Analysis of Housing Need in light of the 2012 Sub-National Population Projections

Fylde Coast Strategic Housing Market Assessment – Addendum

November 2014

Turley
Economics

Contents

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Executive Summary

1. Turley 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. Following publication of the SHMA, official 2012-based sub-national population projections (SNPP) prepared by the Office for National Statistics (ONS) were released in May 2014. The release of this dataset represents an important update to the range of information considered within the 2013 SHMA, with the Government's Planning Practice Guidance (PPG) highlighting that such official projections should be a starting point in assessing housing need.

3. This report represents an 'Addendum' to the original 2013 SHMA and should be read alongside the analysis presented in the SHMA.

4. As part of this report, modelling has been undertaken to determine the need for dwellings over the period to 2030 to support the increase in population projected in the Fylde Coast under the 2012 SNPP. This indicates that the average annual housing need under this scenario – for 98, 237 and 268 dwellings per annum in Blackpool, Fylde and Wyre respectively – is lower than the levels of housing need identified in the 2013 SHMA. This modelling applies the same assumptions to take account of alternative headship rate assumptions as the 2013 SHMA. It is recognised that the release of the 2012 SNHP dataset (anticipated early in 2015) will form an important context for reassessing these headship rate assumptions. This will need to be considered by the Councils in the future.

5. The analysis in this report has, however, highlighted that the projected growth in the population in the 2012 SNPP needs to be set in the context of the other factors identified within the PPG, following the approach undertaken within the 2013 SHMA. This includes a consideration of the recent profile of population change – including flows of migration – upon which the trend-based projections are based. This recognises the impact of potential constraints associated with the housing market including suppressed development levels, as well as the implications for the changing size of the labour-force based on the projected change in the age profile.

6. The analysis in this report presents household projections derived from the 2012 SNPP based on the application of a consistent approach to applying headship rate assumptions to the 2013 SHMA. This report does not seek to present an updated Objective Assessment of Need (OAN) from that presented within the 2013 SHMA, but provides conclusions as to the implications on the range of needs arrived at in the 2013 SHMA in light of the new dataset.

7. Consideration of historic migration levels suggests that the 2012 SNPP – in projecting forward short-term trends – covers a period of relatively slow population growth in the Fylde Coast. Migration levels, for example, have been lower than that seen over a longer ten year period, with this likely to be associated with relatively low levels of housing development across the housing market area compared to historic trends. Housing market activity has also been supressed by the economic recession, with a

notable fall in the number of transactions seen in the Fylde Coast resulting in fewer moves. These aspects of the market are analysed in more detail in the 2013 SHMA.

8. The projected growth under the 2012 SNPP is therefore considered to be projecting forward demographic trends which have been influenced by the impact of the recession and subsequent slow recovery. This creates a number of challenges for assessing future need based upon past trends alone.

9. Planning for the associated lower levels of population growth implied by the 2012 SNPP is unlikely to support employment growth without significant changes to economic activity rates, or changes to commuting patterns. Indeed, under the 2012 SNPP, the older population is expected to significantly grow, with a sizeable fall in the number of residents aged 40 to 65 – a key component of the working age population.

10. For this reason, modelling has also been undertaken in this report based on alternative longer term migration trends, which cover a ten year period and a more positive pre-recessionary context. These take into account the underpinning data within the 2012 SNPP as well as the other updated modelling assumptions. It is noted that the modelling methodology applied in this report to derive labour force projections from these demographic scenarios has been updated from the 2013 SHMA with economic activity and commuting rate assumptions underpinned by the latest available data. Further details are set out within the report and appendices.

11. For consistency, therefore, forecast levels of job growth – as set out in the 2013 SHMA – are also considered in the context of implied levels of labour-force required to support new job growth taking into account the new input assumptions. This report has not sought to update the economic forecasts cited within the 2013 SHMA. It is understood that the Fylde Coast authorities are currently preparing additional economic evidence to understand the economic prospects of the area. The outputs of this evidence will need to be taken into account in as part of on-going work to update and monitor the evidence base to ensure the different elements are integrated.

12. For all three authorities, a continuation of average migration trends – over a longer term, ten year period – results in a higher level of projected need, for 289, 312 and 318 dwellings per annum in Blackpool, Fylde and Wyre respectively. This assumes a higher level of migration than that projected within the 2012 SNPP dataset, taking account of stronger historic levels seen prior to the economic downturn. These longer-term projections include the unattributable population change (UPC) component which has been identified by the ONS following the results of the 2011 Census. The exclusion of this component produces alternative long-term demographic trend based projections for each of the three authorities. In the case of Fylde and Wyre the exclusion of this component results in a higher requirement of 351 and 414 dwellings per annum respectively. In contrast Blackpool's requirement is lower at 241 dwellings per annum reflecting the fact that the 2011 Census suggests that the ONS underestimated population growth in the authority between the two Census years (i.e. 2001 and 2011).

13. In line with the PPG, the levels of jobs able to be supported – or the change in the labour force – under demographic trend based projections needs to be considered alongside evidence of likely growth in the number of jobs in the Fylde Coast. The modelling in this report indicates that the level of population growth projected under the

2012 SNPP would be unlikely to support a growth in employment numbers across the Fylde Coast.

14. The scenarios which are based on longer term migration trends, as stated above, project forward higher levels of population growth. This suggests a larger labour-force to support employment. Without an improvement in unemployment levels, however, these scenarios do not suggest a scale of labour-force change which would be likely to support employment growth. Recent evidence does suggest, however, that unemployment across the country is falling, and the modelling within this report highlights the sensitivity of this ability to support job growth under the longer-term trend projections to assumptions around falling unemployment rates amongst other economic factors. It will be important to continue to monitor the economy of the Fylde Coast to understand its relative 'health' compared against the national picture.

15. The 2013 SHMA included a range of economic forecasts sourced during the course of the study, or based on other parts of each authority's evidence base. The modelling in this report has continued to highlight that in order to support levels of forecast job growth under the majority of these scenarios higher levels of housing need are likely to be created than those modelled based on historic trends. This reflects the ageing of the population and the need to retain and attract new working-age migrants into the area.

16. As previously set out, this document does not represent a full objective assessment of need for the Fylde Coast, and should be read alongside the 2013 SHMA and its full appraisal of the range of Objectively Assessed Need (OAN) across the Fylde Coast. However, when compared to the additional modelling undertaken within this report, it is evident that the concluded ranges of OAN in the 2013 SHMA remain broadly relevant. They recognise the potential impact of the recent economic and demographic context and on this basis represent an uplift from the demographic projection of growth suggested by the 2012 SNPP.

1. Introduction

1.1 Turley 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 Following publication of the SHMA, official 2012-based sub-national population projections (SNPP) prepared by the Office for National Statistics (ONS) were released in May 2014. The release of this dataset represents an important update to the range of information considered within the 2013 SHMA, with the Government's Planning Practice Guidance (PPG) highlighting that such official projections should be a starting point in assessing housing need.

1.3 This report represents an 'Addendum' to the original 2013 SHMA and should be read alongside the analysis presented in the SHMA. The intention of the report is to establish the implications of the 2012-based Sub-National Population Projections (SNPP) on the conclusions of the 2013 SHMA, and in particular the range of objectively assessed need arrived at within the study.

1.4 The 2013 SHMA sought to pre-empt the release of 2012 SNPP by presenting a series of alternative demographic projections, using 5 and 10 year horizons. In addition, the modelling included reference to employment-led scenarios aligning job growth to population via differing levels of migration. It is important to note that the 2013 SHMA did not use the Interim 2011-based SNPP dataset – released on an interim basis by ONS to reflect the results of the 2011 Census – within the modelled scenarios, recognising its limitations.

1.5 The 2012 SNPP dataset takes into account the official recorded population in the 2011 Census and assumptions underpinning the 2012-based national population projections. This includes changes to fertility and mortality assumptions, as well as different assumptions around international migration. These represent base changes to the modelling assumptions undertaken within the 2013 SHMA.

1.6 Following publication of the 2013 SHMA, national guidance has been published in the form of web-based Planning Practice Guidance (PPG)[1], which advises on how housing needs should be assessed. This was formally published in March 2014, although a draft version was released in August 2013 in beta form. It is noted that the content of the final PPG largely reflected the content of the draft version, which was considered by Turley in the preparation of the 2013 SHMA.

1.7 We recognise the importance – in line with the PPG – of considering the latest available demographic evidence. This includes the 2012 SNPP, and this addendum provides a clear set of conclusions regarding the implications of this dataset on the conclusions of the 2013 SHMA.

[1] Referred to as NPPG (National Planning Practice Guidance) in SHMA, but since renamed following formal publication in March 2014

1.8 It should be noted that the 2012 SNPP takes mid-2012 as a starting point. However, in the modelling undertaken by Edge Analytics to inform this report, population growth in the 2012-13 period has been taken from official ONS mid-year population estimates. Therefore, the projected element of the scenarios modelled begin from mid-2013, although – for consistency with the 2013 SHMA – analysis in this report is presented in a number of tables back to 2011[2].

Structure

1.9 This addendum adheres to the following structure:

- **Section 2 – Planning Practice Guidance** – summary of key points in the PPG, recognising that – while this was formally released following the publication of the 2013 SHMA – there was relatively close alignment to the draft version which was published during the SHMA process;

- **Section 3 – 2012-based Sub-National Population Projections** – introduction to the 2012 SNPP dataset, including review of changes to national projections and underlying assumptions, as well as a review of identified limitations. An overview of projections is included for each authority;

- **Section 4 – Updated Demographic Scenarios** – Edge Analytics have undertaken additional demographic modelling using the using the most up-to-date demographic data and assumptions included in the 2012 SNPP dataset. The outputs of this modelling are presented in this chapter, along with a summary of changes to underpinning modelling assumptions;

- **Section 5 – Implications of Aligning with Potential Job Growth** – following consideration of the economic context of the Fylde Coast in the 2013 SHMA, this section provides an overview of the implications of the 2012 SNPP and additional economic modelling assumptions on labour-force change and therefore its alignment with the job forecasts presented in the 2013 SHMA. It is important to note that the scope of the Addendum has not involved an updating of job forecast inputs. It is understood that the Councils are updating the economic evidence across the Fylde Coast. This will, once released, need to be considered alongside the analysis presented within this Addendum;

- **Section 6 – Affordable Housing Need** – the development of updated demographic scenarios allows a recalculation of affordable housing need, to integrate assumptions about household formation. The modelling has assessed the impact of using the projected gross household formation rates derived from the 2012 SNPP dataset. The outputs of this re-calculation are presented in this section; and

[2] It is important to recognise that the modelling therefore reflects population change based on the ONS estimates. These are translated into households by Edge Analytics using headship rate assumptions. In Blackpool's case as a result of population losses between 2011 and 2013 the modelling indicates a fall in households over this period. This has an impact when dwelling requirements are re-based to 2011 from the 2013 based projection modelling as the modelling assumes a lower average requirement over the plan period with negative requirements implicit between 2011 and 2013.

- **Section 7 – Summary and Implications** – the implications of the 2012 SNPP are brought together and considered in the context of the conclusions within the 2013 SHMA in relation to future housing need.

2. Planning Practice Guidance

2.1 In March 2014, DCLG published a full set of new national planning guidance – in response to the Taylor Review – in the form of the PPG. The 2013 SHMA was published in advance of the final iteration of the PPG being published. The PPG is entirely web-based, and was released in beta form for consultation in August 2013. The final version was released in March 2014, and while this included a number of updates, the content of the beta version was largely retained.

2.2 The PPG includes guidance on '*Housing and economic development needs assessments*', which is of particular relevance to the preparation of SHMAs and the objectively assessed need. This provides clear guidance on the approach, scope and methodology to be used in such assessments.

2.3 Clarification is provided around how need is defined:

"Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand"[3]

2.4 A clear distinction is made between the 'objective assessment of need' and the development of planning policy to provide for future needs:

"The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans"[4]

2.5 The PPG also states, regarding the calculation of need:

"There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need. But the use of this standard methodology is strongly recommended because it will ensure that the assessment findings are transparently prepared. Local planning authorities may consider departing from the methodology, but they should explain why their particular local circumstances have led them to adopt a different approach where this is the case. The assessment should be thorough but proportionate, building where possible on existing information sources outlined within the guidance"[5]

[3] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_003

[4] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_004

[5] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/the-approach-to-assessing-need/#paragraph_005

2.6 The PPG identifies that the household projections published by DCLG should provide the starting point for the estimate of overall housing need, but notes that the current interim dataset has a time horizon to 2021. Importantly, the PPG states:

"Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates" [6]

2.7 The PPG also recognises the importance of taking other long-term drivers of the housing market into account in understanding future projections of need. The guidance states that importance should be attributed to employment trends, noting:

"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" [7]

2.8 In addition to economic factors, the PPG also recognises the importance of taking market signals into account:

"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" [8]

2.9 The PPG also provides guidance on the scope of assessment, noting that needs should be assessed in relation to the relevant functional housing market area, which is defined in the guidance:

"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap" [9]

2.10 The PPG suggests that housing market areas can be defined based on spatial analysis of key indicators, including house prices, household migration and contextual data, including commuting patterns.

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[6] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017

[7] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_018

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

[9] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/scope-of-assessments/#paragraph_010

2.11 The 2013 SHMA was prepared following the publication of the draft PPG, and made reference to emerging guidance throughout the report as well as the previous DCLG SHMA Guidance, which continued to be in place. In particular, the 2013 SHMA aligned with key requirements of the PPG, including:

- The consideration of needs across functional housing market areas, defined by household demand and preferences. The level of containment within the housing market area was assessed in accordance with the PPG, through analysis of migration and commuting flows in particular;

- Analysis of official population and household projections – published by ONS and DCLG respectively – which are advocated as a 'starting point' for assessing housing need in the PPG;

- Testing of adjustments of official projections based on specific local circumstances, including development of a range of migration-led alternative scenarios;

- Taking employment trends into account, based on historic employment trends and economic forecasts, produced by Oxford Economics and Experian. Additional economic sensitivities were also tested based on a 'policy-on' scenario in Fylde, alternative assumptions around commuting in Fylde and Wyre and improved economic activity rates in Blackpool linked to wider programmes of regeneration;

- Consideration of a range of market signals, through analysis of the active housing market in section 6;

- Assessing the needs for all types of housing, including specific needs related to older people, households with support needs and BME households; and

- Assessment of the need for affordable housing, through calculating current unmet need and projecting future housing need, relative to the current supply of stock. The methodology for assessing affordable housing need has largely been retained from the previous 2007 DCLG SHMA Guidance.

2.12 On the basis of the above, there is evidently a clear alignment between the methodology utilised in the 2013 SHMA and the updated guidance included in the finalised PPG. The further assessment within this addendum has also been undertaken in compliance with the PPG.

3. 2012-based Sub-National Population Projections

3.1 The 2012 Sub-National Population Projections (SNPP) were published by ONS in May 2014, reflecting the findings of the 2011 Census and implementing changes to fertility and mortality assumptions, as well as different assumptions around international migration.

3.2 The 2012 SNPP dataset projects population change over a long-term period to 2037, and represents the first long-term dataset released for two years. While interim 2011-based projections were released in April 2013 to take account of the 2011 Census, these projections use assumptions from the previous 2010-based dataset to define fertility, mortality and migration rates. Furthermore, the interim 2011-based projections only covered a short-term period to 2021.

Context

3.3 The release of national 2012-based population projections – published in November 2013 by ONS – highlighted a number of important points regarding the projected change in the national population:

- The UK population is projected to increase by 8 million between 2012 and 2032, with an increase of 4.3 million over the next decade;
- Of the 4.3 million increase over the next ten years, 2.6 million – or 61% - is a result of projected natural increase, with more projected births than deaths. The remaining 1.7 million is the projected number of migrants, accounting for an average of 165,000 net in-migrants per annum;
- Importantly, the overall natural change component is itself partly dependent on the assumed level of net migration. The ONS notes that around 60% of the projected increase in the population over the period from mid-2012 to mid-2037 is either directly attributable to future migration (43%), or indirectly attributable to the effect of fertility and mortality on these future migrants (17%);
- Importantly, on the basis of the above assumptions, the ONS suggests that the size of the working age population is projected to increase by 12%, from 39.4 million in mid-2012 to 44.2 million by mid-2037. The working age population is defined in the ONS as people aged between 16 and state pension age. This would suggest that any uplift in employment numbers beyond this level would need to be the result of changing economic activity rates across this working age population;
- It is important to note that the 2012-based national population projections have reduced the assumed net migration into the UK over the projection period, from an average of 200,000 persons in the 2010-based dataset to 165,000 in the 2012-based dataset. In England, this results in a fall from 172,500 per annum to 143,500 per annum – a reduction of approximately 29,000 per annum across the

country. The ONS notes that these changes reflect the most recent trends in both international migration and cross-border migration between the four countries of the UK. It is also stated that the high and low migration variants assume long-term annual net migration to the UK to be 60,000 people higher or lower than the principal assumption – ie +225,000 and +105,000; and

- Overall, the population of the UK is projected to grow at a slower rate in the 2012-based projections than the 2010-based projections, and at mid-2022 it is projected to be 100,000 – or 0.2% - lower than projected in the previous 2010-based dataset.

3.4 While the PPG states that official demographic projections should be used as the 'starting point' in assessing the need for housing, it is important to recognise that there are limitations to these official datasets. This can be the case with all trend-driven projections, which project forward base trends – derived from a set period of time – into the future.

3.5 Assumptions around migration, for example, can be influenced by wider factors, such as the economy and the operation of the housing market. Nationally, the rate of internal migration has been influenced by low levels of house building, linked to the credit crunch and subsequent recession. A national fall in housing sales following the credit crunch also suggests that households increasingly decided against moving during the recession, which impacts the recorded movement of households across the country. It is understood that the assumptions around internal migration in the 2012-based SNPP are derived from historic migration levels over the preceding five years, and there is therefore potential for these market and economic factors to influence internal migration levels at a local level.

3.6 Furthermore, projecting future levels of international migration is challenging. As noted above, a lower net inflow of international migrants is projected relative to the previous 2010-based projections, suggesting an annual average net inflow of 143,500 migrants to England. However, recent statistics published by the ONS[10] suggest that net migration stood at 243,000 in the year ending March 2014, up from 175,000 in the year ending March 2013. This is described as a statistically significant increase, reflecting increased net in-migration of EU citizens and an end of a sustained decline in in-migration of non-EU citizens. An increased number of migrants are moving to the UK for work, suggesting that there could be potential for further increases as the economy continues to recover.

3.7 The limitations of the official projections in assessing future housing need are cited within guidance published by the Planning Advisory Service in June 2014, which highlights three main points that should be acknowledged:

- *"The projections might be technically flawed. Often this is due to inaccurate historical data: the projections may not have caught up with the latest available data, or even these latest data may be open to doubt…Sometimes there are other technical anomalies, which mean that the projections for individual places do not look credible;*

[10] ONS (2014) Migration Statistics Quarterly Report, August 2014 Release

- *"The projections in effect assume that the external (non-demographic) factors that drive demographic change will be the same as they were in the past (base period). But in reality these factors might change in future. For example, the macroeconomic climate might improve; there might be more local job opportunities; or planning policy in neighbouring areas might become more restrictive – shifting demand across administrative boundaries to the subject area;*

- *"If used as a measure of demand, the projections in effect assume that in the base period the demand for housing land was fully met. But in practice it may be that past planning policy constrained housing development in the area, so the planned land supply fell short of demand. In that case, the projections will roll forward that constraint, so they will understate future demand"*[11]

3.8 Despite these limitations – and the impact of unattributable population change, considered separately below – the PPG underlines the fact that, as official demographic projections, the 2012 population projections represent an important trend-based starting point. This highlights the household levels and structures that would result if the assumptions based on previous demographic trends in the population were to be realised. The PPG does, however, recognise that there may be need for adjustment, in order to reflect factors affecting local demography and household formation rates. The latter, for example, can be suppressed historically by under-supply.

Unattributable Population Change

3.9 The PAS guidance also highlights the importance of considering unattributable population change (UPC), which occurred where the 2011 Census found more or less persons than could be traced back to previous population, natural change or migration. At a national level, the population was some 103,700 higher at the 2011 Census than previously estimated by the ONS[12]. Given that births and deaths are recorded in a more accurate manner than migration, Edge Analytics consider that it is likely that migration – or particularly international migration – has been estimated incorrectly in mid-year estimates. This has the effect of under- or over-estimating the impact of migration in authorities.

3.10 Notably, in the developing the 2012 SNPP, the ONS have chosen to not directly take account of the UPC, as it is not included in the historical migration trend that is projected into the future. This therefore assumes that UPC did not happen, with previous errors in estimating the population not directly taken into account. This can make a significant difference to projected housing need at a local level, and further validates the importance of considering alternative variant demographic projections where migration trends have been volatile and international migration has played a significant role. The scenarios developed in section 4 by Edge Analytics therefore test the impact of including or excluding UPC.

3.11 The following table summarises the total change that is not attributable to births, deaths or migration in the Fylde Coast over the period between the 2001 Census and the 2011

[11] Planning Advisory Service/Peter Brett Associates (2014) Objectively Assessed Need and Housing Targets – technical advice note (para 5.3)

[12] ONS (2014) 2012-based Sub-National Population Projections for England, Report on Unattributable Population Change

Census. While there is always likely to be some other change, the majority of this change is linked to errors made in estimating the population prior to the 2011 Census.

Figure 3.1: Other Population Change in the Fylde Coast 2001/02 – 2010/11

Authority	Total UPC (2001/02 – 2010/11)
Blackpool	347
Fylde	-890
Wyre	-3,920

Source: ONS, 2014

3.12 A positive UPC results from an under-estimation of the population, where the 2011 Census found that the population of an area was higher than previously estimated. Where the Census found that the population was lower than previously estimated, a negative UPC occurs. As the table above shows, there is a significant UPC in Wyre, with the Census finding that the population was overestimated by almost 4,000. Fylde also had a more modest overestimation, resulting in a negative UPC effect, while the population of Blackpool was slightly underestimated, leading to a positive UPC component.

3.13 In terms of trend-based demographic projections, given that the UPC is likely to be associated with the incorrect estimation of migration, excluding the UPC in these projections in Edge Analytics view is likely to overestimate the scale of international migration to Wyre and, to a lesser extent, Fylde, while underestimating the scale of international migration to Blackpool. The issue of UPC is not relevant to the employment-led projections introduced later in this report as they seek to calculate levels of migration required to ensure an appropriate balance between the population and input assumptions around changing employment levels.

Fylde Coast

3.14 The following table summarises the total and average annual population change for each of the Fylde Coast authorities, based on the 2012-based SNPP dataset.

Figure 3.2: 2012-based Sub-National Population Projections

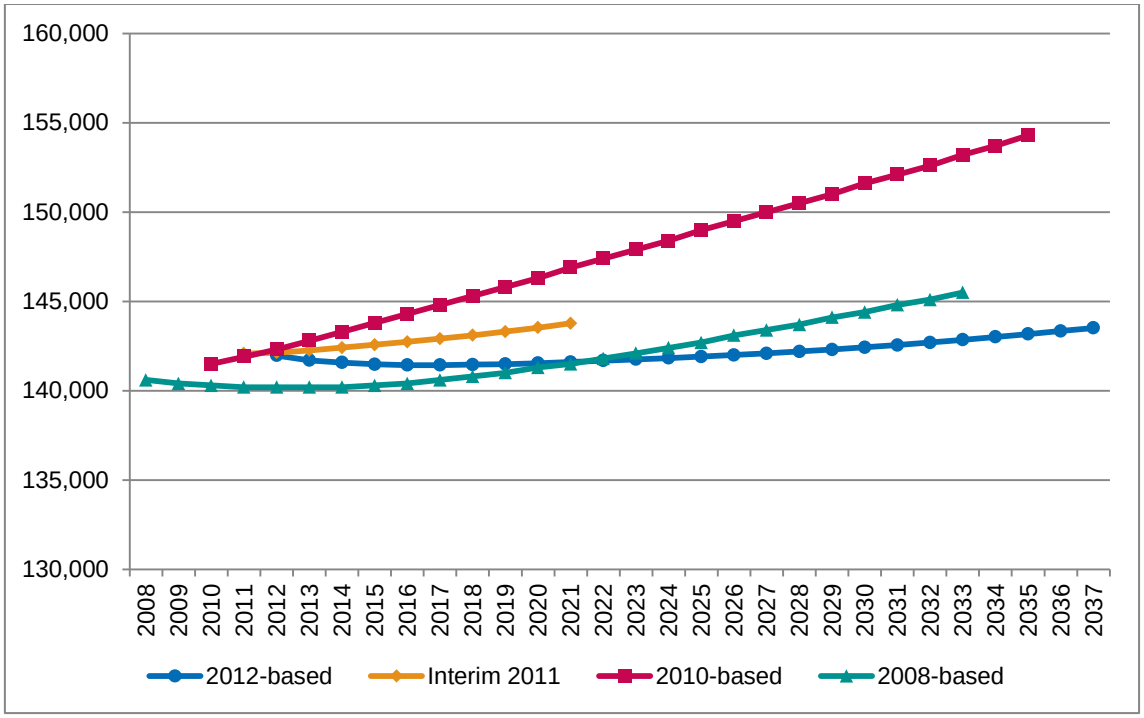
Authority	Total Population Change 2012 – 2037	Average Annual Population Change
Blackpool	1,539	62
Fylde	6,709	268
Wyre	7,312	292
Fylde Coast	**15,560**	**622**

Source: ONS, 2014

3.15 The remainder of this section considers the latest projections in the context of historic datasets, in order to illustrate variance in projections due to varying assumptions and time periods. The assumed components of change are also presented to fully understand the assumed drivers of population change.

Blackpool

Figure 3.3: Comparing Historic Official Population Projections – Blackpool

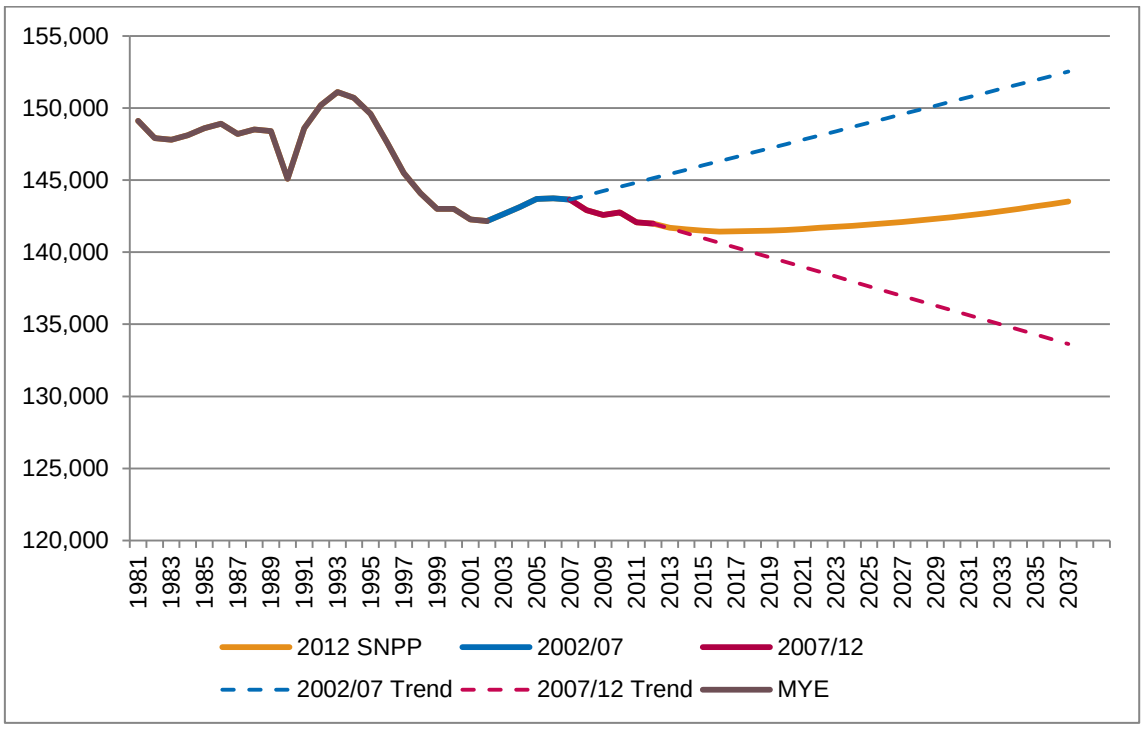


Source: ONS

3.16 The 2012-based SNPP notably projects a lower level of population growth in Blackpool than previously expected, with a notable fall since the previous long-term 2010-based projections. The latter 2010-based projections were underpinned by higher assumed rates of international in-migration, driving population growth of 512 persons per year. The 2012-based dataset, however, projects a much lower level of population growth – equating to an average of only 62 persons per annum – which suggests that if recent historic trends continue, there will be minimal population growth in Blackpool, and indeed the projections project a population decline to 2016 in the authority.

3.17 The 2012 SNPP can be viewed in further context by assessing the extent to which the projections represent a continuation of past trends. The following graph extrapolates forward population growth trends between the periods 2002 – 2007 and 2007 – 2012, reflecting population growth prior and during the recession respectively. Historic mid-year population estimates (MYE) – published by ONS – are also presented for longer term context.

Figure 3.4: 2012 SNPP and Trend-Based Projected Population Growth – Blackpool



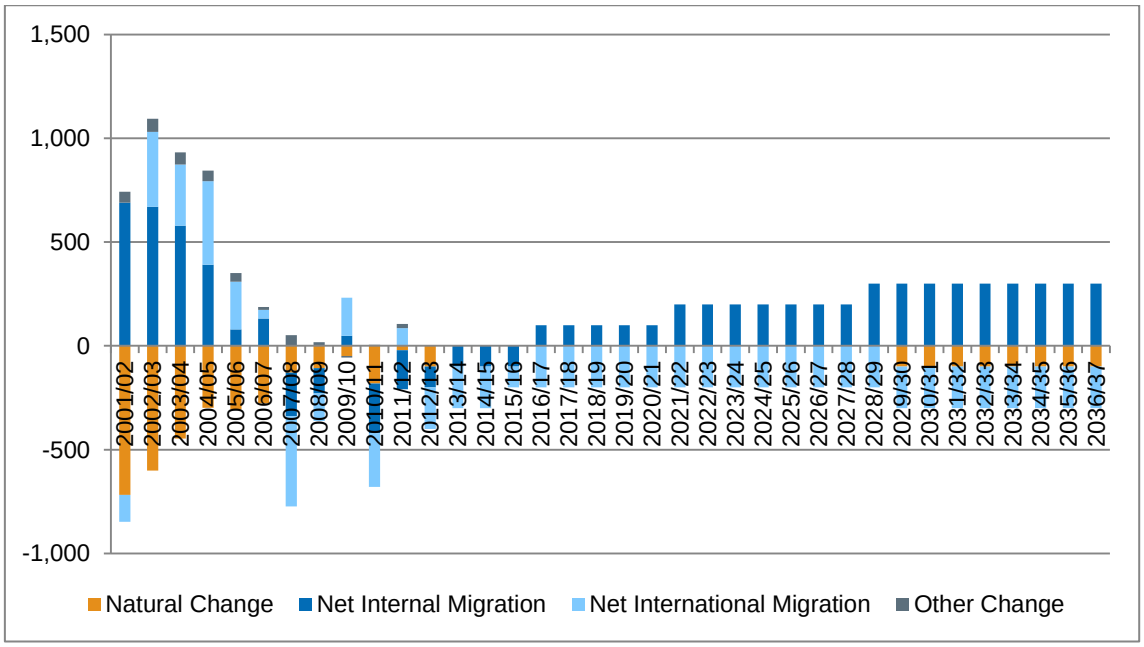
Source: ONS, 2014; Turley, 2014

3.18 Evidently, the level of population growth projected by the 2012 SNPP is notably lower than the pre-recession growth trend, although this represents a projected improvement compared to the extrapolated recessionary trend, which would lead to clear population decline in Blackpool.

3.19 In Blackpool, however, it is important to recognise long-term population trends, with the authority evidently seeing little population growth over the period shown and indeed a steep population decline during the 1990s. This forms an important context in considering future population change in the authority. It is evident that important drivers of population change would need to occur to result in a notable longer-term change in the population trend in the authority. This could, for example, be a notably more positive economic context than seen in the authority over this historical period.

3.20 The following graph shows the assumed components of population change in Blackpool, based on the 2012 SNPP. This is contextualised historically through use of mid-year population estimates (MYE) published by ONS.

Figure 3.5: Blackpool – Components of Change



Source: ONS, 2014

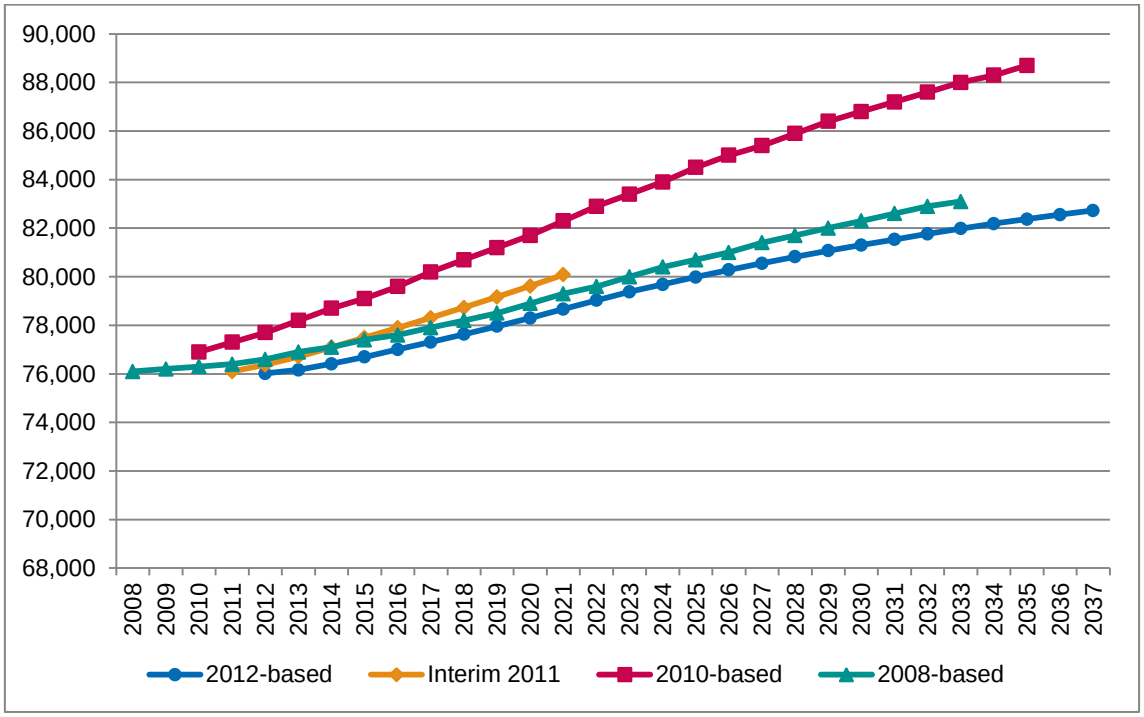
3.21 Migration factors are evidently expected to continue to play a major role in Blackpool. Historically, there has been a fall in the level of net internal inward migration, such that more people moved out of the authority than moved in annually from 2007/08 onwards. While this is expected to reverse by 2016/17 – reverting to net in-migration of internal migrants, as seen historically – the scale of the inward flow is not expected to reach the levels seen historically.

3.22 Furthermore, there has clearly been a period of change in international migration dynamics over recent years, with the first half of the decade showing in-migration and the latter half out-migration. This suggests a relatively volatile picture. In this context, it is important to note that – under the 2012 SNPP dataset – the ONS project a net outflow of around 200 persons per year, suggesting a significant assumed fall in the number of international migrants to Blackpool. Importantly, while this is fairly representative of recent historical trends, it is clear that higher levels of international in-migration were seen earlier in the period shown. Therefore, should international migration flows return to this level, the population will grow to a greater extent than projected by the 2012 SNPP. As highlighted earlier, it is also important to note that other change (UPC) is positive, indicating that the population at the 2011 Census was higher than previously estimated in Blackpool. It is likely that this is linked to an underestimation of the scale of international migration. International migration trends are further analysed in the 2013 SHMA using other complementary datasets.

3.23 Historically, it is clear that there has been an increasing balance between births and deaths, and a balance is therefore projected to be sustained to 2029/30 after which deaths are expected to slightly outnumber births again. This suggests that there is very limited projected natural growth in the population throughout the SNPP projection period, with all change – until 2029 – attributable to migration.

Fylde

Figure 3.6: Comparing Historic Official Population Projections – Fylde

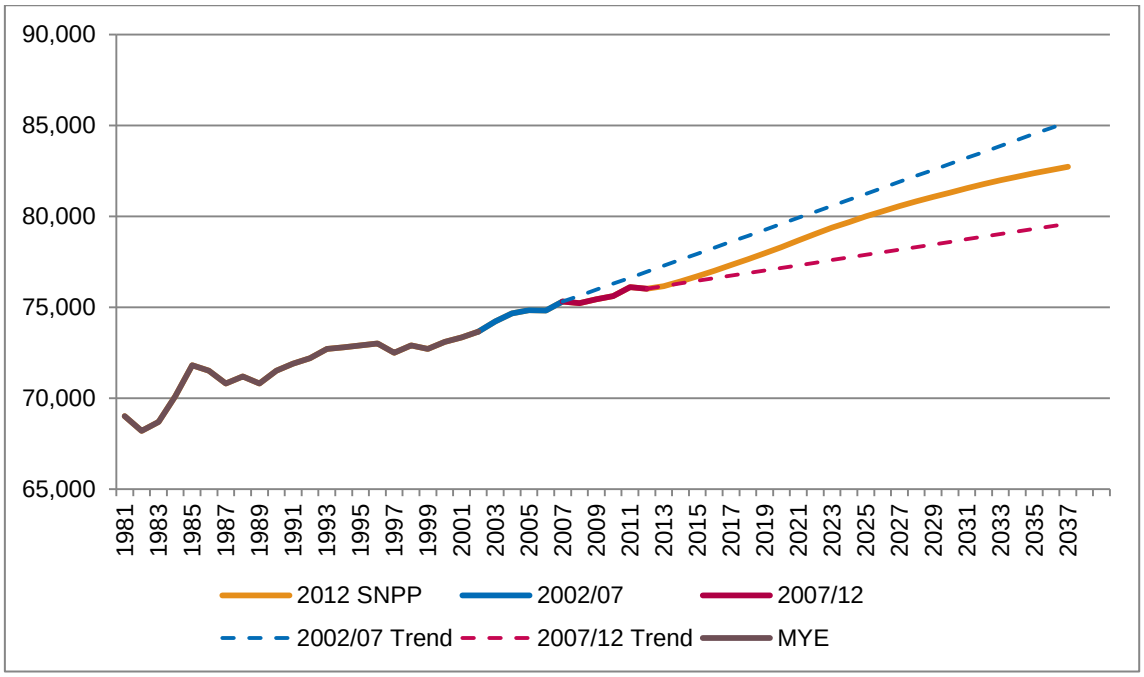


Source: ONS

3.24 In Fylde, the 2012 SNPP again projects a lower level of population growth than previously expected, with a notable fall compared with the previous long-term 2010-based projections in particular. Indeed, the average population growth has been projected downwards, from 472 per annum in the 2010-based projections – which assumed higher rates of internal migration – to 268 per annum in the 2012-based projections. Interestingly, there is a closer alignment with the 2008-based projections, with regards to scale and trajectory of growth.

3.25 The 2012 SNPP can be tested against trends, built from population trends prior to the recession and following the recession, as illustrated in the following graph.

Figure 3.7: 2012 SNPP and Trend-Based Projected Population Growth – Fylde



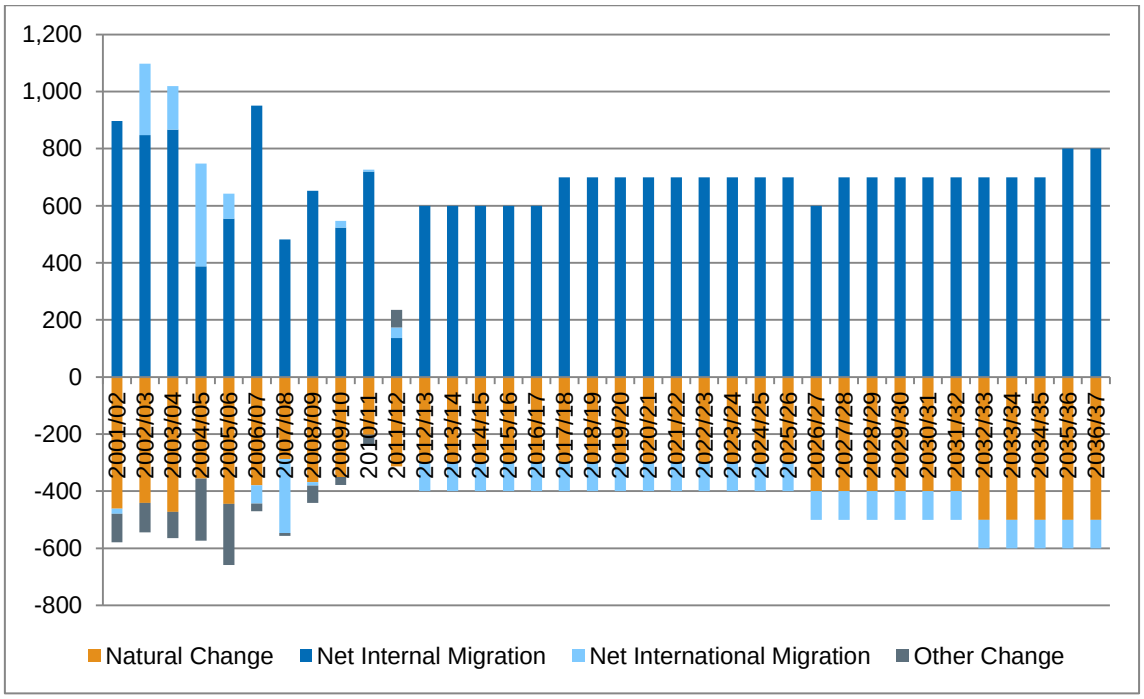
Source: ONS, 2014; Turley, 2014

3.26 As shown, the pre-recession trend would see a slightly higher level of population growth in Fylde than the 2012 SNPP. It is evident that population growth over more recent years (post-recession) has been notably lower albeit still representing a positive growth.

3.27 Examining the longer-term trends shows a fairly sustained picture of growth in the authority with the 1980s showing the greatest period of volatility.

3.28 The following graph shows the underlying components of population change, with historical data also shown for context.

Figure 3.8: Fylde – Components of Change



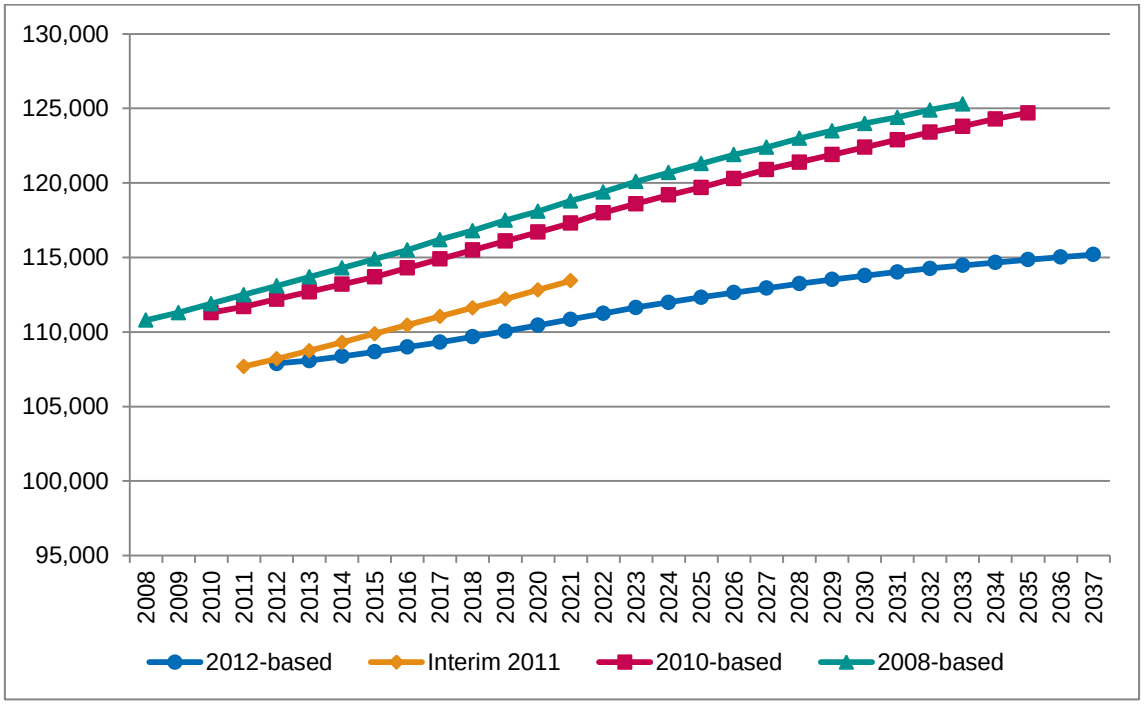
Source: ONS, 2014

3.29 Net internal migration is projected to continue to be a key driver of population growth in Fylde, although a net outflow of international migrants is projected. This appears to largely reflect historic trends, although levels of internal net migration were stronger prior to the recession for a number of years than those projected under the 2012 SNPP dataset. As noted earlier in the section the 2011 Census revealed a small over-count in previous estimations with the 'other change' – the UPC – a negative component in Fylde.

3.30 Natural change is expected to continue to be a negative, with deaths expected to increasingly outnumber births over the long term. While this appears to be a reversal of recent trends, this is reflective of the assumed continued ageing of the population under this projection.

Wyre

Figure 3.9: Comparing Historic Official Population Projections – Wyre

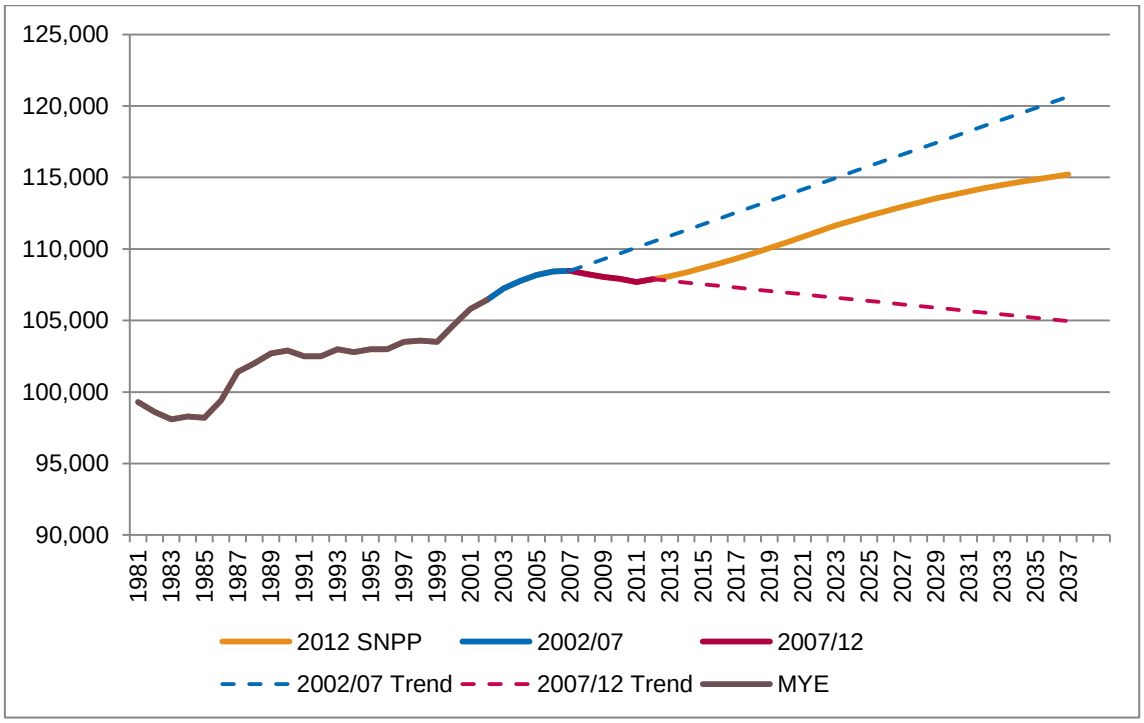


Source: ONS

3.31 In Wyre, the latest 2012-based population projection is lower than previous projections. However, the impact of the 2011 Census is clear – the population was notably overestimated previously by the ONS, with the population in 2011 therefore lower than expected. This has required an adjustment to subsequent projections, although the most recent 2012-based SNPP – projecting growth of 292 per annum – is lower than previous long-term projections, which expected population growth in excess of 500 per annum. These assumed higher rates of net internal migration flows than included in the latest dataset.

3.32 The following graph illustrates how the 2012 SNPP compares to extrapolated population trends, with averages derived from the pre-recessionary period from 2002 to 2007 and the post-recessionary period, which covers change from 2007 to 2012.

Figure 3.10: 2012 SNPP and Trend-Based Projected Population Growth – Wyre



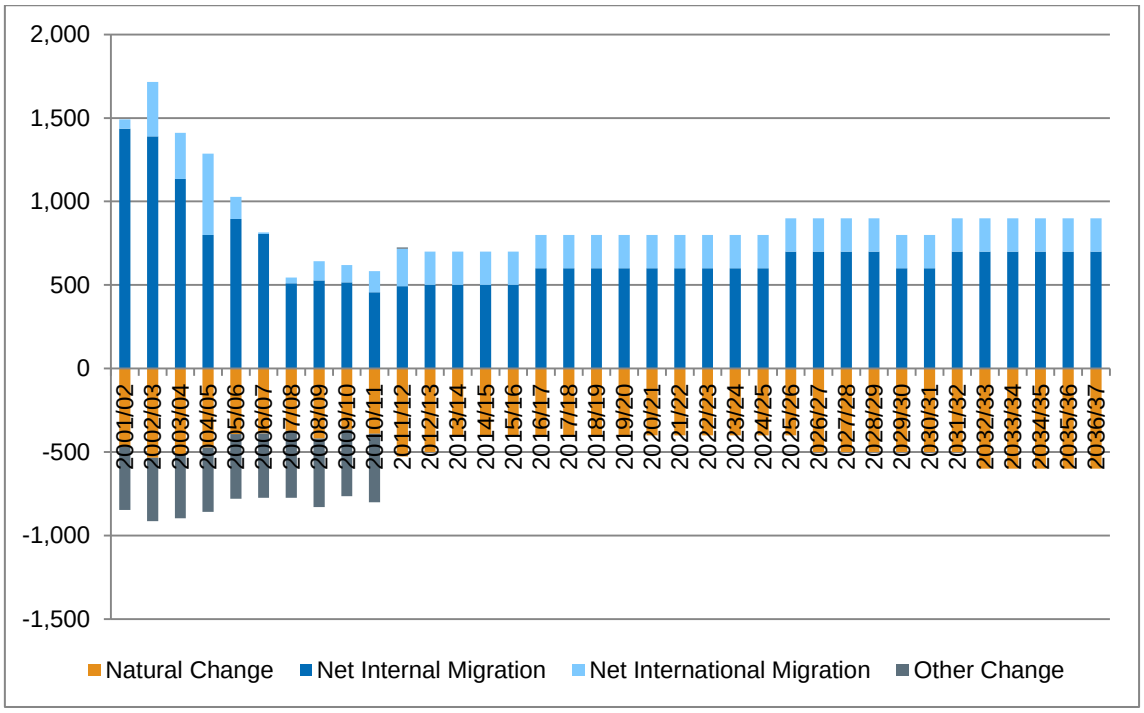
Source: ONS, 2014; Turley, 2014

3.33 Evidently, a continuation of pre-recession trends would see a level of population growth in Wyre that exceeds to an extent that projected in the 2012 SNPP. However, a continuation of recessionary trends would suggest a continued decline in population, with this reversing a historic longer-term trend of population growth in the borough.

3.34 The longer-term historic trend shows notable variations in levels of growth. Whilst the late 1980s saw strong growth this was then proceeded by a period of little change in population. The last decade saw a return to stronger levels of population growth, in particular prior to the recession.

3.35 The following graph shows the projected components of population change, with historic data also included for context.

Figure 3.11: Wyre – Components of Change



Source: ONS, 2014

3.36 The overestimation of the 2011 Census is reflected in a negative other change (UPC), suggesting that migration levels are likely to have been overestimated historically. This is likely to have implications for the 2012-based SNPP, which does not directly take the UPC into account and projects forward a positive international migration component. If the UPC is considered to be most likely to be associated with the international migration component, this would suggest that this does not reflect the historical trend in the authority.

3.37 Nevertheless, even taking account of the UPC, migration has historically been a key driver of population growth, in particular in the first half of the last decade.

3.38 The rate of internal migration has fallen in Wyre, with a notable drop following the onset of the recession from 2007/08 onwards. Given that internal migration assumptions in the 2012-based projections are based on a five year trend, net internal migration may be underestimated within the SNPP if the scale of internal migration recovers to the scale seen prior to the credit crunch.

3.39 Deaths have historically outnumbered births in Wyre at a relatively constant rate, and this is expected to continue.

Summary and Implications

3.40 The 2012 Sub-National Population Projections (SNPP) was published by ONS in May 2014, providing a long-term projection of population growth to 2037. In line with the PPG, this forms an important trend-based starting point in highlighting future population growth based on recent trends.

3.41 As with all trend-driven projections, however, it is important to recognise the context of the data upon which they are based. The trend-based nature of the projections means that there is likely to be an associated impact between the scale of development seen over the five year period upon which they are based and the projected levels of net migration. It is important to recognise that this period includes a period of sustained economic recession which has seen a notable impact on development levels across the Fylde Coast, as with many other parts of the UK.

3.42 Projecting future levels of international migration is also challenging, with the 2012 SNPP projecting a lower net inflow of international migrants compared to the previous long-term 2010-based dataset. This contrasts with recently published ONS statistics, which suggest a statistically significant increase in the number of international migrants to the UK, with many moving to the country for work. The challenges associated with estimating international migration levels also represents a likely contributing factor to the historic mis-estimation of population change locally by the ONS between the two Census years. This is particularly true of both Fylde and Wyre within the Fylde Coast, where historic estimates of population were notably lower than previously estimated by the ONS in their mid-year population estimates. This suggests that historic international migration levels are likely to have been overestimated in the Fylde Coast, although it is noted that in the case of Blackpool the slight under-estimation of population growth over this period suggests a greater net inflow of international migrants than previously thought in this authority.

3.43 It is evident from the analysis within this section that whilst the 2012 SNPP datasets represent a new 'official' benchmark projection or 'starting point' it is important to continue variant demographic trend based projections, recognising the wider context upon which trend-based projections are derived. This approach was followed within the 2013 SHMA with the subsequent sections incorporating the outputs of Edge Analytics modelling utilising the latest ONS datasets to re-run a series of population and household projections.

4. Updated Demographic Scenarios

4.1 Available guidance – in the form of the NPPF and the PPG – stresses the importance of understanding housing need based on the application and testing of growth projections in the number of households. The PPG states that household projections published by DCLG should provide the starting point, but notes that:

"The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends"[13]

4.2 Within this section, a number of updated demographic scenarios of projected population and household change are presented. These scenarios are intended to test the impact of different assumptions around demographic change over the projection period.

4.3 Scenarios have been developed by Edge Analytics using POPGROUP, with a brief outline of the methodology and changing assumptions since the 2013 SHMA was produced summarised in this section. Further detail of the modelling methodology and assumptions applied is provided within Appendix 1.

4.4 The projection outputs are presented within this section for the period 2011 – 2030 to allow comparison with the 2013 SHMA presentation of data. As set out in section 1 the projections are built from a 2013 base to reflect the latest ONS mid-year population estimates. The Councils have been provided with the outputs of the modelling which includes annual figures to enable projections to be analysed and presented based on the individual plan periods.

Methodology

4.5 The demographic modelling undertaken by Edge Analytics integrates the latest fertility, mortality and migration assumptions derived from the 2012 SNPP. This presents an update to the 2013 SHMA modelling which used the latest available demographic data at the time to underpin forward projections. The appended Edge Analytics assumptions note (Appendix 1) provides an overview of underlying assumptions used in the modelling report, highlighting differences to the modelling used in the 2013 SHMA[14].

4.6 As in the 2013 SHMA, population projections have been converted to households through the application of headship rate assumptions. DCLG derive household projections from the ONS official population projections based on the application of headship rate assumptions. In alignment with the 2013 SHMA the scenarios have been modelled using both 2008 and 2011 SNHP headship rates

4.7 As the 2013 SHMA highlighted it is important to acknowledge that both the 2011-based and 2008-based household projections are potentially influenced by the market conditions of the historic period from which they are derived, with the former in particular

[13] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_015

[14] Following publication of the 2013 SHMA, the POPGROUP model has been updated, with version 4 introducing changes in the way in which migration is handled

notably affected by the recessionary climate. The headship rates under the 2011-based projections project a reduced level of single person and family household – with no dependent children – formation. By contrast, the 2008-based household projections project a notable increase in households comprised of a couple and one or more other adults with non-dependent children, and the miscellaneous 'other' classification which includes multi-adult households. This reflects the affordability issues facing new emerging households, with many young adults forced to remain living with parents. The outputs of the modelling using both headship rate assumptions are presented within Appendix 2. For presentation, the majority of tables in this report are based on an average between the 2008 and 2011 headship rate modelled outputs. It is important to note that the anticipated release of the 2012 SNHP dataset will form an important future update for the analysis presented within this report as this will include a new set of headship rate assumptions. The headship rates in the new official projection will need to be considered, as set out in the PPG guidance, in the context of the market signals analysis within the 2013 SHMA in order to understand the extent to which they represent a continuation of recent trends and therefore require further consideration in the context of potential constraints to formation.

4.8 Further detail on the methodology and underpinning modelling assumptions are included within the Edge Analytics report, included as Appendix 1.

2012 SNPP

4.9 The 2012-based sub-national population projections – released by ONS in May 2014 – provide an updated official projection of population growth. This scenario has been developed using historic evidence and incorporates long-term assumptions on fertility, mortality and international migration that were defined in the 2012-based national projection for England.

4.10 These projections have been modelled by Edge Analytics to derive growth in the population and number of households over the plan period, with an associated dwelling requirement. This is summarised in the following table for all Fylde Coast authorities, based on 2011 headship rates.

Figure 4.1: 2012 SNPP scenario – 2011 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	352	370	20	21
Fylde	5,204	3,612	589	204
Wyre	6,095	3,906	735	217

Source: Edge Analytics, 2014

4.11 As shown, there is a notably low level of assessed housing need in Blackpool, with this reflecting the projected lack of natural growth in the population and low levels of net in-migration. Based on this scenario, there is a projected need for in excess of 200 dwellings per year in Fylde and Wyre – where there are higher assumed levels of net

migration, particularly in the latter. The 2011 headship rates are also influenced by the wider economic climate – with suppressed household formation due to increased difficulty in accessing mortgage finance, for example – suggesting that the outputs of this scenario, as set out in the 2013 SHMA, may underestimate the rate of household formation.

4.12 The following table summarises projected change based on 2008 headship rates. As shown, this expects a greater level of household formation based upon the application of alternative headship rate assumptions – most notably in Blackpool – resulting in a higher projected need for housing. The scale of variation in Blackpool between the two headship rate assumptions suggests an important point of further consideration following the release of the 2012 SNHP dataset.

Figure 4.2: 2012 SNPP scenario – 2008 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	352	3,096	20	175
Fylde	5,204	4,771	589	269
Wyre	6,095	5,732	735	319

Source: Edge Analytics, 2014

4.13 Due to the complexities of the 2008 and 2011 headship rate assumptions, and the extent to which they were influenced by market conditions at the time, a midpoint between the associated dwelling requirements to provide a balanced position of historically derived trends. As stated in the introduction to this section this is consistent with the approach taken in the 2013 SHMA. This is summarised in the following table. For reference, the outputs of the 2012 SNPP scenario are presented alongside the demographic scenarios presented within the 2013 SHMA[15].

Figure 4.3: Average Annual Housing Need 2011 – 2030

	2014 modelling	2013 modelling		
Authority	2012 SNPP	Migration-led (5 year)	Migration-led (10 year)	Re-based SNPP 2010
Blackpool	98	7	248	340
Fylde	237	162	242	321
Wyre	268	97	244	377

Source: Edge Analytics, 2013/14

[15] Midpoint between 2008 and 2011 headship rates presented for all scenarios

4.14 Compared to the re-based SNPP 2010 – the previous long-term official ONS published demographic projection – the projected need for housing across the Fylde Coast is notably lower. This is particularly true of Blackpool.

4.15 In Blackpool it would appear that the low levels of migration over recent years, as presented in section 3, are reflected to an extent within the official 2012 SNPP, with the previous short-term migration scenario in the 2013 SHMA also deriving a low dwelling requirement. In contrast, a longer-term migration trend – taken over a 10 year period – showed a higher housing need for Blackpool, which is higher than the 2012 SNPP scenario suggests.

4.16 In Fylde, the 2012 SNPP also shows a lower level of housing need than the previous re-based SNPP 2010 scenario, although there is a relatively close alignment between the 2012 SNPP scenario and the 10-year migration-led scenario from the 2013 SHMA.

4.17 This is also evident for Wyre, where the 2012 SNPP scenario is slightly higher than the 10-year migration-led scenario modelled in the 2013 SHMA. This does, though, represent a lower figure than the previous re-based 2010 SNPP scenario, which – as highlighted in section 3 – assumed notably higher levels of net in-migration into the borough.

Alternative Trend-Based Projections

4.18 With the emphasis placed on understanding local demographic data and the drivers behind trend-based projections, it is appropriate to model a number of alternative trend-based projections. This is advocated in the PPG, which suggests that sensitivities can be tested based on alternative assumptions on underlying demographic projections and household formation rates.

4.19 Furthermore, section 3 highlighted that the 2011 Census found that the population was lower than previously estimated by the ONS in Fylde and – most notably – Wyre, and marginally higher in Blackpool. This is likely attributable to incorrect estimates of the scale of international migration, but has been recorded by the ONS as unattributable population change (UPC). UPC is not directly taken into account by the 2012 SNPP, and it is also therefore beneficial to model the impact of a longer-term migration-led scenario which does not take account of the UPC.

4.20 The following alternative trend scenarios have therefore been modelled by Edge Analytics:

- **Migration-led 10 year** – with the 2012 SNPP projecting forward historic migration rates over a five year period, this scenario adopts a similar methodology to project migration rates based on a longer term, ten year period from 2003/04 to 2012/13, with UPC included in the international migration assumptions; and

- **Migration-led 10 year (x)** – this scenario is based on historic migration trends over the same ten year period, but excludes the unattributable population change element (UPC) which – as noted in the previous section – is likely to be linked to a historic miscalculation of international migration levels.

Migration-led 10 year

4.21 The following tables summarise the outputs of the scenario based on migration rates over a longer term, ten year period. This table summarises the average household growth and dwelling requirement based on an average of 2011 and 2008 headship rate assumptions, with Appendix 2 presenting the 2011 and 2008 headship rate assumptions separately.

Figure 4.4: Migration-led 10 year scenario

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	6,552	5,123	277	289
Fylde	8,016	5,422	728	306
Wyre	7,707	5,061	827	333

Source: Edge Analytics, 2014

4.22 Compared to the 2012 SNPP, the longer term migration scenario assumes higher levels of population growth resulting from assumed higher net migration into the Fylde Coast. This is most notable in Blackpool, where projected net migration has increased from 20 persons per annum under the 2012 SNPP to 277 per year. There is also a notable uplift in Fylde – from 589 to 728 per annum – with a slightly smaller change in Wyre (735 to 827).

4.23 It is important to recognise that due to the way that migration is handled by the POPGROUP model, the modelled net migration rate under this scenario is slightly higher than that recorded historically in each of the authorities, once UPC has been taken into account. A range of alternative demographic trend-based scenarios have been run considering the impact of fixing levels of migration based on historic levels of migration. These scenarios suggest a slightly lower level of population growth, and a subsequently lower need for housing. It is noted, however, that all three authorities have seen relatively volatile changes in migration levels over recent years, with this influenced by a range of factors including development rates and the wider economic context. These issues were explored within the 2013 SHMA.

Migration-led 10 year (x)

4.24 This scenario removes the unattributable population change (UPC) element which is derived from historic errors in calculating international migration in particular. The following table summarises the outputs of this scenario, based on average headship rate assumptions.

Figure 4.5: Migration-led 10 year (x) scenario

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	5,854	4,260	246	241
Fylde	9,039	5,613	795	351
Wyre	11,356	7,440	1,009	414

Source: Edge Analytics, 2014

4.25 Removing the UPC element from projected international migration levels results in a slight fall in assumed net migration to Blackpool, with an increase in assumed levels of migration to Fylde and Wyre. This reflects the fact that UPC was positive in Blackpool and negative in Fylde and Wyre. Following the analysis in section 3, this scenario potentially reflects an over-estimation of historic population growth in Fylde and Wyre and under-estimation in Blackpool based on the longer-projection period.

Comparing the Scenarios

4.26 The following table compares the alternative longer-term migration trend scenarios with the 2012 SNPP scenarios presented earlier in this section. This is based on a midpoint between 2008 and 2011 headship rate assumptions.

Figure 4.6: Average Annual Housing Need 2011 – 2030

Authority	SNPP 2012	Migration-led 10 year	Migration-led 10 year (x)
Blackpool	98	289	241
Fylde	237	306	351
Wyre	268	333	414

Source: Edge Analytics, 2014

4.27 In Blackpool, all longer-term migration scenarios project a higher average annual housing need, with the Migration-led 10 year and Migration-led 10 year (x) scenarios presenting a notably higher resultant need for housing than the SNPP 2012 scenario. This is a reflection of the higher levels of migration into the authority prior to the economic downturn.

4.28 A comparable picture is evident in Fylde, with the Migration-led 10 year scenario – and the variant removing UPC – showing a higher level of housing need than the 2012 SNPP scenario. Again, this reflects the higher average rates of migration seen over a longer-term period, particularly earlier in the preceding ten years. Removing UPC in the Migration-led 10 year (x) scenario increases the total level of housing need, due to the assumed higher levels of population growth linked to over-estimation of international migration by the ONS.

4.29 Similarly, in Wyre, taking a longer term ten year period results in a higher level of housing need, due to a higher assumed rate of migration. Significantly, the impact of excluding the UPC – under the x scenario – is more pronounced, with the historic over-estimation of population growth illustrated in the derivation of a trend-based projection which shows a higher level of growth.

Summary and Implications

4.30 This section has presented a number of updated demographic scenarios of projected population and household change, modelled by Edge Analytics using POPGROUP. Further information on the modelling methodology and assumptions is included within Appendix 1.

4.31 The PPG suggests that official population and household projections should be the starting point in assessing housing needs. The translation of the 2012 SNPP into households – based on an average of scenarios built using 2008 and 2011 headship rate assumptions – and subsequently dwellings suggests a notably low projected need for housing in Blackpool of only 98 homes per annum, reflecting the projected lack of natural growth in the population and assumed low levels of future net in-migration. This is considerably lower than the previous official 2010-based scenario developed in the 2013 SHMA (Re-based SNPP 2010), which modelled a requirement for 340 dwellings per annum. As highlighted earlier, this dataset assumed notably higher levels of net international migration in the authority.

4.32 The 2012 SNPP scenario suggests a higher need for 237 and 268 homes per annum in Fylde and Wyre respectively, although this is again lower than the Re-based SNPP 2010 scenarios developed in the 2013 SHMA of 321 and 377 respectively. Interestingly, there is relatively close alignment between the 2012 SNPP scenario and the previous long-term migration scenario modelled in the 2013 SHMA (Migration-led 10 year).

4.33 Given the evidenced potential limitations of the 2012 SNPP dataset, a number of alternative trend-based projections have been modelled in this section. This largely tests the impact of different assumed levels of migration, reflecting a longer term trend and testing the impact of assumptions around the impact of including or excluding unattributable population change.

4.34 In Blackpool, all longer-term migration scenarios project a higher average annual dwelling requirement, suggesting that – if migration levels more closely reflected that seen over the past decade, including sizeable net inflows earlier in this period – there would be a need for a greater level of housing provision than projected under the 2012 SNPP scenario. As the 2013 SHMA identified it is important to note that the middle of this decade period was characterised by a significant increase in net international in-migration locally, particularly from EU Accession countries.

4.35 In Fylde, the 2012 SNPP scenario – with a need for around 230 dwellings per year, based on short term migration trends – derives a lower level of housing need, while the other migration-led scenarios show a higher average annual level of need in excess of 300 per year.

4.36 In Wyre, compared to the 2012 SNPP scenario, the application of migration rates over a longer term period suggests a higher level of need for 333 dwellings per year. The removal of the UPC increases the housing need to over 400 dwellings per annum.

5. Implications of Aligning with Potential Job Growth

5.1 The PPG and NPPF highlight the importance of aligning housing provision with the likely assessed change in job numbers. Paragraph 158 of the NPPF clearly sets out that evidence and strategies for housing and employment in local plans should align with one another:

"Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals."

5.2 The 2013 SHMA included a series of projections for each authority which were 'employment-led'. These aligned levels of population change – based on a derived labour-force – with a level of job growth taken from a number of sourced economic forecasts or established within each of the authorities' employment land evidence bases.

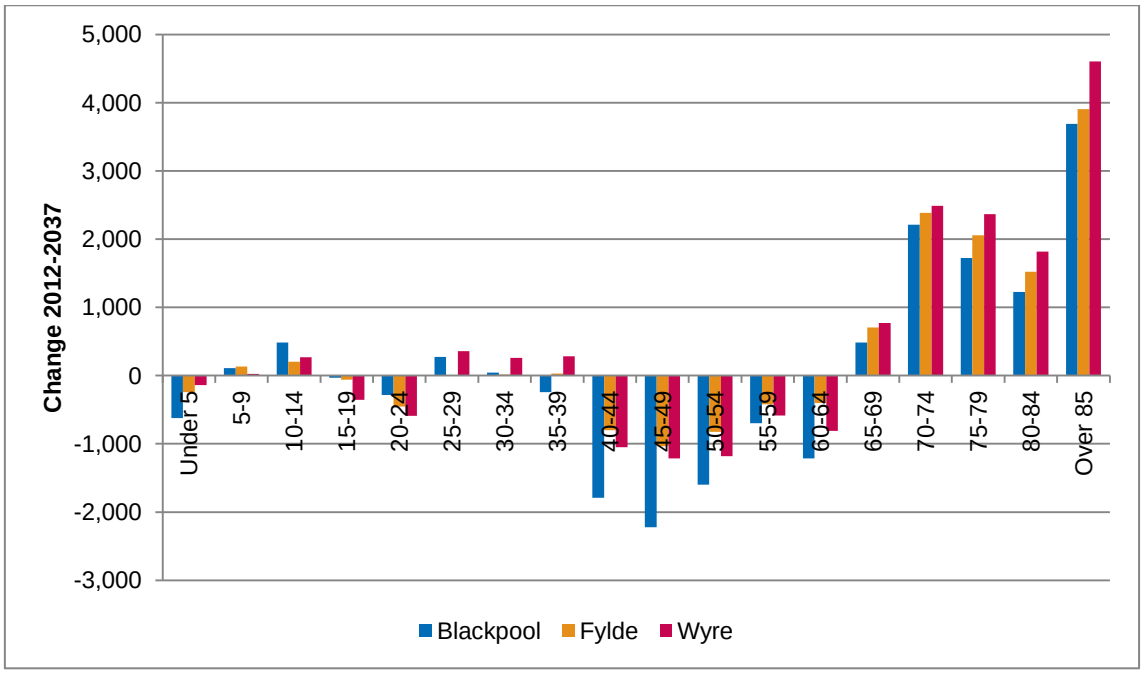
5.3 In producing these employment-led scenarios, a number of modelling assumptions were applied related to commuting, unemployment and economic activity rates. Recent data releases have enabled these assumptions to be updated using more up-to-date datasets, and these are integrated within the modelling presented in this section. A headline summary of the updated datasets and assumptions is included within this section. The full set of new assumptions used in the modelling are included at Appendix 1 and have been compared with Appendix 3 of the 2013 SHMA.

5.4 This section uses the modelling to illustrate the levels of implied job growth able to be supported within each of the authorities under the demographic trend-based projections presented in section 4, including the 2012 SNPP. This is then followed by analysis of the implications of the re-modelling using the updated underpinning assumptions (to enable comparisons with the re-run demographic scenarios) on the dwelling requirements associated with the economic forecasts used within the 2013 SHMA.

Changing Age Structure

5.5 The 2012-based population projections suggest a change in the working age population, which will have wider implications on the size of the workforce and the rate of economic activity. The following graph summarises the assumed change in the working age population in Blackpool, Fylde and Wyre under the 2012 SNPP, over the full published projection period from 2012 to 2037.

Figure 5.1: Change in Age Structure 2012 – 2037



Source: ONS, 2014

5.6 As shown, the 2012 SNPP assumes significant growth in the older population, with the majority of growth in all authorities expected to be in those aged 65 and over. There is also relatively little growth expected in other age groups, while there is a sizeable decline projected in the number of residents aged 40 to 65. This will have implications for the size of the working age population, with the following table showing that this is projected to shrink in all three Fylde Coast authorities under the 2012 SNPP over the plan period to 2030.

5.7 The resultant population projected under the 2012 SNPP, therefore, would evidently result in a need to either increase levels of in-migration of working age persons into the Fylde Coast, or improve economic activity rates to support job growth without significantly altering existing commuting flows.

Figure 5.2: Change in Working Age (16 – 64) Population 2012 – 2030

Authority	2012	2030	Change	% Change
Blackpool	88,420	82,192	-6,228	-7.0%
Fylde	44,886	42,046	-2,840	-6.3%
Wyre	63,188	59,843	-3,345	-5.3%
Fylde Coast	**196,494**	**184,082**	**-12,412**	**-6.3%**

Source: ONS, 2014

Updated Edge Analytics Modelling Inputs

5.8 The following represent updates to the modelling assumptions reflecting the availability of new and more up-to-date data:

- **Commuting** – the 2013 SHMA used 2001 Census derived commuting rates. Edge Analytics have derived updated commuting rates from 2011 Census data, which are fixed within the modelling over the projection period. The updated data indicates very little change in commuting rates in each of the authorities between the ten years;

- **Economic Activity Rates** – the 2011 Census economic activity rate data by age group was not available at the time the modelling was undertaken for the 2013 SHMA. In addition, due to the limited quality of NOMIS data for Fylde and Wyre, economic activity rates for Lancashire were used as a proxy. The latest modelling uses the 2011 Census data, with the same uplifts applied for older age groups to reflect the impact of pension age changes[16]; and

- **Unemployment** – the 2013 SHMA applied an unemployment rate derived from a five year average for each authority. This rate was held constant throughout the projection period, reflecting the economic context at the time which showed limited evidence of changing rates. The updated modelling in this addendum continues to fix unemployment rates throughout the projection period. The 2013 SHMA also suggested the potential impact of increased employment rates, which could re-use the 'latent' labour-force capacity. This approach is supported by recent national indicators which suggest a return to lower levels of unemployment. On this basis, an alternative variant has been run which applies a return to a pre-recession average by 2018, with these scenarios presented later in this section.

Demographic Scenarios – Modelled Supported Jobs

5.9 The modelling produced by Edge Analytics includes derived levels of jobs which could be supported as a result of labour-force changes within each of the authorities, with this determined by the trajectory of population growth. As noted above, whilst this assumes changes to economic activity rates over the projection period, commuting rates and unemployment rates are assumed to remain constant.

5.10 With regards to commuting in the modelling Blackpool is assumed to continue to have essentially a balanced labour-force and jobs ratio (commuting ratio of 0.97) but Fylde is assumed to be an importer of labour (0.8) and Wyre an exporter of labour (1.30).

5.11 The following tables show the levels of jobs assumed to be able to be supported by each of the demographic trend-based projections by each authority.

[16] Women aged 60 – 64 – 40% increase in economic activity rates from 2011 to 2020; women aged 65 – 69 – 20% increase from 2011 to 2020; men aged 60 – 64 – 5% increase from 2011 to 2020; men aged 65 – 69 – 10% increase from 2011 to 2020

Figure 5.3: Blackpool - Supported Job Growth Demographic Scenarios

Scenario	Total Jobs 2011 - 2030	Average jobs per annum	Average dwellings per annum
SNPP 2012	-4,125	-217	98
Migration-led 10yr	-219	-12	289
Migration-led 10yr (x)	-691	-36	241

Source: Edge Analytics, 2014

Figure 5.4: Fylde - Supported Job Growth Demographic Scenarios

Scenario	Total Jobs 2011 - 2030	Average jobs per annum	Average dwellings per annum
SNPP 2012	-2,472	-130	237
Migration-led 10yr	-689	-36	306
Migration-led 10yr (x)	31	2	351

Source: Edge Analytics, 2014

Figure 5.5: Wyre - Supported Job Growth Demographic Scenarios

Scenario	Total Jobs 2011 - 2030	Average jobs per annum	Average dwellings per annum
SNPP 2012	-1,495	-79	268
Migration-led 10yr	-1,027	-54	333
Migration-led 10yr (x)	456	24	414

Source: Edge Analytics, 2014

5.12 In Blackpool, the 2012 SNPP projection results in a falling labour-force which therefore suggests that employment will fall without changes to commuting patterns. The higher levels of population growth under the Migration-led 10 year scenario continue to show a shrinking labour force, albeit at a smaller scale.

5.13 In Fylde, again the 2012 SNPP projection would suggest that a fall in employment would result, associated with a declining working age population and therefore derived labour-force. It is only under the Migration-led 10yr (x) scenario that a level of job growth is likely to be able to be supported. This level of job growth also falls below both of the employment forecasts used within the 2013 SHMA.

5.14 In Wyre, only the Migration-led 10yr (x) scenario – which reflects assumed higher levels of population growth and migration – would support job growth under the demographic scenarios, although the implied level of job growth is relatively low compared to the Experian forecast used in the 2013 SHMA. As elsewhere, the 2012 SNPP projects a fall in employment, due to a declining working age population.

Alternative Unemployment Adjustment assumption

5.15 The 2013 SHMA ran an alternative scenario which explored the impact of assuming a lower unemployment rate (9 year historic average). The application of this adjustment was identified as making a comparatively limited impact on the modelling outputs.

5.16 Nationally it is apparent that unemployment levels have been falling recently. In order to assess the impact of a fall in unemployment levels in the Fylde Coast a scenario has been run which assumes a fall in unemployment levels from a post-recession average to a pre-recession average in each authority by 2018. This fall in unemployment leads to additional people within the modelling who can evidently support job growth. The application of change in rates rather than sustaining a longer-term lower unemployment rate, as employed in the 2013 SHMA, results in a larger impact to the alternative level of job growth which can be accommodated associated with the same projected requirement for dwellings as set out for each authority in Figures 5.3 – 5.5. The implied differing levels of job growth supported through the application of the change in unemployment rates are illustrated in the following table for each scenario.

Figure 5.6: Impact of Alternative Unemployment Adjustment on the Level of Jobs Supported under the Demographic Scenarios

	Blackpool		Fylde		Wyre	
Scenario	Total Jobs 2011 - 2030	Average per annum	Total Jobs 2011 - 2030	Average per annum	Total Jobs 2011 - 2030	Average per annum
SNPP 2012	-2,673	-141	-2,008	-106	-345	-18
Migration-led 10yr	1,327	70	-197	-10	139	7
Migration-led 10yr (x)	843	44	534	28	1,669	88

Source: Edge Analytics, 2014

5.17 Across the Fylde Coast, the application of alternative unemployment rate assumptions enables the modelled population to support a higher level of job growth for the same implied need for new dwellings. The Migration-led 10 year scenario, for example, supports a relatively high level of job growth in Blackpool, and a small level of job growth in Wyre, although there would still be potential job losses under this scenario in Fylde. The Migration-led 10 year (x) scenario, however, would support a level of job creation across all three authorities, although the SNPP 2012 would continue to fail to support job growth across the Fylde Coast.

5.18 This iteration of the modelling reflects an anticipated national improvement to unemployment levels which has been evidenced and reinforced over the last 12 to 18

months with significant numbers of people returning to work. Evidently this will be affected by the scale and type of new jobs created in the area and the strength of the economic recovery. Given the historic volatility in the economy of the area, and in particular Blackpool, the impact and scale of changes to unemployment will need to be carefully monitored.

Re-run Employment-Led Projections

5.19 The 2013 SHMA included a series of employment-led projections. This included:

- **Employment-led (Experian)** – population growth was constrained to an average growth trajectory taken from an Experian forecast:
    - Blackpool + 82 jobs per annum
    - Fylde + 52
    - Wyre +95
- **Employment-led (Oxford Economics)** – population growth was constrained to an average jobs growth trajectory taken from the Oxford Economics forecast (sourced from the Lancashire LEP):
    - Blackpool -67 jobs per annum
    - Fylde + 148
    - Wyre +103

5.20 For Fylde an additional jobs-led scenario was run recognising the analysis of potential economic growth in the authority within the **AECOM 2012 Employment Land Review**. This included a 'policy-on' scenario which forecast an increase of approximately 2,400 jobs between 2012 and 2030.

5.21 Under employment-led forecasts, growth in employment – as defined in the forecasts introduced above – determines population change, with the level of housing need subsequently derived from the population. It is important to note that this differs from the demographic scenarios presented earlier in this report, where both the expected dwelling and jobs growth is determined by the population growth trajectory.

5.22 The scenarios have been re-run to accommodate job growth forecast in the projections from 2013, reflecting the fact that a base date has been taken of 2013 to reflect population mid-year estimates. Therefore change is presented over the period from 2013 to 2030, as – in the wake of job losses and gains which have already happened between 2011 and 2013 – the job growth scenarios have incorporated 2011, 2012 and 2013 mid-year population estimates and use annual projected job growth figures thereafter. The modelling under these scenarios does not assume an improvement to unemployment levels. These scenarios are considered sequentially below.

Employment-led (Experian 2013)

5.23 The following table summarises the population and household change projected for each authority under the Experian (2013) scenario, as well as average net migration rates, dwelling requirement and number of jobs supported. This is based on the application of average headship rate assumptions.

Figure 5.7: Employment-led (Experian 2013) scenario

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	12,089	6,799	655	429	105
Fylde	7,444	4,918	742	310	-51
Wyre	13,722	7,533	1,188	469	91

Source: Edge Analytics, 2014

5.24 As shown, under this scenario, migration plays a key role in increasing the size of the workforce to support the creation of new forecast jobs. Compared to the demographic scenarios presented in section 4, this scenario requires a higher rate of migration than seen historically in Blackpool and Wyre in particular, with a need to maintain the rate of migration seen over a historic ten year period in Fylde.

5.25 Notably, while the number of jobs in Fylde is forecast to fall under this scenario[17], there is nevertheless net in-migration and a subsequent higher need for housing, albeit at a slightly lower level than seen historically. This is linked to the general ageing of the population, with a need to replace those in the workforce who are older and less likely to be economically active. This will ensure that further job losses are not seen.

Employment-led (Oxford Economics)

5.26 The following table summarises the outputs of the modelled Oxford Economics scenario for the Fylde Coast authorities, based on the application of average headship rate assumptions.

Figure 5.8: Employment-led (Oxford Economics) scenario

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	7,430	4,836	391	305	-32
Fylde	12,894	7,273	1,044	458	139
Wyre	15,641	8,285	1,294	515	134

Source: Edge Analytics, 2014

[17] The Experian forecast indicated higher job growth at the start of the projection period and then subsequently a fall in employment. The re-basing of the modelling to 2013 means that this scenario now presents a projected fall in employment between 2013 and 2030 as opposed to a slightly positive picture over the period 2011 – 2030 as presented within the 2013 SHMA.

5.27 The Oxford Economics modelled scenarios assume a high level of migration to support strong forecast job creation, particularly in Fylde and Wyre. Compared to the Experian scenario presented earlier in this section, the Oxford Economics scenario derives a higher annual dwelling requirement in Fylde and Wyre, although there is a lower requirement in Blackpool, due to a lower jobs figure and subsequently lower assumed rates of migration.

AECOM 2012 Employment Land Review

5.28 As noted above, an additional employment-led scenario was run in the 2013 SHMA, based on an analysis of potential economic growth in Fylde in the AECOM 2012 Employment Land Review. The outputs of this scenario are summarised in the table below.

Figure 5.9: Fylde – Jobs-led AECOM scenario

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
2011	12,627	6,520	1,032	411	133
2008	12,627	7,753	1,032	488	133
Average	**12,627**	**7,137**	**1,032**	**450**	**133**

Source: Edge Analytics, 2014

5.29 The assumed dwelling requirement under the AECOM scenario is relatively similar to that seen under the Oxford Economics scenario, with a similar level of migration and job growth.

Change 2011 – 2030

5.30 The tables presented above present change between the period from 2013 to 2030 noting the re-basing of the population projections to the 2013 base. The following table summarises the resultant modelled housing need for the employment-led scenarios based over a longer period from 2011 to 2030, based on an average of 2008 and 2011 headship rate assumptions. This is consistent with the presentation of the 2013 SHMA, although it is important to recognise that job forecasts are only applied from 2013, with the population up to this point already officially recorded in mid-year estimates (MYE) by ONS and therefore not tied to employment forecasts.

Figure 5.10: Implied Housing Need under Employment-led Scenarios 2011 – 30

Authority	Experian (2013)	Oxford Economics	AECOM
Blackpool	366	255	–
Fylde	302	434	427
Wyre	446	488	–

Source: Edge Analytics, 2014

Alternative Unemployment Rate Assumptions

5.31 Further sensitivity testing has been modelled to explore the impact of the fall in unemployment rates. In line with the sensitivities applied to the demographic scenarios earlier in this section (Figure 5.6), this assumes a reduction in unemployment rates from a recession average to a pre-recession average by 2018, resulting in additional existing residents joining the labour-force. The outputs of this modelling for the employment-led scenarios are summarised below, based on the application of an average between 2008 and 2011 headship rate assumptions.

5.32 The application of alternative unemployment rate assumptions results in a lower associated dwelling requirement under the employment-led scenarios. This is a result of the modelling assuming a greater utilisation of the existing population to create a labour-force with increased levels of those assumed to be in employment. This subsequently reduces the gap between the number of people in employment in the Fylde Coast currently, and the additional population that are needed – and require housing – to meet future employment creation in the housing market area.

Figure 5.11: Implied Housing Need - Testing Alternative Unemployment Rate Assumptions 2011 – 2030

Authority	Experian (2013)	Oxford Economics	AECOM
Blackpool	282	174	–
Fylde	280	411	403
Wyre	369	410	–

Source: Edge Analytics, 2014

Summary and Implications

5.33 National guidance highlights the importance of aligning the provision of housing with likely change in job numbers, and it is important to recognise that different modelled scenarios can support different levels of job growth in the Fylde Coast. The 2012 SNPP, for example, assumes a change in the size of working age population, with significant growth in the older population and a sizeable decline in the number of residents aged 40 to 65. Under this scenario, therefore, there would evidently be a need to either increase levels of in-migration to the Fylde Coast or improve economic activity rates to support job growth.

5.34 The 2012 SNPP, therefore, would imply a fall in the number of jobs in the Fylde Coast, without changes to commuting patterns. Taking a longer term migration trend (including the UPC) – over a ten year period – would still suggest that job growth could not be supported through the implied population growth in each of the authorities. If unemployment rates improve, however, the modelling indicates that the implied population change could support job growth in Blackpool and to a limited extent Wyre. In the case of Fylde the application of improving unemployment rates still suggests a labour-force which will not sustain job growth, although in this context it is important to

note that given the uncertainties in the application of economic assumptions the projected fall in the size of the labour-force is comparatively small.

5.35 The implied impact of an ageing population is that – in order to support stronger levels of job growth – the Fylde Coast authorities will need to retain or attract working age migrants. This is illustrated through the re-running of the employment scenarios. Where these forecast job growth in each authority, there is a resulting need for a higher level of housing implied by the modelling.

5.36 There is, therefore, a significant link between migration and jobs in the Fylde Coast, with higher levels of migration required to support job creation and economic growth in the area. In many cases, this results in a higher dwelling requirement under employment-led scenarios, in order to accommodate the growing workforce. It will be important for the Fylde Coast authorities to collectively take into account the outputs of updated economic evidence and studies, in line with the PPG, in the development of Local Plan policy to ensure an alignment between housing need and economic growth.

6. Affordable Housing Need

6.1 The development of new demographic scenarios supports a review of the affordable housing need assessment in the 2013 SHMA, due to the development of new gross household formation rates. This forms a key component of the calculation of annual newly arising need.

6.2 The 2013 SHMA derives a household formation rate from Edge Analytics' natural change scenario. This scenario is hypothetical – given that it removes allowances for migration – and the PPG asserts that such scenarios should be avoided in modelling need.

6.3 The 2012 SNPP does, however, take account of migration, and the updated assessment in this section therefore considers the level of affordable housing need associated with the population growth projected under this scenario. Household formation rates linked to the 2012 SNPP demographic scenario are integrated into the assessment, with this representing the latest official ONS dataset. However, it should again be acknowledged that the analysis in this addendum has highlighted potential issues with this dataset, particularly in assuming relatively low levels of net migration compared to historic rates. Higher levels of migration – more in line with historic levels – may therefore increase the number of new households forming in the Fylde Coast, potentially increasing the need for affordable housing.

6.4 The updated analysis in this section relates to step 4.1 of the affordable housing calculation presented in the SHMA, with gross household formation rates[18] associated with the 2012 SNPP scenario disaggregated between sub-areas based on the proportion of the population within each sub-area. As in the 2013 SHMA, this rate focuses solely on those heads of households aged 15 to 44, in order to more closely reflect newly forming households. The assumed annual gross household formation rate (aged 15 to 44) in each sub-area is summarised in the following table.

[18] Based on average over period from 2011 – 2021

Figure 6.1: Disaggregated Annual Gross Household Formation Rates (15 – 44) – SNPP 2012 scenario

Blackpool	1,223	Fylde	683	Wyre	880
Inner Blackpool	257	Lytham & St Annes	403	Fleetwood	233
Rest of Blackpool	966	Kirkham/Wesham & Freckleton/Warton	188	Thornton	149
		Rural East	13	Cleveleys	54
		Rural SW	24	Poulton-le-Fylde & Carleton	166
		Rural NW	41	Rural West	89
		Rural NE	14	Central Rural Plain	53
				Garstang & Catterall	81
				Rural East	55

Source: Edge Analytics, 2014

6.5 As outlined in the table, this scenario assumes that 2,786 gross households will form per annum in the Fylde Coast. Compared against the household formation rates used in the affordable housing need assessment in the 2013 SHMA – which were derived from the Natural Change scenario – this updated assessment assumes a slightly higher rate of household formation[19]. This is summarised in the table below.

Figure 6.2: Comparing Annual Gross Household Formation Rates

Authority	2014 Edge Analytics modelling – 2012 SNPP scenario	2013 Edge Analytics modelling – Natural Change
Blackpool	1,223	1,204
Fylde	683	574
Wyre	880	784

Source: Edge Analytics, 2014

Implications

6.6 The implications of this change on different components of the affordable housing assessment are considered below for each of the Fylde Coast authorities. This includes summary tables of changes since the previous assessment, with the referenced step number corresponding to the full assessment in section 9 of the 2013 SHMA. The tables presented below should therefore be read in conjunction with the 2013 SHMA.

[19] It is noted that the updated 'ten year migration scenario' suggests a gross household formation rate per annum of 156 additional households across the Fylde Coast, with the majority of these within Blackpool.

6.7 All other elements of the affordable housing calculation have not been modified. It should also be noted that figures presented may not sum due to rounding.

Blackpool

6.8 In Blackpool, the increase in the gross household formation rate results in a higher total newly arising gross need per annum, assuming that – in line with the 2013 SHMA – 40% of households cannot afford to privately rent in the open market. This results in a higher net new need, and a subsequent slight increase in the total net annual affordable housing need from 264 to 272 net annual need per annum.

Figure 6.3: Updated Affordable Housing Assessment – Blackpool

Step		Inner Blackpool	Rest of Blackpool	Blackpool (total)
Stage 4 – Future Housing Need (Annual)				
4.1	New household formation	257	966	**1,224**
4.2	Newly forming households in need (annualised) (40%)	103	386	**489**
4.3	Existing households falling into need	24	137	**161**
4.4	**Total newly arising need (gross p year)**	**127**	**523**	**650**
Stage 6 – Annual Net New Need				
6.1	**Net new need (annual)**	**30**	**76**	**107**
Stage 7 – Total Housing Need (Net Annual)				
3.1	Shortfall in affordable housing to meet current 'backlog' housing need (annual)	103	62	**165**
6.1	Net new need (annual)	30	76	**107**
7.3	**Net annual affordable housing need**	**134**	**138**	**272**

Source: Turley, 2014

Fylde

6.9 In Fylde, the rate of new household formation assumed through the updated modelling is higher than in the 2013 SHMA, resulting in a greater number of newly forming households in need of affordable housing. This results in an increase in the overall net annual affordable housing need, from 207 to 249 per annum.

6.10 This is summarised in the following table.

Figure 6.4: Updated Affordable Housing Assessment – Fylde

Step		Lytham & St Annes	Kirkham/Wesham & Freckleton/Warton	Rural East	Rural SW	Rural NW	Rural NE	Fylde (total)
Stage 4 – Future Housing Need (Annual)								
4.1	New household formation	403	188	13	24	41	14	**683**
4.2	Newly forming households in need (annualised) (40%)	161	75	5	10	17	5	**273**
4.3	Existing households falling into need	33	14	3	1	2	0	**53**
4.4	**Total newly arising need (gross p year)**	**194**	**89**	**8**	**11**	**19**	**5**	**326**
Stage 6 – Annual Net New Need								
6.1	**Net new need (annual)**	**155**	**59**	**3**	**8**	**17**	**5**	**247**
Stage 7 – Total Housing Need (Net Annual)								
3.1	Shortfall in affordable housing to meet current 'backlog' housing need (annual)	5	-1	-1	-3	2	0	**2**
6.1	Net new need (annual)	155	59	3	8	17	5	**247**
7.3	**Net annual affordable housing need**	**160**	**59**	**2**	**5**	**19**	**6**	**249**

Source: Turley, 2014

Wyre

6.11 Again, the increase in new household formation is expected to lead to an increase in the annual number of households falling into need, which increases the net annual affordable housing need from 300 to 339 per annum.

6.12 This is summarised in the following table.

Figure 6.5: Updated Affordable Housing Assessment – Wyre

Step		Fleetwood	Thornton	Cleveleys	Poulton-le-Fylde & Carleton	Rural West	Central Rural Plain	Garstang & Catterall	Rural East	Wyre (total)
Stage 4 – Future Housing Need (Annual)										
4.1	New household formation	233	149	54	166	89	53	81	55	**880**
4.2	Newly forming households in need (annualised) (40%)	93	60	21	66	36	21	32	22	**352**
4.3	Existing households falling into need	65	14	1	9	4	2	2	0	**97**
4.4	**Total newly arising need (gross p year)**	**158**	**74**	**22**	**75**	**40**	**23**	**34**	**22**	**449**
Stage 6 – Annual Net New Need										
6.1	**Net new need (annual)**	**60**	**55**	**17**	**63**	**33**	**18**	**30**	**22**	**299**
Stage 7 – Total Housing Need (Net Annual)										
3.1	Shortfall in affordable housing to meet current 'backlog' housing need (annual)	19	4	4	4	5	-1	3	1	**40**
6.1	Net new need (annual)	60	55	17	63	33	18	30	22	**299**
7.3	**Net annual affordable housing need**	**80**	**59**	**22**	**68**	**38**	**16**	**33**	**23**	**339**

Source: Turley, 2014

Summary and Implications

6.13 The partially updated affordable housing assessment in this section is based on the updated 2012 SNPP demographic scenario, modelled by Edge Analytics. By projecting an annual gross rate of household formation, this is a key component in the affordable housing need calculation, allowing an assessment of the number of newly forming households who cannot afford housing in the open market without assistance.

6.14 The updated modelling is based on the 2012 SNPP scenario, rather than a hypothetical Natural Change scenario, with updated guidance indicating that hypothetical scenarios should not be used when assessing the need for housing. The updated assessment of affordable housing need considers the implications of the projected population growth under the 2012 SNPP and therefore integrates the household formation rate linked to the 2012 SNPP demographic scenario, with this representing the latest official ONS dataset. However, it should again be acknowledged that the analysis in this addendum has highlighted potential issues with this dataset, particularly in assuming relatively low levels of net migration compared to historic rates. Higher levels of migration – more in line with historic levels – may therefore increase the number of new households forming in the Fylde Coast, potentially increasing the need for affordable housing.

6.15 The input of the derived gross household formation rates from the 2012 SNPP results in an uplift in the gross number of households expected to form annually in each of the Fylde Coast authorities, given that the newly arising need component is no longer limited solely to natural change in the population but also factors in migration.

6.16 With the supply component not updated in this assessment, the higher level of gross household formation results in an estimated increase in the number of newly forming households unable to access owner occupation or the private rented sector within their own financial means, without help from Housing Benefit or Universal Credit. This increases the overall net annual affordable housing need:

- In **Blackpool**, this has increased from a net need for 264 affordable homes per annum to **272 per annum**. This is the smallest increase in the Fylde Coast authorities;
- In **Fylde**, the net annual need for affordable housing has increased from 207 to **249 per annum**; and
- In **Wyre**, there has been an increase from a net need for 300 affordable homes per annum to **339 per annum**.

6.17 The components of this calculation can be viewed in the 2013 SHMA report and the summary tables in this addendum.

6.18 The updated assessment confirms that there is an evidenced need for affordable housing in the Fylde Coast, which should be met through the delivery of affordable homes, intermediate products and other mechanisms. Furthermore, while national guidance does not classify the private rental sector as affordable housing, it is important to recognise that – in practice – the sector continues to play a central role in meeting affordable housing need in the Fylde Coast. The extent of this role is evidenced in the

2013 SHMA, where an assessment highlighted that 76.9% of Housing Benefit claimants privately rent accommodation, with this figure reaching almost 90% in Blackpool.

6.19 In addition to the updated affordable housing calculation presented in this section, Appendix 3 of this report considers the recently produced Fylde Rural Housing Needs Survey, within the context of the overall modelled affordable housing need in rural areas of the borough. The PPG recognises the value of rural needs surveys in complementing assessments based largely on secondary data:

"Local housing need surveys may be appropriate to assess the affordable housing requirements specific to the needs of people in rural areas, given the lack of granularity provided by secondary sources of information"[20]

[20] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017

7. Summary and Implications

7.1 This addendum report has sought to establish the implications of the 2012-based sub-national population projections (SNPP) on the conclusions of the 2013 SHMA. This has included analysis of additional demographic modelling undertaken by Edge Analytics.

7.2 The evidence presented in this addendum needs to be considered in the context of the evaluation of the different scenarios of projected need in Section 11 of the 2013 SHMA. This applied the checks identified by the PPG in relation to taking into account likely job growth and market signals[21] including the need for affordable housing.

7.3 This chapter summarises the outputs of the additional modelled scenarios, with the annual average dwelling requirement over the period from 2011 to 2030 presented to allow comparison against the concluded range of objectively assessed need in the 2013 SHMA[23]. It is understood that the Councils will consider the projection outputs in the context of their own plan periods noting that the updated projections adopt a 2013 base date[24]. Full data tables with annual figures have been provided to the Councils to enable this analysis to be undertaken.

7.4 It is important to recognise, as set out in the 2013 SHMA that the lower end of the range primarily relates to a projecting forward of need based on meeting longer-term demographic projections of need. The upper end of the range is aligned more closely with forecast levels of job growth. In accordance with the NPPF the Councils in establishing housing requirements for inclusion within their Local Plans, if selecting a figure below a level of implied need associated with evidenced likely job growth will need to demonstrate how it will mitigate or avoid the adverse housing, economic and market outcomes that a lower level of housing provision could give rise to.

7.5 As set out in section 1, the analysis in this Addendum has not sought to update the input economic forecast job growth assumptions used within the 2013 SHMA. It will be important for the authorities to monitor the implications of updated economic evidence available to the Councils and/ or externally sourced economic forecast datasets as the authority's progress towards respective Local Plan EiPs and they derive a precise figure for the full OAN. This will need to include a consideration of any 'policy-on' adjustments in relation to their respective preferred employment growth strategies.

[21] As per Section 11 of the 2013 SHMA (paras 11.41 – 11.48) this does not seek to directly take account of any allowance for backlog / past over-provision.

[23] It is noted that the PPG highlights the potential to include C2 accommodation as part of the assessment of supply. It is important to recognise that due to the way in which the household projections are constructed within the modelling, populations 'not in households' are not included within the final dwelling requirement and therefore the range of OAN. This population contains an element of residents who would reside in C2 accommodation, such as care homes or student halls of residence. On this basis the OAN range does not include the full need for C2 housing. This would need to be calculated separately and added to the range.

[24] In presenting the results back to 2011 the analysis therefore includes levels of population and derived household growth between 2011 and 2013 based on the ONS MYE estimates. This approach is taken rather than inputting net dwelling completions over this period. In the case of Fylde and Wyre the modelling indicates a higher level of need/ development than completions over this period. The opposite is true in Blackpool with the modelling suggesting a decline in households (and therefore dwellings) between 2011 and 2013 where net completions were 346 (Figure 4.6 2013 SHMA). This needs to be considered when comparing the 2011 – 2030 modelling outputs and will need to be considered when the authority is using the data tables to derive need over the plan period. The forward projections project need and growth from 2013 onwards.

7.6 The analysis in section 6 has indicated a small uplift in the assessed need for affordable housing in each authority through the application of an alternative assumed level of gross household formation. It is important to note that this does not directly align with the overall projection of need – assessed through the population projections presented in sections 5 and 6 – but this uplift should be considered in the context of the evaluation of need within section 11 of the 2013 SHMA. In establishing a precise figure for the full OAN, the Councils should understand the extent to which different levels of housing need can address identified market pressures, including the need for affordable housing.

7.7 It is important to reassert that whilst the analysis in the 2013 SHMA and this Addendum report consider drivers of need and demand for housing, it does not seek to make a planning or policy judgement. This is a matter for the planning authority to undertake, using and taking into account the information before them.

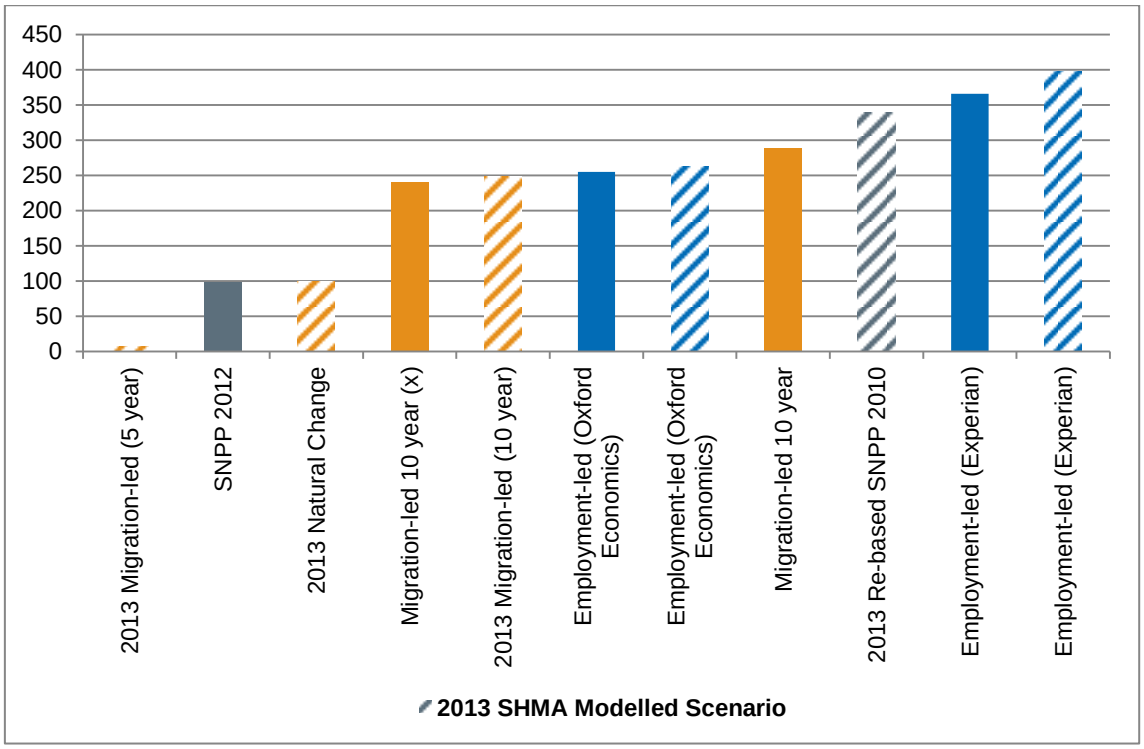
7.8 Each authority is considered sequentially below, with graphs presented to illustrate the range of average dwelling requirements based on the modelling presented within this report as well as the 2013 SHMA. Within these graphs, the 2012 SNPP scenario is coloured in grey, with the demographic migration-led scenarios coloured in orange and employment-led scenarios coloured in blue. It is important to recognise that the updated employment scenarios presented do not take into account the application of improved unemployment rates. As set out in section 5 if unemployment rates fall the implication is that the existing labour-force increases without a linked growth in population, this results in fewer houses being required to support the same level of job growth. The previous 2013 SHMA scenarios are presented, with a hatching in order to differentiate.

Blackpool

7.9 The 2013 SHMA indicated that the objectively assessed needs for the authority lie between a range of approximately **250 and 400 dwellings per annum**[25]. The following graph summarises the average annual housing need under each scenario modelled in this addendum report.

[25] Paragraphs 11.29 - 11.32 of the 2013 SHMA

Figure 7.1: Average Annual Housing Need – Blackpool 2011 – 2030



Source: Edge Analytics, 2014

7.10 As shown, the dwelling requirement under the 2012 SNPP scenario is notably low relative to the other scenarios, with this scenario projecting a low level of population growth in Blackpool based on recent historical trends over a five year period. However, it is important to recognise that this period has seen relatively low levels of migration compared to earlier years, such as the early 2000s. Migration may, therefore, be influenced by a wider recessionary climate in the 2012 SNPP for Blackpool, and if migration levels return to a higher rate, projected population growth could be underestimated under the 2012 SNPP. This scenario also assumes a significant fall in the working age population, which would in turn have a potential impact on economic growth in Blackpool.

7.11 The re-modelled longer term (10 year) migration scenarios derive a higher average annual dwelling requirement of between 241 and 289 dwellings per annum (depending upon the inclusion of the UPC component). This suggests that if migration returns to a level more in keeping with that seen historically, there will be greater population growth and a subsequently greater need for housing.

7.12 In addition, the employment-led scenarios project a need for housing of between 255 and 366 dwellings per annum based on the updated modelling. In the case of the lower end of this range (based on the Oxford Economics forecast) this assumes a small loss in total jobs in the authority with the upper end of the range (Experian 2013 forecasts) assuming a future growth in jobs . At the upper end, therefore, this would suggest the need for an uplift in population growth and migration above longer-term demographic trends. In the context of the modelling around these employment-led scenarios it is also important to recognise the impact of changing unemployment rates on the level of

housing need in Blackpool, as set out in Figure 5.11. When applying an alternative unemployment assumption – with unemployment returning to a pre-recession average by 2018 – the modelling implies a lower associated need for housing to support these forecast levels of job growth of between 174 and 282 dwellings per annum. This reflects a greater re-use of the existing unemployed labour-force in Blackpool.

7.13 In the context of the 2013 SHMA range, the lower end – 250 dwellings per annum – considerably exceeds the 2012 SNPP scenario and continues to align broadly with the Oxford Economics forecast. It does, however, sit below the updated longer-term migration scenario where UPC is included, suggesting it does not fully represent a continuation of need based on this period. This indicates a level of derived need of approximately 290 dwellings per annum. The upper end of the range encompasses the re-run of the Experian 2013 scenario, and continues to reflect a more positive assessment of need based on a profile of job growth. In this context, it is important to consider the long-term population profile of Blackpool, which as shown in section 3 is one of decline. Evidently, ensuring a higher rate of growth in population over the longer-term would require changes to wider drivers of growth, with the future economic growth of Blackpool an important factor.

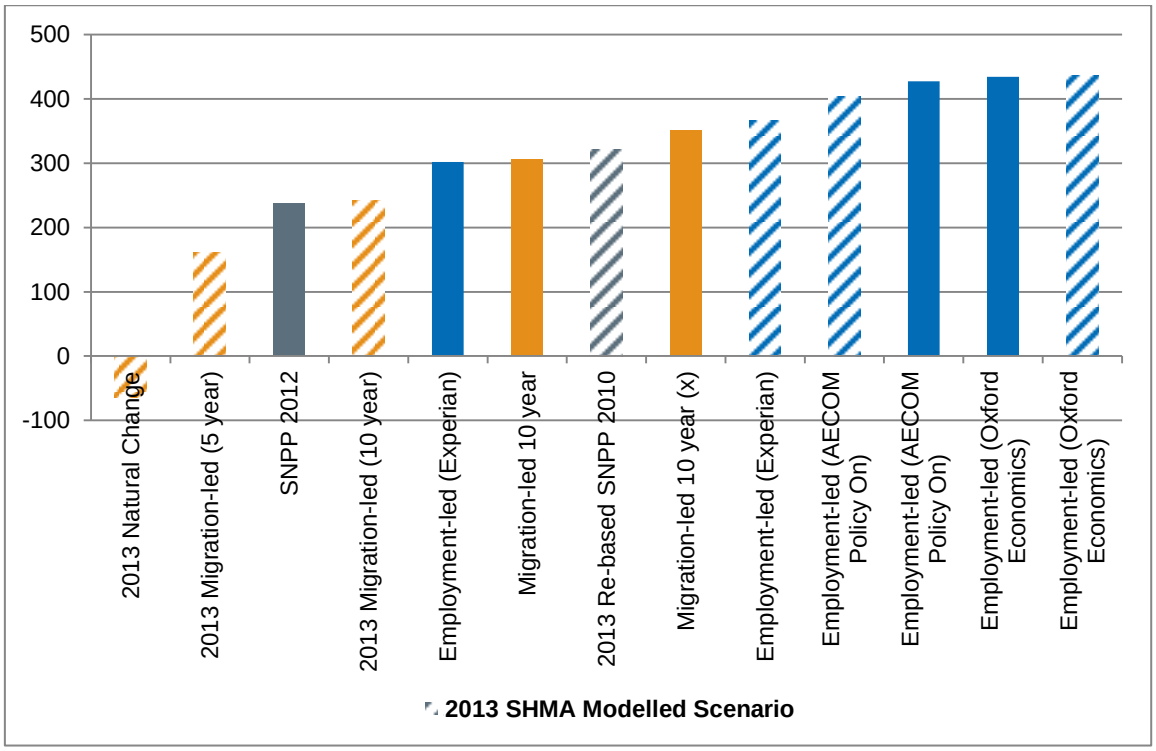
7.14 As identified within the 2013 SHMA, given the comparatively complex nature of Blackpool's economy – implied through the varied employment forecasts presented – it will be important to monitor levels of job growth and the implication on housing need.

Fylde

7.15 The 2013 SHMA concluded that the objectively assessed needs for the authority lie between a range of approximately **300 and 420 dwellings per annum**[27]. The following graph summarises the outputs of the additional modelled scenarios in this addendum report.

[27] Paragraphs 11.33 – 11.36 of the 2013 SHMA

Figure 7.2: Average Annual Housing Need – Fylde 2011 – 2030



Source: Edge Analytics, 2014

7.16 As the graph above shows, the 2012 SNPP has a relatively low level of housing need compared to the other modelled scenarios. This also falls below the range of objectively assessed needs identified in the 2013 SHMA. As set out in this report, however, the population growth implied by this scenario is considered to reflect more recent migration trends which have been impacted by a range of factors. It is also important to recognise that the scale of population growth implied under this scenario would result in a fall in the working-age population, which would be likely to result in a fall in the number of jobs which could be supported without changes to commuting flows.

7.17 Taking a longer term demographic trend – in the ten year migration-led scenarios – results in a higher assumed level of migration, leading to a higher level of housing need of between 306 and 351 homes per year.

7.18 There is some variation in the employment-led scenarios, with the Experian (2013) scenario suggesting a requirement for around 300 dwellings per annum, noting this forecasts a fall in employment from 2013, and the other employment-led scenarios – linked to the AECOM 2012 Employment Land Review and forecasts produced by Oxford Economics – suggesting a need for around 430 dwellings per annum. The application of an alternative unemployment assumption – with unemployment rates returning to a pre-recession average by 2018 – as shown in Figure 5.11, suggests a lower level of housing need associated with these forecasts of employment change of between 280 and 411 dwellings per annum. This reflects a greater re-use of the existing labour supply in Fylde.

7.19 Several scenarios fall within the previously concluded range of 300 to 420 dwellings per annum. Delivery at the lower end of this range would come close to meeting need based on longer-term migration levels, taking into account the inclusion of UPC, but would not enable a growth in employment within the authority. Whilst the re-modelled Experian 2013 forecast job change would be accommodated at this end of the range this suggests a forecast job loss from 2013 as opposed to the increase from 2012 considered in the 2013 SHMA.

7.20 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 as a minimum. This would suggest a higher base level of demographic base need than the lower end of the range identified in the 2013 SHMA at 350 dwellings per annum.

7.21 The upper end of the range does, however, now fall slightly below the level of housing required to support the more ambitious economic forecasts linked to the AECOM 2012 work and continues to fall below that suggested by the Oxford Economics forecasts, indicating that a housing target towards the upper end of this range would be more likely to be required based upon a stronger employment growth position aligned with the Councils existing evidence base. This needs to be considered in the context of the evaluation of the range as set out within the 2013 SHMA.

7.22 It is recognised that the authority's current economic evidence base will continue to be updated and this will therefore need to be carefully considered alongside updated analysis of housing need.

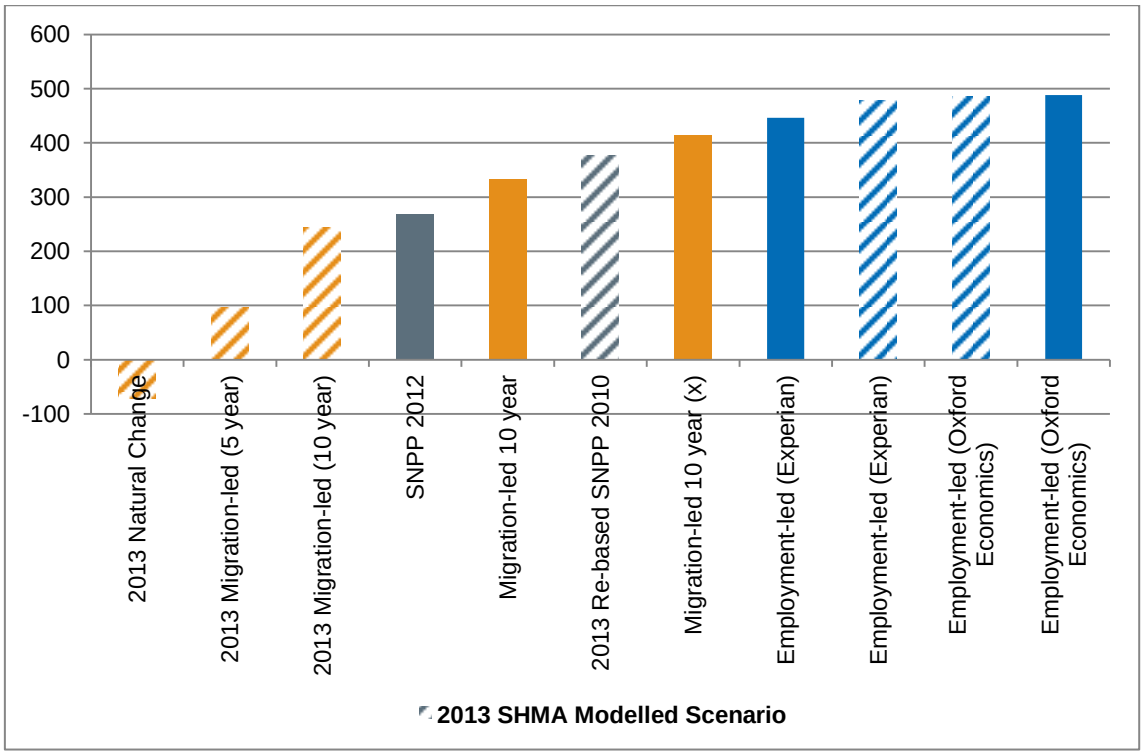
Wyre

7.23 The 2013 SHMA concluded that the objectively assessed needs for the authority lie between a range of approximately **340 and 485 dwellings per annum**[28]. The lower end of this range was not directly attributed to any one scenario but broadly reflected the 2011 SNHP projection, although no modelling was undertaken to extrapolate this beyond 2021. This recognised the Draft PPG assertion that this should form the 'starting point' assessment of need, with the 5 and 10 year migration scenarios showing a lower level of trend based demographic projected need.

7.24 The following table summarises the average annual dwelling requirements for each scenario presented in this report.

[28] Paragraphs 11.37 – 11.40

Figure 7.3: Average Annual Dwelling Requirement – Wyre 2011 – 2030



Source: Edge Analytics, 2014

7.25 As shown, in Wyre, the 2012 SNPP scenario suggests a need for 268 dwellings per year, with this falling lower than the previously defined range of objectively assessed need. As stated above the lower end of the range in the 2013 SHMA was aligned to the 2011 SNHP, although it was noted this only projected forward to 2021, with the implied level of need falling between the other demographic scenarios considered over the longer projection period.

7.26 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. Under this scenario, therefore, migration levels may be underestimated, with a return to a higher level of migration – more in line with a longer term trend – resulting in a level of need of between 333 and 414 dwellings per annum.

7.27 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.

7.28 The employment-led scenarios project a notably higher level of housing need, in order to drive higher levels of in-migration and support forecast job creation. The Experian (2013) scenario indicates a need for 446 dwellings per year, with a need for 488 dwellings per annum under the Oxford Economics scenario. These continue to reflect the upper end of the range within the OAN. It is important to note that this addendum has also considered the impact of alternative unemployment assumptions, with a sensitivity to model the impacts of a return to pre-recession unemployment rates by 2018, the outputs of which are shown in Figure 5.11. This lowers the level of implied housing needed to support these forecasts of job growth to between 369 and 410 dwellings per annum.

7.29 A housing target at the lower end of the range would support longer-term migration trends – although noting that this assumes the inclusion of the UPC component with the exclusion of this element suggesting a higher base demographic need of 410 dpa – with the higher end of this range supporting a stronger level of growth in job creation in the borough. As identified in the SHMA this needs to be considered in the context of the Council's employment evidence and a monitoring of assessed economic potential.

Future Monitoring and Updates

7.30 This Addendum, as set out in section 1, does not represent an updating of the OAN or a new SHMA. The nature of the changing housing market and economic context means that there will be a need to continue to monitor the conclusions of the 2013 SHMA in the development of Local Plan policy to ensure alignment with the PPG / NPPF.

7.31 Within the Addendum two key areas of future update have been identified which have an important bearing on understanding housing needs within the authorities:

- **Headship Rates** – the analysis within the 2013 SHMA and this Addendum has taken a mid-point between scenarios modelled using both the 2011 and 2008 headship rates assumptions within respective household projection datasets. This recognises that the formation of households reflects the historic context that precedes both these datasets and ensures that the derived requirements do not continue forward the potentially constrained housing market conditions which have potentially impacted on the 2011 dataset. The 2012 SNHP will include new headship rate (household formation rate) assumptions. These are anticipated for release in early 2015. Evidently as with all demographic datasets they will be subject to critique and may require local level analysis to understand the appropriateness of their application in the context of historic factors influencing their projection base (as per the PPG). We would suggest that this should form the basis of a separate future update; and

- **Likely Future Job Growth** – the 2013 SHMA included an assessment of a range of economic forecasts available at the time the analysis was undertaken as well as a review of each Councils key economic evidence base documents. The analysis in this addendum has not sought to update this analysis. It is understood that the Councils are working on an updated study considering the economic future of the Fylde Coast, which will reference the Oxford Economics forecasts included in the 2013 SHMA and this addendum. The release of any updated

evidence on ‘likely’ levels of future job growth – including new updated economic forecasts – could warrant a future update of the 2013 SHMA.

Appendix 1: Edge Analytics Assumptions Note

Fylde Coast

Demographic forecasts

Data inputs, assumptions & methodology

October 2014

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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.1.0.

1. POPGROUP Methodology

Forecasting Methodology

1.1 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.

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

1.3 The latest development in the POPGROUP suite of demographic models is POPGROUP v.4, which was released in January 2014. A number of changes have been made to the POPGROUP model to improve its operation and to ensure greater consistency with ONS forecasting methods.

1.4 The most significant methodological change relates to the handling of internal migration in the POPGROUP forecasting model. The level of internal in-migration to an area is now calculated as a rate of migration relative to a defined 'reference population' (by default the UK population), rather than as a rate of migration relative to the population of the area itself (as in POPGROUP v3.1). This approach ensures a closer alignment with the 'multi-regional' approach to modelling migration that is used by ONS.

1.5 For more detail on the POPGROUP methodology, please refer to the POPGROUP v.4 user manual, which can be found at the POPGROUP website: http://www.ccsr.ac.uk/popgroup/index.html

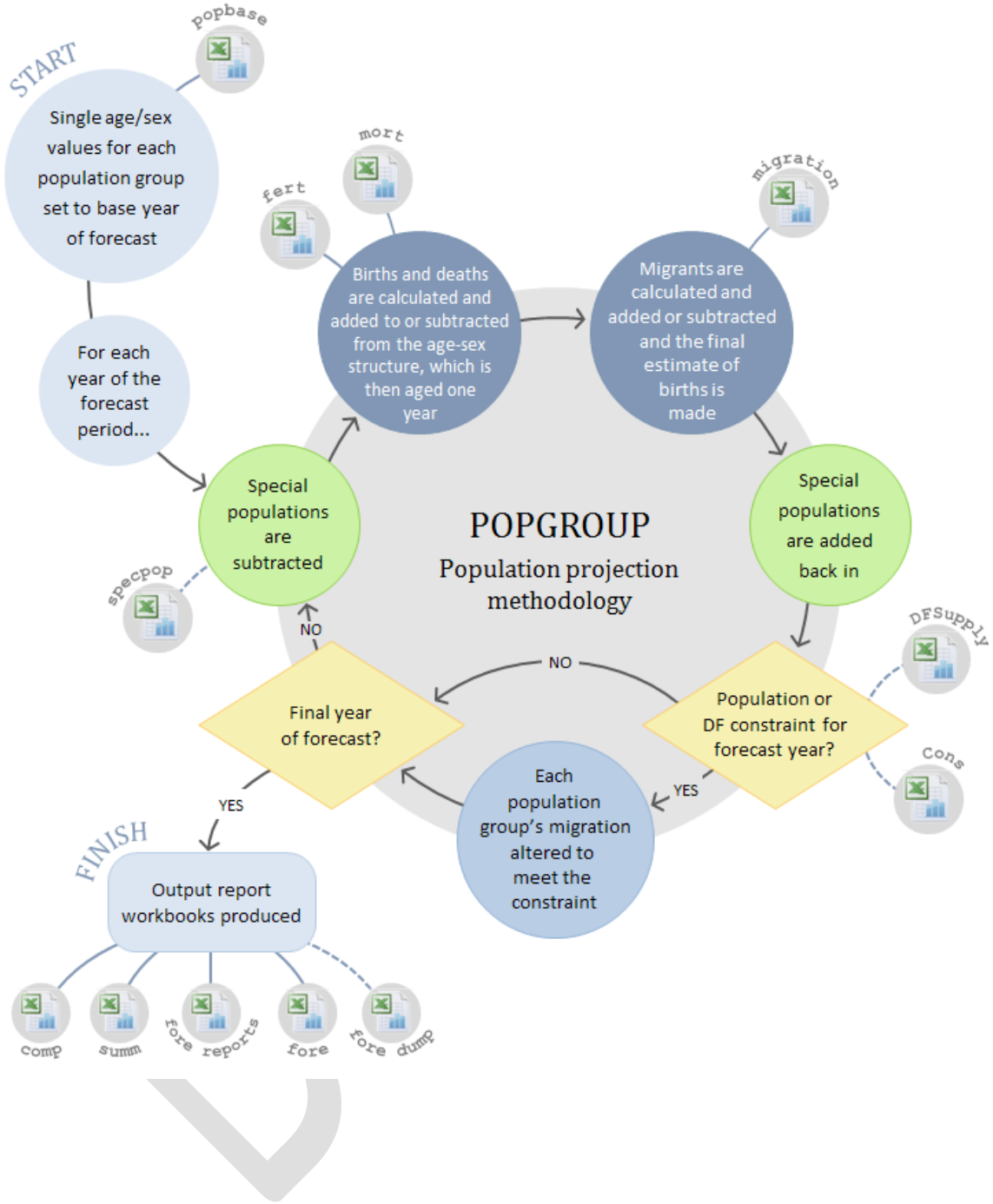
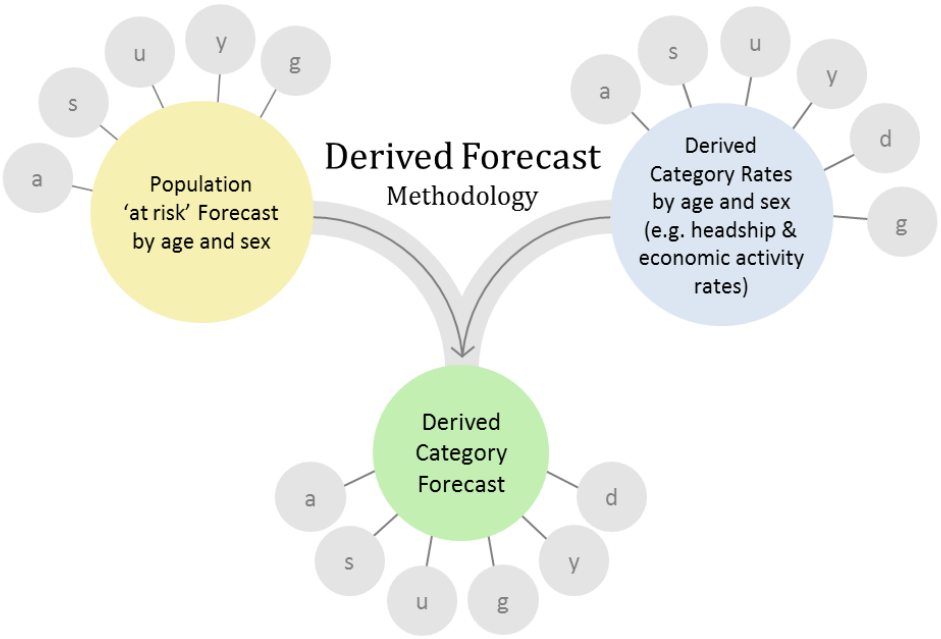


Figure 1: POPGROUP population projection methodology.



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

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

Figure 2: Derived Forecast (DF) methodology

2. Data Inputs & Assumptions

Introduction

2.1 Edge Analytics has developed a suite of demographic scenarios for Blackpool, Fylde and Wyre (Fylde Coast) using POPGROUP.

2.2 The POPGROUP model draws data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using the historical data evidence for 2001–2013, in conjunction with information from ONS national projections, a series of assumptions have been derived which drive the scenario forecasts.

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

Population, Births & Deaths

Population

2.4 In each scenario, historical population statistics are provided by the mid-year population estimates (MYE) for 2001–2013, 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.

2.5 In the 'SNPP-2010' scenario, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2010-based SNPP. The 'SNPP-2010' scenario is scaled to ensure consistency with the 2012 MYE total, following its designated growth trend thereafter (this does not alter the underlying assumptions or growth trajectory).

2.6 In the 'SNPP-2012' scenario, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the official 2012-based SNPP.

Births & Fertility

2.7 In each scenario, historical mid-year to mid-year counts of births by sex from 2001/02 to 2012/13 have been sourced from ONS Vital Statistics.

2.8 In the 'SNPP-2010' and 'SNPP-2012' scenarios, future counts of births are specified to ensure consistency with the official projections.

2.9 In the other scenarios, a 'local' (i.e. area-specific) age-specific fertility rate (ASFR) schedule, which measures the expected fertility rates by age and sex in 2013/14, is included in the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.

2.10 Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2012-based SNPP.

2.11 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.

Deaths & Mortality

2.12 In each scenario, historical mid-year to mid-year counts of deaths by age and sex from 2001/02 to 2012/13 have been sourced from ONS Vital Statistics.

2.13 In the 'SNPP-2010' and 'SNPP-2012' scenarios, future counts of deaths are specified to ensure consistency with the official projections.

2.14 In the other scenarios, a 'local' (i.e. area-specific) age-specific mortality rate (ASMR) schedule, which measures the expected mortality rates by age and sex in 2013/14 is included the POPGROUP model assumptions. This is derived from the ONS 2012-based SNPP.

2.15 Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2012-based SNPP.

2.16 In combination with the 'population-at-risk' (i.e. the total 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.

Migration

Internal Migration

2.17 In all scenarios, historical mid-year to mid-year counts of in- and out-migration by five year age group and sex from 2001/02 to 2012/13 have been sourced from the 'components of change' files that underpin the ONS MYEs. The original source of these internal migration statistics is the Patient Register Data Service (PRDS), which captures the movement of patients as they register with a GP. This data provides an accurate representation of inter-area flows, albeit with some issues with regard to potential under-registration in certain age groups (young males in particular).

2.18 In the 'SNPP-2010' and 'SNPP-2012' scenarios, future counts of internal migrants are specified, to ensure consistency with the official projections.

2.19 In the alternative trend-based scenarios, age-specific migration rate (ASMigR) schedules are derived from the area-specific historical migration data. In the 'PG-10yr', 'PG-10yr-X' and 'PG-10yr-Fixed' scenarios, a ten year internal migration history is used (2003/04–2012/13). The 'PG-10yr-Fixed' scenarios assume fixed internal migration in each year of the forecast.

2.20 The 'jobs-led' scenarios 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. In the 'jobs-led' scenarios, 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 an ASMigR schedule, derived from the ONS 2012-based SNPP.

2.21 Rather than the schedule of rates being applied to the area-specific population – as is the case with the other components (i.e. births, deaths and international migration) – in the case of internal in-migration the ASMigR schedule of rates is applied to an external 'reference' population (i.e. the population 'at-risk' of migrating into the area). In the case of Fylde Coast, the reference population is defined as the total population of the districts where 70% of the in-migrants to the Lancashire Local Economic Partnership (LEP) come from.

International Migration

2.22 Historical mid-year to mid-year counts of total immigration and emigration from 2001/02 to 2012/13 have been sourced from the 'components of 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.

2.23 In all scenarios, future international migration assumptions are defined as 'counts' of migration.

2.24 In the 'SNPP-2010' and 'SNPP-2012' scenarios, the international in- and out-migration counts are drawn directly from the official projections.

2.25 Implied within the international migration component of change in all scenarios (apart from the 'PG-10yr-X' scenario) is an 'unattributable population change' (UPC) figure, which ONS identified within its latest MYE 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' scenario, the UPC is not considered when calculating the migration assumptions.

2.26 In the alternative trend-based scenarios, the international in- and out-migration counts are derived from the area-specific historical migration data. In the 'PG-10yr', 'PG-10yr-X' and 'PG-10yr-Fixed' scenarios, a ten year international migration history is used (2003/04–2012/13). An ASMigR schedule of rates is derived from a ten year migration history and is used to distribute future counts by single year of age.

2.27 In the 'jobs-led' scenarios, international migration counts are taken from the ONS 2012-based SNPP (i.e. counts are consistent with the 'SNPP-2012' scenario). An ASMigR schedule of rates from the ONS 2012-based SNPP is used to distribute future counts by single year of age.

Household & 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."[1]

2.29 A dwelling is defined as a unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household).

2.30 For each scenario, the household and dwelling implications of the population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate. These data assumptions have been sourced from the 2001 and 2011 Censuses and the 2008-based and 2011-based household projection models from the DCLG.

Household Headship Rates

2.31 Household headship rates define the likelihood of a particular household type being formed in a particular year, given the age-sex profile of the population in that year. Household-types are modelled within a 17-fold classification (Table 1).

[1] http://www.ons.gov.uk/ons/guide-method/census/2011/census-data/2011-census-user-guide/glossary/index.html

Table 1: Household type classification

ONS Code	DF Label	Household Type
OPM	OPMAL	One person households: Male
OPF	OPFEM	One person households: Female
OCZZP	FAMC0	One family and no others: Couple: No dependent children
OC1P	FAMC1	One family and no others: Couple: 1 dependent child
OC2P	FAMC2	One family and no others: Couple: 2 dependent children
OC3P	FAMC3	One family and no others: Couple: 3+ dependent children
OL1P	FAML1	One family and no others: Lone parent: 1 dependent child
OL2P	FAML2	One family and no others: Lone parent: 2 dependent children
OL3P	FAML3	One family and no others: Lone parent: 3+ dependent children
MCZDP	MIX C0	A couple and one or more other adults: No dependent children
MC1P	MIX C1	A couple and one or more other adults: 1 dependent child
MC2P	MIX C2	A couple and one or more other adults: 2 dependent children
MC3P	MIX C3	A couple and one or more other adults: 3+ dependent children
ML1P	MIX L1	A lone parent and one or more other adults: 1 dependent child
ML2P	MIX L2	A lone parent and one or more other adults: 2 dependent children
ML3P	MIX L3	A lone parent and one or more other adults: 3+ dependent children
OTAP	OTHHH	Other households
TOT	TOTHH	Total

2.32 The household headship rates used in the POPGROUP modelling have been taken from the DCLG 2008-based and 2011-based household projections. The 2011-based household projections were released for local authority districts in England in April 2013, superseding the 2008-based model. However, as the 2011-based household model is underpinned by the 2011-based SNPP, the headship rate assumptions have only been published for the 2011–2021 period. Therefore, headship rates have been trended after 2021 to extend the rates to the end of the forecast period.

2.33 Edge Analytics assesses household growth using both the 2008-based and the 2011-based headship rates, in recognition of the uncertainties surrounding future rates of household formation.

2.34 Both the 2008-based and 2011-based headship rates have been applied, producing two alternative outcomes for each scenario:

- 'Option A': DCLG 2011-based headship rates, with the 2011–2021 trend continued after 2021.
- 'Option B': DCLG 2008-based headship rates, scaled to be consistent with the 2011 DCLG household total, but following the original trend thereafter.

Communal Population

2.35 Household projections in POPGROUP exclude the 'population-not-in-households' (i.e. the communal or institutional population). This data has been drawn from the DCLG 2011-based household projection, which uses statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.

2.36 For ages 0–74, the number of people in each age group 'not-in-households' is kept fixed throughout the forecast period. For ages 75–85+, the proportion of the population 'not-in-households' is recorded. Therefore, the population not-in-households for ages 75–85+ varies across the forecast period depending on the size of the population.

Vacancy Rate

2.37 The relationship between households and dwellings is modelled using a 'vacancy rate', sourced from the 2011 Census.

2.38 Vacancy rates of 6.7% for Blackpool, 6.6% for Fylde and 5.4% for Wyre have been applied, fixed throughout the forecast period.

2.39 Using these vacancy rates, the 'dwelling requirement' of each household growth trajectory ('Option A' and 'Option B', see paragraph 2.34) has been calculated.

Labour Force & Jobs

2.40 For each scenario (apart from the 'jobs-led' scenarios), the labour force and jobs implications of the population growth trajectory have been evaluated through the application of three key data items: economic activity rates, a commuting ratio and an unemployment rate.

2.41 In the 'jobs-led' scenarios, these three data items are used to determine the population growth required by a particular jobs growth trajectory.

Economic Activity Rates

2.42 The level of labour force participation is recorded in the economic activity rates.

2.43 Economic activity rates by five year age group (ages 16-74) and sex have been derived from 2001 and 2011 Census statistics. The 2011 Census statistics include an open-ended 65+ age category, so economic activity rates for the 65–69 and 70–74 age groups have been estimated using a combination of Census 2011 tables, disaggregated using evidence from the 2001 Census. Between 2001 and 2011, the rates are linearly interpolated.

2.44 For Blackpool, Fylde and Wyre, rates of economic activity increased for all age groups between 20–74 between the 2001 and 2011 Censuses (Figure 3–Figure 5), most noticeably for women.

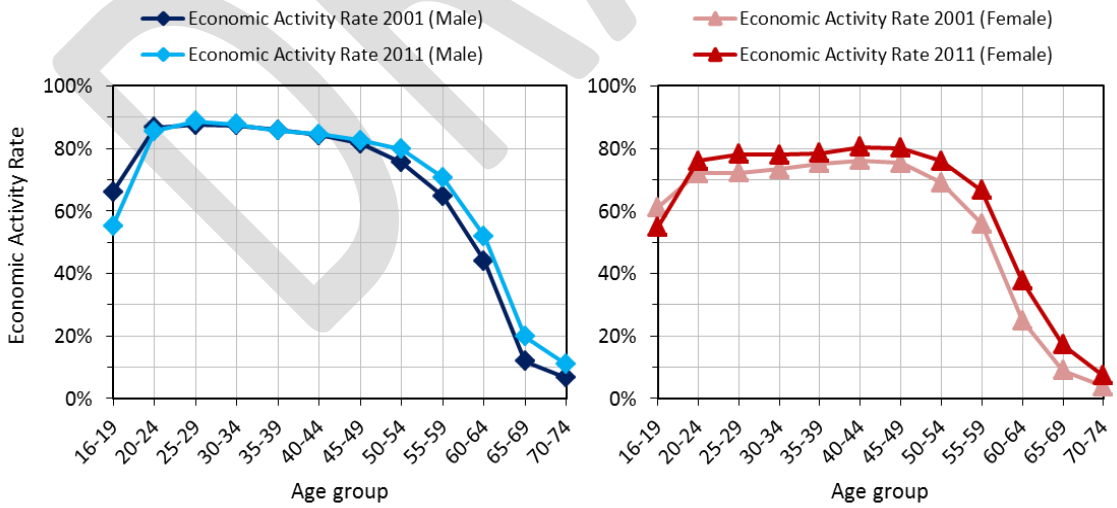


Figure 3: Blackpool Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

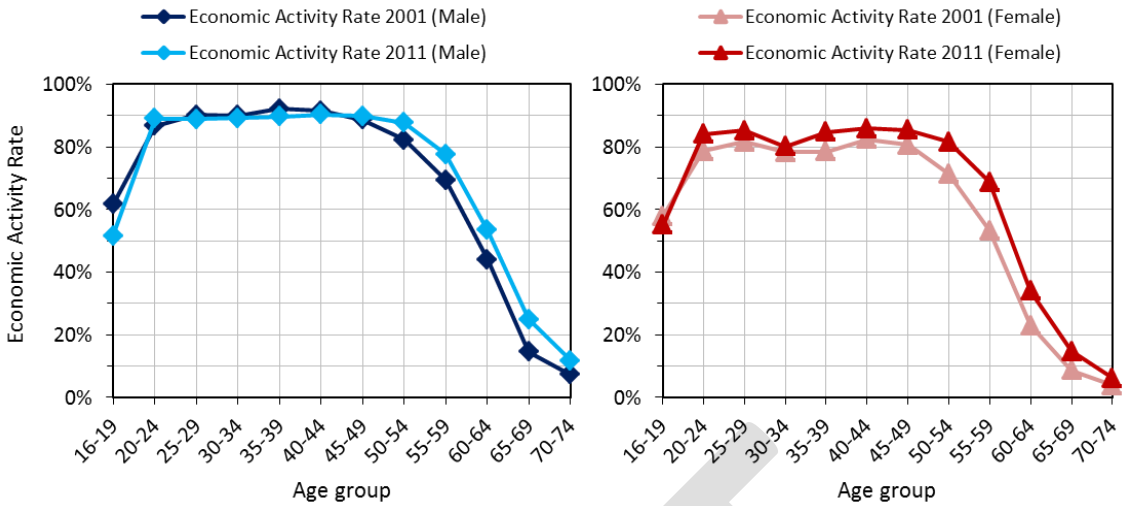


Figure 4: Fylde Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

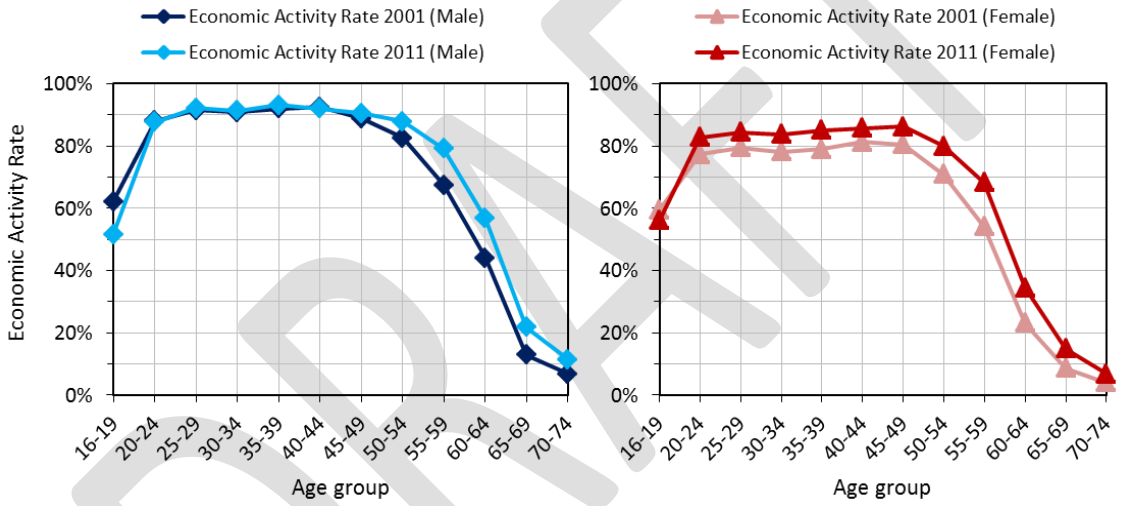


Figure 5: Wyre Economic activity rates: 2001 and 2011 Census comparison (source: ONS)

2.45 In all scenarios, Edge Analytics has made changes to the age-sex specific economic activity rates to take account of changes to the State Pension Age (SPA) and to accommodate potential changes in economic participation which might result from an ageing but healthier population in the older labour-force age-groups.

2.46 The SPA for women is increasing from 60 to 65 by 2018, bringing it in line with that for men. Between December 2018 and April 2020, the SPA for both men and women will then rise to 66. Under current legislation, the SPA will be increased to 67 between 2034 and 2036 and 68

between 2044 and 2046. It has been proposed that the rise in the SPA to 67 is brought forward to 2026–2028[2].

2.47 ONS published its last set of economic activity rate forecasts from a 2006 base[3]. These incorporated an increase in SPA for women to 65 by 2020 but this has since been altered to an accelerated transition by 2018 plus a further extension to 66 by 2020. Over the 2011–2020 period, the ONS forecasts suggested that male economic activity rates would rise by 5.6% and 11.9% in the 60-64 and 65-69 age groups respectively. Corresponding female rates would rise by 33.4% and 16.3% (Figure 6).

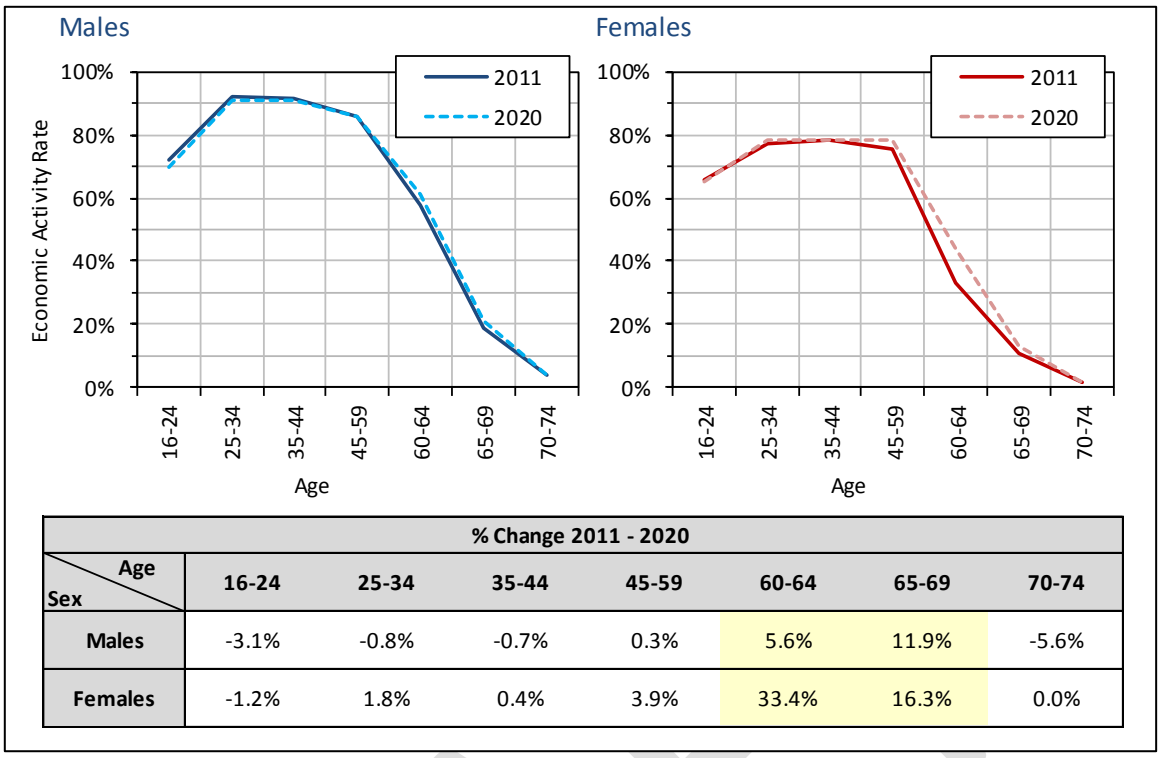
2.48 To take account of planned changes to the SPA, the following modifications have been made to the Edge Analytics economic activity rates:

- Women aged 60–64: 40% increase from 2011 to 2020.
- Women aged 65–69: 20% increase from 2011 to 2020.
- Men aged 60–64: 5% increase from 2011 to 2020.
- Men aged 65–69: 10% increase from 2011 to 2020

2.49 Note that the rates for women in the 60–64 age and 65–69 age-groups are higher than the original ONS figures (Figure 6), accounting for the accelerated pace of change in the SPA. No changes have been applied to other age-groups. In addition, no changes have been applied to economic activity rates beyond 2020. This is an appropriately prudent approach given the uncertainty associated with forecasting future rates of economic participation.

[2] https://www.gov.uk/changes-state-pension

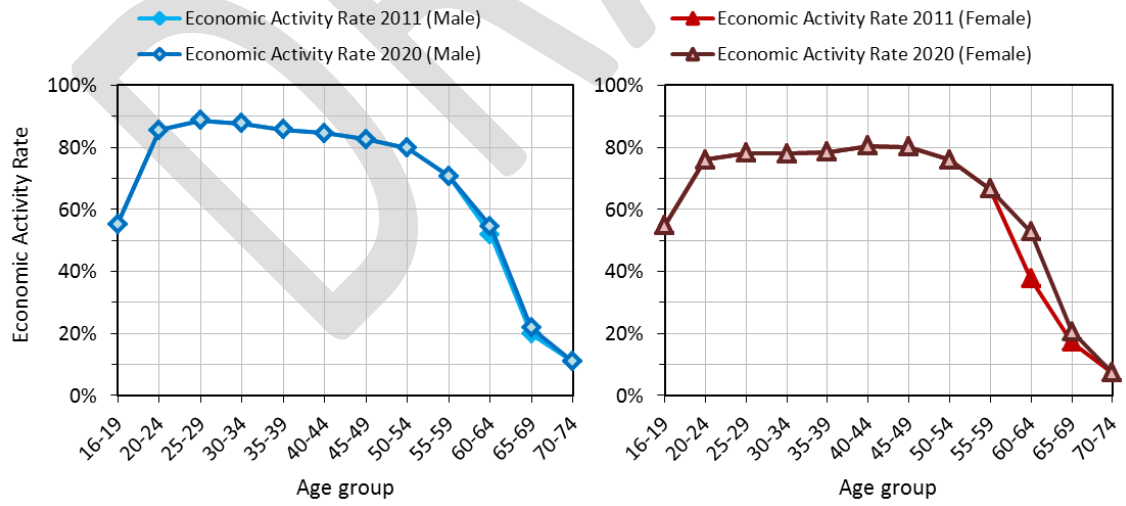
[3] ONS January 2006, Projections of the UK labour force, 2006 to 2020
http://www.ons.gov.uk/ons/rel/lms/labour-market-trends--discontinued-/volume-114--no--1/projections-of-the-uk-labour-force--2006-to-2020.pdf



% Change 2011 - 2020							
Sex \ Age	16-24	25-34	35-44	45-59	60-64	65-69	70-74
Males	-3.1%	-0.8%	-0.7%	0.3%	5.6%	11.9%	-5.6%
Females	-1.2%	1.8%	0.4%	3.9%	33.4%	16.3%	0.0%

Figure 6: ONS Labour Force Projection 2006 – Economic Activity Rates 2011–2020. Source: ONS

2.50 Given the accelerated pace of change in the female SPA and the clear trends for increased female labour force participation across all age-groups in the last decade, these 2011–2020 rate increases (Figure 7–Figure 9) would appear to be relatively conservative assumptions.



2.51

Figure 7: Edge Analytics economic activity rate profiles for Blackpool, 2011 and 2020 comparison.

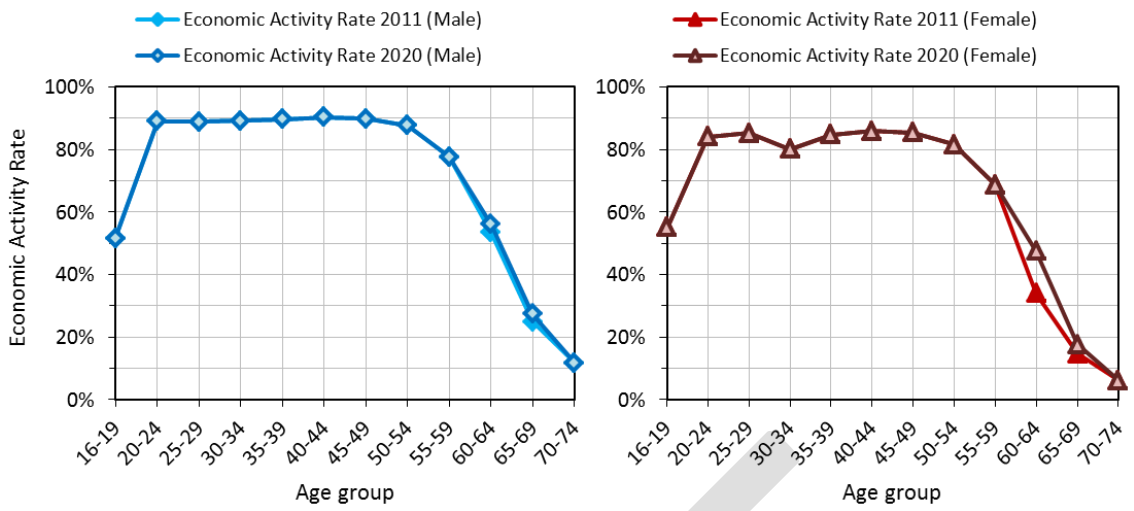


Figure 8: Edge Analytics economic activity rate profiles for Fylde, 2011 and 2020 comparison.

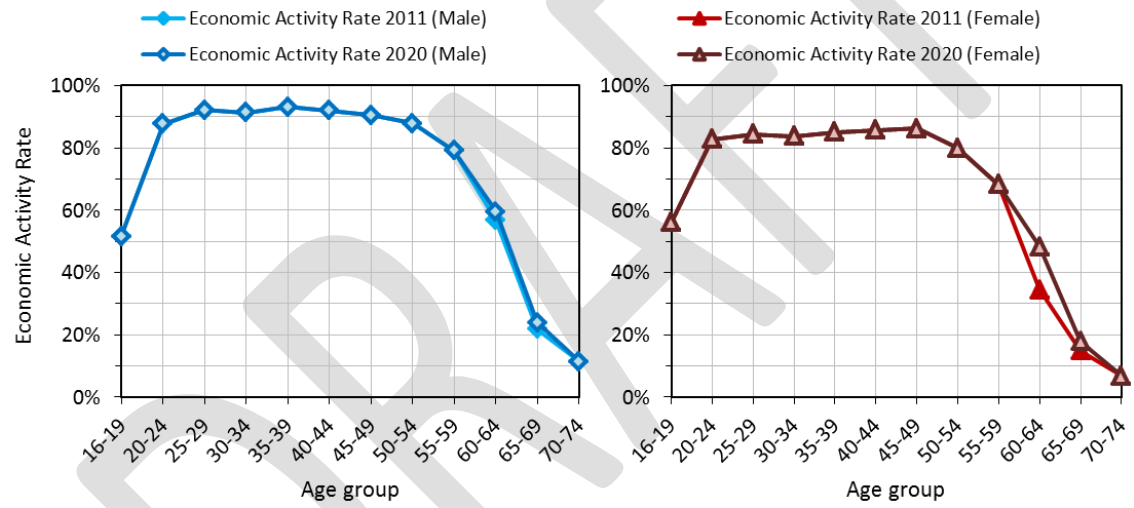


Figure 9: Edge Analytics economic activity rate profiles for Wyre, 2011 and 2020 comparison.

Commuting Ratio

2.52 The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district.

2.53 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.

2.54 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, commuting ratios have been derived for Blackpool, Fylde and Wyre. These are compared to the 2001 Census values in Table 2.

Table 2: Commuting Ratio Comparison

Blackpool		2001 Census	2011 Census
Workers	a	59,074	61,419
Jobs	b	59,349	63,241
Commuting Ratio	a/b	**1.00**	**0.97**

Fylde		2001 Census	2011 Census
Workers	a	32,235	34,510
Jobs	b	40,633	43,000
Commuting Ratio	a/b	**0.79**	**0.80**

Wyre		2001 Census	2011 Census
Workers	a	44,974	48,558
Jobs	b	34,491	37,747
Commuting Ratio	a/b	**1.30**	**1.29**

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

2.55 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.

2.56 In all scenarios (apart from those with the 'UR' suffix), a 'recession' unemployment rate (2008–2013 average) has been applied, fixed across the forecast period (Table 3):

- Blackpool = 8.2%
- Fylde = 5.3%
- Wyre = 6.2%

Table 3: Unemployment Rates

	Unemployment Rate											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average recession (2008–13)	Average recession (2004–07)
Blackpool	5.6	6.3	6.2	6.0	5.2	8.5	9.3	9.1	8.7	8.2	8.2	6.0
Fylde	3.3	4.1	-	5.3	-	-	5.9	4.1	5.6	5.7	5.3	4.2
Wyre	2.9	1.6	5.5	2.6	5.7	3.1	5.9	8.8	6.9	7.0	6.2	3.2

2.57 In the unemployment rate sensitivity scenarios (signified by the 'UR' suffix), the unemployment rates have been incrementally reduced from the 'recession' average to the 'pre-recession' average (Table 3) between 2013 and 2018. These improvements in the unemployment rate provide an appropriate basis for what is likely to be a gradual recovery from current economic conditions.

3. Comparison of Key Data Inputs

Scenario Comparison

3.1 Table 4 presents a summary of the demographic scenarios developed for the 2013 Fylde Coast Strategic Housing Market Assessment (SHMA)[4] and the scenarios for the 2014 update (i.e. the scenarios detailed in this document).

3.2 It is important to note that different versions of POPGROUP were used in each study. The scenarios produced for the 2013 SHMA were developed using POPGROUP version 3.1 and the 2014 scenarios using POPGROUP version 4 (see Section 1 of this document for detail on the POPGROUP methodology).

Table 4: Scenario summary

Scenario Type	Study	
	SHMA (2013)	**Scenario Update (2014)**
Core Scenarios		
Official Projections	• SNPP-2010	• SNPP-2010 • SNPP-2012
Alternative Trend Scenarios	• Natural Change • Migration-led (5yr) • Migration-led (10yr)	• PG-10yr • PG-10yr-X • PG-10yr-Fixed
Employment-Led / Jobs-led Scenarios *(see paragraphs 3.3–3.6 beneath table on next page)*	• Employment-led (Experian 2013) • Employment-led (Experian Sept 2013) • Employment-led (Oxford Economics) • Employment-led (AECOM)	• Jobs-led - Experian (2013) • Jobs-led - Oxford Economics • Jobs-led - AECOM
Sensitivity Scenarios		

[4] Fylde Coast Strategic Housing Market Assessment (SHMA) 2013, Turley Associates with Edge Analytics

Scenario Type	Study	
	SHMA (2013)	Scenario Update (2014)
Unemployment Rate Sensitivity Scenarios	• Employment-led (Experian 2013) • Employment-led (Experian Sept 2013)	• SNPP-2010 UR • SNPP-2012 UR • PG-10yr UR • PG-10yr-X UR • PG-10yr-Fixed UR • Jobs-led - Experian (2013) UR • Jobs-led - Oxford Economics UR • Jobs-led - AECOM UR
Economic Activity Rate Sensitivity Scenarios (Blackpool only)	• SNPP-2010 • Natural Change • Migration-led (5yr) • Migration-led (10yr) • Employment-led (Experian 2013) • Employment-led (Experian Sept 2013) • Employment-led (Oxford Economics) • Employment-led (AECOM)	–
'Balanced' Commuting Ratio Sensitivity Scenarios	• Employment-led (Experian 2013) • Employment-led (Experian Sept 2013) • Employment-led (Oxford Economics)	–

Note: For detail on the 2013 demographic scenarios, please refer to the 2013 SHMA. For detail on the 2014 demographic scenarios, please refer to Section 2 of this document.

3.3 In both the 2013 SHMA and the 2014 scenario update, the demographic implications of employment forecasts from Oxford Economics, AECOM and Experian have been evaluated. These are referred to as 'employment-led' scenarios in the 2013 SHMA and 'jobs-led' scenarios in the 2014 scenario update.

3.4 In the 2013 SHMA, the 'Employment-led (Experian 2013)' scenario was produced for Blackpool and Wyre only and the 'Employment-led (Experian Sept 2013)' scenario for Fylde only. The

'Jobs-led - Experian (2013)' scenario in the 2014 scenario update combines these two Experian forecasts from the 2013 SHMA into one scenario.

3.5 The Oxford Economics and AECOM scenarios in the 2014 scenario update use the same employment growth figures as in the 2013 SHMA. Note that the AECOM employment forecasts are for Fylde only. Table 5 summarises the employment forecasts in both the 2013 SHMA and the 2014 scenario update.

Table 5: Summary of Employment Forecasts

Employment Forecast	SHMA (2013)			Scenario Update (2014)		
	Blackpool	Fylde	Wyre	Blackpool	Fylde	Wyre
Experian 2013	✓	-	✓	✓	-	✓
Experian September 2013	-	✓	-	-	✓	-
AECOM	-	✓	-	-	✓	-
Oxford Economics	✓	✓	✓	✓	✓	✓

3.6 It is important to note that in the 2014 scenario update, historical population data are defined from 2001 to 2013. In the 'jobs-led' scenarios, jobs-growth targets are applied from 2013/14 onwards. The inclusion of these years of historical population data mean that the average annual jobs growth for the 2011–2030 period are different to those presented in the 2013 SHMA.

Comparison of Data Inputs & Assumptions

3.7 Table 6 compares the key data inputs and assumptions used in the scenario alternatives presented in the 2013 SHMA and in the 2014 scenario update.

Table 6: Data Inputs and Assumptions

Data Input/Assumption	Study	
	SHMA (2013)	Scenario Update (2014)
Historical population data	2001–2012	2001–2013
Presentation of results	2011–2030	2011–2030 & 2013–2030
Official 'benchmark' scenario	SNPP-2010	SNPP-2012
Household Assumptions		
Household Headship Rates	2008-based & 2011-based	2008-based & 2011-based
Communal Population Statistics	2011 Census	2011 Census
Dwelling Vacancy Rate	2011 Census: • Blackpool: 6.7% • Fylde: 6.6% • Wyre: 5.4%	2011 Census: • Blackpool: 6.7% • Fylde: 6.6% • Wyre: 5.4%
Unemployment Rate Assumptions		
Unemployment Rate	Fixed Average (2008–2012): • Blackpool: 8.2% • Fylde: 5.3% • Wyre: 6.1%	Fixed Average (2008–2013): • Blackpool: 8.2% • Fylde: 5.3% • Wyre: 6.2%

Data Input/Assumption	Study	
	SHMA (2013)	Scenario Update (2014)
Unemployment Rate (Sensitivity Scenarios)	Fixed Average (2004–2012): • Blackpool: 7.2% • Fylde: 4.7% • Wyre: 4.8%	Reducing from the 'recession' average (2008–2013) in 2013 to 'pre-recession' average (2004–2007) in 2018 and fixed thereafter: • Blackpool: 8.2% to 6.0% • Fylde: 5.3% to 4.3% • Wyre: 6.2% to 3.2%
Economic Activity Rate Assumptions		
Economic Activity Rates	Economic activity rates from 2001 Census and the LFS (NOMIS).	2011 Census economic activity rates with uplifts in the 60–69 age groups to account for changes to the SPA.
Economic Activity Rates (Sensitivity Scenarios)	Changes made to the economic activity rates age groups 25–54 (male) and 20–54 (females) for Blackpool to align to Lancashire average by 2031.	–
Commuting Ratio Assumptions		
Commuting Ratio	Derived from the 2011 APS: • Blackpool: 0.99 • Fylde: 0.80 • Wyre: 1.31	2011 Census Statistics: • Blackpool: 0.97 • Fylde: 0.80 • Wyre: 1.29
Commuting Ratio (Sensitivity)	'Balanced' commuting ratio assumes all jobs are taken up by residents in the area.	–

Notes: For detail on the 2013 demographic scenarios, please refer to the 2013 SHMA. For detail on the 2014 demographic scenarios, please refer to Section 2 of this document.

APS is an abbreviation of Annual Population Survey. SPA is an abbreviation of State Pension Age. LFS is an abbreviation of Labour Force Survey.

Appendix 2: Additional Modelling Outputs

In order to convert population to households – and subsequently dwellings – it is necessary to make assumptions regarding the ability of anyone in a particular demographic group being classified as a household representative. This is referred to as a headship rate.

When publishing official household projections, DCLG use official population projections – published by ONS – as a starting point, and apply headship rate assumptions to convert the population to households. The publication of official household projections in 2008 and 2011 by DCLG therefore provides official headship rate assumptions that can be used in modelling population and household growth.

The majority of tables in this report summarise the outputs of modelled scenarios based on an average between the level of household and dwelling growth assumed under 2008 and 2011 headship rate assumptions. As highlighted earlier in this report, this reflects a recognition that both sets of household projections are heavily influenced by the market conditions of the historic period from which they are derived. The 2011-based projections, for instance, are notably affected by the recessionary climate, projecting a reduced level of single person and family – with no dependent children – household formation. This reflects the affordability issues facing new emerging households, with suppressed levels of household formation in younger households.

This appendix provides the full summary tables for scenarios, based on 2008 and 2011 headship rate assumptions, rather than the midpoint presented in the main report.

Migration-led 10 year

Figure 2.1 Migration-led 10 year scenario – 2011 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	6,552	3,710	277	209
Fylde	8,180	4,929	753	278
Wyre	7,307	4,806	768	267

Source: Edge Analytics, 2014

Figure 2.2 Migration-led 10 year scenario – 2008 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	6,552	6,535	277	369
Fylde	8,180	6,132	753	346
Wyre	7,307	6,633	768	369

Source: Edge Analytics, 2014

Migration-led 10 year (x)

Figure 2.3 Migration-led 10 year (x) scenario – 2011 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	5,854	2,854	246	161
Fylde	9,203	5,719	820	322
Wyre	10,956	6,251	951	348

Source: Edge Analytics, 2014

Figure 2.4 Migration-led 10 year (x) scenario – 2008 headship rates

Authority	Change 2011 – 2030		Average per year	
	Population	Households	Net migration	Dwellings
Blackpool	5,854	5,667	246	320
Fylde	9,203	6,940	820	391
Wyre	10,956	8,097	951	451

Source: Edge Analytics, 2014

Employment-led (Experian 2013)

Figure 2.5 Employment-led (Experian 2013) scenario – 2011 headship rates

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	12,089	5,425	655	342	105
Fylde	7,444	4,346	742	274	-51
Wyre	13,722	6,658	1,188	414	91

Source: Edge Analytics, 2014

Figure 2.6 Employment-led (Experian 2013) scenario – 2008 headship rates

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	12,089	8,172	655	515	105
Fylde	7,444	5,490	742	346	-51
Wyre	13,722	8,408	1,188	523	91

Source: Edge Analytics, 2014

Employment-led (Oxford Economics)

Figure 2.7 Employment-led (Oxford Economics) scenario – 2011 headship rates

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	7,430	3,518	391	222	-32
Fylde	12,894	6,655	1,044	419	139
Wyre	15,641	7,398	1,294	460	134

Source: Edge Analytics, 2014

Figure 2.8 Employment-led (Oxford Economics) scenario – 2008 headship rates

Authority	Change 2013 – 2030		Average per year		
	Population	Households	Net migration	Dwellings	Jobs
Blackpool	7,430	6,154	391	388	-32
Fylde	12,894	7,891	1,044	497	139
Wyre	15,641	9,171	1,294	570	134

Source: Edge Analytics, 2014

Appendix 3: Fylde Rural Housing Needs Survey

While the PPG largely supports the use and analysis of secondary datasets in assessing housing need, it does highlight that rural needs surveys can be useful and appropriate:

"Local housing need surveys may be appropriate to assess the affordable housing requirements specific to the needs of people in rural areas, given the lack of granularity provided by secondary sources of information"[29]

In March 2013, Fylde Borough Council undertook a rural housing need survey across the rural areas of the borough[30]. The survey aims to profile rural Fylde, providing an indication of the number, type and cost of housing required within rural parishes over the next five years.

This appendix considers the findings of the Rural Housing Need Survey (RHNS) in the context of the Fylde affordable housing assessment.

Survey

A total of 13,500 surveys were sent to parishes of Fylde in February/March 2013, with 3,842 (28%) responses received. At parish level, the response rate ranged from 21% in Weeton to 49% in Elswick. This is evidently a statistically representative sample of the rural population, with a relatively high response rate, while the survey was designed to both reflect the characteristics of all rural households and identify those looking to move within the next five years. It is understood that the latter element of the survey directly informed the overall assessment of housing need.

The survey was split into two parts, with the first part – comprising of questions on household composition, length of stay and accommodation type – completed by all households while the second part was completed by households intending to move within the next five years, and will have difficulty in accessing accommodation to meet their needs.

The Introduction to the survey results includes a recognition of the limitations of a survey of this kind. This includes an acknowledgement that the people's response express their aspirations as well as need as well as the fact it represents a snap shot in time.

The RHNS draws a number of conclusions based on part one returns, as summarised below:

- Fylde is a settled population, with the majority of respondents living in the borough for over 21 years with nearly a third living in the area for over 41 years. 64% of respondents have lived in Fylde for over ten years, with 13.5% living in the borough for less than three years;

- Some elderly households – including owner occupiers and those in mobile homes and houses – are looking for more suitable accommodation on health grounds, while there is

[29] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/methodology-assessing-housing-need/#paragraph_017

[30] Fylde Borough Council (2013) Rural Housing Need Survey

a demand for smaller accommodation from elderly households and first time households seeking to set up home;

- Property condition and state of repair is not a major concern for the majority of respondents, with 88% feeling that their home was in a very good or good state of repair. Only 2% felt that their home was in a bad state of repair, due to dampness, insufficient heating or coldness, with 2% having no central heating;

- Owner occupation – either outright or mortgaged – is the dominant tenure among respondents, with more private rented accommodation available than social rented accommodation. A significant number of households in privately rented accommodation have concerns around affordability and security of tenure. Fewer than 1% of respondents were in low cost home ownership;

- In most areas, there are more units of accommodation of a temporary nature – such as mobile homes, where residents are permanent – than there are one bedroom properties such as flats or bungalows; and

- 78% of respondents felt that there was no need for additional housing in rural Fylde, although 64% would not object to affordable housing development if it met an identified local need. Respondents felt there was a need for homes for younger people, small families and elderly people, while many residents are concerned about the number of empty homes within their local areas.

Further conclusions were identified following analysis of part two responses, which only covered households intending to move within the next five years if they felt they would have difficulty in finding alternative accommodation. A total of 556 respondents – 14% of all those who responded – answered this section, with the responses summarised below:

- There is a growing older population in rural Fylde, with a third of respondents aged 60 or over;

- The main reason for finding alternative accommodation related to the size of accommodation, cost and the desire to set up their own home for the first time;

- A significant number of respondents live in three bedroom houses, with 23% wishing to downsize and 19% looking to move to housing specifically designed for older people. There is a specific need for suitable smaller accommodation, with 31% of respondents believing that a bungalow would meet their needs and 47% requiring a property with two bedrooms. 71.5% would need accommodation on the ground floor;

- The majority of those wishing to move are owner occupiers, although income levels indicate that social rented accommodation is an affordable option for the majority of respondents wishing to move. A large number do not have any savings or equity to help with finding accommodation, while a third of residents could not afford a home worth £100,000 or more;

- A higher number of respondents would prefer to buy on the open market, although there are a limited number of properties available that could be bought without a significant amount of savings or equity; and

- 43 households who have indicated a need to move in the next five years would not be eligible to register with My Home Choice for re-housing, as they have not lived in the area continuously for three years.

Housing Need in Rural Fylde

Based on responses to part two of the survey, the RHNS estimated that up to 200 households across rural Fylde are in need of housing over the next five years, requiring approximately 40 units of affordable housing per annum. The survey indicates that there is a need for smaller units of accommodation – arising from elderly households and smaller households – due to a wish to downsize, set up home for the first time and linked to affordability challenges, such as the impact of welfare reform. The survey estimates that – for new build schemes with five units or more – for every three bedroom unit developed, two units of one/two bedroom accommodation should be developed.

Alignment with 2013 SHMA

It is beneficial to compare these conclusions with the assessment of affordable housing need in the Fylde Coast 2013 SHMA. This included a breakdown by sub-area, which – by excluding the sub-area of Lytham & St Annes – allows an indication of the assessed affordable housing need in rural Fylde. This highlighted:

- A total current housing need – or backlog – for 48 homes across rural Fylde, particularly in Kirkham/Wesham and Freckleton/Warton and the rural north west, although the assessed committed supply of 61 homes ensures that this backlog will be addressed through this supply actually generating a with a surplus of three dwellings;

- An estimated newly arising need for 114 gross households is expected per annum in rural Fylde – based on the formation of new households and existing households falling into need – with an annual affordable housing supply of 40 units resulting in an annual net new need for 74 affordable homes per year; and

- There is an evident need for smaller affordable units across Fylde, with an estimated 80% of those in need requiring dwellings with two bedrooms or fewer and 64% requiring only one bedroom.

The RHNS sought to assess the need for housing over the next five years, and there is therefore alignment with the 2013 SHMA which looks to both address backlog and meet newly arising need over the next five years, before providing sufficient affordable housing to meet newly arising need once backlog is cleared for the remainder of the plan period.

Regarding the size of affordable units required, it is evident that there is a clear requirement for smaller properties, with the RHNS showing that this responds to needs for elderly households – many of whom are looking to downsize – as well as younger newly forming households, with smaller properties also more likely to be more affordable for those with limited savings or equity. Furthermore, the provision of new smaller stock may free up larger stock that is currently occupied by households looking to downsize.

Given that the assessment in the 2013 SHMA identified that the historically accumulated backlog of affordable housing need in rural Fylde would be met by the assessed committed

supply – actually identifying a small surplus of stock over need – it was estimated that there was a need for 71 affordable homes per year over the initial five years of the plan period in rural Fylde, with supply subsequently increasing to 74 homes per annum over subsequent years of the plan period. The analysis presented in section 6 of this addendum suggests that this need has increased to 89 affordable homes per year, due to an increase in the underlying assumed rate of gross household formation.

This is higher than the need for approximately 40 units of affordable housing per annum suggested in the RHNS.

It is not possible to directly compare the various input stages to the assessment, due to a variation in the methodologies applied between the two assessments.

The assessment in the 2013 SHMA applies a consistent methodology across the borough to derive total housing need across the authority. The 2013 SHMA assessment is solely based on analysis of secondary data, constructed into various sub-area geographies (based on the 2011 population profile), and broken down to highlight newly arising need and any accumulated backlog.

The RHNS bases its estimate of rural housing need on the number of respondents to Part II of the survey and through a consideration of their self-assessed financial circumstances. It is noted that the approach has not sought to 'weight' the survey results[31] to reflect the rural population to ensure they are representative of the population of the rural areas. The estimated need for 200 affordable homes is therefore based solely on the responses received. This presents limitations in estimating the total need across the rural areas and has the potential to under-estimate the scale of this need.

Both assessments evidently highlight a need for affordable housing in rural Fylde, and whilst noting the differing methodologies adopted, the RHNS provides an important insight into the scale and nature of affordable housing need in rural areas of the borough which can be considered alongside the SHMA analysis of housing need.

[31] Weighting is a statistical method for correcting biases in the survey sample and taking account of population differences. Weighting can be based upon the demographic profile of an area as well as taking into account economic characteristics of that population.

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