

Huntingdonshire Local Plan to 2036 Examination

Matter 4 note 1 of 2:

Overall provision for housing – Economic forecasts

Huntingdonshire District Council

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Matter 4 note 1 of 2

This note is the first of two notes providing additional information on overall provision for housing. The second note provides additional information on market signals.

Economic forecasts

- 1.1. The Council's April 2017 OAN Update (HOUS/01) gives a jobs growth figure of 14,350 jobs for the market signals adjusted starting point (20,100 dwellings). Table 1 below provides a jobs growth figure for the employment trends adjusted starting point (19,910 dwellings).

Table 1: Official and adjusted household projection-based estimates of housing need

Source of estimated/projected population	Population 2011	Population 2036	Population 2011-2036	Households 2011-2036	Dwellings 2011-2036	Jobs 2011-2036
ONS 2014	170,040	203,820	33,780	18,590	19,140	-
EEFM 2016	170,040	199,310	29,270	16,820	17,320	12,370
ONS 2014 + 4% uplift	170,040	205,170	35,130	19,330	19,910	14,250
ONS 2014 + 5% uplift	170,040	205,510	35,470	19,520	20,100	14,350

- 1.2. Table 2 below compares the scenario forecast (19,910 dwellings) to the baseline forecast (17,320 dwellings). Only the baseline forecast informs the OAN figure.

Table 2: Baseline and scenario economic forecasts for Huntingdonshire

Variable	2011 ONS Data	2014 ONS Data	2036 EEFM 2016 Baseline	2036 EEFM 2016 Scenario
Population	170,040	173,610	199,310	205,170
Population growth 2011-2036	-	-	29,270	35,130
Jobs	79,190	82,410	91,560	93,440
Jobs growth 2011-2036	-	-	12,370	14,250
Employed people working in the area	77,355	80,791	88,713	90,518
Employed people living in the area	88,991	85,710	99,243	100,591
Net out-commuting	11,636	4,919	10,530	10,073
Commuting ratio	1.15	1.06	1.12	1.11
Employment rate	71.0%	67.5%	71.9%	70.8%

- 1.3. 2014 is the base year for local population and employment data (the last year of ONS data) in the EEFM 2016 model. Table 2 above shows a fall in the commuting ratio (the ratio of the number of employed people who live in the area to the number of employed people who work in the area) from 1.15 in 2011 to 1.06 in 2014. The EEFM forecasts an increase in the commuting ratio between 2014 and 2036. The increase in Huntingdonshire's commuting ratio over the forecast period reflects the expected increase in jobs in every local authority in the UK and the commuting links between Huntingdonshire and every other local authority.
- 1.4. Table 2 above shows a fall in Huntingdonshire's employment rate from 71.0% in 2011 to 67.5% in 2014. The EEFM forecasts an increase in the employment rate from 67.5% in 2014 to

68.5% in 2016. After 2016 the EEFM forecasts a slower increase to 71.9% by 2036 (70.8% under the higher population scenario). The increase in the employment rate reflects the increase in jobs between 2014 and 2016. A slower increase in jobs is expected after the employment rate recovers.

- 1.5. Table 3 below shows the EEFM 2012 and EEFM 2016 baseline forecasts for Huntingdonshire. 2010 is the base year for local population and employment data in the EEFM 2012 model. The EEFM 2016 model includes ONS data for 2011 to 2014. Table 3 also shows the SHMA 2013 (HOUS/07) adjusted EEFM 2012 forecast. Section 5.7 of the Population, Housing and Employment Forecasts Technical Report April 2013 (Appendix 1 of this note) explains the SHMA’s assumption that the enterprise zone will attract sufficient target industry jobs to increase jobs growth in Huntingdonshire by 8,000 jobs in the target industries above the EEFM 2012 baseline by 2036, with additional associated jobs in the non-target sectors. The SHMA’s adjustments to Huntingdonshire’s baseline forecast were made at a time when no actual enterprise zone data were available.

Table 3: EEFM 2012 and EEFM 2016 economic forecasts for Huntingdonshire

EEFM 2012 Baseline 2011-2036	Adjusted EEFM 2012 Baseline (SHMA 2013) 2011-2036	EEFM 2016 Baseline 2011-2036
5,600 jobs	18,400 jobs <i>Adjustment by mid-2018: 2,400 jobs</i>	12,370 jobs <i>Enterprise Zone by March 2018: 291 jobs (also 522 construction jobs)</i>

- 1.6. Table 3 above compares the enterprise zone jobs growth to date (291 jobs) to the jobs growth above the baseline by 2018 assumed in 2013 (2,400 jobs). It is evident from the increase in jobs at the enterprise zone that informed the EEFM 2016 baseline forecast, the data available in 2017 and the March 2018 data, that jobs growth at the enterprise zone is slower than was assumed in 2013, and that the SHMA made over-optimistic adjustments for the jobs growth the enterprise zone would attract above the baseline forecast.
- 1.7. The EEFM 2016 forecast reflects the increase in jobs at the enterprise zone evident in the actual data. The Council’s April 2017 OAN Update (HOUS/01) therefore makes no adjustments to the EEFM 2016 baseline forecast. Although baseline jobs growth is *expected*, it is not *given*. A positive strategy is required to deliver projected employment growth, just as a positive strategy is required to deliver projected household growth.

Appendix 1

Population, Housing and Employment Forecasts

Technical Report



Population, Housing and Employment Forecasts

Technical Report

Research and Performance
April 2013

A report by the Cambridgeshire County Council Research and Performance Team
to support spatial strategy development in Cambridgeshire and Peterborough

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employees and working owners, show a more optimistic increase for the East of England of 0.7%, and the BRES employment figures for Cambridgeshire & Peterborough also show an increase, of 0.03%.

5.6.6. The EEFM and LEFM forecasts will require complete revisions in order to fully reflect the latest jobs figures. However, despite the increase in working owners from 2010 to 2011, the 2011 BRES figures do suggest a less optimistic short-term outlook for the East of England than the WFJ figures in Table 27. Therefore, although the EEFM forecast for the East of England appears likely to be consistent with the WFJ figure for 2012, it is possible that the EEFM's short-term forecast will be revised in Spring 2013. It is difficult, without the fully revised forecasts, to suggest the impact of such a revision, however, the LEFM's less optimistic medium-term forecast for Cambridgeshire & Peterborough suggests 13,000 fewer additional jobs across the historic county from 2011 to 2021.

5.6.7. When the EEFM forecasts are revised, it is possible therefore that the short-term forecasts will be revised and that the predicted short-term jobs growth will be lower. The medium- and long-term forecasts, however, are less likely to be revised, and the similarity between the EEFM and LEFM forecasts over 20 years, despite their short- and medium-term differences, suggests that the long-term forecasts are more reliable, and are therefore useful for informing long-term local plans. Furthermore, the latest Census-based net migration figures for England show high net migration levels for 2009-2010 and 2010-2011, despite high unemployment levels, and suggest that any reduction in jobs growth is unlikely to reduce demand for dwellings, but will instead increase unemployment, as illustrated by the EEFM lost decade scenario.

5.7. Alconbury scenarios

5.7.1. In addition to the "high migration" and "lost decade" scenarios, two further scenarios are also available from the EEFM, which consider the implications of the additional jobs growth in Huntingdonshire, to be generated by the enterprise zone at Alconbury. These scenarios model the assumption that the jobs growth at Alconbury will generate 8,000 additional jobs in the identified "target" industries, with additional associated jobs in the non-target sectors. The scenarios test the possibilities that the additional jobs growth in Huntingdonshire will be (a) added to the baseline jobs growth in the East of England ("additive") and (b) re-allocated to Huntingdonshire from the baseline jobs growth elsewhere in the East of England ("allocative").

5.7.2. The nine "target" industries are chemicals, pharmaceuticals, metals manufacturing, electronics, waste & remediation, telecoms, computer related activity, professional services and research & development. Whether and how to control the allocation of employment land to jobs in the target sectors, as opposed to the non-target sectors, and the ability of the enterprise zone to attract target industry jobs, whether from elsewhere in the region or not, remains to be seen. Nevertheless, these scenarios assume the enterprise zone will attract, and provide space for, sufficient target industry jobs to increase jobs growth in Huntingdonshire by 8,000 jobs in the target industries above the baseline by 2036.

5.7.3. The baseline jobs growth, which continues past trends and therefore does not include the jobs growth at Alconbury, shows declining numbers of jobs in Huntingdonshire from 2011 to 2036 in eight of the nine "target" industries. Professional services – the only target industry to experience increasing jobs numbers in the baseline forecast – is the only target industry that is a local business demand sector. The other eight target industries are all production-type sectors.

5.7.4. In the EEFM Alconbury scenarios, it is necessary only to actively increase jobs numbers in these eight production-type sectors. Jobs numbers in the other non-production sectors, including professional services, automatically increase in proportion to the increase in production sector jobs. Therefore it is these production-type jobs in eight of the nine target industries that the enterprise zone must actively attract to the district. Table 29 shows the results of the EEFM Alconbury scenarios for Huntingdonshire and the Cambridgeshire and Peterborough area.

Table 29: Alconbury scenario forecasts from the East of England Forecasting Model

	Baseline		Alconbury “additive”			Alconbury “allocative”		
	2011	2031 *2036	2031 *2036	Difference from baseline	Change 2011 to 2031/36*	2031 *2036	Difference from baseline	Change 2011 to 2031/36*
Huntingdonshire								
Employment (000s)	81.4	*87.0	*99.8	*12.8	*18.4	*99.7	*12.7	*18.3
Population (000s)	168.7	191.9 *196.7	198.0 *205.8	6.1 *9.1	29.3 *37.1	198.0 *205.7	6.1 *9.0	29.3 *37.0
Occupancy ratio	2.34	*2.21	*2.21	*0.00	*-0.13	*2.21	*0.00	*-0.13
Dwellings (000s)	72.2	*89.1	*93.2	*4.1	*21.0	*93.1	*4.1	*21.0
Jobs per dwelling	1.13	*0.98	*1.07	*0.09	*-0.06	*1.07	*0.09	*-0.06
Cambridgeshire & Peterborough								
Employment (000s)	441.9	524.3	534.5	10.2	92.6	532.4	8.1	90.5
Population (000s)	800.7	975.9	983.0	7.1	182.4	981.7	5.8	181.0
Occupancy ratio	2.36	2.26	2.26	0.00	-0.10	2.26	0.00	-0.10
Dwellings (000s)	338.7	431.8	434.9	3.2	96.3	434.4	2.6	95.7
Jobs per dwelling	1.30	1.21	1.23	0.01	-0.08	1.23	0.01	-0.08

5.7.5. In addition to reducing unemployment within Huntingdonshire, by providing 13,000 jobs in total, both scenarios have the effect of increasing the district’s population and demand for dwellings, suggesting a population increase in Huntingdonshire of 6,000 residents above the baseline by 2031. The additive scenario also suggests a further increase of 1,000 residents across the rest of the Cambridgeshire and Peterborough area, while the allocative scenario suggests a population increase of 300 residents below the baseline across the other districts by 2031. As the entirely additive and entirely allocative scenarios model the extreme cases, a population increase somewhere between these two extremes seems likely, suggesting a total increase of less than 1,000 residents above the baseline across the other districts by 2031.

5.7.6. Therefore to include in each district’s outlook the implications of the additional jobs growth at Alconbury, an additional population increase of 6,000 residents by 2031 is added to Huntingdonshire’s indicative population change, and sufficient target industry jobs are added to increase the number of jobs in the target industries in Huntingdonshire by 8,000 by 2036. However, as the implications for the other districts are relatively small, no adjustments are made to the other districts’ population figures, as outlined in the following “district outlooks” section.