

Wyre Addendum 3: OAN Update

Wyre Borough Council

September 2017

Turley

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Client

Wyre Borough Council

Our reference

BLAM2004

September 2017

Executive Summary

1. Turley – in partnership with specialist demographic consultancy Edge Analytics – completed a Strategic Housing Market Assessment (SHMA) for the Fylde Coast authorities of Blackpool, Fylde and Wyre in 2013, with the final report published in February 2014.
2. An Addendum to the SHMA was produced in November 2014 to establish the implications of the 2012-based sub-national population projections (SNPP). A further Addendum ('Addendum 2') was commissioned by Wyre Borough Council ('the Council') in February 2016 to reflect the publication of 2012-based sub-national household projections (SNHP) and the findings of the Council's Employment Land Study Update (ELSU) and subsequent Addendum report. Taking account of this updated evidence, Addendum 2 concluded that there was an objectively assessed need (OAN) for between 400 and 479 dwellings per annum in Wyre over the period from 2011 to 2031. This OAN has been used by the Council in preparing its publication draft of the Local Plan, scheduled for consultation in September 2017.
3. This report represents a third Addendum to the 2013 SHMA for Wyre ('Addendum 3'), taking account of the latest data available to inform each stage of the methodology for calculating the OAN. This includes the 2014-based SNPP and SNHP, as well as the Council's Employment Land Study (ELS) Addendum II which provides updated evidence on likely job growth in the borough. The calculation of affordable housing need is also updated.
4. The implications of this updated evidence for the OAN in Wyre are considered within this Addendum. The Addendum continues to follow the current PPG methodology for calculating the OAN for housing, in the absence of the Government's forthcoming consultation on a new standardised methodology for calculating OAN. It is recommended that the Council considers the implications of the consultation on the standardised methodology on its release to identify any significant departure in the scale of implied housing need. However, the Council's intention to submit its Local Plan for Examination prior to March 2018 means that it is able to use the evidence assembled to date which follows the PPG in its assessment of housing need to determine its Local Plan housing requirement¹.
5. The 2014-based SNHP form the '*starting point*' in assessing the need for housing in Wyre, and suggest a need for **283 dwellings per annum** over the plan period (2011 – 2031) when allowing for vacancy.
6. However, the 2014-based SNHP reflects a period where the demographic profile notably differed to that seen prior to the recession, with housing completions similarly lower than seen pre-recession. Projections of population growth which draw upon a longer-term historic period have on this basis been considered more representative of future demographic growth pressures in the borough. It is recognised that there is a degree of uncertainty relating to the accuracy of historic population counts, reflected in the unattributable population change (UPC) applied by the Office for National Statistics

¹ DCLG Planning Update Newsletter issued to LPA Chief Planners, 31 July 2017

(ONS) to 'correct' historic estimates. Without concluding on the appropriateness of fully including or excluding this component, alternative demographic trend-based modelling developed by Edge Analytics indicates a need for between **351 and 431 dwellings per annum**. In accordance with earlier evidence, it is considered that the lower end of this range should be viewed as a minimum level of demographic need in Wyre.

7. Earlier evidence has consistently sought to positively address historic evidence of suppression in the rate of younger household formation, which is captured and assumed to continue in official projections. The latest evidence indicates that it remains reasonable to allow for a return to more sustainable household formation rates for younger households, resulting in an uplift of approximately 6% compared to scenarios modelled using unadjusted and potentially suppressed rates.
8. When this adjustment is applied to a scenario based on population trends recorded over twelve years – both including and excluding UPC – a demographic need for between **372 and 435 dwellings per annum** is implied in Wyre over the plan period. This uplifts the '*starting point*' by up to 54%, or 152 dwellings per annum at the upper end of this implied range.
9. In accordance with the methodology established through Planning Practice Guidance (PPG), this Addendum indicates that market signals of a limited worsening in the balance between housing supply and demand in Wyre require a reasonable response through an uplift of at least 5% to the demographic projection. This indicates a minimum need for between **391 and 457 dwellings per annum**.
10. The PPG highlights the importance of taking likely job growth into account, and the 2017 ELS Addendum II presents an adjusted baseline forecast of strong job growth over the remainder of the plan period. Wyre is forecast to see a growth of some 2,545 jobs over the remainder of the plan period (from 2015) or almost 160 jobs per annum to 2031. Modelling developed by Edge Analytics indicates that 391 dwellings per annum will be needed to provide the labour-force necessary to support this job growth, increasing to **415 dwellings per annum** when allowing for an improvement in younger household formation. Provision of this scale would, however, continue to result in a modest continued decline in the working age population (16 – 64 years) over the plan period. Such a scenario was seen to represent a potential risk in constraining future job growth in Addendum 2, justifying consideration of the implications of applying more prudent assumptions on the behaviour of the labour force. Allowing for a degree of flexibility in this regard is therefore considered reasonable and justified to ensure that forecast job growth and future investment is not unduly constrained by housing provision. A sensitivity scenario based on more modest or prudent changes to the economic participation of older cohorts indicates a need for up to 513 dwellings per annum over the plan period.
11. The final stage of the PPG methodology considers the calculated need for affordable housing, and the updated calculation presented in this Addendum indicates an annual need for 134 affordable homes in Wyre over the next five years. This level of provision would clear the backlog while meeting newly arising need during this period, but – in taking account of the sizeable pipeline of affordable housing – is dependent upon a significant uplift in the recent level of affordable housing delivery in Wyre. Beyond this

initial five year period, an estimated 189 affordable homes will be needed annually. The PPG does not specify how the need for affordable housing should be taken into account in establishing the OAN, although the Council's housing evidence has sought to ensure 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'*.

12. Drawing the analysis together, the implications at each stage of the PPG methodology are summarised in the table overleaf.

Table 1: Considering the OAN for Wyre

	Dwellings per annum 2011 – 2031	Adjustment from 'starting point'	
		Dwellings per annum	% uplift
The 'starting point' – 2014-based SNHP	283	–	–
Long-term demographic projection	413	130	46%
Adjusted demographic projection with headship rate adjustment	435	152	54%
Market signals adjustment (+5%)	457	174	61%
Implied need to support forecast job growth	415 – 513	132 – 230	47 – 81%

Source: Turley, Edge Analytics, 2017

13. The demographic, economic and market signals evidence indicates that there is a **minimum OAN of 457 dwellings per annum** in Wyre. This represents an uplift of some 11% from the upper end of the longer-term demographic projections and significantly uplifts the *'starting point'* by some 61%.
14. This level of provision would be expected to accommodate the need implied by each of the demographic scenarios, uplifted in response to evidence of an historic worsening in market signals. Provision of this scale would also boost supply significantly above the historic provision of 265 dwellings per annum in the borough (2003 – 2017) and contribute significantly towards addressing affordable housing need.
15. A range of need associated with supporting forecast likely job growth has been modelled. This supports the growth of almost 160 jobs per annum over the remainder of the plan period (from 2015) and recognises uncertainties involved in forecasting future labour-force behaviours. This range falls either side of the minimum OAN referenced above. It is considered on the basis of the modelling evidence that the provision of a minimum of 457 dwellings per annum will support the forecast growth in employment over the remainder of the plan period based on reasonable assumptions around the future behaviour of the labour-force.
16. This minimum level of housing need sits towards the upper end of the range previously concluded in Addendum 2, and that concluded in the original 2013 SHMA. The

projected ageing of the population remains an important consideration, however, and a comparable sensitivity scenario has been modelled applying more prudent assumptions on the economic activity of older age groups which implies a higher need for 513 dwellings per annum.

17. The implied growth in population associated with this sensitivity scenario represents a notable uplift when compared to the other employment-led scenario, recognising this itself comes close to ensuring that the working age population is at least maintained over the remainder of the plan period. The elevation of the projected population to this degree and in this context is not considered to be necessary or evidentially justified in order to support the scale of job growth anticipated. However, it is considered that there is benefit in ensuring a level of flexibility in this regard and on this basis it is considered that the upper end of the OAN range previously concluded in Addendum 2 (**479 dwellings per annum**) remains a reasonable upper limit as to the full need for housing in Wyre. This would represent an uplift from the '*starting point*' of some 69%, whilst also representing an uplift of some 16% from the upper end of the longer-term demographic projections.
18. Within the Addendum 2 report it was concluded that emphasis should be placed upon the upper end of the OAN range identified². This recognised the risks associated with a falling working age population in supporting the scale of job growth identified within the ELSU and recent evidence of a return to stronger levels of population growth. Account was also given of the evidenced need to provide affordable housing with the implied provision associated with the higher end of the range serving to support the delivery of higher levels of affordable housing. Whilst the OAN range has been narrowed on the basis of this addendum, 457 – 479 homes per annum, these factors continue to support a recommendation that provision should be made for needs aligned to the upper end of the range identified in this latest Addendum. Provision at this higher level will mitigate risks associated with a declining working age population and represent a positive response to the evidenced need for affordable housing in the authority. The latest evidence considered in this Addendum therefore continues to support the use of the OAN of 479 homes per annum, which has been used by the Council in preparing its 'Publication' draft of the Local Plan, as an appropriate and justified figure.

² Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and the ELS Update, Wyre Borough Council, February 2016, paragraphs 6.49 to 6.50.

1. Introduction and Report Scope

Scope of this Report

- 1.1 Turley – in partnership with specialist demographic consultancy Edge Analytics – completed a Strategic Housing Market Assessment (SHMA) for the Fylde Coast authorities of Blackpool, Fylde and Wyre in 2013, with the final report published in February 2014.
- 1.2 In November 2014, Turley and Edge Analytics published an Addendum to the original 2013 SHMA to establish the implications of the 2012-based sub-national population projections (SNPP) – which were released in May 2014 – on the conclusions of the 2013 SHMA, and in particular the range of objectively assessed need (OAN) arrived at within the study. This study was titled '*Analysis of Housing Need in light of the 2012 Sub-National Population Projections*' and has been referred to within the Councils' evidence base as the 'Addendum 1 report'.
- 1.3 In February 2015 the DCLG published the 2012-based sub-national household projections (SNHP). In addition, Wyre Borough Council ('the Council') commissioned NLP (rebranded in 2017 as Lichfields) to prepare a Wyre Employment Land Study Update³ (ELSU) and subsequent ELSU Addendum report⁴. In order to take account of the implications of this new context for assessing the need for housing in Wyre, the Council commissioned Turley and Edge Analytics to prepare an Addendum 2 report with the title '*Analysis of Housing Need in light of the 2012 Sub-National Household Projections and ELS Update*'. The Addendum 2 report set out the implications for the OAN in Wyre but did not constitute a full update to Fylde Coast SHMA.
- 1.4 The Council has identified 479 dwellings as the annual OAN for housing in preparing its publication draft of the Local Plan which is scheduled to be issued for consultation in September 2017. This was based on the conclusions of the Addendum 2 report.
- 1.5 This report represents a third Addendum (Addendum 3) to the Fylde Coast SHMA for Wyre Borough Council. It is recognised that there have been a number of important data releases since the publication of the Addendum 2 report. This includes the 2014-based SNPP and SNHP which were released in May and July 2016 respectively. The Council has also updated its evidence of the likely forecast job growth in the borough with the publication of a new 2017 Employment Land Study Addendum II report. This includes an appraisal of a new up-to-date economic forecast and consideration of the implications of the Hillhouse Technology Enterprise Zone which became live in April 2016.
- 1.6 The SHMA evidence assembled to date has also not included a full update of the separate calculated need for affordable housing since the publication of the 2013 SHMA. This report updates this element using information provided by the Council and therefore replaces for Wyre the calculated need for affordable housing as set out in the 2013 SHMA and partially updated in the Addendum 1 report.

³ Employment Land Study Update, NLP, 2015

⁴ Wyre Employment Land Study Update Addendum, NLP, 2015

- 1.7 This Addendum 3 report takes into consideration this updated evidence to assess its implications on the OAN for housing in Wyre, as of July 2017.
- 1.8 Whilst the report evidently limits its analysis to the authority area of Wyre as opposed to the Fylde Coast housing market area (HMA), it is noted that an Addendum 3 report for Fylde⁵ was published in May 2017 to inform the progression of the Fylde Local Plan, which at the time of writing was at Examination in Public (EiP). Blackpool Council adopted its Core Strategy in 2015. As part of a duty to co-operate meeting, all three Councils were engaged in considering the draft findings in Addendum 3 and their implications for the need for housing across the HMA⁶.

Potential Changes to the Guidance for Assessing Housing Need

- 1.9 In February 2017 the Government published its Housing White Paper (HWP). Through the HWP, the Government reaffirmed its appreciation of the scale of the acknowledged national housing crisis and the need for *'radical, lasting reform that will get more homes built right now and for many years to come'*⁷.
- 1.10 The HWP confirmed an intention to consult on a new standardised methodology for calculating objectively assessed housing needs⁸. This methodology is intended to apply as *'the baseline for assessing five year housing land supply and housing delivery'* from April 2018⁹.
- 1.11 DCLG has written to each chief planners in local authorities confirming that it is the intention to consult upon the new methodology for assessing local housing need in September¹⁰. Within this correspondence the DCLG has also confirmed that where a Council submits its plan for examination on or before 31 March 2018 it is able to progress its plan using the existing methodology for calculating local housing need, as set out in current guidance.
- 1.12 In this context this addendum has followed the methodology currently set out in Planning Practice Guidance (PPG), as of August 2017.
- 1.13 It is, however, recommended that the Council considers the implications of the release of the consultation to identify any significant departure in the scale of implied housing need.

Structure

- 1.14 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

⁵ Fylde Addendum 3: Analysis of the OAN in light of the 2014-based SNPP and SNHHP, Fylde Borough Council, May 2017

⁶ A meeting including officers representing each of the Fylde Coast authorities as well as the adjacent authorities of Lancaster and Preston was held on the 5th July 2017. The meeting involved a discussion around the emerging updated evidence base being prepared by Wyre in the context of the latest evidence and Local Plan policy positions of the other Fylde Coast authorities.

⁷ DCLG (February 2017), 'Housing White Paper: Fixing our broken housing market', pg 7

⁸ DCLG (2017) Fixing our Broken Housing Market (para 1.13)

⁹ Ibid (para 1.15)

¹⁰ DCLG Planning Update Newsletter issued to LPA Chief Planners, 31 July 2017

calculation of an OAN. The report is therefore structured to present analysis according to the following stepped process:

- (i) The Latest DCLG Published Household Projections – the ‘Starting Point’¹¹
- (ii) Adjustment to the DCLG Household Projections – Demographic Need¹²
- (iii) Taking Employment Trends into Account¹³
- (iv) Responding to Market Signals¹⁴
- (v) Taking into Account the Need for Affordable Housing¹⁵

1.15 The final section of the report provides a conclusion to the analysis setting out clearly the implications for the updated OAN and the separate calculation of the need for affordable housing.

¹¹ PPG Reference ID: 2a-005-20140306

¹² PPG Reference ID: 2a-017-20140306

¹³ PPG Reference ID: 2a-018-20140306

¹⁴ PPG Reference ID: 2a-019-20140306

¹⁵ PPG Reference ID: 2a-029-20140306

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 PPG¹⁶.
- 2.2 The following table shows the projected change in population and households in Wyre under the 2014-based projections for the plan period (2011 – 2031). Household growth is converted to dwellings using a vacancy rate of 5.4% sourced from the 2011 Census which is consistent with the analysis presented in Addendum 2¹⁷.

Table 2.1: 2014-based SNPP / SNHP Projection of Need 2011 – 2031

	Change 2011 – 2031				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
2014 SNPP	6,534	6.1%	5,353	11.3%	803	283

Source: Edge Analytics

- 2.3 The modelled need for 283 dwellings per annum – or approximately 5,660 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 Wyre.
- 2.4 This updated 'starting point' is very closely aligned to the level of need implied by the previous 2012-based SNHP as used as the basis of deriving the OAN in the Addendum 2 report. The 2012-based SNHP suggested a need for 279 dwellings per annum over the same projection period (2011 to 2031)¹⁸ with the two projections compared directly in Table 2.2.

Table 2.2: 2014-based and 2012-based SNPP / SNHP Projection of Need 2011 – 2031

	Change 2011 – 2031				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
2014 SNPP	6,534	6.1%	5,353	11.3%	803	283
2012 SNPP	6,340	5.9%	5,278	11.2%	737	279

Source: Edge Analytics

¹⁶ PPG Reference ID 2a-015-20140306

¹⁷ 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. The latest evidence available to the Council suggests that vacancy levels have fallen since 2011. The Council's corporate monitoring system indicates that 1.2% of properties in Wyre are vacant or second homes. In order to maintain consistency and recognising that it has only a limited impact on the modelled levels of need it has been decided to retain the Census 2011 rate for the purposes of translating household growth into a dwelling need in this report.

¹⁸ The implied need for new dwellings based on the 2012 SNHP is included at Table 3.2 of the Addendum 2 report for Wyre (February 2016).

2.5 It is apparent from Table 2.2 that the two latest DCLG official projections suggest a very similar level of growth in both population and households. Whilst this level of consistency forms an important context for the updating of the OAN, it is important to recognise that both the 2012 and 2014-based projections base their trend-based projections on a comparatively short term 5/6 year historic period and have taken full account of the results of the 2011 Census. The assessment of the demographic need for housing in the 2013 SHMA and subsequent Addendums considered the justification for considering variant projections of projected population growth in Wyre in the context of the methodology set out in the PPG. This is considered using the latest published data as of May 2017 in the following section.

3. The Demographic Projection of Need

- 3.1 The PPG makes clear that the ‘starting point’ may require adjustment to reflect local demographic factors which are not captured in past trends, with sensitivity testing based on ‘*alternative assumptions in relation to the underlying demographic projections and household formation rates*’ advocated¹⁹. The need to apply – and appropriateness of – alternative assumptions should therefore be established and justified, based both on the underlying population projection and the application of household formation rates. Each of these factors is separately considered within this section.

Population Projections

- 3.2 Each iteration of the official projections draws upon a different historic time period, basing trends on the immediately preceding 5/6 year period. The 2014-based SNPP is therefore primarily based on trends recorded between 2009 and 2014, unlike the 2007 to 2012 period covered by the preceding 2012-based dataset.
- 3.3 The 2013 SHMA included a detailed analysis of the historic demography of Wyre 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.
- 3.4 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).
- 3.5 In presenting a range of variant population projections, the Addendum 1 report recognised that the 2011 Census suggested a very different picture of population change between the Census years (2001 and 2011) than the ONS had estimated over this period, in particular for Wyre. It was noted that the ONS had over-estimated the rate at which the population of Wyre had grown over the ten year period by some 3,920 persons²⁰. This essentially meant that whilst the ONS had estimated that the population would continue to grow, as it had done earlier in the decade over the full ten year period, in reality the population from around 2007 actually declined within the borough. The ONS ‘corrected’ for this mis-estimation by identifying a component of unattributable population change (UPC).
- 3.6 Scenarios were therefore presented which both included and excluded UPC, with the latter resulting in a notably higher projection of population growth.
- 3.7 The Addendum 1 report concluded in relation to the implied demographic projection of need:

¹⁹ PPG Reference ID 2a-017-20140306

²⁰ *Ibid* Figure 3.1

“The analysis in section 3 of this report has highlighted that the rate of internal migration has fallen in Wyre, particularly following the recession, with this lower level of migration evidently projected forward by the ONS in the 2012 SNPP...The impact of unattributable population change (UPC) – excluded in the Migration-led 10 year (x) scenario – is clear, with the removal of this element leading to a higher assumed rate of international migration – which was overestimated by the ONS – and a subsequently higher projected need for housing. The migration-led 10 year scenario, shows a level of alignment with the previous lower end of the range and the 2011 SNHP projection. However, recognising the uncertainty around the UPC component would suggest that a prudent approach would be to consider carefully the implications of a demographic based need towards the upper range of the ten year migration scenarios. This would suggest a higher base level of demographic based need than the lower end of the range identified in the 2013 SHMA.” (paragraphs 7.26 and 7.27 of the Addendum 1 report)

- 3.8 The Addendum 2 report for Wyre integrated the 2012-based SNHP household formation rates and also included an updated set of variant trend-based projections using the then-latest 2014 ONS mid-year estimates (MYE). Whilst the 2012 SNHP household formation rates resulted in a higher level of need than the scenarios run previously using the Interim 2011-based headship rates, the inclusion of the more recent population data resulted in an implied lowering of the demographic need. The Addendum 2 report noted, however:

“In understanding the associated modelling outputs, it is important to reflect on the historic profile of migration in Wyre as considered in detail in the Addendum 1 report. This highlighted that migration levels were considerably higher earlier in the last decade, particularly up to 2004/05. The rolling forward of the ten year period from a 2003/04 base to a 2004/05 base removes a year of higher migration, therefore serving to reduce the trends projected forward. Whilst consideration of the latest demographic data is important, it is not suggested that these scenarios should replace those presented in the Addendum 1 report, recognising that they are less representative of periods of higher and lower migration”²¹

- 3.9 Within the Addendum 2 report it was noted that the more recent estimates of population change released since the 2011 Census showed a comparative alignment with the levels of population growth implied by a projection based upon a longer-term period (10 years 2003/4 to 2012/13) but including UPC²². In this context the Addendum 2 report concluded:

“It is acknowledged that there is considerable uncertainty regarding this aspect of the historic demographic data. In the context of the more recent demographic data which shows a stronger return to population growth – albeit not one to the extent represented by this scenario – it is considered that excluding UPC in full may serve to over-estimate demographic based growth for Wyre. The implication of a potentially stronger level of demographic need, however, forms an important consideration in assessing the potential impact of likely job growth on housing need in the next sub-section.”²³

²¹ Wyre Addendum 2 report, February 2016, paragraph 3.40

²² Wyre Addendum 2 report, February 2016, paragraph 6.12

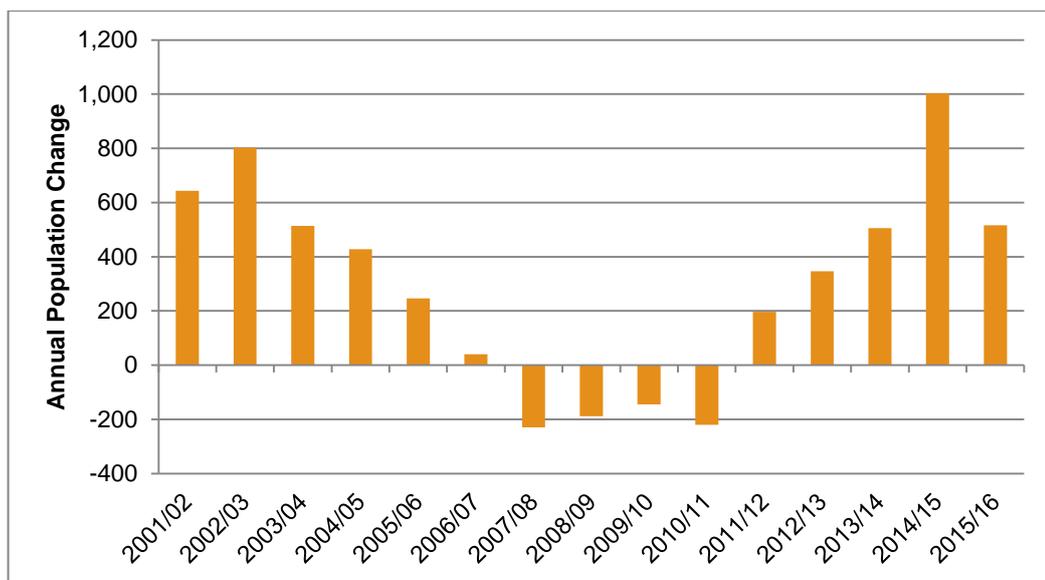
²³ *Ibid*, paragraph 6.14

- 3.10 On this basis it was concluded that the scale of need implied by a ten year trend scenario but including UPC represented a minimum demographic projection of need. This suggested a need for 348 homes per annum over the 2011 to 2031 period.
- 3.11 To ensure a level of consistency with the SHMA and subsequent Addendums, a set of variant trend-based population projections are presented in this section, in order to enable comparison with the official 2014-based SNPP and SNHP datasets.
- 3.12 A comparable approach has been followed to update the demographic analysis of need to take into account the 2014-based SNPP and the 2014-based SNHP as well as the ONS MYE population estimates for Wyre²⁴.

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

- 3.13 Figure 3.1 shows the historic change in the population of Wyre from 2001 to the latest available data in 2016. This shows a notably varying trend in population with strong growth recorded up to 2007 followed by a period of population decline and then a return to strong growth from 2011 onwards.

Figure 3.1: Historic Population Change in Wyre



Source: ONS

- 3.14 Population growth has evidently occurred in the borough since 2014, enabling a comparison with the level of growth projected by the latest 2014-based SNPP. The following table indicates that the population of Wyre has grown to a greater extent than projected, primarily due to higher levels of net internal migration from other parts of the UK. This is most marked in 2014/15, when total net migration was almost double the level projected.

²⁴ The projections presented in this report have been run using the 2015 ONS MYE dataset. The 2016 MYE has been referenced but was released in June 2017 after the projections had been developed by Edge Analytics.

Table 3.1: Projected and Estimated Mid-Year Population

	2014 SNPP ²⁵	ONS MYE
Mid-2014 population	108,742	108,742
Natural Change	-600	-405
<i>Net Internal Migration</i>	500	1,219
<i>Net International Migration</i>	200	179
Total Migration	700	1,398
Other Change	–	10
Mid-2015 population	108,900	109,745
Natural Change	-500	-508
<i>Net Internal Migration</i>	600	839
<i>Net International Migration</i>	200	177
Total Migration	800	1,016
Other Change	–	8
Mid-2016 population	109,200	110,261

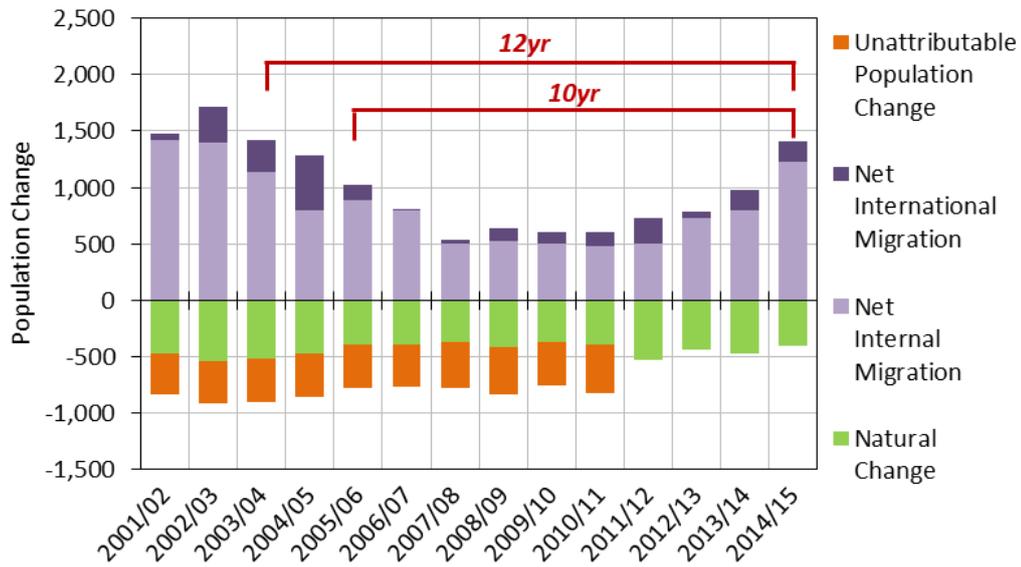
Source: ONS

Variant Population Projections

- 3.15 A set of updated ten year trend-based projections have been modelled by Edge Analytics which use 2015 as the base year. This aligns with the projection period and base year of the economic forecasts used in the Wyre Employment Land Study Addendum II report (July 2017)). The ten year trend-based projections therefore base their projections of population growth on the ten year historic period 2005/06 to 2014/15, thereby basing trends on a period which includes more positive periods of annual growth than the 2014-based SNPP. Scenarios have been run including and excluding UPC for the reasons considered above.
- 3.16 In addition to a ten year trend-based projection, Edge Analytics has 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 integrates the original ten year historical period used within the trend-based projections in the Addendum 1 report and preferred within the Addendum 2 report but also takes account of the most recent additional two years of released population estimates by ONS.
- 3.17 Figure 3.2 illustrates the historic components of change annually and the different historic periods used within each of the scenarios.

²⁵ Rounded figures presented

Figure 3.2: Wyre Components of Population Change 2001 – 2016



Source: Edge Analytics, ONS

3.18 Table 3.2 presents the outcomes of these updated demographic projections compared with the 2014-based SNPP/ SNHP²⁶.

Table 3.2: Updated Longer-term Demographic Projections using the 2014-based SNPP/ SNHP

Scenario ²⁷	Change 2011 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
12yr Trend (Exc UPC)	11,388	10.6%	7,812	16.5%	1,043	413
10yr Trend (Exc UPC)	9,925	9.2%	7,122	15.1%	976	377
12yr Trend (Inc UPC)	8,490	7.9%	6,640	14.0%	905	351
10yr Trend (Inc UPC)	7,281	6.8%	6,040	12.8%	850	319
2014 SNPP	6,534	6.1%	5,353	11.3%	803	283

Source: Edge Analytics, 2017

²⁶ The demographic projections presented in this table have been modelled using the Stage 2 headship rate dataset. The implications of applying Stage 1 and Stage 2 rates is considered later in this section.

²⁷ 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).

- 3.19 As with the analysis presented in the 2013 SHMA and Addendum 1, the longer-term projections result in an uplift to the projected population growth based on the official projections and therefore a higher level of associated housing need.
- 3.20 It is apparent that retaining the base date of the longer-term projections (i.e. the 12 year trend scenario) indicates a higher level of need than the re-based 10 year trend based projections with this reflecting the more recent trend of low levels of population growth in the borough. 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. It is apparent from the analysis of completions in Addendum 2 (Figure 5.7) that this period includes and proceeds a year (2003/04) of comparatively strong net completions in Wyre. 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 Wyre.
- 3.21 As considered in the Addendum 2 report, and noted above, there remains a level of uncertainty around UPC. Given the scale of the adjustment in Wyre and evidence more recently of a reduction in population growth it continues to be considered prudent and reasonable to consider the inclusion of UPC as a minimum indicator of demographic need. It is recognised that the scale of population growth could indeed be higher as suggested where UPC is excluded and recognising the strong return to recent population growth suggested over the two years to 2016. In the context of the continued projection of strong population growth, the level of need associated with the twelve year trend-based projection as modelled excluding UPC can therefore be considered as representing an upper level of potential demographic need. This forms an important context for considering the implications of levels of need associated with supporting forecast employment growth as considered in section 4 of this report.

Adjustments to Household Formation Rates

- 3.22 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.
- 3.23 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.

²⁸ Further detail is set out in the section titled 'household projections' within Section 7 of the 2013 Fylde Coast Strategic Housing Market Assessment (SHMA). 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.'*

- 3.24 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.
- 3.25 The implications of the 2012 SNHP were taken into account within the Addendum 2. It was noted that in generating the household projections the DCLG uses two distinct stages. Stage 1 produces the national and local authority projections for the total number of households by age group, sex and relationship (marital) status group over the projection period. In deriving future projections of household formation the Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses.. Stage 2 provides the detailed household type projection by age group, controlled to the previous Stage 1 totals albeit basing trends relating to the household type by age on just the last two Census points i.e. 2001 and 2011. Overall outputs on total household growth are constrained to the totals from the Stage 1 projections. This means that both sets of projections show a common level of projected household growth, when applied to the 2014-based SNPP from the base date of the projections. However, as a result of the differing datasets used to build the projections, some of the age specific assumptions differ. This means that the application of the Stage 1 and Stage 2 headship rates to different population projections can result in differences in the overall projection of household growth due to differences in the age structure.
- 3.26 It was noted within the Addendum 2 report that for the 2012 SNHP DCLG published the two different stages of data at different points. The Stage 2 outputs were not published until December 2015, after which Edge Analytics had completed the modelling with the analysis of household formation rates and the implications on housing need using the 2012 SNHP primarily based therefore on the Stage 1 rates in the Addendum 2 report.
- 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. It was considered that these housing market factors are most likely to have impacted on the capacity and ability of younger households (aged 20 to 39) to form. 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. This was particularly noted as the case for those in the age group 25 to 29 but with a less pronounced picture also apparent for those aged 20 to 24 and 35 to 39.
- 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 recognised³¹. In order to respond positively to this assumed continuation of suppressed younger household formation, an adjustment was applied which assumed a recovery of the

²⁹ Paragraph 7.44 of ED021

³⁰ PPG Reference ID: 2a-015-20140306

³¹ Wyre Addendum 2 report, February 2016, paragraph 5.63

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 approximately 3 to 4% per annum, or 14 to 18 dwellings per annum³² dependent upon the scenario to which it was applied.

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 using both the Stage 1 and Stage 2 outputs. A full set of charts analysing the headship rates by age and sex under both of the stages of output published by the DCLG is included in Appendix 1.

- 3.31 In the context of the Stage 1 headship rates within the 2014-based SNHP, this confirmed that the latest DCLG dataset showed that there was a notable fall in the headship rates of a number of the younger age groupings in Wyre following a comparable analysis to that used in the Addendum 2 report. A more detailed analysis was undertaken of the headship rate datasets for Wyre split by males and females. This highlighted that the fall in headship rates was only apparent for males with rates actually rising for younger females.

- 3.32 Similarly the Stage 2 datasets also showed a historic reduction in the headship rates of younger households with this projected to continue by way of a worsening trend for the wider ten year age groupings used (as opposed to the five year groupings under the Stage 1 datasets).

- 3.33 Edge Analytics sought to assess the implications of applying positive adjustments to the Stage 1 and Stage 2 rates following a comparable rationale and approach to that used within the Addendum 2 report. The following variant scenarios were run using the two stages of data assuming a recovery for those identified age groups above to headship rates seen in 2001 by the end of the plan period (2031) from a base date of 2014³³:

- Stage 1 Headship Rates in the 20 to 24 and 25 to 29 age groups for both male and female have been returned **(1)**;
- Stage 1 Headship Rates in the 20 to 44 age groups for males only have been returned **(2)**; and

³² This is shown at Figure 5.17 of the Addendum 2 report for Wyre (February 2016)

³³ It is noted that in the Addendum 2 report and indeed the Fylde Addendum 3 (May 2017) report which forms part of Fylde Council's Local Plan Examination library that the adjustments to headship rates were based on a return to 2001 rates over a ten year period from the base date of the DCLG household projections. Scenarios were run assuming a comparable approach with headship rates assumed to 'recover' to 2001 rates by 2025 (10 years from the 2015 base date of the demographic projections) rather than 2031 before following the projected trend for the remaining years. This sensitivity showed a very high level of alignment with the scenarios modelling change to 2031. Using the Stage One rates the difference was 1 dwelling per annum higher and under the Stage Two rates 4 dwellings per annum lower.

- Stage 2 Headship rates adjusted for those aged 25 to 34. As noted above the Stage 2 headship rates do not include a breakdown by sex and so the adjustments are applied for both male and female headed households (3).

3.34 In addition to the above sensitivities it is recognised that the LPEG proposed methodology for calculating OAN advocates an alternative approach which sees the household formation rates of younger households returned to reflect earlier projections within the 2008-based SNHP dataset. Specifically the LPEG methodology asserts:

'In many areas, formation rates will have been suppressed historically by under-supply and worsening affordability of housing, and the assessment should therefore make an adjustment to household representative rates to reflect and respond to the consequences of this. This adjustment should take the form of a comparison between the household representative rates set out in the 2008- and – 2012 based projections [noting this was drafted prior to the release of the 2014 SNHP dataset]. Where the rates for those in the 25-44 year age cohorts are lower in the 2012-based projections than was estimated in the 2008-based figures, the assessment should make adjustments to the rate for these cohorts to recover half of the difference in rates between the two sets of projections by 2033, and thereafter from that point trend forward the rate of change for that year from the 2012-based projections. Where the rates for these age cohorts in the 2012-based projections are higher than the 2008-based projections no adjustment should be made'³⁴

3.35 Whilst as noted in section 1 the Government has not commented in detail on the appropriateness of the methodology for calculating OAN proposed by LPEG, for completeness Edge Analytics ran two further sensitivities considering the impact of adjusting the headship rates of younger households to reflect earlier projections within the 2008-based SNHP dataset. The sensitivities use the Stage 1 datasets and consider the 2014-based headship rates and 2008-based rates by sex. Where the 2008-based headship rates are higher than the 2014-based rates, they are returned by 2033. For Wyre this means that the headship rates in the 25 to 44 age groups for males and the 25 to 34 & 40 to 44 age groups for females are adjusted. The two sensitivities assess:

- A partial return to a 'mid-point' between the 2014-based and 2008-based rates i.e. the approach recommended by LPEG (4); and
- 5. A full return to the 2008-based rates (5).

3.36 The alternative headship rate adjustments have been applied to the 12 year trend scenario (including UPC) to illustrate the impact of the various sensitivities on projected household growth. Table 3.3 illustrates the impact of the adjustments on the implied need for dwelling in terms of the proportionate uplift and the resultant additional need for housing associated from the projected need for 351 homes per annum as set out in Table 3.2 above³⁵.

³⁴ Local Plan Expert Group Appendices – Appendix 6 'Housing and Economic', 2016

³⁵ It is noted that the analysis presented throughout the section to this point is based upon the application of Stage Two headship rates to the population projections. The application of Stage One rates to this scenario with no adjustment would result in a need for 355 homes per annum over the period 2011 to 2031.

Table 3.3: Average Annual Dwellings – Implications of the adjustment to the household formation rates of younger households in the 2014 SNHP

12 Year Trend Scenario	Headship Rate Return Adjustment by 2031	% uplift	Dwelling uplift per annum
4. Stage 1 Full Return to 2008 SNHP rates	394	12.3%	43
2. Stage 1 ages 20 – 44 adjustment for males only	391	11.4%	40
3. Stage 1 Partial Return to 2008 SNHP rates (LPEG)	375	6.8%	24
5. Stage 2 ages 25 – 34 adjustment	372	6.0%	21
1. Stage 1 ages 20 – 29 adjustment	366	4.3%	15

Source: Edge Analytics

- 3.37 It is apparent that the application of differing adjustments to Stage 1 and Stage 2 rates results in a quite marked difference in the impact of the changes. The first variant suggests a similar level of adjustment to that concluded in the Addendum 2 report. This reflects the broadly common methodology but also highlights the similarities in the underpinning headship rate projections under the 2012 and 2014-based SNHP for Wyre. This level of adjustment forms the lower end of the range presented.
- 3.38 The splitting of the adjustment of the Stage 1 rates by gender presents the most pronounced impact with the significant adjustments made to male households not moderated by any adjustments to female households as is the case in the first variant. This would suggest an upward adjustment of 11% or approximately 40 additional dwellings per annum. This level of adjustment aligns closely with the final sensitivity which assumes a full return to the 2008 SNHP household formation rates. These two sensitivities therefore form an upper end of the range.
- 3.39 The sensitivity applying adjustments using the Stage 2 headship rates indicates an adjustment of 6% or just over 20 dwellings per annum. The approach applied in this sensitivity is broadly comparable to that applied in the Fylde Addendum 3 document which was published in May 2017. This scale of adjustment also aligns closely to the sensitivity following the LPEG recommended approach which would result in an uplift of 24 dwellings per annum.
- 3.40 The PPG does not stipulate whether Stage 1 or Stage 2 household formation rates should be used when considering sensitivities and adjustments. The analysis above has considered the implications of applying adjustments to both datasets. It is recognised that the Stage 1 rates have the advantage of basing projected trends on a longer historic period and are also used as the controlling outputs with Stage 2 figures constrained back to Stage 1 values. However, equally it is understood that following the

transfer of responsibility for the production of household projections to ONS future projections will include only one set of rates, akin to Stage 2³⁶.

- 3.41 Considering the outputs of the sensitivity modelling in the round it is considered that the scale of uplift associated with the modelling using the Stage 2 headship rate adjustment presents an appropriate reflection of a positive adjustment being made to redress the impact of the recent historic evidence of the suppressed rates of younger household formation. This sensitivity results in an uplift of 6%. This is higher than the adjustment applied in the Addendum 2 report but lower than the upper end of the sensitivities considered. It is noted that the scale of adjustment aligns closely with that based on the application of the LPEG's recommended methodological approach.
- 3.42 The presentation of a range of sensitivities related to adjustments to household formation rates highlights that both higher and lower levels of need could be reasonably expected to occur. Whilst a reasonable adjustment has been recommended this does not mean that the other adjustment approaches could not equally be viewed as appropriate. However, at the lower end the adjustments are considered to under-state the scale of adjustment which can be viewed as a positive response to historic trends and at the upper end they would represent a significant shift for male households in isolation and / or a return to rates which have subsequently been proven to have not been realised. The range of implied housing need associated with the adjustment, however, forms part of the consideration of the OAN in section 7..

Summary and Implications

- 3.43 The 2013 SHMA and subsequent addendums have consistently identified that more recent official population projections are likely to under-estimate future growth in Wyre. This relates to the historic period from which they draw their trends, with the official projections using a 5/6 year historic period.
- 3.44 In Wyre this historic period, particularly in the current 2014-based SNHP, is dominated by the post-recession period, which also coincides with a period in which completion levels have been below that seen prior to the onset of recession.
- 3.45 Projections of population growth which draw upon a longer-term historic period have on this basis been considered as being more representative of potential future demographic growth pressures. This approach continues to be considered reasonable with a projection based on a historic period which retains the start date of the projection used within the Addendum 1 report but integrating more recent population estimates considered to present a reasonable projection of future population growth.
- 3.46 The analysis of demographic evidence in Wyre through the previous housing need evidence has highlighted that there is a degree of uncertainty related to the accuracy of historic counts of population in Wyre. This is reflected in the ONS applying a notable 'correction' to the historic estimates of population change on the release of the 2011 Census, is represented by an 'unattributable population change' component (UPC). This unattributed population component is used to account for an apparent notable over-estimation of population growth in the authority between the two Census years. The

³⁶ ONS (January 2017) Proposed changes to household projections for England, consultation document

more recent estimates of population appear to continue to show a strong growth in the population of Wyre, and whilst it is possible that these estimates continue to replicate the errors seen in the last decade this growth serves to reinforce the rationale for projecting a stronger level of population change than indicated by the official projections.

- 3.47 The scale of historical mis-estimations of population counts by the ONS presents a challenge in determining future growth. Including and excluding UPC results in a broad range of implied population growth. Translating population growth into household growth using the 2014 SNHP formation rates without any adjustment indicates a resultant need for between 351 and 413 dwellings per annum over the period 2011 to 2031.
- 3.48 In accordance with the previous housing need evidence it is considered that the lower end of this range should be viewed as a minimum level of demographic need in Wyre.
- 3.49 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 considered in detail the implications of applying variant adjustments to the household formation rates of younger households. These use the different datasets which form the 2014 SNHP to assume that this trend of suppression, which is considered to reflect worsening affordability issues, is not sustained with rates assumed to return to levels seen at a period where the housing market showed less signs of dysfunction in this regard.
- 3.50 On the basis of the range of sensitivities presented it is considered reasonable to assume that a return to more sustainable household formation rates for younger households will result in an approximate 6% uplift to the projections based on the application of the 2014 SNHP household formation rates.
- 3.51 The application of this household formation rate adjustment to the twelve year trend-based projection of population growth, including and excluding UPC, suggests a demographic need for between 372 and 435 dwellings per annum in Wyre. This level of need is some 89 to 152 dwellings per annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, representing an uplift of between 31% and 54%.

4. The Implications of Likely Employment Growth

- 4.1 The PPG is clear in expecting local authorities to take employment trends into account when considering housing need, with plan makers required to make an assessment of likely job growth and consider the level of housing needed to support this likely job creation³⁷. Importantly, this needs to be balanced against the available supply of labour force:

“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area...Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems”³⁸

- 4.2 This section initially presents a summary of the approach taken to date in appraising the implications of likely future job growth on housing need in the 2013 SHMA and the subsequent Addendums. The latest position with regards to the evidenced likely job growth in Wyre is then set out referencing the conclusions of the Wyre Employment Land Study Addendum II report (ELS Addendum II, July 2017) commissioned by the Council. The section concludes with an assessment of the implications of the latest forecast of likely employment growth on housing need in Wyre recognising up-to-date labour-force behaviour data.

Taking Employment Trends into Account within the SHMA Evidence Base

- 4.3 The implications of supporting job growth have formed an important consideration in the derivation of the OAN in the 2013 SHMA and subsequent Addendums³⁹.
- 4.4 The 2013 SHMA identified that the scale of growth in the labour-force under the demographic projections would not be sufficient to support forecast employment growth in Wyre. The SHMA identified a need for between 479 and 485 dwellings per annum to align with forecast job growth with this forming the upper end of the concluded OAN range⁴⁰.
- 4.5 In 2015 the Council appointed Lichfields (then NLP) to update the borough's Employment Land and Commercial Leisure Study⁴¹ with the Employment Land Study

³⁷ PPG Reference ID 2a-018-20140306

³⁸ Ibid

³⁹ Section 4 of the SHMA Addendum 2 report for Wyre (February 2016) provides a useful summary of the assessment of housing need related to employment growth in the 2013 SHMA and subsequent Addendums.

⁴⁰ 2013 SHMA paragraphs 11.37 and 11.40

⁴¹ The original Wyre Employment Land and Commercial Leisure Study (NLP) was published in 2012.

Update (ELSU)⁴² – and its subsequent Addendum⁴³ – considered within the updating of the OAN within the Addendum 2 report. Again the scale of housing need associated with supporting the level of job growth concluded within the Council's evidence base served to underpin the concluded OAN range of 400 to 479 dwellings per annum⁴⁴.

- 4.6 The 2015 ELSU used an adjusted Experian forecast as its basis for assessing the scale of employment land needed over the forecast period 2011 to 2031. This job forecast suggested a growth in employment in Wyre of 2,523 jobs over the twenty year period, or a growth on average of 126 jobs per annum⁴⁵.
- 4.7 In considering the future need for employment land the 2015 ELSU also recognised the potential for Wyre to see stronger job growth on the basis of assumed policy-on factors. This scenario suggested that job growth could reach almost 3,600 over the same period, although reflecting the policy-on nature of the forecast this was not used to underpin the assessment of housing need.
- 4.8 In assessing the implications of forecast job growth on housing need in Wyre the Addendum 2 report recognised the implications of different labour-force behaviour assumptions on the profile of the labour-force and the extent to which the projected changing population of Wyre under the demographic projections would provide sufficient labour without the need for increased levels of in-migration of working age people.
- 4.9 The OAN range reflected the application of these differing assumptions around labour-force behaviour. At the lower end of the range (400dpa) the forecast growth of just over 2,500 jobs was supported in large part through the increased economic activity of older age groups in the workforce. This was based on the application of adjustments to the economic activity rates to older age groups (60 to 74) projected by the Office for Budget Responsibility (OBR) and an assumed reduction in the unemployment rate⁴⁶. A further sensitivity was run which whilst continuing to assume a reduction in the unemployment rate applied more prudent adjustments to the economic activity rates of older age cohorts, principally based on the impact of changes to stage pension ages. Under this sensitivity scenario the job growth was supported by a stronger increase in the core working age population.
- 4.10 Under all of the sensitivity scenarios presented within Addendum 2, no assumption was made that commuting rates would change. Wyre is a significant exporter of labour. It was recognised that whilst the comparatively strong levels of forecast job growth identified in the ELSU may impact on commuting rates in the borough, this would have implications for the other authorities in the Fylde Coast in particular. It was noted that any adjustments relating to assumptions around changing commuting patterns in the HMA / Functional Economic Market Area (FEMA) would need to be agreed through Duty to Co-operate discussions with impacted authorities.

⁴² '2015 Wyre Employment Land Study Update' (ELSU), NLP (2015)

⁴³ 'Wyre ELR Addendum Report' NLP (December 2015)

⁴⁴ 'Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and ELS Update, February 2016, paragraph 6.46

⁴⁵ *Ibid*, Figure 4.1

⁴⁶ *Ibid*, paragraph 4.39

Updated Evidence of Likely Employment Growth

- 4.11 Alongside the commissioning of this updated assessment of housing need the Council also commissioned a parallel update to the 2015 ELSU. The 2017 ELS Addendum II has taken into account an updated Experian forecast and the implications of the Hillhouse Technology Enterprise Zone (EZ) to arrive at an updated conclusion as to the likely level of job growth forecast in Wyre.
- 4.12 Table 4.1 compares the assessed level of likely job growth in the 2017 ELS Addendum II against that concluded in the 2015 ELSU. The concluded forecast in both instances are based on an adjusted version of a forecast produced by Experian.

Table 4.1: Forecast Employment Growth 2011 – 2031 2017 ELSU vs 2015 ELSU

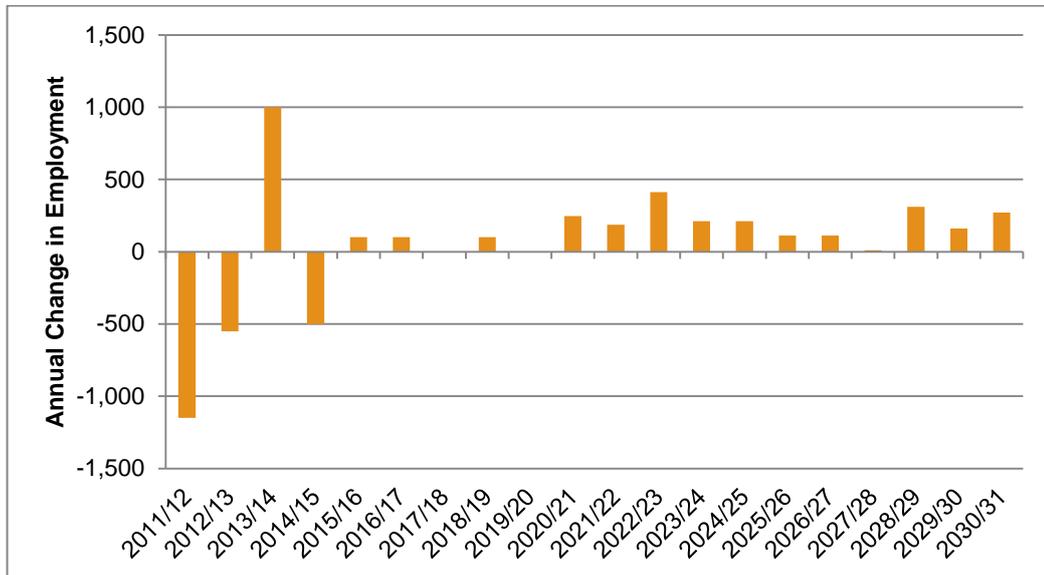
	2011	2031	Total change	Annual change
2017 ELS Addendum II	36,700	38,045	1,345	67
2015 ELSU	36,930	39,453	2,523	126

Source: Experian; Lichfields, 2015 and 2017

- 4.13 In headline terms, the 2017 ELS Addendum II indicates a lower level of forecast job growth over the forecast period of 2011 to 2031. However, it is apparent that under the updated forecast a growth in employment is still projected. The ELS Addendum II report does note that whilst Wyre's economy remains reasonably stable the local economy is not set to recover in size to its pre-recession peak until 2030 – some 22 years after the recession first began.
- 4.14 It is also noted within the ELS Addendum II report that the profile of the recovery of jobs shows that the borough has seen a continuation of job losses since 2008, with approximately 2,000 jobs lost in the period up to the base of the forecasts in 2015. It is recognised, therefore, that over the first four years of the plan period the local economy has seen a net loss of jobs. The ELS Addendum II report notes that between 2011 and 2015 the borough saw a loss of 1,200 jobs⁴⁷, accounting for Norcross where around 2,000 jobs were lost in Wyre between 2011 and 2013. From 2015 onwards, however, the forecast suggests that the borough will see a growth in employment, with the rate of growth accelerating from 2020 onwards. This is illustrated in Figure 4.1.

⁴⁷ This level of job losses is broadly supported by BRES data which indicates a loss of approximately 1,500 jobs between 2011 and 2015 based on data sourced in June 2017.

Figure 4.1: Job Growth Forecast by ELS Addendum II (2011 – 2031) – Adjusted Experian Baseline plus Enterprise Zone



Source: Lichfields, 2017

4.15 In the updated analysis and modelling presented in this Addendum, the demographic projections have a 2015 base date. This is understood to align with the base date of the economic forecasts used in the 2015 ELSU. All modelling of need is therefore based on the change in employment from 2015⁴⁸. As shown in Figure 4.1, this therefore assumes in the assessment of housing need a comparatively strong period of forecast job growth is required to be supported, in particular from 2020, with the underpinning forecast implying job growth of almost 160 jobs per annum⁴⁹ between 2015 and 2031. This represents a total growth of some 2,545 jobs between 2015 and 2031 in Wyre.

Implications for the Need for Housing

4.16 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. As noted above, the evidence presented in the Addendum 2 report included a consideration of a range of different labour-force sensitivities.

4.17 Over recent years, it is recognised that Inspectors have provided varying advice on appropriate modelling assumptions for considering the link between housing and employment. The following labour-force assumptions are considered reasonable in the context of the views of Inspectors in a number of Local Plan examinations and S78 Inquiries in order to assess the extent to which a more significant growth in the labour-force of Wyre may be required to support likely employment growth:

⁴⁸ This approach is consistent with that used in the 2013 SHMA and Addendum 1 report but is slightly different from that used in the Addendum 2 report as set out at footnote 40. Essentially the approach adopted applies a consistent base date of 2015 as the period from which demographic and economic forecasts are made. Prior to 2015 the modelling integrates the ONS MYE datasets with the forecasts used in the ELSU also consistently integrating the historic employment data to 2015.

⁴⁹ This average is based on the period 2015 to 2031 reflecting the projection / forecast period used in the economic forecasts and the POPGROUP modelling.

- The **commuting rate** for Wyre remains unchanged over the forecast period, based upon the 2011 Census ratio of 1.28. A ratio of more than 1 means that Wyre is a net exporter of labour, with this therefore assumed to continue within the modelling;
- The **unemployment rate** for Wyre of 3.6% at the base date of the projections (2015) is assumed to reduce to 3.4%, based upon the average level of unemployment recorded pre-recession average, by 2020. The Blackpool Local Plan Inspector stated that in the case of Blackpool it was '*eminently sensible to plan on the basis that unemployment will gradually fall to the pre-recession average*⁵⁰;
- The **economic activity rates** of all age groups⁵¹ are adjusted to reflect national evidence provided by the Office for Budget Responsibility (OBR) which forecasts changing rates of different age groups (by 5 year age cohorts) over the longer-term⁵². The OBR forecasts reflect demographic and socio-economic factors affecting individual cohorts across their working life, referenced by the OBR as its 'labour market cohort model'. Rebasings these OBR rates to reflect current differences between Wyre and England allows a locally driven projection of labour force change which also takes into account anticipated labour-force behaviour changes at a national level, including for example the impact of changes associated with increases in the state pension age, less generous final salary pensions and increasing health longevity. An allowance for change in economic participation rates using the OBR dataset has been given weight by the Planning Inspectorate⁵³ and featured within the recommendations made by LPEG⁵⁴; and
- A small allowance has been made to account for residents holding more than one job ('**double-jobbing**'). This reflects local evidence recorded by the Annual Population Survey (APS) that circa 4.3% of residents have more than one job, based on a long-term average⁵⁵.

4.18 Table 4.2 presents the outputs of this modelling. 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 applied to younger households for the demographic projections presented in section 3.

⁵⁰ Blackpool Local Plan Part 1: Core Strategy, Inspector's Report November 2015, paragraph 35

⁵¹ It is noted that this differs from the approach taken in the Addendum 2 report which only applied adjustments related to the OBR forecasts for those aged 60 to 74 as referenced at paragraph 4.9 of this report. It is also important to note that the latest modelling uses the updated 2017 OBR projections.

⁵² A sensitivity using OBR economic activity rates was run in the Wyre SHMA Addendum 2 report. This only applied an adjustment to those aged 60 – 74 whereas the Edge Analytics modelling here has applied the OBR adjustments to all age groups aged 16 – 89 which aligns with the projections prepared by OBR.

⁵³ Appeal Decision – Longbank Farm, Ormesby, Middlesbrough (APP/V0728/W/15/3018546) (para 21) / Appeal Decision – land off Westminster Drive, Dunsville, Doncaster (APP/F4410/W/16/3158500) (para 25)

⁵⁴ Local Plans Expert Group (2016) Local Plans Report to Government, Appendix 6

⁵⁵ This rate is based upon the average historic data recorded in the Annual Population Survey over the period 2007 – 2016.

Table 4.2: Modelled Implications of Supporting the Job Growth Forecast by the 2017 ELS Addendum II

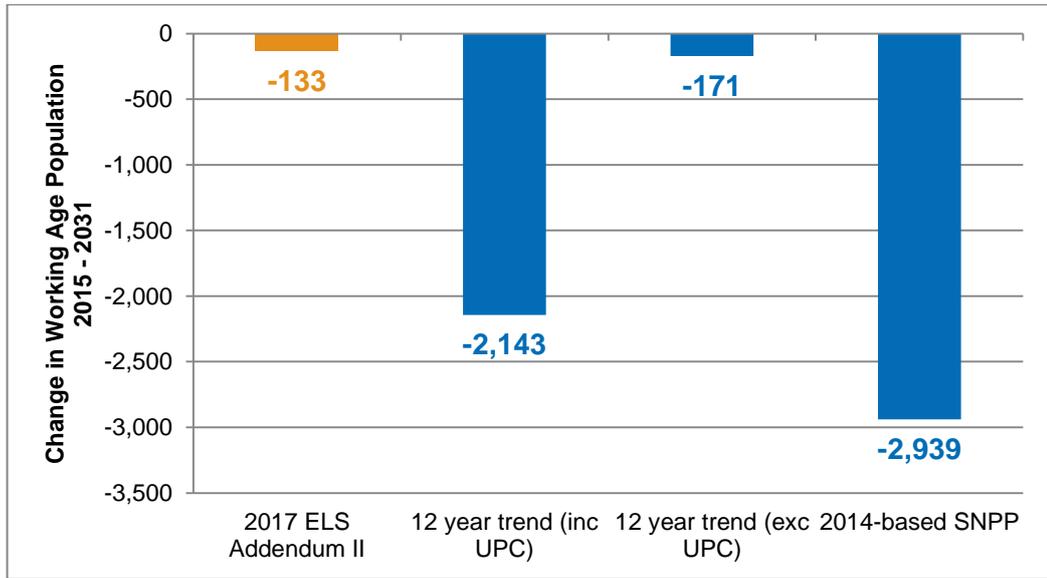
2017 ELS Addendum II Headship rates	Change 2011 – 2031				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
Unadjusted	11,621	10.8%	7,395	15.6%	1,044	391
Adjusted	11,621	10.8%	7,841	16.6%	1,044	415

Source: Edge Analytics, 2017

- 4.19 The modelling indicates that supporting the scale of job growth forecast in the 2017 ELS Addendum II would generate a need for up to 415 dwellings per annum, when allowing for the positive adjustment to the household formation rates of younger households. Whilst the labour-force adjustments have been updated to reflect the latest data, this scenario broadly aligns with the Employment-led (Experian Adj) Sensitivity 2 scenario presented in the Addendum 2 report (400dpa), recognising that this also took into account adjustments associated with economic activity rates based on the OBR forecasts⁵⁶.
- 4.20 In considering the impact of the labour-force adjustments, the Addendum 2 report included a section appraising the implied changes to population and household growth under the employment-led scenarios.
- 4.21 It is apparent when comparing Table 4.2 and Table 3.2 that the proportionate rate of population growth under the employment-led projection sits slightly above the upper end of the range implied by the demographic projections, with the highest demographic projection indicating population growth of 10.6%. The employment-led projection continues to indicate a higher rate of growth than the 2014-based SNPP scenario. The scenario assumes a level of net migration which again sits towards the upper end of the range presented by the demographic projections, with the employment-led scenario assuming net migration of 1,044 per annum and the upper end of the demographic projections 1,043 per annum. The different age structure of the population impacts upon its conversion into households with the employment-led projection evidently suggesting a lower level of household growth than that suggested by the upper end of the demographic projections.
- 4.22 Whilst suggesting capacity to support forecast employment growth, the population growth associated with the employment-led projection continues to suggest a modest decline in the working age population over the remainder of the plan period, albeit not to the extent implied by the demographic scenarios presented in section 3. This is illustrated below.

⁵⁶ It is noted that the OBR forecasts have been updated, with the latest 2017 version used in this report. Adjustments have also been made across all age groups (up to 89 years) whereas the adjustments applied in the Addendum 2 report were limited to older age groups. Further detail is provided in each of the Edge Analytics reports included as appendices.

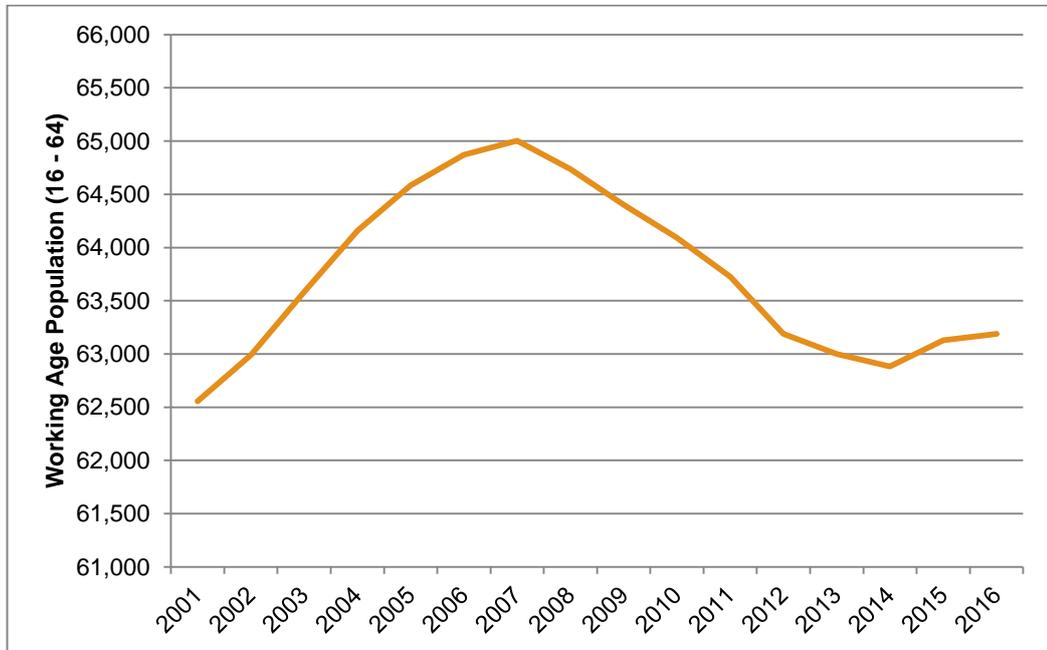
Figure 4.2: Modelled Change in Population Aged 16 – 64 (2015 – 2031)



Source: Edge Analytics, 2017

4.23 This modest decline in the working age population over the remainder of the plan period would continue the trends observed in Wyre over recent years. As shown in the following chart, the number of residents aged 16 to 64 has declined over the past decade.

Figure 4.3: Historic Change in Population Aged 16 – 64 (2001 – 2016)



Source: ONS

4.24 A continued decline in the working age population could potentially present an issue in supporting comparatively strong forecast job growth and the implications of an ageing of

the population over the projection period. This issue was identified within both the 2013 SHMA and the Addendum report⁵⁷. Indeed Edge Analytics has used the latest available data and calculated that under the 2014-based SNPP the old age dependency ratio⁵⁸ in Wyre will increase from 0.42 older persons to every working age person to 0.62. This is evidently a significant increase. Even under the longer-term projections considered in section 3 as being more representative of future growth, the ratio still increases to a minimum of 0.60. This highlights the potential scale and implication of this ageing of the population.

- 4.25 The employment-led scenario, as explained above, assumes an adjustment to the economic activity rates of older cohorts as suggested by the OBR national forecasts, offsetting in notable part the impact of this increasing shift to an ageing population. As recognised in the Addendum 2 report the economic forecasting houses themselves assume an increase in these rates in the generation of forecast levels of job growth⁵⁹, frequently to a greater extent than implied by the adjustments to the OBR rates. Indeed the scale of adjustments assumed within an economic forecasting house's projection were recently questioned by the Inspector examining the Telford & Wrekin Local Plan⁶⁰, in the context of its impact on the calculation of the associated need for new housing.
- 4.26 In this context, and recognising the scale of job growth forecast – noting that this represents an uplift from recent job losses or stagnation in the borough – the labour force adjustments in the above scenario are considered reasonable. However, within the Addendum 2 report, modelling was presented which assumed more prudent changes to the economic activity rates of older cohorts, linked only to modelled assumptions around changes to the state pension age. This implied a higher need for housing being associated with supporting the same level of job growth. This approach was broadly consistent with that used in the 2013 SHMA but preceded the subsequent consideration of this issue in further detail by a number of Local Plan Inspectors, as noted above. For consistency, a comparable scenario has been run by Edge Analytics⁶¹, and is presented at Table 4.3⁶².

⁵⁷ This is considered in the section titled 'Changing Age Structure' (paragraphs 5.5 to 5.7) in the Addendum 1 report (November 2014) which considers the changing age profile of the Fylde Coast authorities under the 2012 SNPP dataset.

⁵⁸ Edge Analytics calculate the dependency ratio on the basis of those aged 65+/ 16 – 65 years old.

⁵⁹ Addendum 2 paragraphs 4.19 – 4.25

⁶⁰ Examination of the Telford & Wrekin Local Plan (2011 – 2031) Inspector's note to Telford & Wrekin Council – 30 March 2017, Paragraphs 4 & 5

⁶¹ As set out in Appendix 1 this scenario assumes that the economic activity rates of all those aged 60 to 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 2013 SHMA and Addendum 1 modelling.

⁶² This scenario closely relates to the 'core assumptions' scenario presented in Addendum 2 with the adjustments to economic activity rates comparable. Whilst a change is assumed relating to unemployment rates this is very modest with a reduction of 0.2% assumed by 2020.

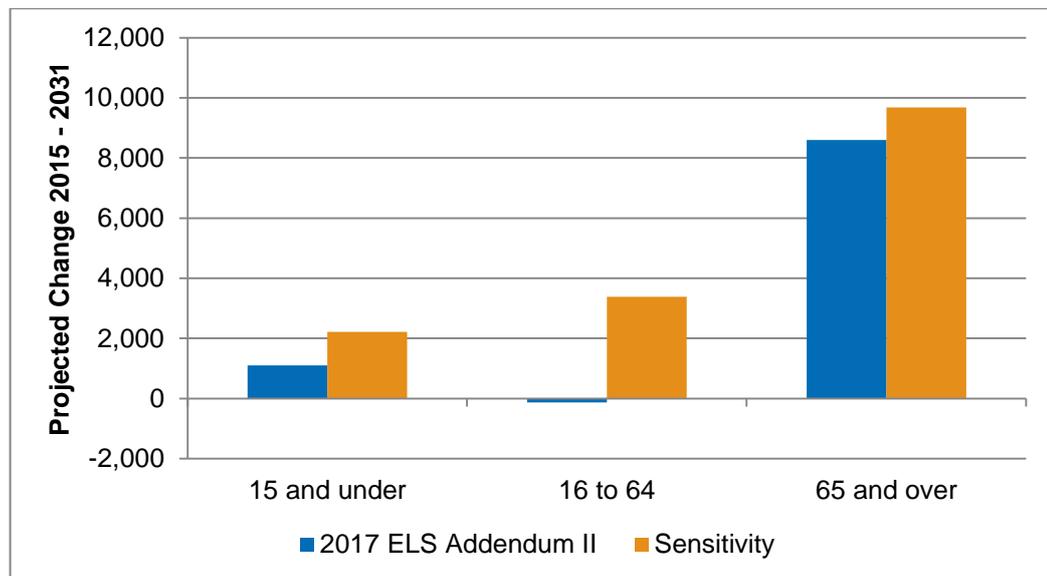
Table 4.3: Employment-led Modelling Outputs – Variant approach to adjusting economic activity rates

2017 ELS Addendum II	Change 2011 – 2031				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
Sensitivity scenario	17,343	16.1%	9,700	20.5%	1,315	513

Source: Edge Analytics, 2017

4.27 The application of this more prudent set of assumptions within the modelling evidently results in a more marked growth in the population, primarily – as shown in Figure 4.4 – as a result of a much greater growth in the working age population generated by increased levels of net migration over the remainder of the plan period. Indeed rather than an essentially static position of change for those aged 16 – 64 this sensitivity scenario would imply a strong growth of some 3,400 persons in this age group. This evidently presents a very different population projection profile.

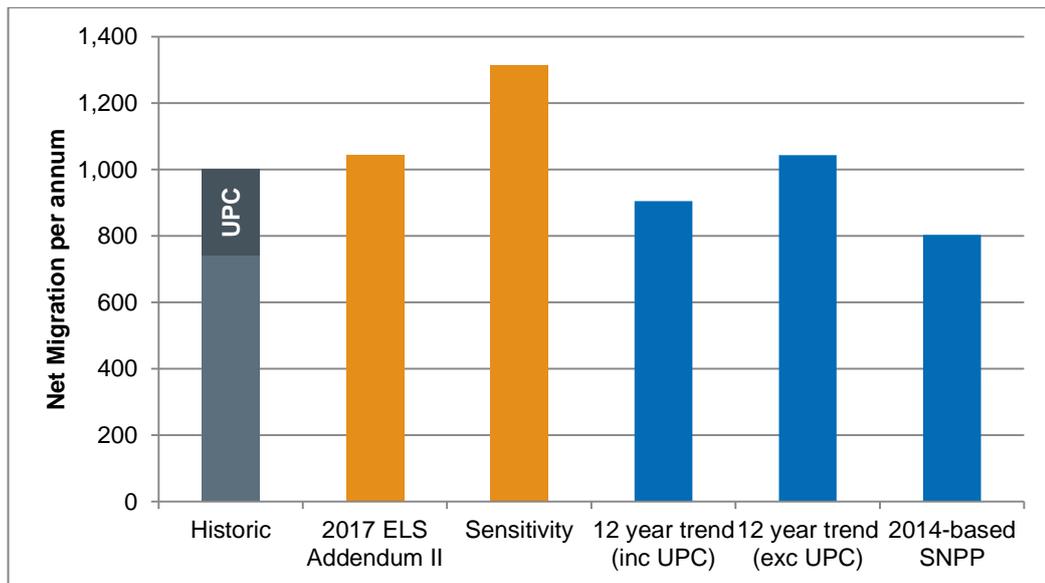
Figure 4.4: Contrasting the projected age profile between the employment-led projection and the sensitivity scenario (2015 – 2031)



Source: Edge Analytics, 2017

4.28 The scale of migration annually assumed under this sensitivity scenario is almost two thirds (64%) higher than that projected under the 2014 SNPP (Table 3.2), as illustrated in the following chart. This would require the sustaining of a higher level of net migration into Wyre, when compared with historical evidence. Whilst this could potentially occur it is considered in the context of the scale of job growth forecast that this sensitivity is likely to overstate the implied impact on migration when compared with the core scenario for Wyre.

Figure 4.5: Comparing Historic and Projected Annual Net Migration



Source: Edge Analytics, 2017

Summary and Implications

- 4.29 The 2017 ELS Addendum II provides the latest assessment of likely job growth in Wyre. At a headline level this latest iteration of the Council's economic evidence forecasts a lower level of employment change over the plan period 2011 to 2031 than the previous 2015 iteration. However, the economic forecast is understood to have a 2015 base and shows a strong level of job growth forecast to occur going forwards over the remainder of the plan period offsetting a loss of employment between 2011 and 2015.
- 4.30 The evidence assessing housing need in Wyre has consistently highlighted that the borough is projected to see a substantial ageing of its population based on demographic trends alone. This has an impact on the size of the working age population and in turn the size of the labour-force available to support the creation of increasing numbers of employment opportunities.
- 4.31 The relationship between job growth and population growth requires assumptions to be made as to how labour-force behaviours may change in the future. The modelling in this section has sought to apply prudent and reasonable assumptions in terms of these labour-force adjustments. This is set in the context of the forecast strong job growth from 2015 in the borough as identified within the 2017 ELS Addendum II.
- 4.32 The modelling indicates that supporting the concluded likely level of job growth in Wyre will generate a need for 391 dwellings per annum, elevated to 415 dwellings per annum when applying an adjustment to the household formation rates of younger households as considered appropriate in section 3. This is considered to represent the minimum level of housing provision needed to support likely employment growth in Wyre.

- 4.33 The employment-led scenario projects a stronger level of population growth than the 2014 SNPP resulting from an assumed higher level of migration recognising the implied need for the borough to retain and attract a greater number of working age persons to support employment growth. This recognises that the ONS 2014-based SNPP project a decline in the working age population and therefore a significantly increased old age dependency ratio.
- 4.34 The modelling highlights, however, that there is likely to be a reliance on older cohorts continuing to remain active within the labour-force in order to support job growth, even on the basis of a more positive assumed retention and attraction of working age persons into Wyre under the employment-led scenario. Whilst the modelling applies adjustments which are based on the OBR's national forecasts – which has been identified by the Planning Inspectorate as a reasonable approach to take in such modelling – this does present a potential moderate risk that forecast job growth may not be supported adequately by the implied level of housing need.
- 4.35 The 2013 SHMA and subsequent Addendums modelled the relationship between housing and employment by applying prudent assumptions relating to future labour-force behaviour. A sensitivity scenario has been run which applies broadly comparable labour-force adjustments, which indicates that a higher level of housing need would be implied where new job growth is supported to a greater degree through increased migration of younger people in particular into Wyre. This indicates a need for 513 dwellings per annum. The impact of the adjustments to the labour-force assumptions under this sensitivity suggests rather than a modest decline in those aged 16 – 64 a significant growth of in excess of 3,300 extra persons. This evidently represents a notably different population profile. When compared with the analysis presented in Addendum 2, it is noted that this presents a comparatively high level of population growth – and underpinning this net in-migration – in Wyre when contrasted with the demographic projections of need.
- 4.36 It is recognised that there remains a degree of uncertainty in forecasting future labour-force behaviours. Allowing for some flexibility in this regard is therefore considered reasonable in order to ensure that the provision of housing does not unduly constrain the realisation of forecast likely job growth.

5. Market Signals

- 5.1 The housing need evidence has consistently included an assessment of market signals in order to inform the calculation of the OAN in Wyre. This aligns with the PPG, which 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”⁶³

- 5.2 Six market signals are identified for review in the PPG:

- **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.

- 5.3 The Addendum 2 report included a full review of the six market signals identified in the PPG. This section provides an update to the market signals analysis 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. In line with Addendum 2, comparisons are consistently made with change in neighbouring authorities – including others in the Fylde Coast HMA – and the national profile. This approach is retained to ensure a level of consistency with the updated analysis presented in the recently published Addendum 3 report⁶⁴ for Fylde Borough Council to inform the Fylde Local Plan EiP.

⁶³ PPG Reference ID 2a-019-20140306

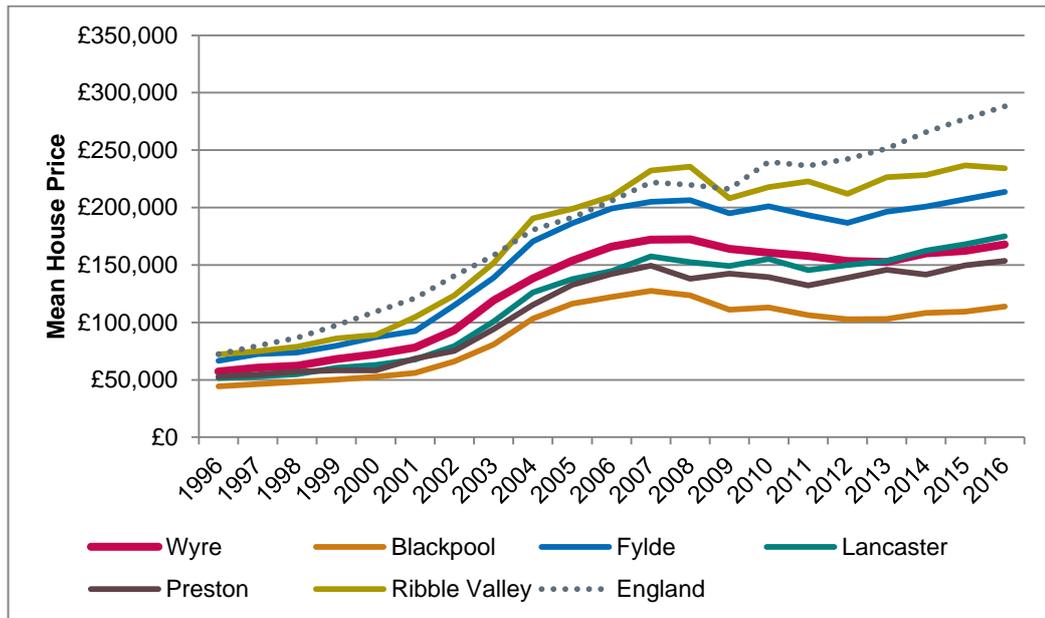
⁶⁴ Fylde Addendum 3: Analysis of the OAN in light of the 2014-based SNPP and SNHHP, Fylde Borough Council, May2017

Updated Market Signals Analysis

House Prices

- 5.4 The PPG states that longer term increases in house prices can be indicative of an imbalance between supply and demand. The ONS provides information on mean house prices⁶⁵ – 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.

Figure 5.1: Change in Mean House Prices 1996 – 2016



Source: ONS

- 5.5 As highlighted in Addendum 2, average values in Wyre have historically been lower than the national average and the values seen in Fylde, but surpass average house prices in Blackpool. In line with wider trends, Wyre saw a strong growth in average house prices prior to the recession, but average values subsequently declined from 2008. The 2016 average value in Wyre remains below the peak seen in 2008 despite a modest recovery of prices since 2013. This contrasts with the national picture, which has sustained growth in average house prices over recent years. It is also noted that Wyre's recent recovery shows a strong alignment with Blackpool and is less pronounced than Fylde where 2016 values now exceed the pre-recession peak.
- 5.6 As in Addendum 2, change in average house prices can be benchmarked to 2001. The following table uses Land Registry data to calculate the mean price paid in Wyre, neighbouring authorities and England in the calendar years of 2001 and 2016.

⁶⁵ ONS (2017) Mean price paid for administrative geographies – HPSSA Dataset 12 (years to Q4 presented)

Table 5.1: Change in Mean House Prices 2001 – 2016

	2001	2016	Change
Lancaster	£67,460	£170,966	153%
England	£121,768	£285,146	134%
Preston	£67,759	£153,264	126%
Fylde	£93,028	£209,030	125%
Ribble Valley	£104,483	£232,328	122%
Wyre	£78,641	£164,667	109%
Blackpool	£53,836	£110,982	106%

Source: Land Registry, 2017

- 5.7 Over the period presented above, average house prices in Wyre have grown at a rate which falls below that seen in many neighbouring authorities, and indeed the national rate. Blackpool is the only comparator area to have seen a more modest growth in average house prices over this period.
- 5.8 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 younger households' ability to access housing. The following table therefore compares lower quartile house prices in 2001 and 2016, with the rate of growth shown for Wyre, neighbouring authorities and England.

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

	2001	2016	Change
Lancaster	£40,750	£110,000	170%
Ribble Valley	£55,500	£145,000	161%
England	£54,000	£140,000	159%
Fylde	£56,000	£138,500	147%
Preston	£37,500	£85,000	127%
Wyre	£51,000	£110,000	116%
Blackpool	£37,500	£75,000	100%

Source: Land Registry, 2017

- 5.9 This evidently shows a similar trend, with lower quartile house prices in Wyre growing at a rate which falls below that seen in all neighbouring authorities, with the exception of Blackpool.

Rents

- 5.10 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 supply of housing.
- 5.11 Data published by the Valuation Office Agency (VOA) collates information provided by private rental landlords, with the latest available data covering the period from April 2016 to March 2017. 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 Wyre, neighbouring authorities and England.
- 5.12 This is summarised in the following table, initially for mean rents. The analysis is limited to properties with two bedrooms to enable direct comparison.

Table 5.3: Change in Mean Monthly Rents (2 beds) 2010/11 – 2016/17

	2010/11	2016/17	Change
England	£660	£791	20%
Preston	£517	£544	5%
Ribble Valley	£533	£555	4%
Lancaster	£539	£557	3%
Blackpool	£512	£514	0%
Wyre	£548	£545	-1%
Fylde	£567	£564	-1%

Source: VOA

- 5.13 Mean rents for two bedroom properties in Wyre have slightly declined over the period, in line with the limited change seen elsewhere in the Fylde Coast. This evidently contrasts with the modest growth in average rents observed in Lancaster, Ribble Valley and Preston, and the more significant growth seen nationally.
- 5.14 Again, it is beneficial to 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.

Table 5.4: Change in Lower Quartile Monthly Rents (2 beds) 2010/11 – 2016/17

	2010/11	2016/17	Change
England	£475	£515	8%
Ribble Valley	£475	£500	5%
Preston	£455	£475	4%
Lancaster	£495	£500	1%
Blackpool	£477	£477	0%
Fylde	£495	£495	0%
Wyre	£498	£498	0%

Source: VOA

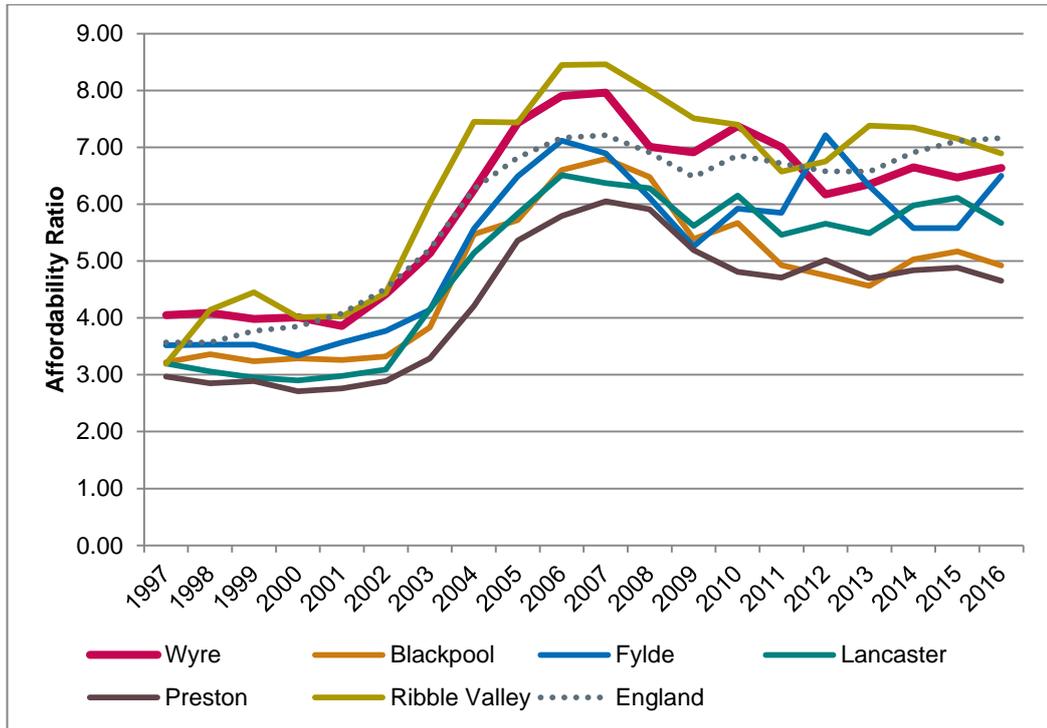
- 5.15 There has been no growth in the lower quartile cost of renting a two bedroom property in Wyre over recent years, in line with trends observed across the Fylde Coast. This contrasts with the national profile, where lower quartile rents have increased.

Affordability

- 5.16 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.
- 5.17 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.
- 5.18 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.
- 5.19 The impact of rising house prices on the affordability of homes in Wyre is illustrated in the following graph, based on ONS data showing the ratio of lower quartile house prices to lower quartile earnings⁶⁶.

⁶⁶ Workplace-based earnings

Figure 5.2: Ratio of Lower Quartile House Prices to Earnings (1997 – 2016)



Source: ONS, 2017

- 5.20 There has evidently been change in the relationship between earnings and house prices at the entry level of the housing market in Wyre. Affordability considerably worsened prior to the recession – with lower quartile house prices around 8 times earnings in 2007 – but this relationship has subsequently improved, with households paying less relative to earnings when compared with the national ratio since 2012. The affordability ratio in 2016 is, however, amongst the highest of the comparator areas presented.
- 5.21 When assessing the rate of change in the affordability ratio since 2001, it is clear – as shown in the following table – that the changing relationship between house prices and earnings in Wyre has been comparable to the other areas considered in this analysis. Neighbouring authorities – including Fylde – have seen a more marked increase in the affordability ratio, with England also seeing a proportionately greater worsening.

Table 5.5: Change in Affordability Ratio 2001 – 2016

	2001	2016	Change
Lancaster	2.98	5.67	90%
Fylde	3.57	6.50	82%
England	4.08	7.16	75%
Wyre	3.86	6.64	72%
Ribble Valley	4.03	6.89	71%
Preston	2.76	4.65	68%
Blackpool	3.26	4.92	51%

Source: ONS, 2017

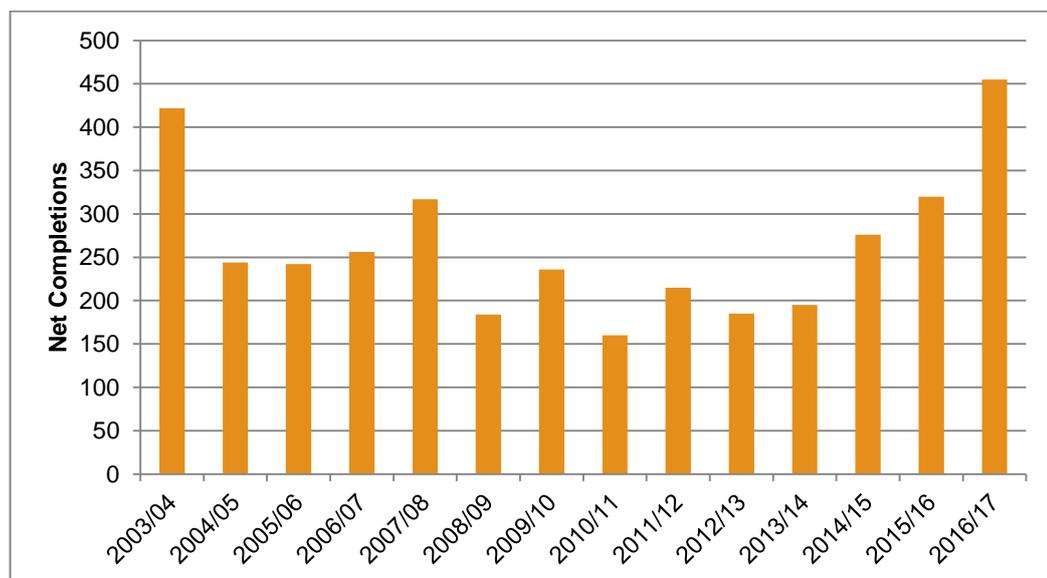
Rate of Development

- 5.22 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”⁶⁷

- 5.23 Monitoring undertaken by the Council allows net completions to be analysed over recent years⁶⁸. This is illustrated in the following chart.

Figure 5.3: Net Completions 2003 – 2017



Source: Wyre Borough Council, 2017

⁶⁷ http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_019

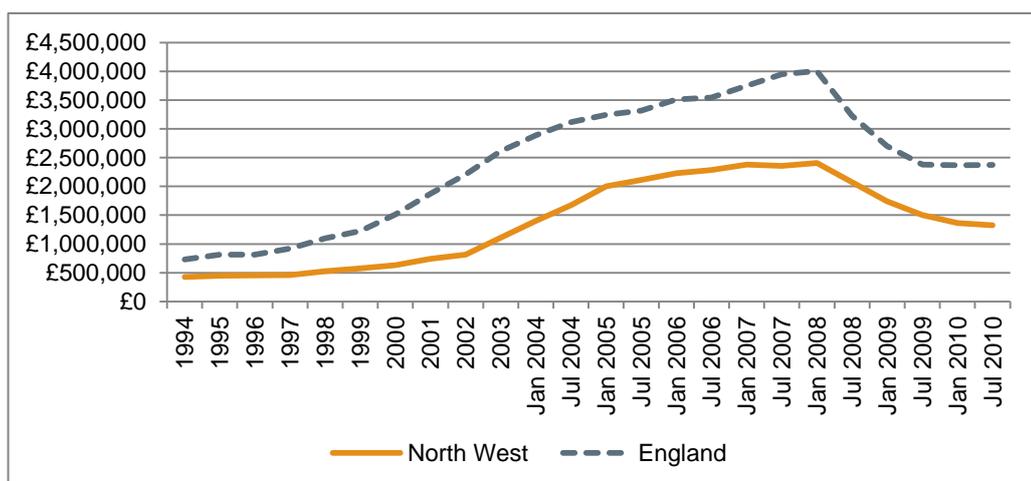
⁶⁸ Wyre Borough Council (2016) Housing Land Monitoring Report 31 March 2016

- 5.24 An average of 265 net dwellings per annum have been completed in Wyre over the period shown, although the rate of development has varied. A fall is evident at the onset of the recession, which led to a sustained period of comparatively low levels of development. An improving trend is, however, evident since 2012/13, with the most recent year (2016/17) representing the highest level of completions of the monitoring years shown.
- 5.25 When considering the rate of development relative to housing targets, the analysis in Addendum 2 indicated that the planned supply of housing – established through the Regional Spatial Strategy (RSS) – had been surpassed over the period assessed. It does, however, remain important to note that the previous target may not have necessarily reflected the overall need for housing in Wyre⁶⁹.
- 5.26 It is of note that Wyre has not had a post NPPF compliant Local Plan with the Local Plan adopted in 1999. The levels of development evidenced in Figure 5.3 have all therefore been achieved without an up-to-date Plan in place. It is reasonable to expect that higher levels of development could be achieved following the adoption of an NPPF compliant Local Plan.

Land Prices

- 5.27 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.
- 5.28 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 5.4: Average Valuations of Residential Building Land with Outline Planning Permission



Source: DCLG, 2015

⁶⁹ Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and ELS Update, Turley, paragraphs 5.32 to 5.39

- 5.29 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 a notable growth in values ahead of the recession. This dataset does not extend beyond 2010 due to a decline in market activity.
- 5.30 The discontinuation of this dataset 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 DCLG in December 2015⁷⁰. This sets out an estimated value per hectare for a typical residential site – understood to include land with extant planning permission – in each local authority in England. This allows a comparison between estimated values in Wyre and neighbouring authorities, with a weighted average for England excluding London also presented for context.

Table 5.6: Estimated Value of Typical Residential Site

	Estimated value per hectare
Fylde	£2,600,000
England (excluding London)	£2,100,000
Lancaster	£1,875,000
Wyre	£1,720,000
Preston	£1,665,000
Ribble Valley	£1,560,000
Blackpool	£1,300,000

Source: DCLG, 2015

- 5.31 This evidence suggests that residential land in Wyre is not characterised by notably high land values, with several neighbouring authorities – and the national average, excluding London – seeing higher values.
- 5.32 This can also be read alongside the evidence for the 2013 Economic Viability Study⁷¹, which included an assessment of land values in Wyre. This was based on available transactional evidence in both Wyre and the wider North West area, where relevant and similar market conditions exist. The research made use of Land Registry data alongside other databases, including EGi, Valuation Office Property Market Surveys and interviews with local active agents. This concluded that the following land values were appropriate in 2013:
- Residential land (brownfield) – £865,000 to £1,112,000 per hectare;
 - Residential land (greenfield) – £495,000 to £618,000 per hectare;
 - Agricultural land – £25,000 per hectare;

⁷⁰ DCLG (2015) Land value estimates for policy appraisal

⁷¹ The Study was being prepared to inform the Core Strategy but was not completed. The Council decided to prepare a Local Plan informed by a new OAN rather than continue work on the Core Strategy. The Council has commissioned a 2017 Local Plan Viability Report but this was not available at the time this report was prepared.

- Offices – £495,000 per hectare; and
- Industrial – £370,000 per hectare.

5.33 Overall – noting the challenges associated with understanding land value trends – there is little evidence to suggest that there is a significant price premium for residential land in Wyre. This does not imply that there is a substantial supply shortage of land in the borough which could significantly constrain the supply of new housing. It is recommended that values should be monitored as local information becomes available.

Overcrowding

5.34 The PPG suggests that indicators on overcrowding, concealed and shared households, homelessness and the numbers in temporary accommodation should be analysed, given that they can be indicative of an unmet need for housing. It is stated that:

“Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers”⁷²

5.35 The 2013 SHMA considered both overcrowding and under-occupancy on the Fylde Coast, highlighting that 2% of households in Wyre in 2011 contained at least one fewer bedroom than required. This was slightly higher than the levels seen in Fylde, but fell below the levels seen in Blackpool⁷³. Proportionately, fewer households in Wyre were overcrowded relative to the national average.

5.36 In line with the PPG, change in the number of overcrowded households is important to consider, although this is challenging given that the number of bedrooms was not recorded in the 2001 Census. 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.

⁷² PPG Reference ID 2a-019-20140306

⁷³ Figure 4.10 of 2013 SHMA

Table 5.7: Change in Overcrowded Households (Rooms) 2001 – 2011

	2001	2011	Change	% change
England	1,457,512	1,928,596	471,084	32%
Preston	3,536	4,292	756	21%
Lancaster	2,636	3,054	418	16%
Ribble Valley	704	715	11	2%
Fylde	1,337	1,348	11	1%
Wyre	1,593	1,603	10	1%
Blackpool	4,653	4,590	-63	-1%

Source: Census 2001; Census 2011

- 5.37 Wyre has seen only limited growth in the number of overcrowded households, falling below the levels seen in neighbouring authorities – with the exception of Blackpool – and England as a whole. This suggests that there has not been a significant growth in the number of overcrowded households across the Fylde Coast.
- 5.38 A further indicator is the proportion of families who are concealed, with a family classified as concealed if they are a family reference person (FRP) but not a household reference person (HRP). This indicates that they are not the main family in the household, and may suggest that they have been restricted from forming due to a range of factors, including affordability pressures. The following table shows how the number of concealed families in Wyre, neighbouring authorities and England has changed between 2001 and 2011, based on Census data.

Table 5.8: Change in Concealed Families 2001 – 2011

	2001	2011	Change	% change
England	161,254	275,954	114,700	71%
Wyre	256	386	130	51%
Preston	558	814	256	46%
Blackpool	504	724	220	44%
Fylde	178	247	69	39%
Lancaster	349	477	128	37%
Ribble Valley	136	178	42	31%

Source: Census 2001; Census 2011

- 5.39 Wyre has seen a comparatively high growth in the number of concealed families, surpassing the rate of growth seen in all neighbouring authorities but falling below the national growth rate. This suggests that there are a growing number of families who have not formed independent households in the borough. This needs to be considered

in the context of the positive adjustments made to younger household formation rates in the consideration of demographic drivers of need in section 3.

Homelessness

- 5.40 Alongside overcrowding, the PPG suggests that the number of households accepted as homeless should be considered. The analysis in Addendum 2 did not include an assessment of homelessness, and this has therefore been considered within this update for completeness. This is based on DCLG monitoring⁷⁴ of the number of households accepted as homeless and in priority need in 2016/17, relative to the overall number of households. This shows that the level of homelessness in Wyre is comparatively low, falling below that seen in all comparator areas.

Table 5.9: Households Accepted as Homeless and in Priority Need 2016/17

	Total households accepted as homeless and in priority need	Homeless per 1,000 households
England	59,090	2.54
Lancaster	54	0.90
Blackpool	53	0.83
Preston	43	0.74
Fylde	11	0.30
Ribble Valley	6	0.24
Wyre	10	0.21

Source: DCLG, 2017

Drawing the Market Signals Evidence Together

- 5.41 Figure 5.14 of Addendum 2 drew together those market signals which could be directly quantified and compared to rank the performance of Wyre against each of the comparator areas. This has been updated at Table 5.10.
- 5.42 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.

⁷⁴ DCLG (2016) Live Table 784

Table 5.10: Selected Market Signals Summary

	Wyre	Blackpool	Fylde	Lancaster	Preston	Ribble Valley	England
House prices							
Change (mean) 2001 – 2016	6	7	4	1	3	5	2
Change (LQ) 2001 – 2016	6	7	4	1	5	2	3
Rents							
Change (mean) 2010/11 – 16/17	6	5	7	4	2	3	1
Change (LQ) 2010/11 – 16/17	7	5	6	4	3	2	1
Affordability							
Change 2001 – 2016	4	7	2	1	6	5	3
Overcrowding (rooms)							
Change 2001 – 2011	6	7	5	3	2	4	1
Concealed families							
Change 2001 – 2011	2	4	5	6	3	7	1

Source: Turley, 2017

- 5.43 The analysis continues to indicate that change in market signals in Wyre has been comparatively minor relative to the other areas shown. Change in the majority of indicators presented falls below that seen in most other comparator areas, particularly when considering change in house prices and rents. The borough ranks less positively for affordability and particularly concealed families, with the relatively significant growth in the latter potentially indicative of a growing number of families unable to form.
- 5.44 It is, however, important to note that the majority of market signals suggest that the impact of any historic imbalance between supply and demand is less pronounced than the comparator areas. This provides important context in establishing the level of adjustment reasonable to respond to market signals.

A Reasonable Adjustment

- 5.45 The PPG does not clarify the precise scale of adjustment required to reasonably respond to worsening market signals, nor how this should be applied. The PPG does, however, expect the uplift in housing supply to address or alleviate recognised affordability issues, reflecting the longstanding national recognition of the need to elevate levels of supply.
- 5.46 Indeed, the recently published Redfern Review concludes that '*all long-term sustainable solutions to high house prices and availability depend on increasing long-term supply*'⁷⁵. Modelling was undertaken to support the review, advancing the position that:

*"In order for real house prices to rise in line with real earnings in the longer run, with current low interest rates, we would have to substantially 'out build' the growth in the number of households, assuming that in this scenario all the elasticities remain the same. With real earnings growing at 1.5% per year, real house price rises would be in the order of 3% annually, all other things being equal. This implies we would have to 'out build' the growth in households to trim the real house price rate increases back to anything near 1.5% - i.e. the same as real earnings growth – and so stabilise prices relative to earnings"*⁷⁶

- 5.47 The report concludes that '*boosting housing supply will have a material impact on house prices, but only if sustained over a long period*', and considers the '*very relevant*' implications for policymakers:

"Restrictions on new housing supply have not been the main culprit when it comes to price rises over the past 25 years, although they have constrained availability. But looking forward, if the number of households in the UK were to grow at around 200,000 per year, new supply of 300,000 dwellings per year over a decade would be expected to cut house price inflation by around 5% points (0.5 percentage points a year)"

- 5.48 Establishing a housing requirement figure within a pro-active development framework such as the Local Plan provides such a vehicle to support the elevation of supply over the longer term in those areas where there is evidence of a high demand for housing.

⁷⁵ Redfern Review (2016) The Redfern Review into the Decline of Home Ownership

⁷⁶ *Ibid* paragraph 12 Part Two

This will ensure that the growth in house prices, whilst not stopped or reversed, is not unsustainable in scale.

- 5.49 As referenced in section 1 of this report, whilst the Government has not endorsed the LPEG recommended methodology for calculating OAN, this methodology explicitly requires a separate market signals adjustment which is applied to the demographic projection and is therefore separate to any adjustment made to household formation rates. Other Local Plan Inspectors have in recent months also sought clarification on the scale of market signals uplift distinctly applied.
- 5.50 A review of Local Plans found sound at Examination since the start of 2016 has been undertaken. This has identified six Inspectors who have specifically identified a positive (above 0%) adjustment being reasonable to respond to market signals. These uplifts have ranged from 5% in High Peak to 20% in Camden and Bromsgrove⁷⁷, with Inspectors highlighting evidence which *'points to the need for a modest upwards adjustment for affordability in the form of a percentage uplift rather than a precise figure'*⁷⁸ and acknowledging *'the degree of uplift used by Inspectors at other examinations in comparison with the significance of...considerations here'*⁷⁹.
- 5.51 In seven of the areas reviewed, however, Inspectors have been expressly satisfied that market signals evidence does not suggest *'a demand-supply imbalance...that would justify a higher housing figure'*⁸⁰. Some Inspectors have also concluded that the scale of uplift already applied in deriving the OAN – through adjustments to support economic growth, for example – would simultaneously boost supply and provide an appropriate response to worsening market signals⁸¹.
- 5.52 The conclusion of the Inspector examining the Eastleigh Local Plan is also widely cited as a benchmark in interpreting this stage of the PPG methodology, with the Inspector advocating an uplift of 10% to respond to the *'modest'* pressure reflected by market signals. The interpretation of modest pressure recognised that *'not all signals demonstrate that Eastleigh is worse than the national or regional/sub regional averages. But on some crucial indicators it is'*⁸².
- 5.53 The Inspector considering the Canterbury Local Plan recommended an uplift of 20% associated with evidence of worsening market signals⁸³, advising that this uplift needed to be considered in the context of other adjustments relating to household formation and the alignment of population change with economic growth. He noted that *'the amount of uplift to be applied to the starting point estimate is a matter of judgement'* and identified the potential for *'a degree of overlap between [the market signals uplift] and some of the*

⁷⁷ The 20% market signals uplift applied in Bromsgrove was decided by the Council, and was not endorsed or justified within the housing needs evidence base. However, the Inspector was *'satisfied that [the] assessment is appropriately justified'*

⁷⁸ Planning Inspectorate (May 2017) Report on the Examination of the North Tyneside Local Plan (para 61)

⁷⁹ Planning Inspectorate (March 2016) Report on the Examination into High Peak Local Plan (para 39)

⁸⁰ Planning Inspectorate (December 2016) Report on the Examination into the Derby City Local Plan Part 1: Core Strategy

⁸¹ Planning Inspectorate (June 2016) Report on the Examination into the North Northamptonshire Joint Core Strategy; Planning Inspectorate (November 2016) Report on the Examination into Vale of White Horse Local Plan Part 1; Planning Inspectorate (August 2016) Report on the Examination into the Bradford District Core Strategy Development Plan Document

⁸² Ibid (para 40)

⁸³ 'Canterbury District Local Plan: Note on main outcomes of Stage 1 hearings', August 2015

other assumptions', before recommending that '*an uplift that took reasonable account of market signals, economic factors, a return to higher rates of household formation and affordable housing needs*' was appropriate as a full OAN for Canterbury⁸⁴.

- 5.54 Finally, the Inspector considering the Mid Sussex Local Plan recently suggested that a 20% uplift was appropriate. In his interim conclusions⁸⁵, the Inspector highlighted the significance of the fact that Mid Sussex was the 22nd least affordable local authority in England outside London in arriving at the scale of adjustment considered reasonable.
- 5.55 This review has identified sixteen authorities where Local Plan Inspectors have supported adjustments ranging from 0 – 20% in response to market signals. While it is recognised that the PPG advocates the review of a range of market signals, the scale of adjustment concluded as necessary can be indicatively considered at a headline level in the context of a single and consistent market signal. This shows that the greatest uplifts – which exceed 10% – have to date been applied only in authorities where lower quartile house prices are currently over 11 times lower quartile annual earnings⁸⁶. This suggests that it may be reasonable to apply a smaller uplift of up to 10% in more affordable areas.
- 5.56 In Wyre, the latest evidence reviewed in this section indicates that entry-level house prices were circa 6.64 times lower quartile earnings in 2016. In authorities where housing is less affordable relative to earnings, Inspectors have notably found it reasonable to apply no uplift in response to market signals⁸⁷, although more affordable authorities have seen uplifts ranging up to 9%⁸⁸. This variance therefore inevitably requires a degree of judgement, drawing upon and considering the implications of the full range of market signals identified in the PPG.
- 5.57 The updated analysis presented in this chapter shows that Wyre exhibits more limited evidence of imbalance between housing supply and demand, with change frequently found to have been more modest than seen in neighbouring authorities and nationally. Market signals have not worsened to the extent seen in Fylde, for example, and its Addendum 3 report – which draws upon comparable data to that presented in this chapter – views an uplift of 10% as an upper limit to any market signals adjustment. This level of adjustment is exceeded when considering the housing growth needed to support likely job creation.
- 5.58 With Wyre exhibiting a less pronounced worsening in market signals relative to Fylde, it is considered reasonable to assume that a lower level of uplift would provide an appropriate response to market signals in the borough. An uplift in the region of 5% is proportionate to those applied in authorities with comparable levels of affordability (0 – 9%). When applied to the demographically derived household projections, this indicates a minimum need for around 391 dwellings per annum, increasing to circa 457 dwellings per annum at the upper end of the range of demographic scenarios presented in this update. The level of need associated with the proposed adjustment for market signals is

⁸⁴ Ibid (para 25/26)

⁸⁵ Jonathan Bore (February 2017) Mid Sussex District Plan Examination – Housing Requirement

⁸⁶ ONS (2017) Ratio of house price to workplace-based earnings (lower quartile); uplift of 20% advocated in Canterbury (11.10), Bromsgrove (11.56), Mid Sussex (13.17) and Camden (19.21)

⁸⁷ Basingstoke and Deane (9.56); Cornwall (8.94) and South Derbyshire (0%)

⁸⁸ A 9% market signals uplift was endorsed in North Tyneside, which had an affordability ratio of 5.66 in 2016

considered in the context of the scale of adjustment related to the other steps in the OAN methodology in section 7.

6. Affordable Housing Need

- 6.1 The PPG requires the SHMA to separately calculate the need for affordable housing. The outcome of this calculation should be considered in the context of the calculated OAN, with the PPG stating:

“The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help delivery the required number of affordable homes.”⁸⁹

- 6.2 The 2013 Fylde Coast SHMA included a separate calculation of the need for affordable housing. This was partially updated in the Addendum 1 report to take account of the 2012-based SNHP dataset.
- 6.3 Within this section, a full update of the calculation of the need for affordable housing has been undertaken. This has including a sourcing of up-to-date Housing Register data from Wyre Borough Council as well as the integration of the updated demographic projection (12 year trend) and analysis of other relevant secondary datasets.
- 6.4 The methodology and approach for calculating affordable housing need remains consistent with that used in the 2013 SHMA, and follows the stepped methodology advocated by the PPG⁹⁰. While the assessment previously considered need within each sub-area, this assessment solely focuses on the need for affordable housing at borough level, reflecting the scope of this update.
- 6.5 The section concludes by considering the implication of the calculated need for affordable housing on the OAN concluded within section 6.

2017 Calculation of Affordable Housing Need

Current Unmet Gross Need

- 6.6 This stage of the calculation identifies the existing backlog of households in need of affordable housing, taking account of likely short-term supply. This provides a positive on the shortfall in affordable housing supply to meet the backlog over the short-term.

Stage 1 – Current Housing Need (Gross Backlog)

- 6.7 Affordable housing in Wyre is provided through a Choice Based Letting system which covers the Fylde Coast. This stage identifies Wyre households registered on the system and classified as being in the greatest need of affordable housing, as of April 2017.
- 6.8 Applicants are allocated to a priority band to identify those in the greatest need of affordable housing and those who have little or no need⁹¹. In line with the approach taken in the SHMA⁹², only those allocated in Bands A – D are included within this

⁸⁹ PPG Reference ID: 2a-029-20140306

⁹⁰ PPG Reference ID 2a-022-20140306

⁹¹ <http://www.myhomechoicefyldecoast.co.uk/Data/ASPPages/1/32.aspx>

⁹² Fylde Coast SHMA (December 2013), Turley Associates, paragraph 9.22

calculation, with those assessed as lower priority not included. The calculation isolates those in need of affordable housing who are currently affordable housing tenants.

Table 6.1: Stage 1 – Current Housing Need

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
1.1 Existing affordable housing tenants in need	Housing Register Bands A – D	82	55	9	13	159
1.2 Other groups on Housing Register	Housing Register Bands A – D, excluding Step 1.1	197	74	19	11	301
1.3 Total current housing need (gross)	1.1 + 1.2	279	129	28	24	460

6.9 Housing Register data indicates that 460 households in Wyre are currently in need of affordable housing, based on allocation policies and excluding those considered to have little or no affordable housing need. Of those in need in the borough, circa one in three (35%) are currently occupying affordable housing. When considering the minimum number of bedrooms required by households in need, there is an evident need for smaller housing, with 61% requiring one bedroom.

Stage 2 – Affordable Housing Supply

6.10 In line with the approach taken in the SHMA and advocated by the PPG, the calculation takes account of the supply of affordable housing available to address the backlog over the short-term. This includes affordable housing currently occupied by households in need – identified at Step 1.1 – where properties will be vacated when households' needs are met, enabling other households in need to occupy these vacated units. The calculation also allows for the planned return of vacant stock⁹³, and takes account of affordable housing development expected to be provided within the next five years. This is based on the Council's analysis of housing commitments as of March 2017, where a known number of affordable homes are expected to come forward over the next five years⁹⁴.

⁹³ Based on data provided by Regenda

⁹⁴ The size of affordable housing units to be delivered is not known for all commitments. The proportionate split derived from schemes where this is known is therefore applied to other commitments to establish an illustrative position on unit size

Table 6.2: Stage 2 – Affordable Housing Supply

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
2.1 Affordable dwellings occupied by households in need	Transfer tenants identified at Step 1.1	82	55	9	13	159
2.2 Surplus stock	Properties vacant for over 6 months but planned to return to use	4	0	0	0	4
2.3 Committed supply of new affordable housing	Council data on commitments for next five years	69	284	219	0	572
2.4 Units to be taken out of management	Planned demolitions and stock removal	0	0	0	0	0
2.5 Total affordable housing stock available	2.1 + 2.2 + 2.3 – 2.4	155	339	228	13	735

6.11 The assessment indicates that some 735 affordable homes will become available over the next five years, and will contribute towards meeting existing needs. This is largely dependent upon the pipeline of committed affordable housing, which – based on supply data collated by the Council – would deliver an average of 114 additional affordable homes per annum in the borough. It should be noted that this would represent a significant uplift from recent levels of affordable housing delivery⁹⁵, and this is considered further later in this section.

Stage 3 – Shortfall in Affordable Housing to Meet Current Backlog (Annual)

6.12 The output from Stage 2 is subtracted from Stage 1 to provide an estimate of the total shortfall in affordable housing supply to meet the current backlog of housing need. This is divided by five to translate into an annual figure that would address backlog early in the plan period, reflecting guidance in the PPG⁹⁶.

⁹⁵ Annual monitoring reports published by Wyre Borough Council indicate that an average of 49 gross affordable homes have been completed annually on average over the period from 2004 to 2017

⁹⁶ PPG Reference ID 3-035-20140306

Table 6.3: Shortfall in Affordable Housing to Meet Current Backlog (Net Annual)

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
3.1 Total current housing need (gross)	1.3	279	129	28	24	460
3.2 Total affordable housing stock available	2.5	155	339	228	13	735
3.3 Shortfall in affordable housing to meet current backlog (net annual)	(3.1 – 3.2) / 5	25	-42	-40	2	-55

6.13 The calculation suggests that the supply of affordable housing expected to become available over the next five years will be sufficient to clear the backlog during this period. This is particularly evident for properties with two or three bedrooms, with the calculation indicating a need for additional one bedroom units over the next five years to meet needs.

6.14 As noted above, the extent to which this backlog is cleared through supply within the next five years will be dependent upon the borough securing a significant uplift from recent levels of affordable housing delivery. It is therefore recommended that supply over the next five years is closely monitored, given that a failure to significantly increase supply in line with that assumed will result in a higher level of need over the short-term than implied by the calculation.

Calculating Annual Net New Need

6.15 As new households form, additional demand for housing will be generated, with a resultant need for affordable housing when households are unable to access market housing. Existing households also fall into need as household circumstances change, although again this need can be balanced against supply.

Stage 4 – Future Housing Need

6.16 Section 3 of this report identified a 12 year trend-based scenario as an appropriate demographic projection of need in Wyre. The development of this scenario by Edge Analytics has identified a gross annual household formation rate, which provides an estimate of gross household formation – rather than the net household growth presented elsewhere in this report – based on changes in the number of households in specific five year age bands, relative to numbers in the age band five years previously. In order to provide a more representative assessment of newly forming households, these estimates are limited to households where the head of household is 44 years or younger. The PPG does not include specific guidance on how newly forming

households should be calculated, but this approach aligns with previous guidance issued by DCLG⁹⁷ and the approach previously taken within the SHMA.

- 6.17 The income required to access market housing is estimated and compared with the income profile of existing households, derived for employees from the 2016 Annual Survey of Hours and Earnings (ASHE) and converted into household income in line with the approach taken in the SHMA⁹⁸. The following table outlines the income required to access entry-level market housing, based on the evidence presented in section 5 of this report and the assumption that no more than one third of income is spent on housing costs. This aligns with research produced by the Resolution Foundation – which is regularly cited by both Shelter and the Joseph Rowntree Foundation – which indicates that ‘households spending at or above this threshold are far more likely to struggle to actually make housing payments...and are also more likely to experience material hardship’⁹⁹. This updates the position previously assumed in the SHMA that no more than 25% of income is spent on housing costs, but is nevertheless considered reasonable and appropriate in the context of this research. Reasonable assumptions have also been made in estimating the annual cost of mortgage repayments¹⁰⁰.

Table 6.4: Income Required to Access Market Housing

	Purchase	Privately rent
Cost (lower quartile)	£110,000	£5,976 per annum
Annual income required	£26,256	£17,928
% unable to afford	50%	30%

Source: Land Registry; VOA; ASHE

- 6.18 It is evident that private rented housing is the most affordable market option in Wyre, requiring a lower income than that required to purchase an entry-level home. However, ASHE data indicates that around 30% of households earn below this level, and are therefore unlikely to be able to afford the cost of privately renting in the open market. As such, it can be assumed for the purposes of this calculation that 30% of newly forming households in Wyre will be unable to privately rent, and will therefore require affordable housing in the future.
- 6.19 Available data is not sufficiently granular to enable the calculation of affordability benchmarks for different sizes of property. Once it is assumed that 30% of all households are unable to afford the cost of privately renting, the number of bedrooms required by households requiring affordable housing has been initially estimated based on the 2011 Census for Wyre¹⁰¹. This shows the number of bedrooms typically occupied by Wyre households living in social rented accommodation, although reasonable

⁹⁷ Annex B of the DCLG 2007 SHMA Guidance – though replaced by the PPG – assumes in the identified methodology for calculating gross new household formation that headship rates ‘plateau’ after age 45

⁹⁸ Gross annual employee earnings from ASHE converted to gross annual household earnings based on previously calculated relationship between households (CACI) and employees (ASHE)

⁹⁹ Resolution Foundation (2014) Housing pinched: understanding which households spend the most on housing costs

¹⁰⁰ 5% deposit assumed, with repayment over a 25 year period at a fixed interest rate of 5%

¹⁰¹ ONS (2011) 2011 Census – DC4405EW Tenure by household size by number of bedrooms

adjustments from this baseline position have been made to allow for overcrowding and under-occupation.

- 6.20 In addition to newly forming households, a number of existing households fall into need from other tenures. In order to estimate the total number of such households annually in Wyre, this incorporates lettings to households from other tenures during one year – capturing those whose needs were met during this period – and the number of households who remain on the Housing Register having been allocated to a priority band during the same period. This indicates that they did not receive a letting and their need was not met during this time. Consideration of these components in composite results in an annual flow of households who have fallen into need from other tenures, irrespective of their receiving a letting or not. An annual average has been derived from the latest three years of data available (2014/15 – 2016/17).

Table 6.5: Stage 4 – Future Housing Need (Annual)

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
4.1 New household formation (annual)	Gross household formation, 12 year Trend scenario	–	–	–	–	889
4.2 Newly forming households in need	Proportion of households unable to afford to privately rent in the open market	–	–	–	–	30%
	Number of households unable to afford to privately rent in the open market	124	81	58	4	267
4.3 Existing households falling into need	Households registering from other tenures and either receiving a letting or joining the Housing Register	109	54	29	5	197
4.4 Total newly arising need (gross annual)	(4.1 x 4.2) + 4.3	233	135	87	9	464

- 6.21 The calculation indicates that a need for 464 affordable homes will be generated annually through the formation of new households and the flow of existing households falling into need from other tenures. While a need for all sizes of affordable housing will be generated, the assumptions applied indicate that this will generate a particular need for smaller affordable housing with one or two bedrooms.

Stage 5 – Affordable Housing Supply

- 6.22 The annual amount of affordable housing anticipated to be made available each year can be estimated, based on the number of lettings which have become available for non-transfer tenants in the past. This is again calculated based on an average over three years (2014/15 – 2016/17). An estimate of the number of intermediate units likely to become available is also made, based on data provided by the Council.

Table 6.6: Stage 5 – Affordable Housing Supply (Annual)

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
5.1 Annual supply of social re-lets (net annual)	Lettings excluding transfers, average 2014/15 – 2016/17	90	97	59	2	248
5.2 Annual supply of intermediate housing available for re-let or resale at sub-market values	Intermediate completions recorded by the Council, 2014/15 – 2016/17	0	12	15	0	27
5.3 Annual supply of affordable housing	5.1 + 5.2	90	109	74	2	275

- 6.23 The historic data which forms the basis for this calculation suggests that circa 275 affordable homes will become available annually in Wyre. Two bedroom units represent the greatest component of future supply, accounting for around 39% of estimated annual supply.

Stage 6 – Annual Net New Need

- 6.24 The output of Stage 5 is subtracted from Stage 4 to produce an estimate of the number of households likely to have unmet needs for affordable housing, which – unless sufficient new stock is available to meet annual new need in full – will add to the backlog position each year.

Table 6.7: Stage 6 – Annual Net New Need (Net Annual)

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
6.1 Total newly arising need	4.4	233	135	87	9	464
6.2 Annual supply of affordable housing	5.3	90	109	74	2	275
6.3 Annual net new need	6.1 – 6.2	143	27	13	7	189

6.25 The calculation suggests that the annual supply of affordable housing of all sizes in Wyre is unlikely to be sufficient to meet newly arising need generated by newly forming households and existing households falling into need from other tenures. This results in an annual need for 189 additional – and predominantly smaller – affordable homes in the borough.

Total Affordable Housing Need

6.26 The final stage of the calculation identifies the total affordable housing need on a net annual basis, calculated by adding together the two components introduced above. As outlined earlier in this section, the assessment assumes that the backlog is cleared within a five year time horizon (2017 – 2022), with this resulting in a five year affordable housing need figure alongside a longer term net affordable need figure.

Table 6.8: Stage 7 – Total Affordable Housing Need (Net Annual)

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
7.1 Shortfall in affordable housing to meet current backlog	3.3	25	-42	-40	2	-55
7.2 Annual net new need	6.3	143	27	13	7	189
7.3 Net annual affordable housing need (5 years)	7.1 + 7.2	168	-15	-27	9	134

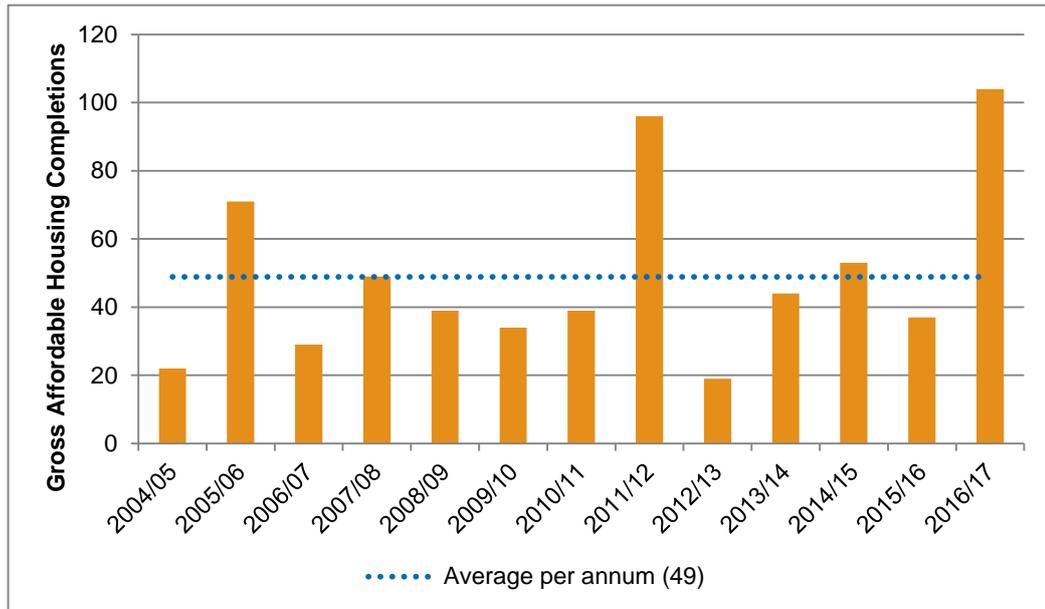
6.27 The calculation indicates an **annual need for 134 affordable homes** over the next five years, with this level of provision assumed to clear the backlog while meeting newly arising need during this period. As noted earlier in this section, this takes account of the sizeable pipeline of affordable housing which could be delivered within the next five years, which would be sufficient to clear the backlog and contribute towards meeting newly arising need. However, it should again be noted that this would represent a significant uplift in recent levels of affordable housing delivery, and delivery over the short-term should therefore be closely monitored to establish whether provision is in line with that assumed. Should supply fall below this level, a greater need for affordable housing over the next five years would result. Beyond this initial five year period (post 2022), an estimated **189 affordable homes** will be needed annually in the borough.

6.28 The assessment suggests that the greatest need exists for affordable housing with one bedroom, with an implied surplus of two and three bedroom properties over the next five years when taking account of supply. Over the longer-term, however, a need for affordable housing of all sizes will be generated, and – given the need for evidence-based assumptions within the calculation – it is recommended that the assumptions made in the assessment are tested through ongoing monitoring of supply and current affordable housing need, based on the Housing Register.

Historic Provision of Affordable Housing

6.29 Annual monitoring by Wyre Borough Council shows that an average of 49 gross affordable homes have been completed annually over the period from 2004 to 2017, as summarised in the following chart. Affordable housing provision peaked in the latest monitoring year (2016/17), when 104 gross affordable homes were built.

Figure 6.1: Gross Affordable Housing Completions in Wyre 2004 – 2016



Source: Wyre Borough Council

- 6.30 Once the backlog is cleared, the calculation indicates that there will be an annual need for 189 affordable homes in Wyre. Meeting this need in full would almost require a fourfold increase in the average level of affordable housing delivery seen historically in the borough.
- 6.31 As previously noted in this section, the calculation suggests that the supply of affordable housing becoming available over the next five years will be sufficient to clear the backlog, resulting in a lower level of affordable housing need over this period (134 per annum). This is, however, dependent upon the delivery of 572 affordable homes over the next five years, at an average rate of 114 completions per annum. This is more than double the historic average, and exceeds the highest rate of delivery (104, 2016/17) recorded during the period considered above. On this basis, while the pipeline of supply could clear the backlog, this would necessitate a short-term and significant increase in the delivery and completion of affordable homes in Wyre. If completions do not reach the levels assumed, a greater need for affordable housing will result over the remainder of the plan period.

Summary and Implications

- 6.32 This section has followed the methodology prescribed within the PPG to provide an updated calculation of the need for affordable housing in Wyre. This integrates updated data which has been made available to inform the preparation of this update.
- 6.33 The calculation indicates an **annual need for 134 affordable homes** over the next five years, with this level of provision assumed to clear the backlog while meeting newly arising need during this period. This takes account of the sizeable pipeline of affordable housing which could be delivered within the next five years, which would be sufficient to clear the backlog and contribute towards meeting newly arising need but would necessitate a significant uplift in recent levels of affordable housing delivery. Beyond this initial five year period, an estimated **189 affordable homes** will be needed annually in the borough. The assessment suggests that the greatest need exists for smaller affordable homes in Wyre, although a need for affordable homes of all sizes is expected over the long-term.
- 6.34 This can be considered in the context of the assessment most recently presented in the Addendum 1 report, which indicated a need for 339 affordable homes in Wyre over five years reducing to 299 affordable homes per annum thereafter. The lower level of need implied results from the larger pipeline assumed to meet needs over the short-term, and the increased number of lettings becoming available to meet needs annually. This serves to offset the modestly higher levels of current and newly arising need in the borough, but again highlights the need to closely monitor supply in order to establish whether actual delivery levels are sufficient to meet need.

7. Implications for the OAN in Wyre

- 7.1 The 2013 SHMA concluded that the OAN for housing in Wyre lay within the range of approximately 340 to 485 dwellings per annum. The 2013 SHMA confirmed:

“The lower end of the spectrum is informed by the demographic-led scenarios which, as identified above, are at best only likely to support a sustaining of current employment levels at this scale”¹⁰²

- 7.2 The Addendum 2 report for Wyre Borough Council considered the implications for the OAN taking account of the 2012-based SNHP and the 2015 ELSU. The updated analysis was drawn upon with the conclusion reached that the OAN now lay within the range of between 400 and 479 dwellings per annum over the period 2011 to 2031. The Addendum 2 report concluded that *‘within this range, it is recommended that emphasis is placed on the upper end’*. This recognised the uncertainties associated with historic estimates of population growth, a positive assumption regarding growth in the working age population and an identified need for affordable housing¹⁰³.
- 7.3 This report represents a further Addendum to the 2013 SHMA (Addendum 3). It takes account of the latest data available to inform each stage of the methodology for calculating the OAN. This includes the 2014-based SNPP and SNHP which were released in May and July 2016 respectively.
- 7.4 This section uses the analysis presented in the previous sections to assess the implications of the latest available information on the OAN for housing in Wyre, as of July 2017.

The Starting Point for the Projection of Need

- 7.5 The 2014-based SNHP form the ‘starting point’ for the projection of need in Wyre. Allowing for vacancy these projections suggest a need for 283 dwellings per annum – or approximately 5,660 dwellings over the plan period – in Wyre.

Updating the Demographic Projection of Need

- 7.6 In Wyre, the historic period from which the 2014-based SNHP draws upon is one which reflects a different demographic picture to that seen prior to the recession. This also coincides with a period in which completion levels have been below that seen prior to the onset of recession. Projections of population growth which draw upon a longer-term historic period have on this basis been considered as being more representative of potential future demographic growth pressures.
- 7.7 The analysis of demographic evidence in Wyre through the previous housing need evidence has highlighted that there is a degree of uncertainty related to the accuracy of historic counts of population in Wyre. This is reflected in the ONS applying a notable ‘correction’ to the historic estimates of population change on the release of the 2011

¹⁰² Fylde Coast SHMA (December 2013), Turley Associates, paragraph 11.40

¹⁰³ Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and ELS Update, Turley, paragraphs 6.49 to 6.51

Census, represented by an 'unattributable population change' component (UPC). More recent estimates of population, however, appear to continue to show a strong growth in the population of Wyre, and whilst it is possible that these estimates continue to replicate the errors seen in the last decade, this growth serves to reinforce the rationale for projecting a stronger level of population change than indicated by the official projections.

- 7.8 Without arriving at a concluded position as to the appropriateness of including or excluding the impact of UPC in full, the analysis suggests an uplifted demographic need for between 351 and 413 dwellings per annum over the period 2011 to 2031. In accordance with the previous housing need evidence, it is considered that the lower end of this range should be viewed as a minimum level of demographic need in Wyre.
- 7.9 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 latest evidence presented in this report considers that it remains reasonable to assume that a return to more sustainable household formation rates for younger households will result in an approximate 6% uplift to the projections based on the application of the 2014-based SNHP household formation rates.
- 7.10 The application of this household formation rate adjustment to the twelve year trend-based projection of population growth, including and excluding UPC, suggests a demographic need for between 372 and 435 dwellings per annum in Wyre. This level of need is some 89 to 152 dwellings per annum higher than that projected by the 'starting point' projection of the 2014-based SNHP, representing an uplift of between 31% and 54%.
- 7.11 It is considered prudent that the upper end of these demographic projections is used to inform the OAN calculation. It is noted, however, that the selection of the upper end of these projections should be considered in the context of the scale of subsequent uplifts related to the other aspects of the OAN calculation.

Taking Likely Employment Growth into Account

- 7.12 The 2017 ELS Addendum II provides the latest assessment of likely job growth in Wyre. Its adjusted Experian baseline forecast shows a strong level of job growth forecast to occur from its 2015 base date. Wyre is forecast to see a growth of some 2,545 jobs over the remainder of the plan period (from 2015) or almost 160 jobs per annum to 2031.
- 7.13 The modelling indicates that supporting the concluded likely level of job growth in Wyre will generate a need for 391 dwellings per annum, elevated to 415 dwellings per annum when applying a comparable adjustment to the household formation rates of younger households to that applied to the demographic projections. This is considered to represent the minimum level of housing growth needed to support likely employment growth in Wyre and reflects a projected population which includes greater numbers of younger households.
- 7.14 In previously recommending the upper end of the OAN range, the Addendum 2 report recognised that the lower end of the range assumed a fall in the working age population

to 2031. This was considered to pose a risk to supporting employment growth. The analysis in this report confirms that the provision of 415 dwellings per annum will result in only a modest decline in the working age population. This evidently continues to pose potential risk in ensuring that investment in Wyre's economy is supported through the provision of labour and housing.

- 7.15 A sensitivity scenario has been modelled retaining more modest adjustments to the economic activity rates of older cohorts, comparable to those used in the 2013 SHMA and the scenario forming the upper end of the OAN range in the Addendum 2 report. This implies a need for 513 dwellings per annum over the plan period. The impact of the adjustments to the labour-force assumptions under this sensitivity suggests rather than a modest decline in those aged 16 – 64 a significant growth in excess of 3,300 extra persons. This evidently represents a notably different population profile and a level of projected growth in the population which notably exceeds that implied by the demographic projections. The justification for such a pronounced growth in the core working age groups in the context of the changing demographic profile and the scale of job growth anticipated is not readily apparent when compared against that implied by the employment-led scenario.
- 7.16 However, it is recognised that there remains a degree of uncertainty in forecasting future labour-force behaviours. Allowing for some flexibility in this regard is therefore considered reasonable in order to ensure that the provision of housing does not unduly constrain the realisation of forecast likely job growth

A Reasonable Response to Market Signals

- 7.17 In the context of the updated analysis of market signals, it is concluded that a reasonable response to account for limited evidence of these signals worsening would be to assume a minimum 5% additional uplift to the scale of need projected under the demographic projections. Some degree of flexibility should be considered with regard to this adjustment, although this would indicate that there is a minimum need for approximately 391 dwellings per annum in Wyre to respond to the evidence of market signals. The application of this level of adjustment to the upper end of the demographic projections would imply a need for 457 dwellings per annum.

Taking Account of Affordable Housing Need

- 7.18 This Addendum 3 report has included an update to the calculated need for affordable housing. This represents the first update to take account of updated evidence from the Council drawn from the Housing Register since the level of need concluded in the 2013 SHMA. The calculated need presented in this report should therefore replace the assessment as set out in the 2013 SHMA for Wyre.
- 7.19 The calculation indicates an annual need for 134 affordable homes in Wyre over the next five years, with this level of provision assumed to clear the backlog while meeting newly arising need during this period. This takes account of the sizeable pipeline of affordable housing which could be delivered within the next five years, which would be sufficient to clear the backlog and contribute towards meeting newly arising need but would necessitate a significant uplift in recent levels of affordable housing delivery.

Beyond this initial five year period, an estimated 189 affordable homes will be needed annually in the borough. The assessment suggests that the greatest need exists for smaller affordable homes in Wyre, although a need for affordable homes of all sizes is expected over the long-term.

- 7.20 The PPG does not specify how any adjustment should be made to the OAN in relation to affordable housing. However, the analysis in section 6 confirms that meeting affordable housing need in full would require an annual level of provision which considerably exceeds that seen in recent years.
- 7.21 The PPG makes clear that the need for affordable housing should be '*considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments*'¹⁰⁴. It is understood that the Council currently seeks to ensure that 20% of homes delivered on new developments of 10-15 dwellings and 30% on new developments of 15+ dwellings are affordable¹⁰⁵. While it is acknowledged that this policy will be replaced upon adoption of the new Local Plan, for illustrative purposes an assumption has been applied that 25% of new homes provided are affordable. This illustratively suggests that annual provision of 756 homes would be required to facilitate delivery of sufficient affordable housing to meet the long-term need for 189 affordable homes per annum. This assumes that the backlog is cleared by the pipeline within the next five years. This level of implied provision evidently exceeds by some way even the highest levels of completions seen in the recent historical period in Wyre.
- 7.22 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*'¹⁰⁶.
- 7.23 It was recognised in the Addendum 2 report that this needed to be framed in the context of the interpretation of this aspect of the PPG methodology for assessing the need for housing through the Courts. The Kings Lynn High Court judgement¹⁰⁷ was cited which compared how the gross unmet need for affordable housing should be considered:

*"The Framework makes clear these needs should be addressed in determining the...[Full Objective Assessment of Need (FOAN)], but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. This is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed"*¹⁰⁸

¹⁰⁴ PPG Reference ID: 2a-029-20140306

¹⁰⁵ Wyre Borough Council (2012) Core Strategy Preferred Options Policy CS21 – Affordable Housing. This was informed by the 2010 Affordable Housing Viability Study and its 2011 Addendum.

¹⁰⁶ Fylde Coast SHMA (December 2013), Turley Associates, paragraph 11.26

¹⁰⁷ Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)

¹⁰⁸ Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)

- 7.24 In comparing the affordable housing need figure and the OAN, Addendum 2 highlighted the points of methodological difference which made a direct comparison complex¹⁰⁹.
- 7.25 Again, the High Court judgement quoted above was referenced in this context which identified that paragraph 159 of the NPPF requires *‘that the SHMA ‘addresses’ these needs in determining the FOAN’* and that:
- “...when paragraph 47 of the Framework requires the local plan to meet “the full objectively assessed needs for market and affordable housing,” that is the figure determined by the SHMA required by the paragraph 159 of the Framework for the purpose of identifying the FOAN. That process, guided by the PPG, seeks to meet household and population projections (taking account of migration and demographic change), and to address the need for types of housing including affordable housing”¹¹⁰*
- 7.26 In this context, it is important to recognise that a significant amount of the calculated need for affordable housing relates to existing households or those projected to form under the demographic projection¹¹¹ and this would therefore not add to the overall need for housing. Within the households classified as in existing need, there are approximately 159 households in priority bands on the Housing Register but already housed in the private market. These households would vacate a property for occupation by another household if an additional affordable home was to be provided.
- 7.27 Outside of these technical considerations, however, it is apparent that the scale of affordable housing delivery in Wyre over recent years has not been sufficient to meet the calculated need, as shown at Figure 6.1. This forms an important context for considering the implications for the OAN in Wyre below.

Implications for the OAN in Wyre

- 7.28 Prior to the publication of the proposed standardised methodology for calculating OAN, there is no prescribed calculation which explicitly sets out how the individual outputs of the methodological steps of the PPG should be drawn together into a single OAN figure. A judgement is required which considers each of the individual components collectively to derive a reasonable OAN which responds to the Government’s housing aims as captured in the NPPF.
- 7.29 The implications of the analysis following each of the methodological steps are set out in Table 7.1 overleaf.

¹⁰⁹ Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and ELS Update, paragraphs 6.35 and 6.36

¹¹⁰ *Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)*

¹¹¹ Step 4.1 of the calculation presented in section 6

Table 7.1: Considering the OAN for Wyre

	Dwellings per annum 2011 – 2031	Adjustment from 'starting point'	
		Dwellings per annum	% uplift
The 'starting point' – 2014-based SNHP	283	–	–
Long-term demographic projection	413	130	46%
Adjusted demographic projection with headship rate adjustment	435	152	54%
Market signals adjustment (+5%)	457	174	61%
Implied need to support forecast job growth ¹¹²	415 – 513	132 – 230	47 – 81%

Source: Turley, Edge Analytics, 2017

- 7.30 The analysis above indicates that addressing demographic, market signals and economic evidence would result in a **minimum OAN of 457 dwellings per annum**. This represents an uplift of some 11% from the upper end of the longer-term demographic projections and significantly uplifts the 'starting point' by some 61%. It also represents a considerable uplift on the average historic provision of 265 dwellings per annum in the borough (2003 – 2017), contributing towards the national need to significantly boost the supply of housing.
- 7.31 This minimum level of need would be expected to accommodate all of the demographically derived household projections. This also responds to evidence of a historic worsening of market signals through an uplift to the demographic projections. This level of provision would also contribute significantly towards addressing affordable housing need by boosting supply towards the illustrative level of delivery required to meet affordable housing needs in full.
- 7.32 When applying a set of reasonable labour-force adjustments, it is also considered that this level of housing need would support the forecast creation of almost 160 jobs per annum over the remainder of the plan period, from 2015.
- 7.33 In the context of both the scale of adjustment applied in response to market signals and the level of population growth required to support employment growth, it is noted that there is a degree of uncertainty and therefore professional judgement applied.
- 7.34 It is acknowledged – as was previously identified in the Addendum 2 report – that the projected ageing of the population in Wyre poses an important consideration in establishing how the need for housing will be influenced by new employment opportunities. The modelling indicates that providing 457 dwellings per annum would assume a modest continued reduction in the size of the core working age population (16 – 64 years). The Addendum 2 report considered the impact of applying a more prudent

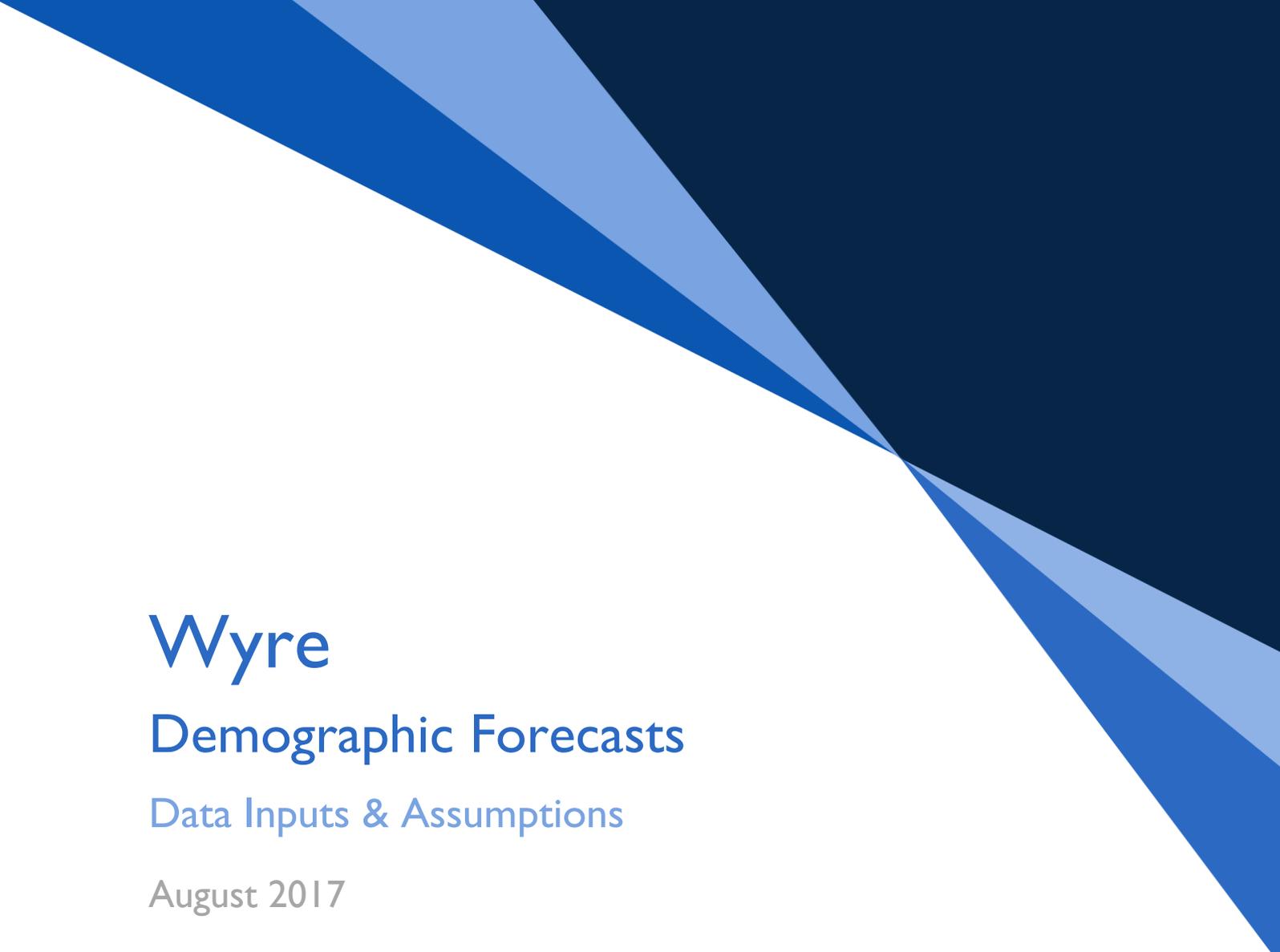
¹¹² ELS Addendum II Adjusted Experian Baseline forecast with variant labour-force adjustments. Lower end of presented range includes headship rate adjustment

set of assumptions on older cohorts remaining in the labour-force. A re-application of these more prudent assumptions through a sensitivity scenario implies a need for 513 dwellings per annum.

- 7.35 The implied growth in population associated with this sensitivity scenario represents a notable uplift when compared to the other employment-led scenario, noting this itself comes close to ensuring at least a maintaining of the working-age population over the remainder of the plan period. The elevation of the projected population to this degree and in this context is not considered to be necessary or evidentially justified in order to support the scale of job growth anticipated. However, it is considered that there is benefit in ensuring a level of flexibility in this regard and on this basis it is considered that the upper end of the OAN range previously concluded in Addendum 2 (**479 dwellings per annum**) remains a reasonable upper limit as to the full need for housing in Wyre. This would represent an uplift of some 16% from the upper end of the longer-term demographic projections and significantly uplift the *'starting point'* by some 69%.
- 7.36 Within the Addendum 2 report it was concluded that emphasis should be placed upon the upper end of the OAN range identified¹¹³. This recognised the risks associated with a falling working age population in supporting the scale of job growth identified within the ELSU and recent evidence of a return to stronger levels of population growth. Account was also given of the evidenced need to provide affordable housing with the implied provision associated with the higher end of the range serving to support the delivery of higher levels of affordable housing. Whilst the OAN range has been narrowed on the basis of this addendum, 457 – 479 homes per annum, these factors continue to support a recommendation that provision should be made for needs aligned to the upper end of the range identified in this latest Addendum. Provision at this higher level will mitigate risks associated with a declining working age population and represent a positive response to the evidenced need for affordable housing in the authority. The latest evidence considered in this Addendum therefore continues to support the use of the OAN of 479 homes per annum, which has been used by the Council in preparing its 'Publication' draft of the Local Plan, as an appropriate and justified figure.

¹¹³ Wyre Addendum 2: Analysis of Housing Need in light of the 2012 Sub-National Household Projections and the ELS Update, Wyre Borough Council, February 2016, paragraphs 6.49 to 6.50.

Appendix 1: Edge Analytics: Data inputs, assumptions & methodology



Wyre

Demographic Forecasts

Data Inputs & Assumptions

August 2017

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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.

Forecasting Methodology

- 1.1 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.
- 1.2 Demographic forecasts have been developed using the POPGROUP suite of products. 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.
- 1.3 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.
- 1.4 For further information on POPGROUP, please refer to the Edge Analytics website:
<http://www.edgeanalytics.co.uk/>.

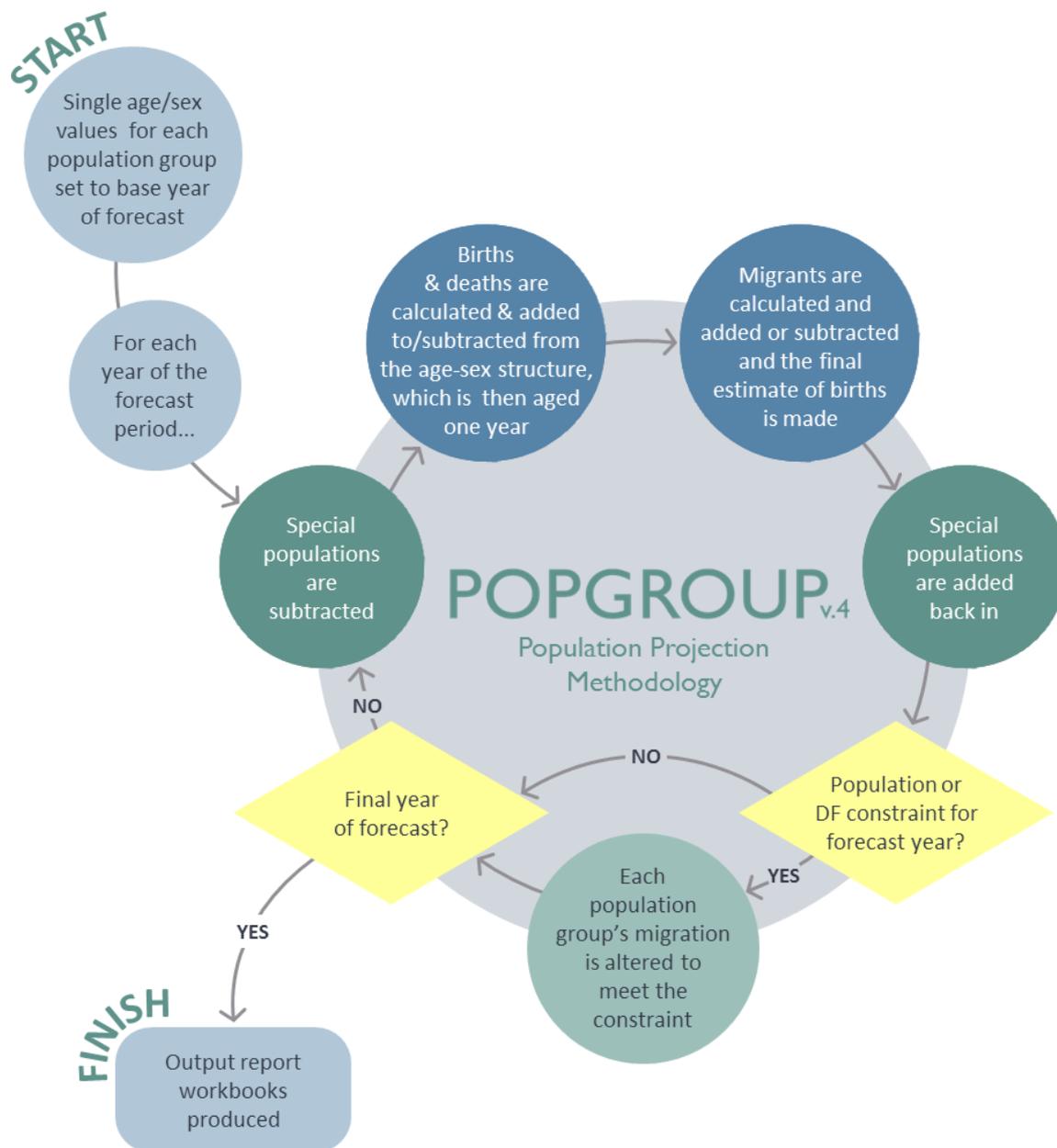
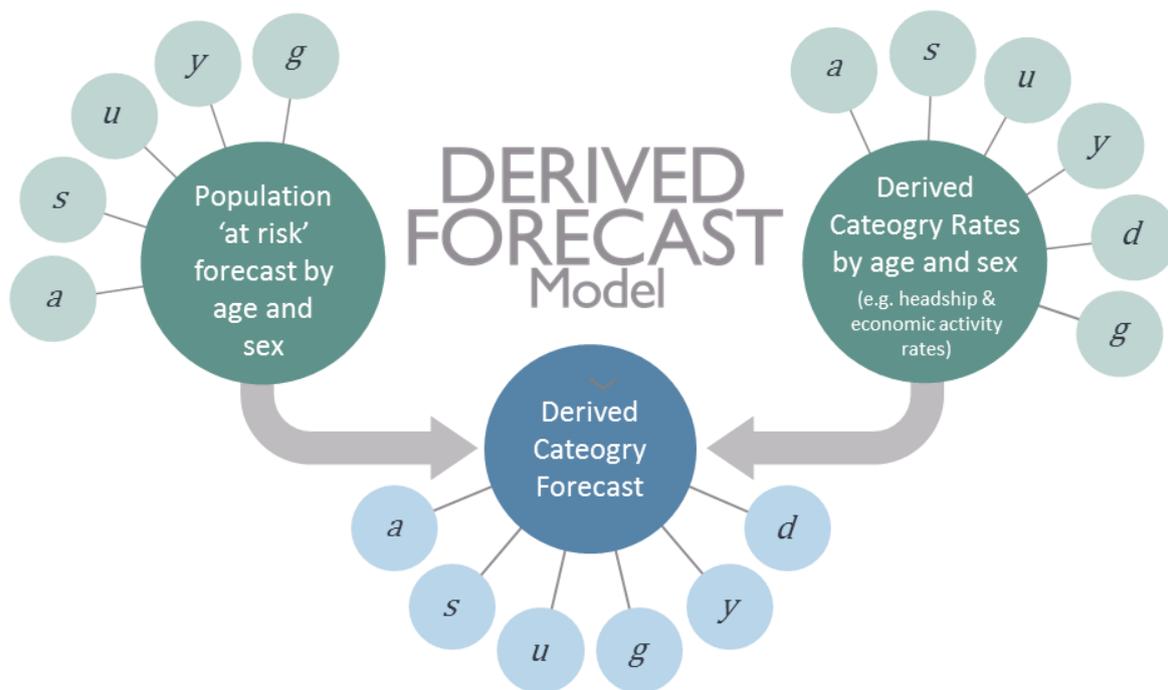


Figure 1: POPGROUP population projection methodology



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} R_{a,s,u,y,d,g}}{100}$$

- | | | | |
|----------|-------------------------------|----------|---|
| <i>D</i> | Derived Category Forecast | <i>y</i> | Year |
| <i>P</i> | Population 'at risk' Forecast | <i>d</i> | Derived category |
| <i>R</i> | Derived Category Rates | <i>g</i> | Group (usually an area, but can be an ethnic group or social group) |
| <i>a</i> | Age-group | | |
| <i>s</i> | Sex | | |
| <i>u</i> | Sub-population | | |

Figure 2: Derived Forecast (DF) methodology

2 Data Inputs & Assumptions

Introduction

- 2.1 Edge Analytics has developed a suite of demographic scenarios for Wyre using POPGROUP v.4 and the Derived Forecast model. The POPGROUP suite of demographic models draws data from a number of sources, building a 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 ONS sub-national population projections (SNPPs) and DCLG household projections, a series of assumptions have been derived which drive the scenario forecasts.
- 2.2 The following scenarios have been produced:
- SNPP-2014
 - SNPP-2014 (Adjusted)
 - PG 10yr
 - PG 10yr-X
 - PG 12yr
 - PG 12yr-X
 - Jobs-led Experian Baseline
 - Jobs-led Experian Baseline SENS

Scenario Definition

- **SNPP-2014:** Replicates the official 2014-based SNPP for Wyre
- **SNPP-2014 (Adjusted):** Includes the 2015 mid-year estimate (MYE), with SNPP growth assumptions applied thereafter.
- **PG 10yr:** Internal migration rates and international migration flows assumptions are based on the last ten years of historical evidence (2005/06–2014/15). The

unattributable population change (UPC) components is included in international migration assumptions

- **PG 10yr-X:** Internal migration rates and international migration flow assumptions are based on the last ten years of historical evidence (2004/05–2014/15). UPC is *excluded* from international migration assumptions.
- **PG 12yr:** Internal migration rates and international migration flow assumptions are based on the last twelve years of historical evidence (2003/04–2014/15). UPC is included in international migration assumptions.
- **PG 12yr-X:** Internal migration rates and international migration flow assumptions are based on the last twelve years of historical evidence (2003/04–2014/15). UPC is *excluded* from international migration assumptions.
- **Jobs-led Experian Baseline:** Population growth is determined by the annual change in employment, as defined by the Experian Baseline employment forecast. This is a total increase of 2,440 over the 2015/16–2030/31 forecast period (Figure 3). Core economic activity rate assumptions are applied.
- **Jobs-led Experian Baseline SENS:** Population growth is determined by the annual change in employment, as defined by the Experian Baseline employment forecast. This is a total increase of 2,440 over the 2015/16–2030/31 forecast period (Figure 3). Sensitivity economic activity rate assumptions are applied.

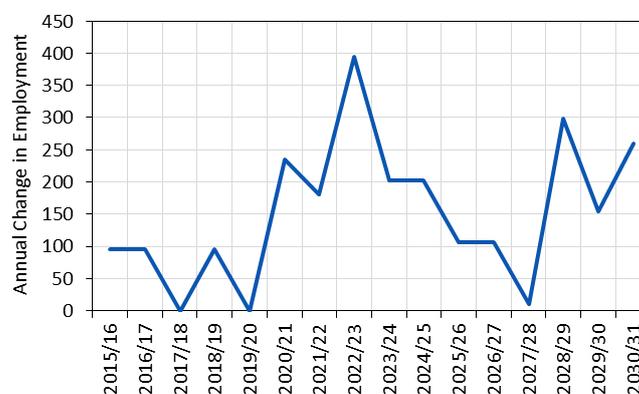


Figure 3: Annual change in employment under the Experian Baseline forecast

In the following sections, a narrative on the data inputs and assumptions underpinning the scenarios is presented.

Population, Births & Deaths

Population

- 2.3 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.
- 2.4 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.
- 2.5 In the other scenarios, the historical MYEs are used up to 2015.

Births & Fertility

- 2.6 In each scenario, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.
- 2.7 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. In the **SNPP-2014 (Adjusted)** scenario, historical births are used from 2001/02 to 2014/15. From 2015/16, future counts of births are specified, in line with the 2014-based official projection.
- 2.8 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.

- 2.9 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

- 2.10 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.
- 2.11 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.
- 2.12 In the **SNPP-2014 (Adjusted)** scenario, historical deaths are used from 2001/02 to 2014/15. From 2015/16, future counts of deaths are specified, in line with the 2014-based official projection.
- 2.13 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.
- 2.14 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

- 2.15 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).

- 2.16 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.
- 2.17 In the **SNPP-2014 (Adjusted)** scenario, historical counts of internal in and out-migrants are defined from 2001/02 to 2014/15. From 2015/16, future counts of migrants are specified, in line with the 2014-based official projection.
- 2.18 In the **PG** 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** and **PG 10yr-X** scenarios, a *ten* year internal migration history is used (2005/06–2014/15). In the **PG 12yr** and **PG 12yr-X** scenarios, a *twelve* year internal migration history is used (2003/04–2014/15).
- 2.19 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 Wyre, it comprises all districts which cumulatively contributed 70% of migrants into the Lancashire Local Enterprise Partnership (LEP) over the 2008/09–2014/15 period.
- 2.20 In the **Jobs-led Experian Baseline** and **Jobs-led Experian Baseline SENS** scenarios, historical counts of 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 scenarios, the profile of internal migrants is defined by the ASMigR schedule, derived from the ONS 2014-based SNPP.

International Migration

- 2.21 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.

- 2.22 In all scenarios, future international migrant counts are specified.
- 2.23 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.
- 2.24 In the **SNPP-2014 (Adjusted)** scenario, historical counts of migrants are used from 2001/02 to 2014/15. From 2015/16, the international in- and out-migration counts are drawn directly from the 2014-based official projection.
- 2.25 In the **PG** 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** and **PG 10yr-X** scenarios, a *ten* year history is used (2005/06 to 2014/15). In the **PG 12yr** and **PG 12yr-X** scenarios, a *twelve* year history is used (2003/04 to 2014/15). In each **PG** scenario, an ASMigR schedule of rates is derived from the relevant migration history and is used to distribute future counts by single year of age.
- 2.26 Implied within the international migration component of change in the **PG 10yr** and **PG 12yr** scenarios is an 'unattributable population change' (UPC) figure, which ONS identified within its latest mid-year estimate revisions. The POPGROUP model has assigned the UPC to international migration as it is the component with the greatest uncertainty associated with its estimation. In the **PG 10yr-X** and **PG 12yr-X** scenarios, the UPC adjustment is excluded from the international migration assumptions.
- 2.27 In the **Jobs-led Experian Baseline** and **Jobs-led Experian Baseline 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** and **SNPP-2014 (Adjusted)** scenarios). An ASMigR schedule of rates from the ONS 2014-based SNPP is used to distribute future counts by single year of age.

Households & Dwellings

2.28 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.”

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

2.30 The household and dwelling implications of each 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 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

2.31 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”*¹.

2.32 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.
- **Stage Two** provides the detailed ‘household-type’ projection by age-group, controlled to the previous Stage One totals.

¹ Household Projections 2014-based: Methodological Report. Department for Communities and Local Government (July 2016). <https://www.gov.uk/government/statistics/2014-based-household-projections-methodology>

2.33 In POPGROUP, the 2014-based Stage Two headship rates have been applied by 10-year age group in an 8-fold household type classification (Table 1).

- **HH-14:** 2014-based DCLG headship rates for Wyre
- **HH-14 Return:** 2014-based headship rates, with the rates for 25–34 age groups for returned to their respective 2001 values by 2024, following the original trend thereafter. Note that this adjustment has been made for all household types with the defined age groups.

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

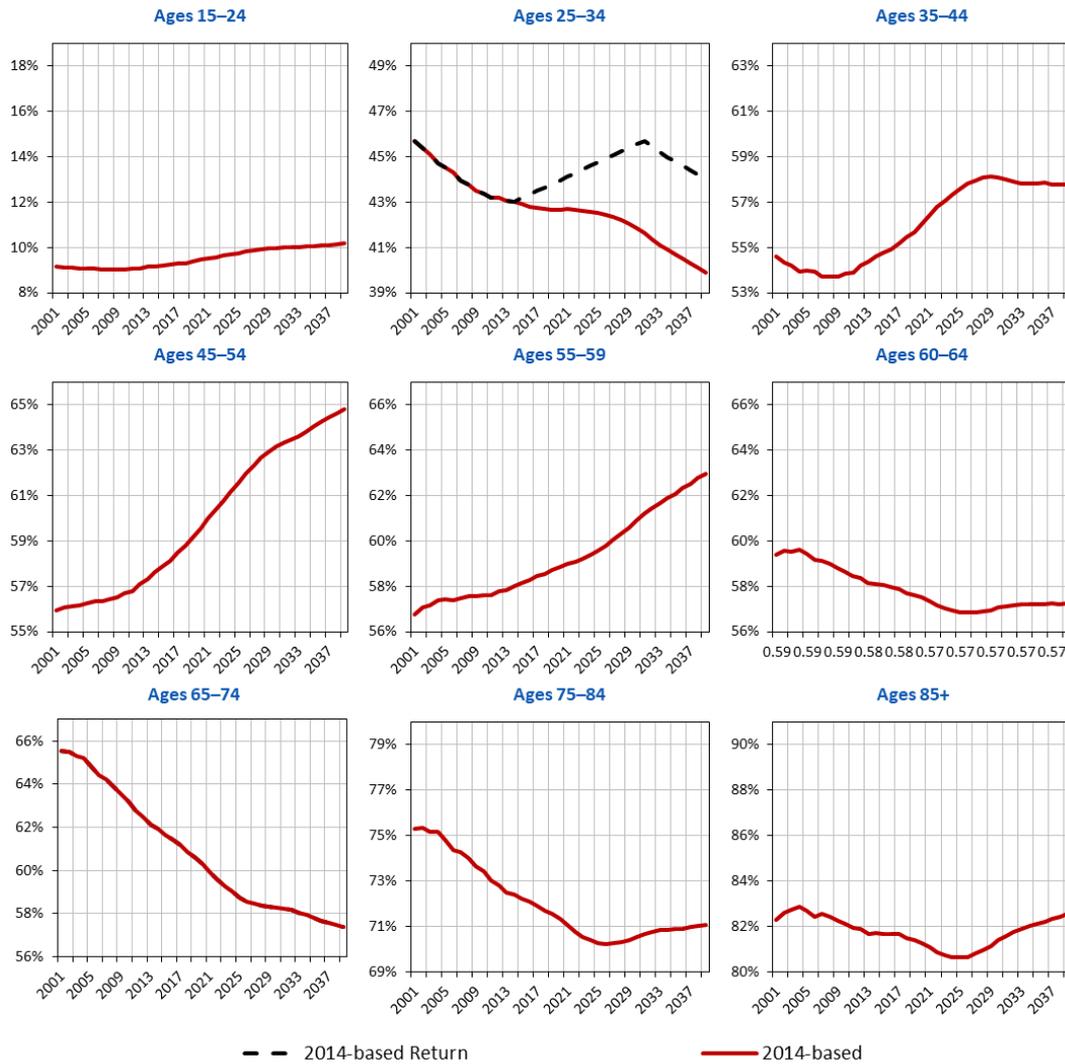


Figure 4: Wyre Stage 2 2014-based and 2014-based Return headship rates

Communal Population Statistics

- 2.34 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.
- 2.35 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

- A.1 The relationship between households and dwellings is modelled using a 'vacancy rate', sourced from the 2011 Census². The vacancy rate is calculated using statistics on households (occupied household spaces) and dwellings (shared and unshared).
- A.2 A vacancy rate of 5.4% for Wyre 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

- 2.36 The labour force and jobs implications of the population growth trajectory are evaluated through the application of three key data items: economic activity rates, an unemployment rate and a commuting ratio.

Economic Activity Rates

- 2.37 The level of labour force participation is recorded in the economic activity rates. Economic activity rates by five year age group (ages 16-89) and sex have been derived from Census statistics. Between the 2001 and 2011 Censuses, rates of economic activity increased in both Wyre, most notably for females and males in the older age groups (Figure 4).

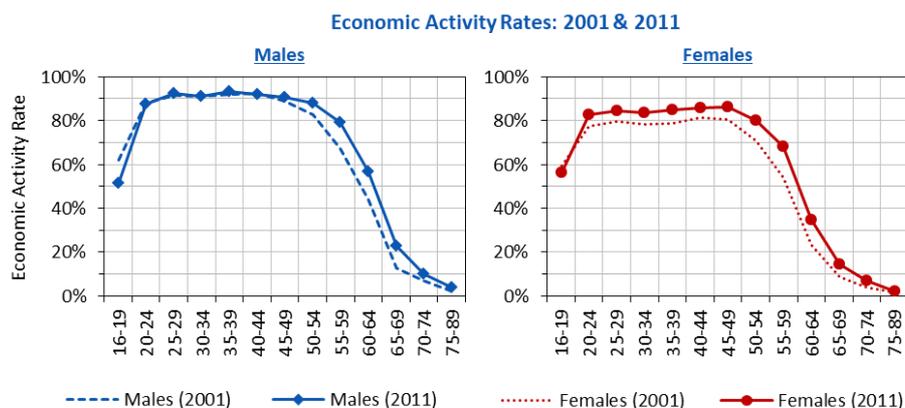


Figure 4: Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

² Census Table KS401EW: Dwellings, household spaces and accommodation type

2.38 The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2017 Fiscal Sustainability Report³. Included within its analysis is a forecast of changing economic activity rates for males and females, extending to a long-term 2066 forecast horizon.

2.39 Adjustments have been to the 2011 Census economic activity rates for all ages 16–89 for Wyre (Figure 5), in line with the OBR forecasts. These economic activity rates have been applied in all scenarios, except the **Jobs-led Experian Baseline SENS** scenario.

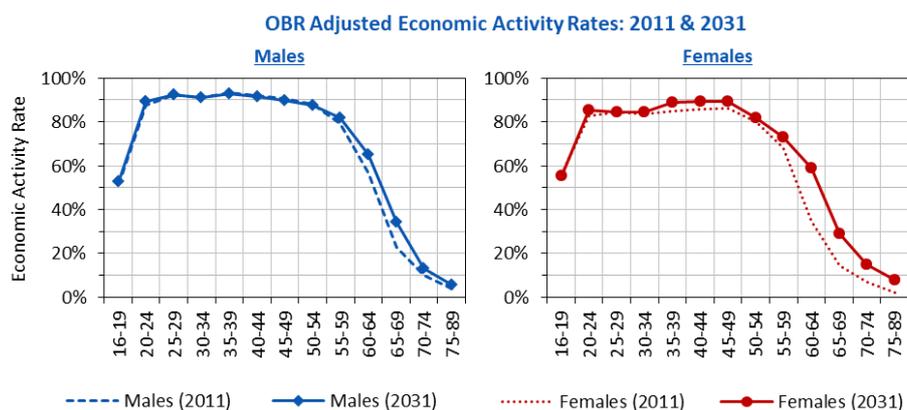


Figure 5: OBR Economic activity rate profile for Wyre: 2011 and 2031

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	71%
65–69	48%	65–69	100%
70–74	32%	70–74	113%
75+	57%	75+	288%

³ http://cdn.budgetresponsibility.org.uk/FSR_Jan17.pdf

Economic Activity Rate Sensitivity

Under the **Jobs-led Experian Baseline SENS** scenario, the 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 the economic activity rate adjustments presented in the Fylde Coast SHMA (2014)⁴ and subsequent addendums (2014 and 2016)⁵, which considered the ONS economic activity rate forecasts from a 2006 base⁶. 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%. The following adjustments to economic activity rates have been made over the 2011–2020 period, in line with the SHMA (2014) and addendums (2014 and 2016):

- **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

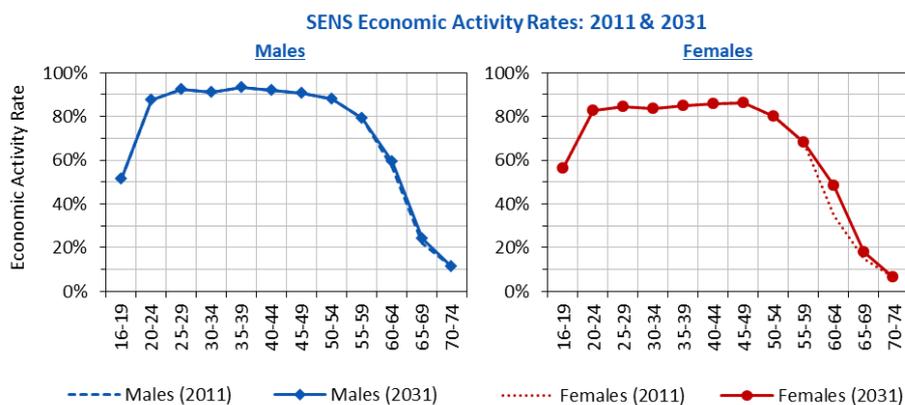


Figure 6: SENS Economic activity rate profile for Wyre: 2011 and 2031

⁴ Fylde Coast Strategic Housing Market Assessment. Turley. [February 2014]
http://www.wyre.gov.uk/downloads/file/2275/fylde_coast_strategic_housing_market_assessment

⁵ Fylde Coast Strategic Housing Market Assessment Addendum 1: Analysis of Housing Need in light of the 2012 Sub-National Population Projections. Turley. [November 2014]
http://www.wyre.gov.uk/downloads/file/3390/shma_-_wyre_addendum_november_2014

Wyre Addendum 2: Analysis of Housing Need in Light of the 2012 Sub-National Household Projections and ELS Update. Turley. [February 2016]
http://www.wyre.gov.uk/downloads/file/3389/shma_-_wyre_addendum_2_february_2016

⁶ ONS 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>

Commuting Ratio

- 2.40 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. 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.
- 2.41 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014. A commuting ratio of 1.28 has been derived for Wyre. This compares to the 2001 Census value of 1.30 (Table 3). In all scenarios, the 2011 Census commuting ratio of 1.28 has been applied, fixed throughout the forecast period.

Table 3: Wyre Commuting Ratio Comparison

Wyre		2001 Census	2011 Census
Workers	<i>a</i>	44,974	48,895
Jobs	<i>b</i>	34,491	38,074
Commuting Ratio	<i>a/b</i>	1.30	1.28

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 .

Unemployment Rate

- 2.42 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.
- 2.43 In all scenarios, historical unemployment rates are defined up to 2015 (Table 4). Between 2015 and 2020, the unemployment rate returns to a pre-recession average (2004–2007) of 3.4%, fixed thereafter.

Table 4: Wyre historical unemployment rates 2004–2015

Wyre	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average Pre-Recession (2004-07)
Unemployment Rate	3.0	3.1	3.9	3.7	4.7	4.5	4.8	6.1	6.4	5.5	4.3	3.6	3.4

Source: ONS model-based estimates of unemployment, from NOMIS

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