorcycles	4,600	4,400	-200	300	-200	-300
Transportation and storage	700	600	-100	-	-	-100
Accommodation and food service activities	3,700	4,200	400	200	200	-
Information and communication	1,800	1,600	-200	100	200	-500
Financial and insurance activities	2,000	1,200	-700	100	-200	-700
Real estate activities	600	400	-100	-	-	-200
Professional, scientific and technical activities	3,700	6,500	2,800	200	600	2,000
Administrative and support service activities	1,200	1,900	700	100	200	500
Public administration and defence; compulsory social security	2,500	2,500	-	100	-500	400
Education	2,000	2,200	200	100	-	100
Human health and social work activities	3,300	4,100	800	200	100	500
Arts, entertainment and recreation	600	500	-100	-	-	-100
Other service activities	1,100	900	-200	100	-100	-200
Total	42,600	42,800	200	2,600	-900	-1,500

Source: Derived from ONS BRES

Note: figures may not sum as they have been rounded to the nearest 100

The three main components of sectoral employment change at the local level, identified through a shift-share analysis, are:

- the national share – this is a calculation of the change in employment in a sector in the local area which is attributable to national growth or decline across all sectors. In other words, this shows how much of a sector’s growth is due to the growth of the overall national economy;
- the industry mix – this is a calculation of the change in employment in a sector at the local level which is attributable to the growth or decline of that sector nationally compared to the growth or decline of all sectors nationally; and
- the local shift – this represents the employment change at the local level which is attributable to the difference between the growth rate of the sector in question at the local level and the growth rate of the sector at the national level.

The most informative aspect of the shift-share analysis is the local shift, as this indicates whether an industry (or economy as a whole) is underperforming in relation to national trends (if the local shift is a negative number) or outperforming national trends (if the local shift is a positive number). From the results of the analysis, it can be seen that, between 2009 and 2015, the manufacturing sector in particular was underperforming in Fylde in terms of employment growth, whereas the professional, scientific and technical activities sector was overperforming locally. This is consistent with our previous analysis of the BRES data.

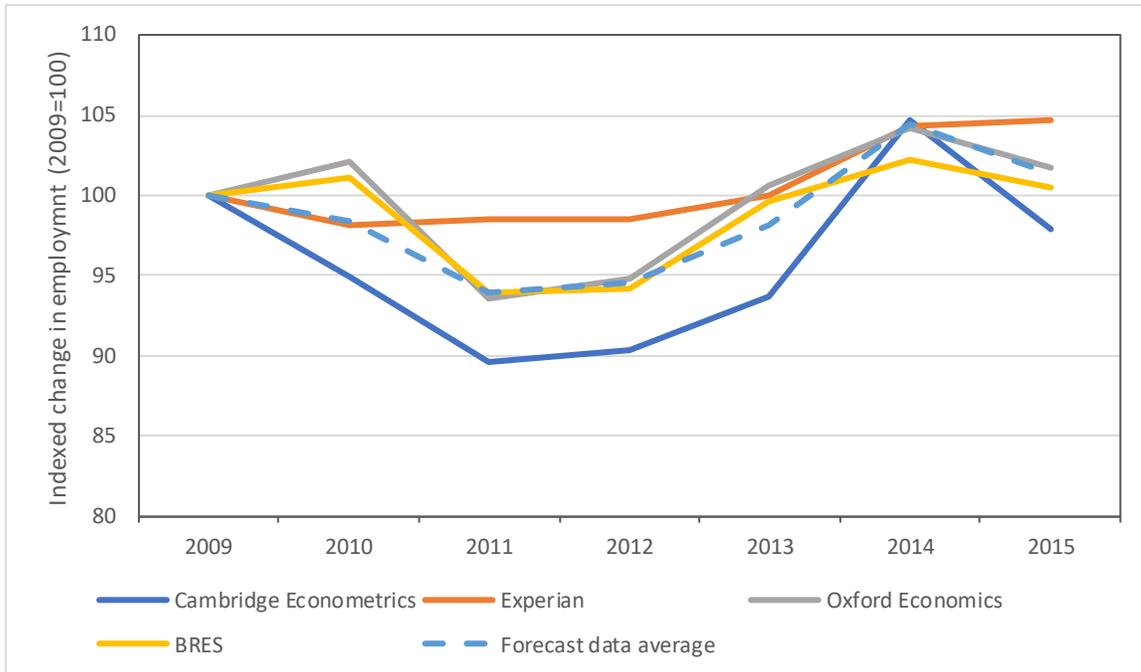
2.2.2 *Comparison with historic data from forecasting houses*

Given the volatility year-on-year in the BRES data for Fylde, and recognising that BRES does not include self-employed people not registered for VAT or PAYE, HM Forces and government trainees, it is useful in gaining a rounded picture of employment growth to also analyse the historic data provided by each of the three forecasting houses. The Cambridge Econometrics, Experian and Oxford Economics employment estimates are all scaled to be consistent with the ONS workforce jobs series (at the regional or national level), with BRES data used to inform disaggregation to the local and/or sector level.

There are inconsistencies between the three forecasting houses’ datasets, as noted in the Economic Briefing Paper (EL2.025b(ii)), which can be attributed to methodological differences in compiling local forecast data. The validity of each dataset is further considered in Section 3, but for the purposes of this analysis it is useful to also present an average growth in employment across the three forecast datasets.

Figure 2.3 sets out the change in employment in Fylde between 2009 and 2015 based on each of the forecast datasets, along with the average of the forecast datasets and BRES data. The Cambridge Econometrics and Oxford Economics historic employment data shows a similar level of volatility to the BRES data. In comparison, the Experian data indicates a more stable level of employment change, which is likely to be due to a different approach towards smoothing discrepancies in the data. The average of the forecast datasets shows employment growth of approximately 700 jobs over the period, representing a change of 1.4%. This compares to the BRES estimated growth of 200 jobs (or a 0.5% increase in employment).

Figure 2.3: Indexed change in employment, Fylde (2009-2015)



Source: BRES, Cambridge Econometrics, Experian, Oxford Economics

The comparative annual change in employment for each of the forecast datasets is summarised in Table 2.3 and Table 2.4. These set out both the change in number of jobs and the percentage change (see overleaf). Between 2009 and 2015, the Experian historic employment figures show the highest compound annual growth rate⁴ (CAGR) at 0.8% (around 400 jobs per year). A CAGR of -0.4% (a decline of around 200 jobs per year) is recorded by Cambridge Econometrics, with the CAGR across the three datasets being 0.2% (around 100 jobs per year).

Change in no. of jobs	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15	Average annual change
Cambridge Econometrics	-2,502	-2,606	343	1,690	5,381	-3,362	-176
Experian	-900	200	-	700	2,100	200	383
Oxford Economics	1,010	-4,113	600	2,804	1,693	-1,192	134
Average of forecast datasets	-797	-2,173	314	1,731	3,058	-1,451	114
BRES	500	-3,000	100	2,300	1,100	-700	30

Source: BRES, Cambridge Econometrics, Experian, Oxford Economics

Note: BRES data has been rounded to the nearest 100

⁴ CAGR measures steady state growth on an annually compounded basis.

Table 2.4: Percentage annual change in employment, Fylde

Percentage change in no. of jobs	2009 - 10	2010 - 11	2011 -12	2012 - 13	2013 - 14	2014 - 15	Compound annual growth rate
Cambridge Econometrics	-5.1%	-5.6%	0.8%	3.8%	11.7%	-6.5%	-0.4%
Experian	-1.9%	0.4%	0.0%	1.5%	4.3%	0.4%	0.8%
Oxford Economics	2.1%	-8.4%	1.3%	6.2%	3.5%	-2.4%	0.3%
Average of forecast datasets	-1.6%	-4.6%	0.7%	3.8%	6.4%	-2.9%	0.2%
BRES	1.1%	-7.0%	0.3%	5.7%	2.6%	-1.7%	0.1%

Source: BRES, Cambridge Econometrics, Experian, Oxford Economics

To coincide with the Local Plan period, the historic employment data from each of the forecast datasets and BRES has also been analysed for the years 2011 to 2015. The scale of difference of the average annual change between 2009 and 2015 compared to the average annual change between 2011 and 2015 is significant. This is driven by the fact that the first four years of the Plan period do not encompass the large decline in employment recorded by all but the Experian data between 2010 and 2011.

Table 2.5: Change in employment 2011 - 2015, Fylde

	Change in no. of jobs 2011 - 15	Percentage change in no. of jobs	Average annual change – no. of jobs	Compound annual growth rate
Cambridge Econometrics	4,052	9.2%	1,013	2.2%
Experian	3,000	6.3%	750	1.5%
Oxford Economics	3,906	8.7%	976	2.1%
Average of forecast datasets	3,653	8.0%	913	1.9%
BRES	2,800	6.9%	700	1.7%

Source: BRES, Cambridge Econometrics, Experian, Oxford Economics

Note: BRES data has been rounded to the nearest 100

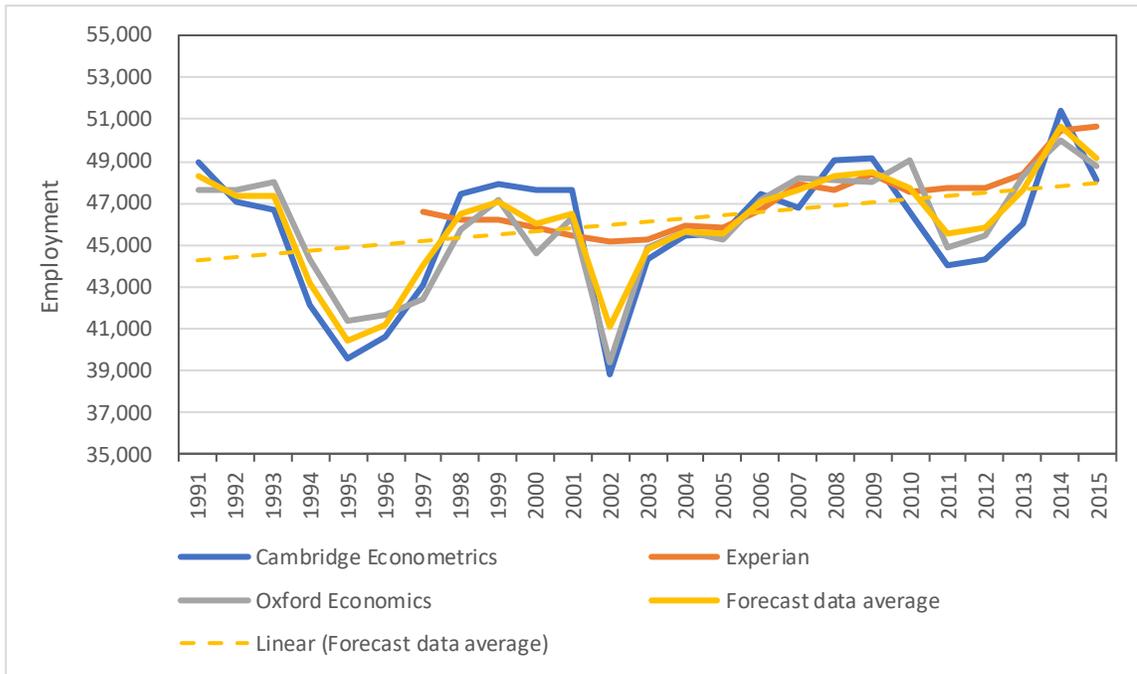
2.3 Longer-term historic employment growth

Recognising the sensitivity of calculating the average annual change for a period to the choice of start and end years, an analysis has been undertaken of historic employment change over the longer-term. Cambridge Econometrics provides employment data from 1981, while Oxford Economics produces data from 1991. The historic employment data published by Experian extends back to 1997. This data has been summarised in Figure 2.4, along with the average for the datasets in each year.

Over the period 1991 to 2015, the CAGR in terms of change in employment derived from the Cambridge Econometrics data is -0.1%. In comparison, the CAGR under the Oxford Economics forecasts is 0.1%. For Experian, the CAGR is higher, at 0.4%, because this dataset does not cover

the decline in employment from 1991 to 1995. Based on the average employment across the three datasets in each year, the CAGR over the full period is 0.1% (or some 40 jobs a year).

Figure 2.4: Change in employment, Fylde (1991-2015)



Source: Cambridge Econometrics, Experian, Oxford Economics

2.4 Factors influencing future employment growth

While trends in historic data provide a useful indication of the likely direction of travel in relation to employment change, it is important to recognise that it is not always an accurate predictor of future performance. There can be a number of external regional, national and global factors that can alter trends in the growth of the local economy, as most noticeably demonstrated by the recent global financial crisis. In addition, through targeted policy and investment, of a sufficient scale, aimed at stimulating the growth of an area, it is also possible to affect local economic performance.

The key factor currently driving uncertainty in relation to economic growth, at both the UK and local level, is the impact of Brexit on the national economy. The exact outcome of Brexit is uncertain and will depend on a number of factors, such as the nature of the trade deals negotiated.

Whilst it is recognised that it is too early to assess in any robust way the impact of Brexit it is of note that the Borough is home to a number of large international companies, creating products that are sold on a global market place. Indeed, the Economic Development Strategy and Action Plan for Fylde (2012 to 2030) recognises that *'the nature of the economy of the Fylde is one that*

is also strongly integrated within an international economic system.⁵ The economy of Fylde could therefore be particularly susceptible to the concerns of international companies regarding Brexit.

Reaching a free trade deal prior to the UK leaving the EU in March 2019 will be challenging. If a free trade deal is not reached, it is likely that there will be additional barriers to trade, slowing growth and investment at least in the short-term. This is an important issue to consider at a sub-regional level, as well as local level, given the focus highlighted within the Lancashire Enterprise Partnership’s Strategic Economic Plan of strengthening Lancashire’s position as one of the UK’s leading export centres and capturing new investment and employment opportunities in the international market place.⁶

While it is difficult to predict the impact that Brexit will have on the UK and Fylde specifically, it is clear that partners within the Borough will continue to be committed to supporting the local economy. Of particular relevance to this study, for example, are the creation of the Enterprise Zones at Blackpool Airport and Warton. Within the Borough’s Economic Strategy and the Blackpool Fylde and Wyre Economic Development Company’s *‘Framework for Inclusive Growth and Prosperity’*⁷, the Enterprise Zones at Blackpool Airport and Warton are identified as drivers of economic growth and job creation.

Warton, located in the Borough of Fylde, is one of two BAE Systems sites that form the Lancashire Enterprise Zone – the other site being Samlesbury in the Ribble Valley district of Lancashire. The two sites are broadly treated by BAE Systems, for business planning purposes, as one location, with fluctuations in activity and employment between the sites depending on the projects being undertaken. This approach is mirrored in the incorporation of land at both sites as part of the Enterprise Zone.

The objective of the Lancashire Enterprise Zone is identified as being to stimulate the growth of the advanced manufacturing and engineering sector, with a target to create some 4,000 to 6,000 high value jobs across the Warton and Samlesbury sites in the long-term. The focus thus far has been on Samlesbury, with only minor new activity brought forward at Warton to date. It is understood that the phasing of the development of the Warton site will be dependent on the reconfiguration of the BAE Systems activities to create the necessary space for new development. Discussions with BAE Systems indicate that the company has maturing proposals for the development and use of the first phase. It is therefore anticipated that new activity could possibly come forward within the next three years, but the timing, scale and additionality of the employment that will be created at Warton is still uncertain with BAE Systems not currently able to provide any specific quantified outputs or a programme of anticipated delivery.

Blackpool Airport Enterprise Zone is a 144 hectare site which straddles the border between Blackpool and Fylde. It is managed by Blackpool Fylde and Wyre Economic Development

⁵ Fylde Council (2013), *Economic Development Strategy and Action Plan 2012 to 2030*

⁶ Lancashire Enterprise Partnership (2014), *Lancashire Strategic Economic Plan: A Growth Deal for the Arc of Prosperity*

⁷ Blackpool, Fylde and Wyre Economic Development Company (2016), *Blackpool and the Fylde: Our Framework for Inclusive Growth and Prosperity*

Company. Target sectors for the Enterprise Zone include energy, food and drink manufacture, digital and creative industries, advanced manufacturing, and aviation and aerospace. More broadly though, the key principal driver behind the Enterprise Zone is identified as being job creation and industry diversification, so the uses at the site could become relatively broad.

Initial work to assess the potential of the Enterprise Zone suggested that some 3,000 jobs could be created over the long-term, with private sector investment of £300 million and 175,000 sq m of new or refurbished commercial and industrial floorspace.⁸ From discussions with the Blackpool Fylde and Wyre Economic Development Company (EDC) it is understood that masterplanning work is ongoing, in addition to the development of a Delivery Plan and supporting Business Case. This work may change, potentially significantly, the estimate of employment impact. From these discussions it is also understood that the majority of the first waves of development at the Enterprise Zone will come forward in Blackpool. However, following this, higher employment density uses are expected to be developed within the part of the Enterprise Zone located in Fylde. The timings of the delivery of development in the part of the Enterprise Zone located in Fylde, however, are unknown on the basis of the information provided to date by the EDC.

2.5 Summary of key issues

The key issues emerging from the review of historic data, relating to the economic prospects for Fylde are as follows:

- BRES data for the period 2009 to 2015 shows relatively significant fluctuations year-on-year in employment levels within Fylde. Total growth over the period only amounted to approximately 200 jobs (representing just a 0.5% change). However, employment varied from a low of approximately 40,000 (in 2011) to a high of 43,500 (in 2014). This volatility in historic data is likely to influence forecasts of future performance;
- at a sector level, the BRES data suggests there has been a broadly consistent trajectory of change in employment within the professional, scientific and technical activities sector and the manufacturing sector between 2009 and 2015. The former has seen relatively large increases in employment, while the manufacturing sector has experience a significant decline, falling by approximately 2,700 jobs. For a number of the other broad industry sectors in Fylde, changes in levels of employment have fluctuated between growth and decline year-on-year;
- recognising the volatility year-on-year in the BRES data for Fylde, it is informative to also analyse historic employment data from the three forecasting houses (Cambridge Econometrics, Experian and Oxford Economics). The average of the three forecast datasets shows employment growth of approximately 700 jobs between 2009 and 2015, representing a change of 1.4%, although the Cambridge Econometrics and Oxford Economics data shows a similar level of volatility to the BRES data;

⁸ Blackpool Fylde and Wyre Economic Development Company, *Blackpool Airport Enterprise Zone Update*

- the compound annual growth rate (CAGR) across the three forecast datasets between 2009 and 2015 is 0.2% (around 100 jobs per year), while BRES data indicates that the CAGR was 0.1% (around 30 jobs per year). Comparing this to longer-term employment data from the three forecasting houses, between 1991 and 2015 the CAGR based on an average of the three forecast datasets is 0.1% (or some 40 jobs a year); and
- there are a number of factors that could potentially influence future economic growth in Fylde, such that it diverges from recent historic trends. This will include the impact of external factors, such as the effect of Brexit. Local interventions could also lead to additional employment growth. For example, development at the two Enterprise Zones within Fylde is expected to create a range of new employment opportunities, including in high value sectors. However, it should be noted that the timing, scale and additionality of new employment at the Enterprise Zones is still subject to uncertainty based upon the latest information provided by BAE Systems and the Blackpool Fylde and Wyre EDC.

3 Economic forecasts

3.1 Introduction

This section provides summary details of employment forecasts for Fylde, covering the period 2015 to 2032. It seeks to verify whether up-to-date employment forecasts produced by Cambridge Econometrics, Experian and Oxford Economics are considered to provide representative and realistic scenarios of likely job growth for planning purposes. In doing so, consideration is given to determining the likely level of future employment growth in Fylde. The section builds upon the analysis provided within the Economic Briefing Paper (EL2.025 b(ii)) produced by Turley in March 2017, on behalf of the Council.

The Briefing Paper contained a review of economic forecasts from the three forecasting houses. The forecasts for Oxford Economics and Cambridge Econometrics referenced in the Briefing Paper both integrated 2015 published BRES data. It is considered that these forecasts remain up-to-date and appropriate in their use and, consequently, they have not been updated as part of this report. However, the Experian forecasts presented in the Briefing Paper used 2014 BRES data. In order to ensure that all three of the forecast datasets are using the same historic data inputs, a new forecast from Experian, drawing on 2015 BRES data, has therefore been obtained and presented within this report.

The other main change from the forecasts outlined in the Briefing Paper is that a base year of 2015 has been applied within this report, reflecting the use of published historic data to 2015 as part of each of the forecast datasets. It is also understood that this is consistent with the demographic modelling that will form part of the Addendum 3 report, which incorporates the ONS published 2015 mid-year population estimates. The Briefing Paper assessed employment change over the period 2014 to 2032 and, as such, the total level of employment change and annual averages will differ to those reported in this report.

3.2 Forecast methodologies

The methodologies used by the three different forecasting houses are, in brief, as follows:

- Cambridge Econometrics** – baseline scenario projections are provided through the Local Economy Forecasting Model (LEFM) and are based on the historical relationship between growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. The projections assume that these relationships will continue to hold in the future. Thus, if growth in an industry in the local area (district) outperformed the industry in the West Midlands (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future. The projections for some sectors, in which growth is more closely related to changes in population, are based on historical relationships between growth in output per capita in the local area and output per capita in the region or UK as a whole. These industries are: retail, public administration, education, health, and miscellaneous services (which include leisure services).

Cambridge Econometrics data on employees in employment by industry is taken from the Business Register and Employment Survey (BRES) and the earlier Annual Business Inquiry (ABI). Estimates of self-employment are taken from the Annual Population Survey (APS) from 2044 onwards. For earlier years, estimates are generated under the assumption that the ratios of self-employed to employees at local level, by industry and gender, are the same as those at the corresponding regional level. The figures are made consistent with more recently-published estimates of jobs at a regional level (quarterly workforce jobs, June figures) published by ONS.

- **Experian** – the overall forecasting approach is based on a methodology that combines long-term supply and demand influences with short-term demand side factors. Population projections are a key driver in the regional and local forecasts. These help to determine hours worked, which feed into output, compensation, employment in all its forms, income and finally spending. In each case, Experian forecast shares of the corresponding UK variable, from their national forecasts, for the region and local area.

At the regional level, all local economic history is derived from official statistics published by the ONS. The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. In order to disaggregate the Section-level data from the workforce jobs series to construct the Experian 38 sectors, official survey data is used. In the case of employee jobs, Experian use the BRES and ABI. In the case of self-employed jobs, Experian use data from the Labour Force Survey (LFS).

The ONS do not publish a workforce jobs series at the local level. Accordingly, Experian construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry.

- **Oxford Economics** – this is based on the Oxford Economics Local Authority District Forecasting Model and takes into consideration global and national factors (such as developments in the Eurozone and UK Government fiscal policy) and their potential impact at local authority level. It also factors in historical trends in the area. The variables taken into consideration in the model are:
 - employment – both residence-based and workplace-based;
 - population, migration and households;
 - wages – both residence-based and workplace-based;
 - unemployment and inactivity;
 - house prices;
 - commuting by occupation; and
 - Gross Value Added.

In relation to constructing employee jobs estimates, Oxford Economics use employee jobs data for each sector directly from the BRES over the years 2009 to 2015. The data is then

scaled to be consistent with the ONS UK employee workforce jobs series, by applying an adjustment factor to all sectors which converts the data to annual average values (seasonally adjusted). The workforce jobs series is consistent with BRES for most sectors with the exception of public services, which is based upon the Public Services Survey and is deemed more reliable for these sectors.

3.3 Overview of employment forecasts

3.3.1 Total employment

The change in total employment in Fylde between 2015 and 2032, predicted by each of the forecast models, is summarised in Table 3.1. Overall, it is clear there is a relatively high level of variance between the forecasts – Oxford Economics forecast that total employment in Fylde will grow by just over 1,000 jobs (2.1%) over the period as a whole, while Experian expect employment to increase by 2,300 jobs (4.5%). The Cambridge Econometrics forecasts are closer to the Oxford Economics figures, showing total employment growth of 1,342 jobs (2.8%).

The differences between the employment projections are most stark over the first half of the forecast period. For example, looking at the level of change between 2015 and 2019, Oxford Economics forecast that employment will fall by over 1,000 jobs. In contrast, both Cambridge Econometrics and Experian forecast that employment will increase by nearly 1,000 jobs. The variances between the three forecast datasets are much less notable in final five years of the forecast period, with each of the forecasts showing a CAGR of 0.2% between 2027 and 2032.

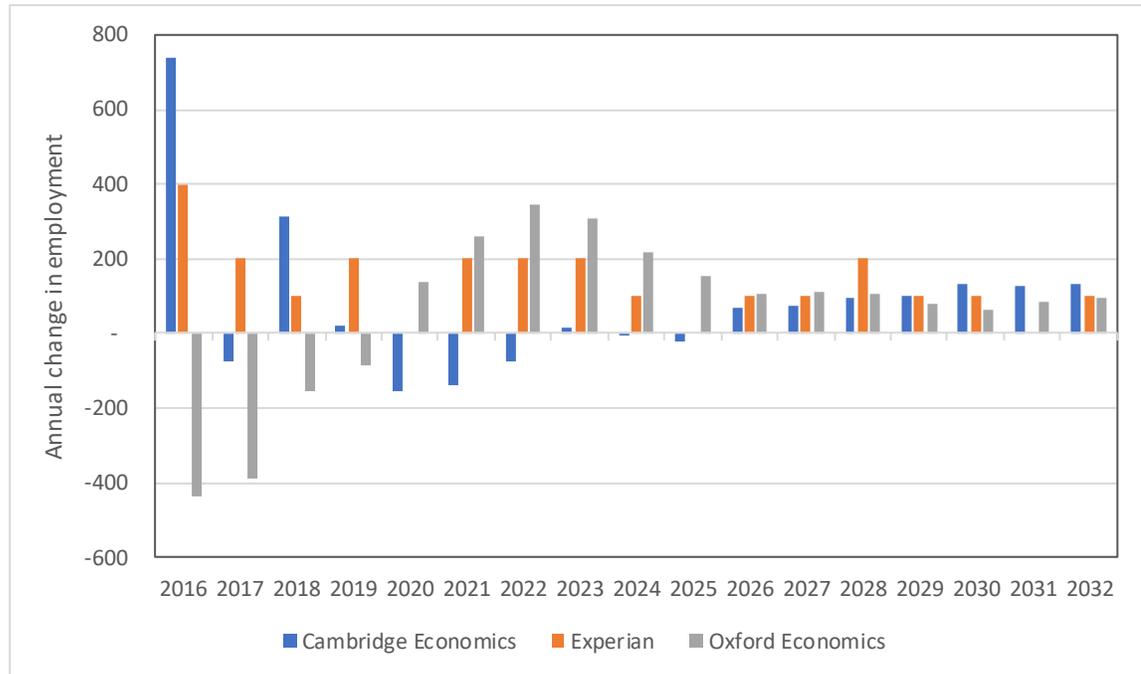
Table 3.1: Total employment forecasts, Fylde					
Cambridge Econometrics	2015 - 19	2019 - 23	2023 - 27	2027 - 32	2015 - 32
Total employment change	995	-355	113	589	1,342
Average annual change	249	-89	28	118	79
Compound annual growth rate	0.5%	-0.2%	0.1%	0.2%	0.2%
Experian	2015 - 19	2019 - 23	2023 - 27	2027 - 32	2015 - 32
Total employment change	900	600	300	500	2,300
Average annual change	225	150	75	100	135
Compound annual growth rate	0.4%	0.3%	0.1%	0.2%	0.3%
Oxford Economics	2015 - 19	2019 - 23	2023 - 27	2027 - 32	2015 - 32
Total employment change	-1,062	1,045	588	431	1,003
Average annual change	-265	261	147	86	59
Compound annual growth rate	-0.5%	0.5%	0.3%	0.2%	0.1%

Source: Cambridge Econometrics, Experian, Oxford Economics

The variances in the forecasts are clear when the annual change in employment is analysed (see Figure 3.1). This highlights a varying pattern in the trend of employment growth. Cambridge Econometrics show much stronger employment growth in the first few years of the forecast period, followed by a decline in the number of jobs and then relatively steady levels of

employment change. Oxford Economics expects employment in Fylde to decline initially, followed by relatively high levels of employment growth and then, again, more stable levels of employment over the last five years of the forecast period.

Figure 3.1: Annual change in total employment, Fylde



Source: Cambridge Econometrics, Experian, Oxford Economics

3.3.2 Sectoral employment

To further understand the variations between the forecasts, the predicted employment change by sector from 2015 to 2032 has been reviewed. It should be noted that the level of sector detail provided to AMION in relation to each of the three forecast datasets has differed – Cambridge Econometrics forecasts have been provided for 12 broad sectors, Experian has broken its forecasts down by 38 sectors and the Oxford Economics forecasts provided are for 19 individual sectors. Consequently, AMION has amalgamated the forecasts such that they can be compared on a consistent basis, as shown in Table 3.2.

Under each of the forecast datasets, the principal source of employment growth is expected to be the professional, finance and other private services sector. Similarly, the forecasts all show the largest decline in employment being within the manufacturing sector. These headline results are consistent with historic trends for Fylde. The main variation between the forecasts is the extent to which employment in the manufacturing sector is predicted to decline, with Experian showing a smaller reduction. There are also relatively high variances in the level of employment growth in the accommodation, food services and recreation sector and public services sector.

Table 3.2: Forecast sectoral employment change 2015 - 2032, Fylde

	Cambridge Econometrics	Experian	Oxford Economics
Accommodation, Food Services & Recreation	490	1,100	358
Agriculture, Forestry & Fishing	47	-100	-102
Construction	416	600	273
Extraction & Mining	-	-	-
Information & communication	481	-100	343
Manufacturing	-2,390	-1,200	-1,905
Professional, Finance & Other Private Services	1,395	1,600	1,815
Public Services	645	200	-141
Transport & storage	-	100	21
Utilities	-	-	-32
Wholesale & Retail	260	200	373

Source: Adapted from Cambridge Econometrics, Experian, Oxford Economics

Note: The sector split is based on an amalgamation by AMION of the sectors forecasts provided by each of the three forecasting houses

Based on the employment profile presented within the Experian data, an analysis has been carried out of the forecast strength of industry sectors in Fylde. The size of each sector in Fylde by 2032 has been compared to the forecast size of the sector in the UK, as measured by the number of workforce jobs. This provides an indication of whether Fylde is expected to have a relative competitive advantage in a sector or if that sector is under-represented, depending on the sector's location quotient⁹. In addition, the forecast employment growth rate for each sector between 2015 and 2032 has been calculated.

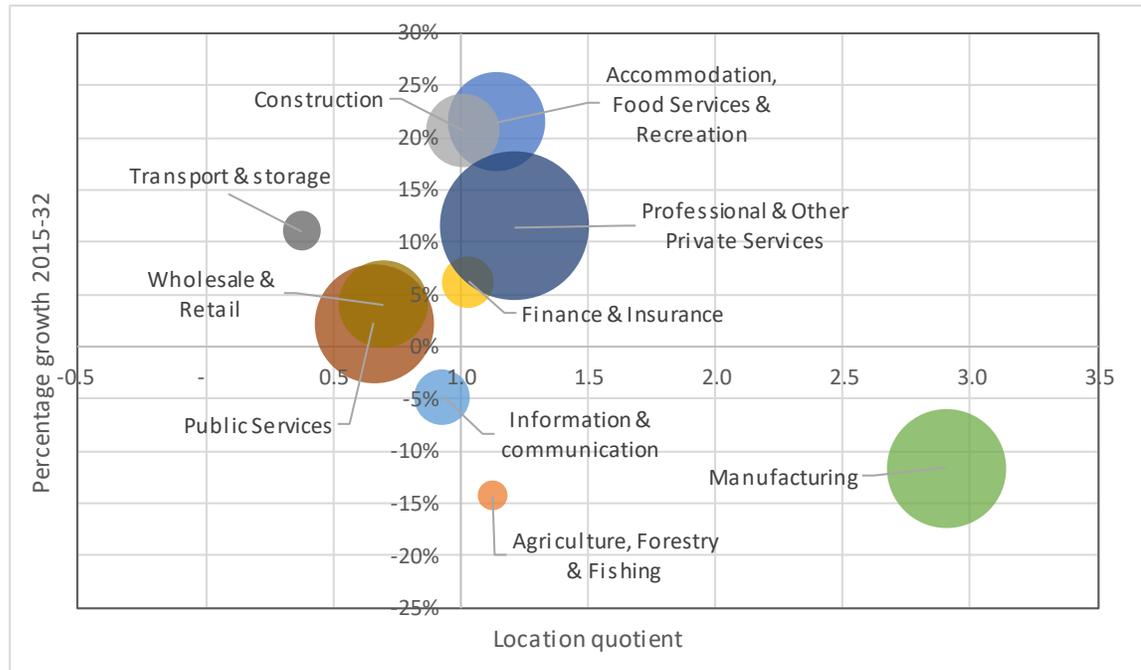
Figure 3.2 combines the location quotients and growth rates by broad industry sector, using the Experian employment forecasts for Fylde, with the location quotient on the X axis and the growth rate on the Y axis (the size of the sector bubble represents that sector's employment size in 2032). Those sectors located in the top right of the graph are forecast to grow positively over the period 2015 to 2032 and to represent a relative competitive advantage for Fylde (or overrepresentation) compared to the UK average.

It can be seen that the manufacturing sector is forecast to still have the highest location quotient, despite a projected decline in employment. Other sectors with a location quotient above 1 include the professional and other private services sector and the accommodation, food services and recreation sector. Most of the broad industry sectors' location quotients in 2032 are similar to those in 2015, albeit the manufacturing sector's location quotient is forecast

⁹ Sector location quotients have been calculated by comparing workforce jobs in each sector in Fylde as a proportion of total workforce jobs with the corresponding sector size for the UK. A location quotient above 1 suggests that, for that sector, Fylde has a relative competitive advantage. A location quotient below 1 indicates that the sector is under-represented within Fylde, compared to the UK average

to grow from 2.6 to 2.9. This is because Experian expect a larger relative decline in employment in the manufacturing sector nationally than in Fylde.

Figure 3.2: Fylde’s growth sectors (based on Experian employment forecasts)



Source: Experian

3.4 Assessment of employment forecasts

The three forecast datasets have been assessed on the basis of whether they are up-to-date and if they can be considered to be realistic and representative, given the baseline and historic employment data for Fylde. The Cambridge Econometrics forecasts are based on their latest UK regional forecast, dated November 2016. The forecasts produced by Experian are derived from their latest quarterly local market forecasts, dated March 2017, and the Oxford Economics forecasts are from their latest dataset published in January 2017. Each of the forecast datasets incorporate ONS published employment data to 2015. Overall, the three forecasts are all considered to be up-to-date and produced using established forecasting models that reflect the latest available position in terms of employment growth.

Table 3.3 summarises the main results of the forecasts for Fylde, as presented in detail in Section 3.3. The forecast average annual growth rate under each of the three datasets has also been compared to historic employment growth. Experian’s estimate of baseline employment in Fylde, as of 2015, is higher than both Cambridge Econometrics and Oxford Economics. Looking at data from previous years, the variance could be due to Experian’s approach to smoothing changes in employment year-on-year – for example, in 2013 Experian estimated that employment in Fylde stood at approximately 48,400 compared to a Cambridge Econometrics figure of 46,051 and an Oxford Economics figure of 48,901.

Discrepancies between forecasts in terms of historic data is not uncommon¹⁰ and can be attributed to methodological differences in how local employment data is estimated. There is no evident basis on which to presume that any of the employment forecasts is likely to be the most accurate. However, the variances in historic data, and the fact that the extent of the differences between the three datasets changes year-on-year, highlights the challenges in estimating likely future employment growth over a set period.

The average annual growth in employment from 2015 to 2032 again varies between the forecasts, as discussed in Section 3.3 above. When compared to historic growth rates between 2009 and 2015 (based on an average of the three forecast datasets), the Experian forecasts show a higher average annual rate of growth, whereas the Cambridge Econometrics and Oxford Economics forecasts indicate a lower rate of growth. If the comparison is made to average annual growth rates using historic employment data over the longer-term (1991 to 2015), each of the forecasts show a higher rate of employment growth between 2015 and 2032.

Table 3.3: Assessment of forecasts			
	Cambridge Econometrics	Experian	Oxford Economics
Baseline employment (2015)	48,070	50,700	48,803
Employment growth, no. (2015 - 32)	1,342	2,300	1,003
Employment growth, % (2015 - 32)	2.8%	4.5%	2.1%
Average annual growth (2015 - 32)	79	135	59
CAGR (2015 - 2032)	0.2%	0.3%	0.1%
Main sectoral growth / decline	<p><u>Increasing notably</u> Financial & business services Government services Accommodation & food services Information & communication</p> <p><u>Decreasing notably</u> Manufacturing</p>	<p><u>Increasing notably</u> Professional & other private services Accommodation, food services & recreation Construction</p> <p><u>Decreasing notably</u> Manufacturing</p>	<p><u>Increasing notably</u> Professional, scientific & technical activities Other service activities Administration & support service activities</p> <p><u>Decreasing notably</u> Manufacturing</p>
Variances to historic average annual growth – 2009 - 15	-35	+22	-55
Variances to historic average annual growth – 1991 - 15	+41	+98	+21

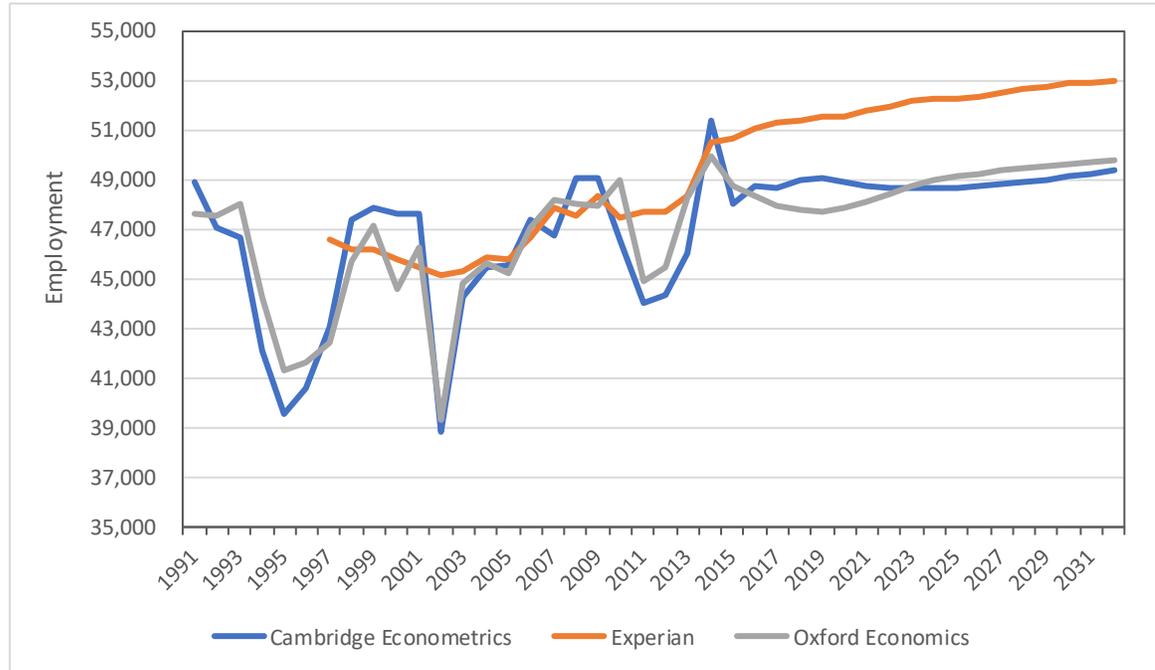
Note(i): In terms of sectors increasing or decreasing notably, the sectors highlighted are those with the biggest change in the actual number of jobs rather than those with the highest percentage change, as some sectors with a high percentage have very low employment numbers.

Note(ii): The variance to historic average has been based on the variance of each forecast to the average of the three forecast datasets.

¹⁰ See, for example, AMION Consulting (January 2014), *South Worcestershire Development Plan – Objective Assessment of Housing Need* and AMION Consulting (May 2014), *Towards an objective assessment of housing need in Blackpool – analysis of economic and housing forecasts*

Employment growth under the three forecasts between 2015 and 2032 is shown in Figure 3.3, in the context of long-term historical trends.

Figure 3.3: Historic and forecast employment, Fylde



Source: Cambridge Econometrics, Experian, Oxford Economics

In terms of the sectors expected to see the most significant changes in employment between 2015 and 2032, the common view across the forecast datasets of increased employment in professional and other private services and a continued decline in manufacturing is considered to be consistent with wider national trends. The employment growth in the accommodation, food services and recreation sector, forecast by both Cambridge Econometrics and Experian, is also considered to be reasonable, given the focus of local strategies, such as the Economic Development Strategy and Action Plan for Fylde, on strengthening the visitor economy. However, the forecast growth in Government service jobs by Cambridge Econometrics is thought to be less consistent with national and local policy expectations.

The forecast average annual rate of employment growth has been assessed at a sector level and compared with BRES data for Fylde over the period 2009 to 2015. Table 3.4 compares historic BRES data with projected future employment growth, so it is expected that there will be some variances in average annual rates of growth. However, it is informative in assessing the realism of the forecasts to see where these variances are most significant. There are some variances to the BRES data which are common under each of the forecasts, including, most notably, a lower rate of decline in manufacturing employment and a lower rate of growth in employment within the professional, finance and other private services sector.

Table 3.4: Average annual employment change

	BRES data 2009 -15	Cambridge Econometrics 2015 - 32	Experian 2015 - 32	Oxford Economics 2015 -32
Accommodation, Food Services & Recreation	60	29	65	21
Agriculture, Forestry & Fishing	0	3	-6	-6
Construction	-90	24	35	16
Extraction & Mining	-	-	-	-0
Information & communication	-30	28	-6	20
Manufacturing	-450	-141	-71	-112
Professional, Finance & Other Private Services	410	82	94	107
Public Services	170	38	12	-8
Transport & storage	-20	-	6	1
Utilities	10	-	-	-2
Wholesale & Retail	-30	15	12	22
Total	30	79	135	59

Source: Adapted from ONS BRES, Cambridge Econometrics, Experian and Oxford Economics

Note: The sector split is based on an amalgamation by AMION of the sectors forecasts provided by each of the three forecasting houses

3.5 Arriving at a likely range of future job growth

The forecasts from the three forecasting houses are all produced using reputable models, considered to be broadly reasonable and up-to-date and there is no reason to consider that either one is likely to be the most accurate. On this basis, and given that the main focus of this report is on total employment change, it is recommended that an average of the forecasts is used rather than selecting one forecast as the preferred baseline scenario. This is consistent with the approach taken by Turley in their Economic Briefing Paper for the Council to explore the implied job growth resulting from an averaging of forecasts and recognising, as noted in Turley’s paper, the view of the Inspector examining the South Worcestershire Development Plan, who endorsed taking an average of the forecasts in order to provide ‘a better representation of the balance of outcomes’.

The change in total employment, based on the average of the three forecasts in each year, is summarised in Table 3.5. Overall, total employment between 2015 and 2032 is expected to grow by 1,548 jobs, representing an increase of 3.1%. The average annual change over the period would be an increase of 91 jobs, with a CAGR of 0.2%, which is higher than the rate of growth under the Cambridge Econometrics and Oxford Economics forecasts. This compares to average annual growth between 2009 and 2015, derived from an average of the three forecast datasets, of 114 jobs and a CAGR of 0.2% (see Table 2.3 and Table 2.4). The average of the three forecasts longer-term historic data, from 1991 to 1997, showed average annual growth of approximately 40 jobs and a CAGR of 0.1%.

Table 3.5: Total employment forecasts – based on yearly average of the forecast datasets, Fylde

	2015 – 19	2019 - 23	2023 – 27	2027 - 32	2015 - 32
Total employment change	278	430	334	507	1,548
Average annual change	69	108	83	101	91
Compound annual growth rate	0.1%	0.2%	0.2%	0.2%	0.2%

Reflecting on the volatility of the historic employment data, as discussed in Section 2, a sensitivity test has been run on the average employment growth across the three forecast datasets using a three-year moving average, as opposed to the change in yearly averages. The results of this sensitivity analysis are set out in Table 3.6. It can be seen that, by using a three-year moving average, the average annual rate of growth falls from 91 jobs to 55 jobs, with a CAGR for the period of 0.1%. This is principally due to a higher employment base in 2014, reducing the overall growth across the period.

While it is standard practice to assess the rate of annual change in employment forecasts based on movements in the data year-on-year, the significant yearly variance in the historic data for Fylde, specifically during the early years of the plan period, does provide a rationale for using a moving average. It is considered that both approaches are credible in this case and can be seen as providing a range within which the likely level of job growth is expected to fall.

Table 3.6: Total employment forecasts – based on three-year moving average of the forecast datasets, Fylde

	2015 - 19	2019 - 23	2023 – 27	2027 - 32	2015 – 32
Total employment change	-301	424	370	439	932
Average annual change	-75	106	92	88	55
Compound annual growth rate	-0.2%	0.2%	0.2%	0.2%	0.1%

As recognised in Section 2.4, it is appropriate to consider the justification for adjusting published local forecasts based on the effect of external regional, national and global factors and local policy interventions, if these are not already accounted for. One key external factor is Brexit. However, it is apparent that, at this point in time, there is very limited statistical evidence from which to draw conclusions around the impact of Brexit on the Fylde economy. Moreover, the baseline forecasts reflect the three forecasting houses’ views on future economic growth within the context of Brexit. Therefore, it is not considered appropriate to make further adjustments.

A key local policy intervention identified in Section 2.4 that could influence the level of employment growth in Fylde is the creation of the Enterprise Zones at Blackpool Airport and Warton. The Employment Land and Premises Study prepared by AECOM¹¹ in 2012 recognised this as a key intervention, with a scenario developed that built in an additional level of employment growth associated with Warton Enterprise Zone. This was treated as a ‘policy-on’ scenario, rather than the baseline scenario, with additional total employment growth of 500 jobs projected between 2012 and 2030 compared to the 2012 Oxford Economics employment based forecast¹².

¹¹ AECOM (2012), *Employment Land and Premises Study*

¹² See paragraph 10.28 of the AECOM Employment Land and Premises Study

Discussions with representatives from Lancashire Enterprise Partnership, Blackpool Fylde and Wyre Economic Development Company and BAE Systems support the view that both Warton and Blackpool Airport Enterprise Zones will lead to the creation of new employment opportunities in Fylde over the Plan period. There remains though a high degree of uncertainty in terms of the timing, scale and additionality of new employment at the Enterprise Zones, including the extent to which it will be offsetting potential job losses.

Work is currently being undertaken to estimate the number of jobs that will be created at Blackpool Airport Enterprise Zone, while BAE Systems has maturing proposals for the development and use of the first phase of Warton. However, on balance, given the uncertainties, it is not considered there is yet sufficient evidence to make a specific adjustment to the baseline employment forecasts presented in Table 3.5 (or Table 3.6). This position should be monitored and updated as new evidence emerges. It should be noted that if an allowance is made for the creation of additional employment at the Enterprise Zones, this will have implications for an already constrained labour market¹³.

In terms of the yearly average and three-year moving average of the three forecast data sets, the level of growth suggested by the yearly average is more reflective of recent historic trends, albeit it is still below the growth in employment seen over some years within Fylde. The implications for job growth of local interventions, such as the Enterprise Zones at Blackpool Airport and Warton, also needs to be noted, despite sufficient evidence not yet being available to make specific adjustments to the baseline forecasts. On balance, it is considered that the likely level of employment growth will be at the upper end of the range suggested by the yearly and three-year moving averages.

3.6 Comparison with 2013 SHMA and Briefing Paper forecasts

As summarised in the Economic Briefing Paper prepared for the Council in March 2017, a number of baseline forecasts have been produced as part of work in support of the 2013 SHMA and Local Plan. These include the following:

- Experian forecasts produced in September 2013, showing employment growth of 990 jobs between 2011 and 2030;
- 2013 Oxford Economics forecasts provided by the Lancashire Enterprise partnership, predicting the creation of 2,807 jobs between 2011 and 2030;
- 2012 Oxford Economics forecasts prepared as part of AECOM's Employment Land and Premises Study, with a 'policy-off' scenario showing employment growth of 1,900 jobs and a 'policy-on' scenario of 2,400 jobs between 2012 and 2030; and
- Oxford Economics and Experian forecasts, reviewed as part of the Economic Briefing Paper, with the average of the two forecasts calculated, showing the creation of 1,006 jobs between 2014 and 2032.

¹³ It is noted, for example, in the 2012 AECOM scenario in the modelling of the higher level of job growth associated with the 'Policy-on' scenario that the assumed percentage of economically active residents in 2030 was assumed to be 76.6% compared to 74.8% under the baseline 'policy-off' forecast.

The forecasts suggest annual average employment growth within Fylde of between 52 and 148 jobs. This compares to the range identified in Section 3.5 of between 55 and 91 jobs per year. While it is informative to consider the previous forecasts prepared for the SHMA, it is considered that more reliance should be given to the forecasts produced as part of this report, given they reflect an up-to-date understanding of the wider economic context. As set out above, it is expected that the likely level of employment growth will be at the upper end of the range of between 55 and 91 jobs per year.

3.7 Summary of key issues

The key issues emerging from the review of the economic forecasts, specifically in terms of the likely level of employment growth, are as follows:

- there is a relatively high level of variance between the three forecast datasets used to inform this study, with Cambridge Econometrics forecasting growth of 1,342 jobs (2.8%) between 2015 and 2032 and Experian expecting employment to increase by 2,300 jobs (4.5%). In comparison, Oxford Economics forecast that total employment in Fylde will grow by just over 1,000 jobs (2.1%).
- the differences between the forecasts are particularly stark over the first half of the forecast period, with a diverging pattern of employment growth. More stable levels of employment growth are expected over the last five years of the forecast period, with the variances between the three forecast datasets much less notable (each of the forecasts shows a CAGR of 0.2% between 2027 and 2032);
- the principal source of employment growth across the three forecast datasets, between 2015 and 2032, is expected to be the professional, finance and other private services sector. Similarly, the forecasts all show the largest decline in employment being within the manufacturing sector. The main variation between the forecasts is the extent to which employment in the manufacturing sector is predicted to decline, with Experian showing a smaller reduction;
- when compared to historic growth rates between 2009 and 2015, derived from an average of the three forecast datasets, the Experian forecasts show a higher average annual rate of growth, whereas the Cambridge Econometrics and Oxford Economics forecasts indicate a lower rate of growth. If the comparison is made to average annual growth rates using historic employment data between 1991 to 2015, again derived from an average of the three forecast datasets, each of the forecasts show a higher rate of employment growth over the period 2015 to 2032;
- overall, the three forecasts are all considered to be up-to-date and produced using well established and reputable forecasting models. There is no reason to consider that either one is likely to be the most accurate. On this basis, and given the effect of variances in the historic data, it is recommended that an average of the forecasts is used rather than selecting one forecast as the preferred baseline scenario;
- based on the average of the three forecasts in each year, total employment between 2015 and 2032 is expected to grow by 1,548 jobs (3.1%). The average annual change over the

period would be an increase of 91 jobs, with a CAGR of 0.2%. This compares to average annual growth between 2009 and 2015, derived from an average of the three forecast datasets, of 114 jobs and a CAGR of 0.2%, or 40 jobs and a CAGR of 0.1% if historic employment data is used from between 1991 and 2015;

- reflecting on the volatility of the historic employment data, a sensitivity test has been run on the average employment growth across the three forecast datasets using a three-year moving average, as opposed to the change in yearly averages. This results in the average annual rate of growth between 2015 and 2032 falling from 91 jobs to 55 jobs;
- the Enterprise Zones at both Blackpool Airport and Warton are expected to lead to the creation of new employment opportunities in Fylde over the Plan period. There remains though a high degree of uncertainty in terms of the timing, scale and additionality of this impact and it is not considered there is yet sufficient evidence to make a specific adjustment to the baseline forecasts. This position should be monitored and updated as new evidence emerges; and
- it is considered that both approaches to assessing the rate of annual change (yearly and moving averages) are credible, given the significant year-on-year variance in the historic data for Fylde, and can be seen as providing a range within which the likely level of job growth could fall. The more likely level of job growth is though expected to be at the upper end of this range, reflecting historic growth rates and the potential impact of the Enterprise Zones in terms of additional employment growth.

4 Labour market conditions

4.1 Overview

This section assesses historic changes in labour market conditions in Fylde and considers whether reasonable assumptions were made in producing the housing need forecasts set out in the SHMA and subsequent addendums. In particular, it considers whether there are specific labour force characteristics in Fylde that mean alternative assumptions should be modelled.

The POPGROUP model was used in the SHMA to ‘...evaluate the impact of a particular jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of its labour force and the size of its resident population. Economic activity rates control the relationship between the size of the population and the size of the labour force. The unemployment rate and the commuting ratio determine the relationship between the size of the labour force and the number of jobs available. If there is an ‘imbalance’ between the target number of new jobs and the resident population, then migration is used to redress the imbalance’. (SHMA, page 102, paragraph 7.22 and 7.23)

The SHMA made the following assumptions in relation to economic activity rates, unemployment rates and the commuting ratio (SHMA, Appendix 3):

- economic activity rates – these were derived from a combination of the 2001 Census statistics and the latest evidence from the Labour Force Survey (via NOMIS). In addition, specific adjustments were made to the labour force participation rates in the older age groups to reflect proposed changes to state pension age. From 2020, economic activity rates were kept constant;
- unemployment rates – the core scenarios in the SHMA used the 5-year average unemployment rate for the 16+ age group, which is assumed to remain constant throughout the projection period. The 5-year average rate for Fylde was 5.3%. A 9-year average was also modelled as an alternative scenario (4.7% in Fylde); and
- commuting ratio – this was derived using 2011 statistics from the Annual Population Survey and reflects the balance between the size of the resident labour force and the number of jobs available in the local authority. In relation to Fylde, the ratio was calculated to be 0.80.

The Economic Briefing Paper produced by Turley in March 2017 incorporated a re-running of the POPGROUP modelling using the 2014-based sub-national population and household projections (SNPP/SNHP) to assess the scale of housing need associated with the more up-to-date economic forecasts. In this modelling, a broadly consistent methodological approach to applying labour force assumptions to those used within the Addendum 1 report¹⁴ has been taken, as requested by the Council, albeit with some adjustments to reflect up-to-date data.

¹⁴ Turley (2014) ‘Analysis of Housing Need in light of the 2012 Sub-National Population Projections – Fylde Coast Strategic Housing Market Assessment – Addendum’

The modelling presented within the main body of the Briefing Paper therefore made the following assumptions:

- the economic activity rates of all but those aged 60 – 69 were held constant using data from the 2011 Census, with a modest increase applied to older cohorts consistent with the previous modelling;
- an unemployment rate of 4.3% at the base date of the projections (2014) was applied and fixed over the projection period; and
- the commuting rate for Fylde was assumed to remain unchanged at 0.8, based upon the 2011 Census ratio.

The Briefing Paper also considered a sensitivity analysis using alternative labour force behavior assumptions with these set out in Appendix 2 to the Briefing Paper. The modelling presented within this sensitivity considered the implication of the following alternative assumptions relating to a number of those noted above:

- the application of adjustments to local economic activity rates reflecting forecast changes by age groups (16 – 89) to reflect national evidence provided by the Office for Budgetary Responsibility (OBR);
- the use of the more recent 2015 unemployment rate of 3.3% which as per the assumption set out above is fixed over the projection period; and
- an allowance for a fixed rate of ‘double-jobbing’ (3.6%) based upon an average derived from the Annual Population Survey (APS) drawn from the historic period 2006 – 2015.

The remainder of this Section explores historic changes in economic activity rates in Fylde, as well as unemployment, skills and commuting, to understand the implications of past trends on future labour market dynamics. This includes consideration of the extent to which labour force adjustments applied to date in the housing need evidence are reasonable to assume in the context of the alignment between job growth and implied labour force change, with specific reference to Fylde’s labour force characteristics.

4.2 Population

In 2015, the total population of Fylde was estimated to be 77,300. This represents an increase of 1,200 since 2011 (1.6%) and compares to increases of 0.2% for the Fylde Coast¹⁵, 1.7% for Lancashire, 1.7% for the North West and 2.9% for the UK as a whole over the same period.

In contrast, the working age population has fallen in all comparator areas between 2011 and 2015, except for the UK. In 2015, the working age population of Fylde was estimated to be 44,700 – a decline of 800 working age residents since 2011 (-1.8%). This compares to declines of -2.5% for the Fylde Coast, -1.0% for Lancashire, -0.7% for the North West and an increase of 0.7% for the UK as a whole over the same period (source: ONS population estimates – local authority based by five-year age band).

¹⁵ The Fylde Coast comprises of the Fylde, Blackpool and Wyre local authority areas.

Table 4.1 shows the proportion of the total population in the 0-15, 16-64 and 65+ age groups for Fylde and comparator areas. In both 2011 and 2015, Fylde had a lower proportion of those aged 0-15 years and those of working age (16-64 years) relative to all of the comparator areas. In contrast, Fylde has continued to have a relatively high proportion of those aged 65 and over.

	Aged 0-15 (%)		Aged 16-64 (%)		Aged 65 and over (%)	
	2011	2015	2011	2015	2011	2015
Fylde	15.9	15.8	59.8	57.8	24.3	26.4
Fylde Coast	16.8	16.8	60.9	59.3	22.3	23.9
Lancashire	18.3	18.3	63.5	61.8	18.2	19.9
North West	18.8	18.9	64.5	63.0	16.7	18.1
UK	18.8	18.8	64.7	63.3	16.5	17.8

Source: ONS population estimates - local authority based by five-year age band

Table 4.2 outlines how the age profile varies by five-year age band for Fylde and for each comparator in 2015. This further demonstrates that Fylde has a comparatively low proportion of younger working age residents (15-19 years to 35-39 years).

Age range	Fylde	Fylde Coast	Lancashire	North West	UK
Aged under 1 year	0.8	1.0	1.1	1.2	1.2
Aged 1 - 4 years	3.7	4.2	4.7	5.0	5.0
Aged 5 - 9 years	5.1	5.3	5.9	6.1	6.1
Aged 10 - 14 years	5.0	5.2	5.4	5.5	5.5
Aged 15 - 19 years	5.1	5.5	6.0	5.9	5.9
Aged 20 - 24 years	4.2	5.2	6.7	6.8	6.6
Aged 25 - 29 years	4.6	5.4	6.0	6.7	6.8
Aged 30 - 34 years	4.9	5.2	5.8	6.4	6.7
Aged 35 - 39 years	4.8	4.9	5.5	5.9	6.3
Aged 40 - 44 years	5.9	6.0	6.3	6.4	6.6
Aged 45 - 49 years	7.5	7.4	7.2	7.1	7.1
Aged 50 - 54 years	8.0	7.7	7.2	7.1	7.0
Aged 55 - 59 years	7.3	6.9	6.4	6.2	6.1
Aged 60 - 64 years	6.7	6.2	5.8	5.5	5.4
Aged 65 - 69 years	7.7	7.0	6.3	5.7	5.6
Aged 70 - 74 years	6.2	5.6	4.8	4.3	4.2
Aged 75 - 79 years	4.9	4.6	3.7	3.4	3.3
Aged 80 - 84 years	3.8	3.4	2.7	2.4	2.4
Aged 85 and over	3.8	3.2	2.5	2.3	2.3
Total Population	77,300	326,600	1,191,700	7,173,800	65,110,000

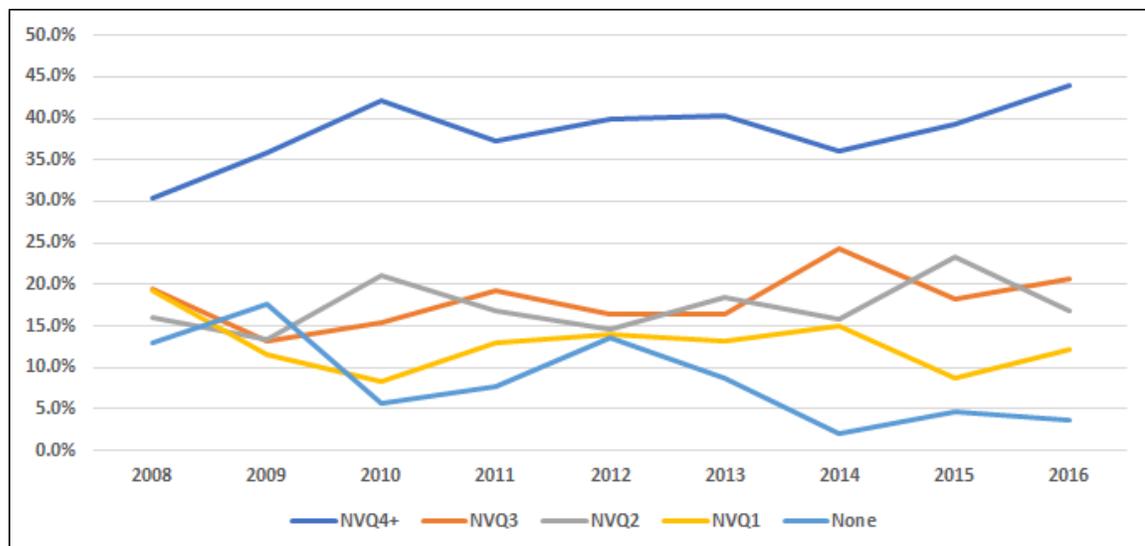
Source: ONS population estimates – local authority based by five-year age band

4.3 Skills of resident workforce

The issue of skills compatibility is likely to be a prime determinant of structural unemployment. Skill levels are also expected to play a prominent role in determining the likelihood of flows between inactivity and activity and determining whether future employment opportunities will be ‘open’ or ‘closed’ to local residents. In this way, skills compatibility is another element that contributes to the likelihood of flow adjustments (in-commuting and in-migration) to balance the labour market stocks.

Figure 4.1 sets out the profile of residents’ skills between 2008 and 2016. Over the period, the proportion of residents with NVQ4+ level skills increased by 13.7% points, while the proportion of residents with Level 3 and Level 2 equivalent qualifications grew by 1.3% points and 0.7% points respectively. These were balanced by declines for Level 1 of 7.0% points and 9.2% points for no qualifications. Such changes partly reflect natural cohort effects as older members of the workforce are replaced by younger individuals with more certificated skills as well as specific programmes and interventions designed to upskill residents.

Figure 4.1: Fylde NVQ skill profiles (16-64) 2008-2016 (%)



Source: ONS annual population survey (January to December for each year)

Overall, in 2016, 43.9% of Fylde’s resident population aged 16-64 were qualified to NVQ4+, in comparison to 38.2% nationally. The Borough also had a higher proportion of residents qualified to NVQ3. Comparing the pattern of improvement with the UK as a whole (see Table 4.3) suggests that Fylde has outperformed the UK, particularly with regard to the increase in the proportion of Level 4+ qualifications. Fylde has also demonstrated a more extensive decline in the share of working age residents with no qualifications.

Table 4.3: The changing share of qualifications 2008 / 2016 (% point change)

NVQ level	Fylde	UK
NVQ4+	13.7%	9.5%
NVQ3	1.3%	1.2%
NVQ2	0.7%	-0.4%
NVQ1	-7.0%	-2.7%
None	-9.2%	-5.5%

Source: ONS annual population survey (January to December for each year)

Fylde's skill profile, with its above average proportion of higher skilled residents and relatively low proportion of residents with no qualifications, is consistent with the area's occupational profile. Table 4.4 shows Fylde's occupational profile by Standard Occupational Classification (SOC) compared to the national average in 2016. It can be seen that Fylde has a greater proportion of residents working in higher order occupations than nationally.

Table 4.4: Fylde's occupational profile (% of employment¹⁶) 2016

SOC Groups	Fylde	Great Britain
Major Group 1-3	51.7%	45.5%
Major Group 4-5	19.8%	20.6%
Major Group 6-7	19.7%	16.8%
Major Group 8-9	-*	17.2%

Source: ONS annual population survey

*Sample size too small for reliable estimate

Note: SOC Groups 1 to 3 include managerial and professional positions; SOC Groups 4 and 5 are skilled and administrative positions; SOC Groups 6 and 7 are caring, leisure and customer service occupations; and SOC Groups 8 and 9 are elementary and unskilled occupations.

4.4 Economic activity rates

Fylde has relatively high economic activity rates¹⁷. Table 4.5 shows that Fylde's economic activity rates over the period from 2012 to 2016 have generally been above regional and national averages.

¹⁶ Columns do not sum to 100% due to rounding.

¹⁷ The economic activity rate refers to the percentage of people aged 16 to 64 who are either employed or unemployed and looking for work.

Table 4.5: Economic activity rates 2012 to 2016 (%)

	2012	2013	2014	2015	2016
Fylde	76.8	75.4	81.1	81.3	78.0
Fylde Coast	73.4	74.9	75.5	76.4	76.6
Lancashire	77.5	74.4	74.3	76.3	78.3
North West	75.3	74.9	74.7	75.3	75.6
UK	76.6	77.1	77.2	77.6	77.7

Source: ONS annual population survey (January to December for each year)

Labour markets are invariably complex in nature and minor changes in incentive frameworks can result in significant adjustments to decisions such as participation. All manner of characteristics and conditions make people decide to be active or inactive. Some of these are personal to individuals and their lifestyles, others reflect structural changes in the labour market due to policy or legislative changes and some simply reflect the business cycle which attracts people to consider work as opportunities expand or discourages people from seeking work as opportunities decline.

With regard to economic activity rate by age band, Table 4.6 compares the economic activity rates for the 16-24, 25-49, 50-64 and 65+ age bands for both Fylde and the UK over the 2013 to 2016 period. The level of variance year-on-year suggests there could be some issues in collecting reliable activity data for Fylde when it is broken down by age bands.

Table 4.6: Economic activity rates by age band 2013 to 2016 (%)

Age-band	2013	2014	2015	2016	2013-2016 (average)
Fylde					
16-24	40.3	60.7	83.2	67.8	63.0
25-49	83.3	87.9	86.8	86.5	86.1
50-64	72.3	79.0	74.9	73.4	74.9
65+	12.7	17.3	12.9	5.8	12.2
UK					
16-24	62.1	61.0	62.5	61.7	61.8
25-49	85.8	86.0	85.9	86.0	85.9
50-64	70.4	71.0	71.9	72.4	71.4
65+	9.8	10.2	10.5	10.5	10.3

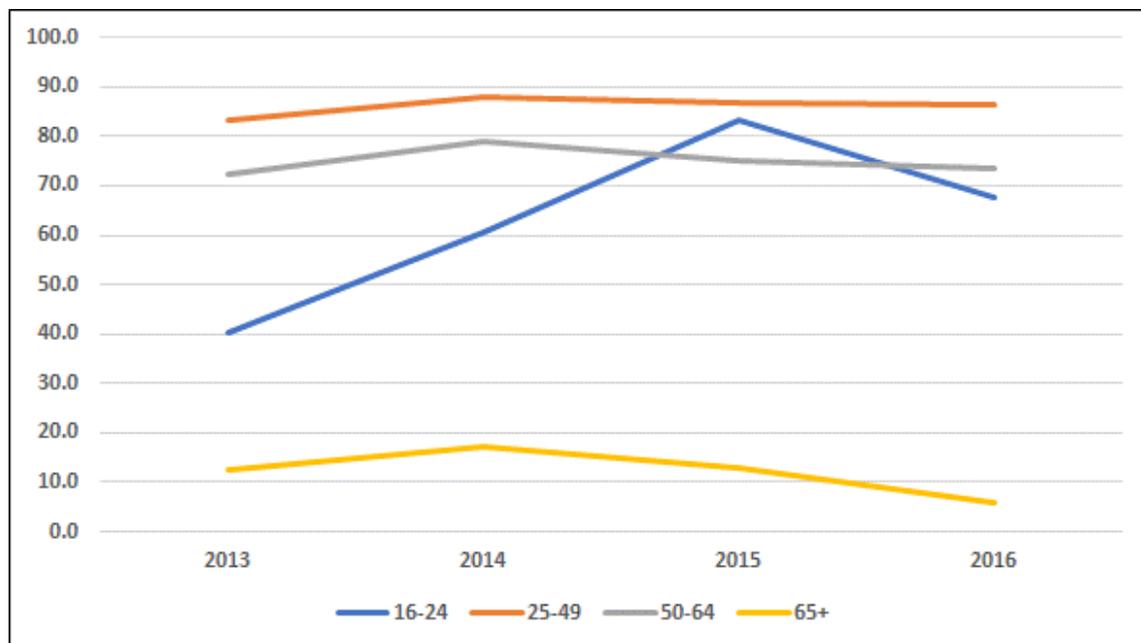
Source: ONS annual population survey (January to December for each year)

Table 4.6 shows that in 2016, the economic activity rates in Fylde were highest for the 25-49 age-band (86.5%), second highest for the 50-64 age-band (73.4%), third highest for the 16-24 age-band (67.8%), with an economic activity rate of 5.8% for the 65+ age-band. This reflects a similar broad profile to that of the UK in the same year. Over the 2013-2016 period, Fylde has

demonstrated a higher average economic activity rate across all age bands compared to the national averages.

Figure 4.2 shows the annual average activity rates in Fylde between 2013 and 2016¹⁸. While there is year-on-year variation, over the period economic activity rates for the 16-24 age-band increased by 28% points; increased by 3% points for the 25-49 band; remained broadly stable for the 50-64 band; and declined by 7% points for the 65+ band. This compares to the UK, where economic activity rates over the 2013-2016 period declined by 0.4% points for the 16-24 band; increased by 0.2% points for the 25-49 band; increased by 2.0% points for the 50-64 band; and increased by 0.7% points for the 65+ band.

Figure 4.2: Fylde economic activity rates 2013-2016 (%)



Source: ONS annual population survey (January to December for each year)

Recent research evidence points to the fact that the UK is undergoing a period of structural change in labour markets. Changes in the availability of defined occupational pension structures, less generous retirement provisions, increasing life expectancy and adjustments to state pension age may all have contributed to increasing participation among older cohorts. The core scenarios in the SHMA and subsequent addendums make allowance for certain structural changes in the labour market by adjusting for modifications in pension age, but they make no further adjustments for other potential structural or cyclical changes.

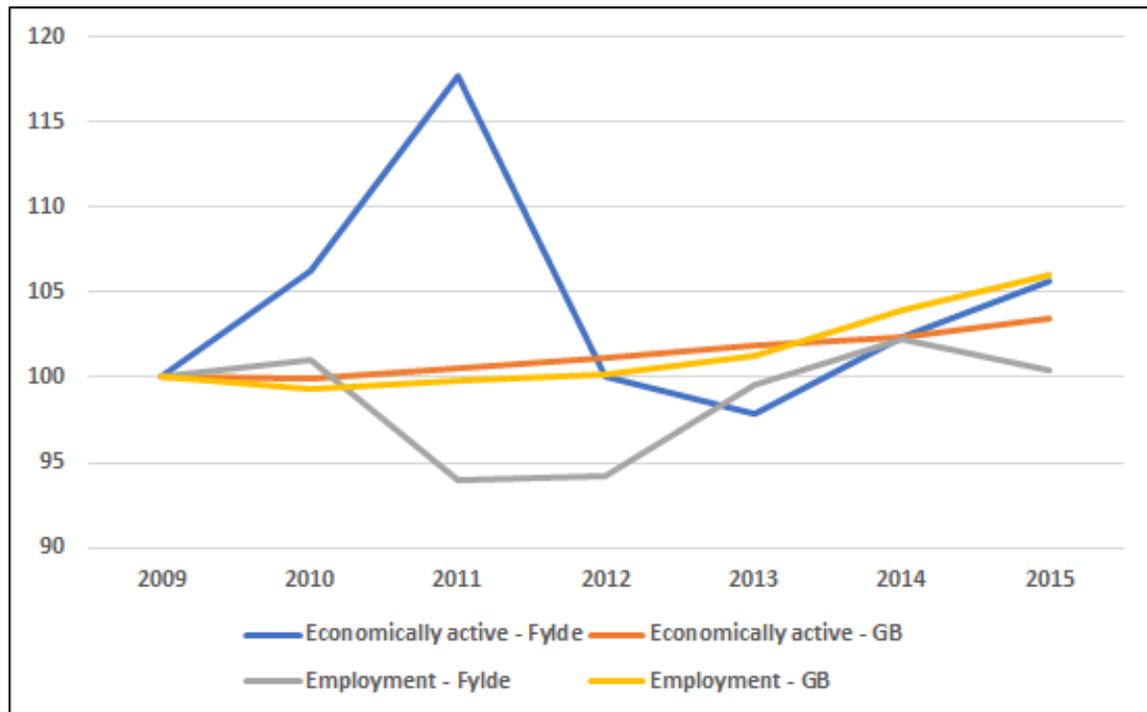
Given the forecasts described in Section 3, it is reasonable to expect that labour force behaviours will change in the context of a growth in employment opportunities. This is likely to increasingly include older cohorts remaining in the workforce, potentially beyond that expected solely as a result of changes to state pension ages. However, taking into account the range of sectors forecast to experience employment growth, it is also likely that an increase in jobs will

¹⁸ Economic activity data was not available for all age groups between 2009 and 2012.

contribute towards retaining and attracting those in the core working age populations, aged 16-64. The longer-term effects are, as yet, uncertain.

There is limited evidence so far that recent employment growth in Fylde has led to a notable increase in activity rates amongst those aged over 65, albeit Census data does suggest a general increase in rates of economic activity amongst older age groups. It should be noted through that there is not always a positive correlation evident between local employment data and reported economic activity rates, as illustrated in Figure 4.3.

Figure 4.3: Indexed change in economic activity and employment (2009 to 2015)



Source: ONS annual population survey (January to December for each year) and BRES

On balance, it is considered that the core assumptions made in the Economic Briefing Paper and applied in Addendum 2, relating to forecast economic activity rates, are reasonable if prudent.

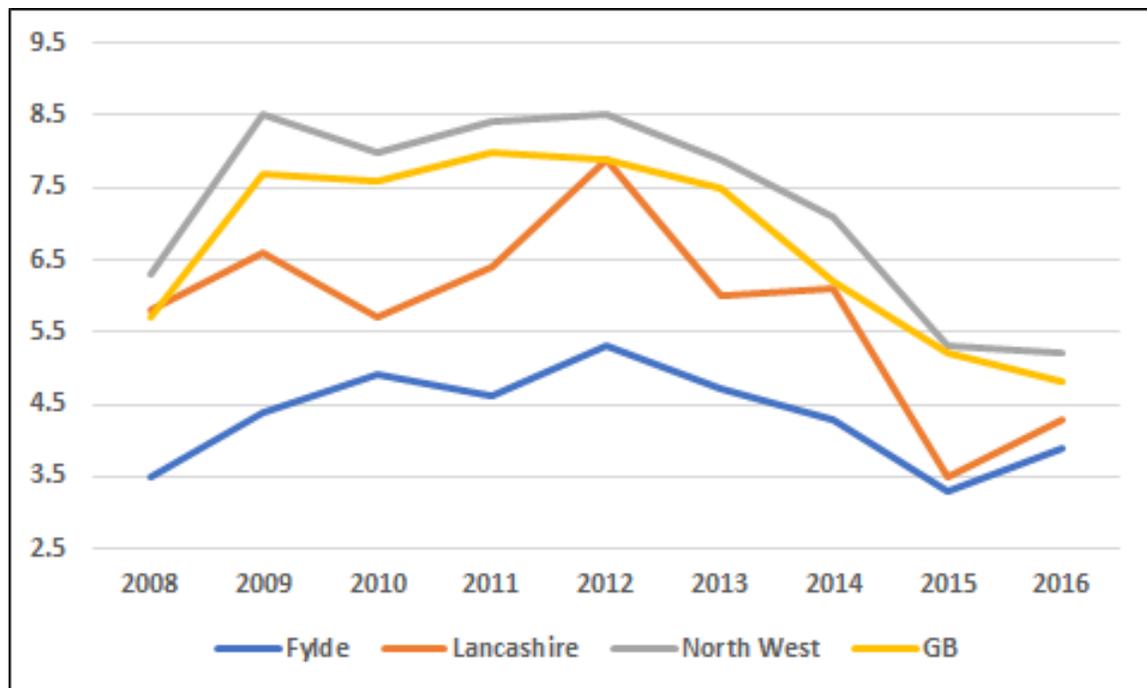
It is considered that there is merit in applying local rates adjusted to reflect projected changes to activity rates from the Office for Budget Responsibility (OBR), with this recognised as a robust long-term assessment of future labour force behaviours. However, given the comparatively modest levels of forecast employment growth, the distinct age profile within Fylde and in particular the suggested skewing towards older cohorts, which is projected to increase over the plan period, as well as uncertainties regarding the extent to which people aged over 65 in the Borough will move into employment, it is prudent to model changes in economic participation rates in line with the OBR datasets as a sensitivity, as done so in the Briefing Paper.

4.5 Unemployment

The unemployed are a subset of the economically active and represent the stock of potential workers not currently in work but seeking work. The higher the stock of unemployed, given existing labour demand, economic activity rates and the suitability of the local unemployed to satisfy employer need, the less likely in-commuting and in-migration will be required to balance labour market accounts. If the skills of the local unemployed are not a 'match' for employer need then a high unemployed stock may still require in-commuting and migration to balance demand and supply. The issue of skills is considered further in Section 4.6 below.

During the period from January 2016 to December 2016, 3.9% of the economically active population of Fylde aged 16+ were unemployed. This compares to 4.3% for Lancashire and 4.8% for the UK as a whole over the same period. In terms of historical trends, Fylde's ILO unemployment rate¹⁹ has consistently been below that of all the comparator areas between 2008 and 2016, as shown in Figure 4.4.

Figure 4.4: ILO unemployment rates, 2008 to 2016 (%)



Source: ONS model-based estimates of unemployment

Maintaining a constant unemployment rate over the forecast period, as is assumed in the POPGROUP modelling for the SHMA and subsequent addendums, represents a simplification, since rates will inevitably vary over time. However, on the basis that there is expected to be some growth in employment opportunities, but that unemployment levels are already at a

¹⁹ The ILO unemployment rate refers to the number of unemployed people in an area as a percentage of the economically active population.

comparatively low level, applying a fixed unemployment rate over the forecast period is not considered to be an unreasonable assumption.

The modelling in the Briefing Paper used the rate of unemployment as recorded at the base date of the projections. In the main body of the Briefing Paper this therefore used the 2014 rate of unemployment. In re-basing to 2015 it is considered appropriate to use the 2015 rate of 3.3% (as shown in Figure 4.4). Whilst this represents a comparatively low level of unemployment, this should be considered reasonable in the context of an assumed growth in jobs and the labour force constraints imposed by an ageing workforce, as noted above.

4.6 Commuting

In terms of commuting, the SHMA identified that the commuting ratio for Fylde is 0.80, meaning that it is assumed there is a net inflow of commuters to the Borough, with this ratio fixed over the projection period. The subsequent addendums and Economic Briefing Paper have retained this assumption, which is considered reasonable on the basis of 2011 Census Travel to Work data. From the 2011 Census, it is estimated that a total of 21,777 people commute into Fylde from other local authorities in the UK and a total of 13,117 people commute out of Fylde. On balance, commuting results in a net inflow of 8,660 people into Fylde.

2011 Census data shows that over 54% of jobs in Fylde are filled by people who reside within Fylde and 41% of people living in Fylde have jobs within the Borough. This data is consistent with previous research and the Fylde economy continues to operate within a travel to work area that includes Blackpool, Wyre and Preston, with significant in and out commuting. The most popular destination for both in and out commuting is Blackpool (see Table 4.7).

Origin / destination	Fylde Inflow	Fylde Outflow	Net Inflow / (Outflow)
Blackpool	7,312	5,167	2,145
Preston	3,320	2,904	416
Wyre	3,353	1,310	2,043
South Ribble	2,112	611	1,501
Chorley	818	235	583
Lancaster	536	343	193
Ribble Valley	358	412	-54
Blackburn	367	218	149
West Lancashire	282	42	240
Hyndburn	123	72	51
Pendle	73	19	54
Rossendale	58	19	39
Burnley	57	32	25
Fylde	15,100	15,100	-
Total	33,869	26,484	7,385

Source: Census 2011

The commuting ratio for Fylde has remained relatively constant, with Census 2001 data also indicating a commuting ratio of 0.8. As shown in Table 4.8, the overall commuting patterns (both in terms of in and out flows) have also been broadly stable. Therefore, while net commuting is likely to vary to a certain degree over the Plan period, it is considered reasonable to assume that the commuting rate will remain unchanged for the purposes of modelling housing need. This could change if significant interventions were brought forward to alter the level of commuting or if employment growth in Fylde was substantially higher than anticipated. However, at present, there is no basis on which to suppose this will be the case.

Origin / destination	Fylde Inflow	Fylde Outflow	Net Inflow / (Outflow)
Blackpool	7,394	4,827	2,567
Preston	3,592	2,825	767
Wyre	3,491	1,270	2,221
South Ribble	1,995	615	1,380
Chorley	660	219	441
Lancaster	435	201	234
Ribble Valley	325	272	53
Blackburn	223	222	1
West Lancashire	205	87	118
Hyndburn	105	72	33
Pendle	48	24	24
Rossendale	42	18	24
Burnley	30	27	3
Fylde	20,453	20,453	-
Total	38,998	31,132	7,866

Source: Census 2001

4.7 Part-time / full-time working and ‘double-jobbing’

As noted in the introduction to this section, the consideration of sensitivities to labour force behaviors in the Briefing Paper included an adjustment to allow for a small proportion of ‘double-jobbing’.

Table 4.9 shows the proportions of both working-age residents working part-time and full-time for Fylde and comparator areas over the 2012 to 2016 period. For Fylde, there is a high degree of volatility in the data; however, it suggests that the proportion of the Borough’s residents working part-time has increased substantially over the last couple of years.

	2012		2013		2014		2015		2016	
	Part-time	Full-time								
Fylde	25.3	73.3	24.2	75.8	21.7	78.3	31.3	67.1	34.3	65.7
Fylde Coast	26.4	72.9	27.0	72.4	26.6	73.1	27.3	71.8	29.2	70.3
Lancashire	27.2	72.2	26.1	73.3	24.2	75.8	24.8	75.1	24.8	75.0
North West	26.1	73.3	25.9	73.5	24.8	74.7	24.6	75.2	24.5	75.2
UK	25.9	73.7	25.6	73.9	25.5	74.1	25.4	74.3	25.1	74.6

Source: ONS annual population survey (January to December for each year)

Given the year-on-year variance in the data for Fylde, reference has also been made to ONS BRES data – this will vary from the Annual Population Survey data, as it is a work-place based (rather than resident based) estimate, but it provides further context as to whether there has been a significant increase in part-time working in the Borough.

The ONS data suggests that the proportion of part-time employees working in Fylde has varied year-on-year but remained at broadly similar levels overall (between approximately 23% and 25%). In addition, it is clear from the data that there is generally a lower proportion of part-time jobs in the Borough compared to Lancashire as a whole, the wider region and nationally.

	2009	2010	2011	2012	2013	2014	2015
Fylde	23.0	22.0	23.8	24.4	23.5	25.3	23.5
Lancashire	-	31.7	30.6	31.1	30.1	30.6	28.9
North West	31.9	32.4	32.1	33.3	32.2	32.3	31.3
Great Britain	32.0	32.2	32.5	32.7	32.4	31.7	30.9

Source: ONS BRES

Linked to part-time working is the growing trend of people holding more than one job ('double-jobbing'). Table 4.11 sets out the proportion of Fylde residents in employment who have a second job. The average 'double-jobbing' figure for Fylde over the period 2009 to 2016 is 3.9%. This is comparable with the averages for the Fylde Coast (3.8%), Lancashire (3.9%), the North West (3.6%) and the UK (3.9%).

In this context, and with regard to the methodological approach to converting jobs to population and modelling housing need, it is reasonable to apply a modest double-jobbing allowance to the forecast employment growth estimates. In doing so, it would be prudent to fix this adjustment over the remainder of the Plan period.

	2009	2010	2011	2012	2013	2014	2015	2016
Fylde	3.3	2.6	4.2	5.1	N/A	N/A	N/A	4.1
Fylde Coast	3.9	3.4	3.2	N/A	N/A	N/A	N/A	4.8
Lancashire	3.5	3.8	3.6	3.7	4.6	4.2	3.8	4.2
North West	3.6	3.6	3.6	3.3	3.6	3.6	3.5	3.6
UK	4.0	3.8	4.0	3.8	3.9	3.9	3.8	3.6

Source: ONS annual population survey (January to December for each year)

4.8 Summary of key issues

The bullet points below provide a summary of the key labour market characteristics for Fylde, along with the issues to be considered in modelling housing need:

- between 2011 and 2015, the total population in Fylde grew at a higher rate (1.6%) than the Fylde Coast (0.2%) but below that of Lancashire (1.7%), the North West (2.9%) and the UK (2.9%). Over the same period, working age population has declined by -1.8% in Fylde compared to -1.0% in Lancashire, -0.7% in the North West and increased by 0.7% in the UK. Fylde has a relatively high proportion of residents aged 65 and over, and a comparatively low proportion of younger working age residents (aged 15-39 years);
- there has been a continuing improving skills profile within the Borough's resident base, with higher level skills increasing at a faster rate than for the UK – between 2008 and 2016, the proportion of residents in Fylde with NVQ4+ skills increased by 13.7% points compared with 9.5% points at the UK level. There has also been a more extensive decline in the share of working age residents with no qualifications;
- Fylde has a relatively high economic activity rate (78.0% in 2016), particularly compared with the regional average (75.6%). The rate for Fylde has generally been higher than sub-regional, regional and national averages for a number of years. There is limited evidence so far that recent employment growth in Fylde has led to a notable increase in activity rates amongst those aged over 65, albeit Census data does suggest a general increase in rates of economic activity amongst older age groups;
- Fylde has continued to have a relatively low unemployment rate, both in terms of the Jobcentre Plus claimant count and the International Labour Office (ILO) measure. During the period from January 2016 to December 2016, 3.9% of the economically active population of Fylde aged 16+ were unemployed. This compares to 4.3% for Lancashire and 4.8% for the UK over the same period;
- according to the 2011 Census, a total of 21,777 people commute into Fylde from other local authorities in the UK, while 13,117 people commute out of Fylde, with a further 15,100 people living and working in Fylde. Over 54% of jobs in Fylde are filled by people who reside within the Borough and 41% of people living within Fylde have jobs within

Fylde. The commuting ratio has remained at approximately 0.8 between the 2001 Census and the 2011 Census; and

- on the basis of BRES data, the proportion of part-time employees working in Fylde has generally been lower than within Lancashire as a whole, the wider region and nationally. The average 'double-jobbing' figure for Fylde over the period 2009 to 2016 is 3.9%. This is comparable with the averages for the Fylde Coast (3.8%), Lancashire (3.9%), the North West (3.6%) and the UK (3.9%);
- overall, the core assumptions in relation to economic activity rates, unemployment rates and commuting ratios used in the SHMA addendums and the Economic Briefing Paper are considered to be reasonable as a base position. It is expected that labour force behaviours will change in the context of growing employment, which could lead to increases in older cohorts remaining in the workforce, albeit this would also likely contribute towards retaining and attracting those in the core working age populations (aged 16-64) given the range of industrial sectors forecast to grow; and
- It is considered that there is merit in applying local rates adjusted to reflect projected changes to activity rates from the OBR, with this recognised as a robust long-term assessment of future labour force behaviours. However, it is suggested this is done as a sensitivity (rather than a central scenario), as is the case in the Briefing Paper, reflecting the scale of forecast job growth, the distinct age profile within Fylde and in particular the suggested skewing towards older cohorts, which is projected to increase over the plan period.

5 Conclusions

The purpose of this report is to provide an independent view on the likely level of future employment growth in Fylde, building on the previous analysis undertaken to inform the Fylde Coast SHMA and subsequent addendums. The report will be used to inform the preparation of a new Addendum 3 report for Fylde to the 2013 Fylde Coast SHMA which responds to the Inspector's letter to the Council dated the 11 April 2017²⁰ and presents an updated position on the OAN for Fylde for the period 2011 to 2032. The report has therefore sought to:

- provide a review of the historic economic picture for Fylde, particularly in terms of historic employment growth, as well as considering factors that could influence future growth;
- verify if the three employment forecasts (produced by Cambridge Econometrics, Experian and Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;
- consider whether, given Fylde's local labour market conditions, reasonable assumptions were used in the modelling of the relationship between employment growth and the implied population growth in deriving the levels of calculated housing need within the 2013 Fylde Coast SHMA²¹, and subsequent papers published to update the modelling and analysis; and
- conclude as to the reasonable level of future employment growth in Fylde and recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions

The report covers the forecast period 2015 to 2032 in order to coincide with the Fylde Local Plan period and in recognition of the base date of the demographic and economic forecast datasets used.

5.1.1 Overview of historic performance

In terms of the analysis of historic trends, an important issue to note is the significant fluctuations year-on-year in the levels of employment in Fylde reported within published ONS BRES data. Between 2009 and 2015, employment is shown as growing by approximately 200 jobs (with a CAGR of 0.1%). However, the level of employment over this period varied from a low of approximately 40,000 (in 2011) to a high of 43,500 (in 2014). This volatility in historic data is likely to influence forecasts of future performance.

Given the volatility year-on-year in the BRES data for Fylde, historic employment data from the three forecasting houses (Cambridge Econometrics, Experian and Oxford Economics) has also been analysed. The average of the three forecast datasets shows employment growth of approximately 700 jobs between 2009 and 2015, representing a CAGR of 0.2%. Over the longer-term, taking the period 1991 to 2015, the CAGR based on an average of the three forecast datasets is 0.1% (or some 40 jobs a year).

²⁰ EL5.003

²¹ ED021

As with the BRES data, there is a relatively high level of volatility in the historic employment numbers provided by the three forecasting houses, as well as discrepancies between each dataset. This highlights the sensitivities associated with the timeframe over which historic trends are analysed. However, the analysis within the report has helped to provide an indication of what might be considered a reasonable level of future employment growth within Fylde in the context of historic performance.

5.1.2 *Economic forecasts*

Employment forecasts produced by Cambridge Econometrics, Experian and Oxford Economics, covering the period 2015 to 2032, have been reviewed to inform the assessment of the likely level of future growth. This builds upon the analysis provided within the Economic Briefing Paper (EL2.025 b(ii)) produced by Turley in March 2017, on behalf of the Council. As with the historic employment data for Fylde, there is a relatively high level of variance between the three forecast datasets and, as such, an average of the three forecasts has also been calculated, using both a yearly average and three-year moving average.

Discrepancies between forecasts in terms of historic data is not uncommon and can be attributed to methodological differences in how local employment data is estimated. There is no evident basis on which to presume that any of the employment forecasts is likely to be the most accurate. However, the variances in historic data, and the fact that the extent of the differences between the three datasets changes year-on-year, highlights the challenges in estimating likely future employment growth over a given period.

The Cambridge Econometrics forecasts show average growth within Fylde, between 2015 and 2032, of 79 jobs per year (CAGR of 0.2%). This compares with average growth of 135 jobs per year (CAGR of 0.3%) under the Experian forecasts and 59 jobs per year under the Oxford Economics forecasts.

Overall, the three forecasts are all considered to be up-to-date and produced using well established and reputable forecasting models. There is no clear reason to prefer one set of forecasts over the others. On this basis, it is recommended that an average of the forecasts is used rather than selecting one forecast as the preferred baseline scenario. Recognising the volatility in the historic and forecast data, an average of the forecasts has been calculated both on the basis of a yearly average and a three-year moving average. It is considered that both approaches are credible in the case of Fylde and can be seen as providing a range within which the likely level of job growth is expected to fall.

Based on the average of the three forecasts in each year, the average change between 2015 and 2032 would be an increase of 91 jobs per year, with a CAGR of 0.2%. This is a higher rate of growth than under the Cambridge Econometrics and Oxford Economics forecasts. Using a three-year moving average across the three datasets, the average change over the period would be an increase of 55 jobs per year (a CAGR of 0.1%).

Table 5.1: Total employment forecasts, Fylde					
Forecast employment change – based on yearly average of the three forecast datasets					
	2015 – 19	2019 - 23	2023 - 27	2027 - 32	2015 - 32
Total employment change	278	430	334	507	1,548
Average annual change	69	108	83	101	91
Compound annual growth rate	0.1%	0.2%	0.2%	0.2%	0.2%
Forecast employment change – based on three-year moving average of the three forecast datasets					
	2015 - 19	2019 - 23	2023 - 27	2027 - 32	2015 - 32
Total employment change	-301	424	370	439	932
Average annual change	-75	106	92	88	55
Compound annual growth rate	-0.2%	0.2%	0.2%	0.2%	0.1%

The level of growth suggested by the yearly average of the three forecast datasets is more reflective of recent historic trends than the three-year moving average, albeit it is still below the growth in employment seen over some years within Fylde. The implications for job growth of local interventions, such as the Enterprise Zones at Blackpool Airport and Warton, also needs to be noted, despite sufficient evidence not yet being available to make specific adjustments to the baseline forecasts. Therefore, on balance, it is considered that the likely level of employment growth will be at the upper end of the range suggested by the yearly and three-year moving averages.

5.1.3 Labour market conditions

Within the report, an assessment of historic changes in labour market conditions in Fylde has been undertaken to understand the implications of past trends on future labour market dynamics. This includes consideration of the extent to which labour force adjustments applied to date in the housing need evidence are reasonable to assume in the context of the alignment between job growth and implied labour force change, with specific reference to Fylde’s labour force characteristics.

Based on the review of the labour market, it is considered that, on balance, the core assumptions made in the Economic Briefing Paper and applied in Addendum 2, relating to forecast economic activity rates, are reasonable if prudent. It is considered that there is merit in applying local rates adjusted to reflect projected changes to activity rates from the OBR, with this recognised as a robust long-term assessment of future labour force behaviours. However, it is suggested this is done as a sensitivity, as is the case in the Briefing Paper, reflecting the scale of forecast job growth, the distinct age profile within Fylde and in particular the suggested skewing towards older cohorts, which is projected to increase over the plan period.

In relation to the unemployment rate assumptions applied, the modelling in the Briefing Paper used the rate of unemployment as recorded at the base date of the projections (2014). In re-basing to 2015, it is considered appropriate to use the 2015 rate of 3.3%. Whilst this represents a comparatively low level of unemployment, this should be considered reasonable in the

context of an assumed growth in jobs and the labour force constraints imposed by an ageing workforce, as previously noted.

The consideration of sensitivities to labour force behaviors in the Briefing Paper included an adjustment to allow for a small proportion of ‘double-jobbing’. Having regard to the methodological approach to converting jobs to population and modelling housing need, it is reasonable to apply a modest ‘double-jobbing’ allowance to the forecast employment growth estimates. In doing so, it would be prudent to fix this adjustment over the remainder of the Plan period.

The SHMA addendums and Economic Briefing Paper retained the assumption within the SHMA that the commuting ratio for Fylde would remain fixed over the Plan period at 0.80. This is considered reasonable and consistent with 2011 Census Travel to Work data. It is also worth noting that the commuting ratio for Fylde has remained relatively constant, with Census 2001 data also indicating a commuting ratio of 0.8.

While net commuting is likely to vary to a certain degree over the Plan period, it is reasonable to assume that the commuting rate will remain unchanged for the purposes of modelling housing need. This could change if significant interventions were brought forward to alter the level of commuting or if employment growth in Fylde was substantially higher than anticipated. However, at present, there is no basis on which to suppose this will be the case.

5.1.4 Implications for the assessment of housing need

In summary, based on the forecasts used to inform this report, it is considered reasonable to assume that the level of future employment growth in Fylde will lie in the range of 55 jobs to 91 jobs per year, between 2015 and 2032. It is expected, reflecting on historic performance within the Borough and the potential impact of local interventions, that the likely level of employment growth will be at the upper end of this range.

Overall, the core assumptions in relation to economic activity rates, unemployment rates and commuting ratios used in the Economic Briefing Paper and applied in Addendum 2 are considered to be reasonable as a base position. It is expected that labour force behaviours will change in the context of growing employment, which could, for example, lead to increases in older cohorts remaining in the workforce, albeit this would also likely contribute towards retaining and attracting those in the core working age populations (aged 16-64) given the range of industrial sectors forecast to grow.

With regard to further implications for the Local Plan, and specifically in the context of the 2012 AECOM Employment Land and Premises Study, it is important to note that the recommended provision of between 26 and 33 ha of additional employment land was not driven by the level of job growth forecast, which did not have a direct bearing on the scale of employment land planned for. Rather, the employment land provision was based off an analysis of past performance in terms of historic land take-up, which is influenced by both demand and supply factors.