

**Greater Essex Demographic Forecasts Phase 5
Main Report April 2014
Summary**

Section 2: Summarising the new demographic evidence

Official statistics

- B1 Every two years, the Office for National Statistics (ONS) publishes a national population projection. The national projection is followed by the publication of sub national population projections (SNPP), providing an indication of likely growth in each local authority area over a 25 year period.

Population projections

- B2 The scenarios presented in this Phase 5 report include the use of updated evidence on historical change to derive alternative 'migration-led' trend projections. These scenarios use both a five-year and ten-year history of population change in each local authority area to derive migration assumptions for a 'Migration-led 5yr' and a Migration-led 10yr' projection of growth. These scenarios provide a direct contrast to previous official projections and to forecasts that are linked directly to estimates of future employment growth in each local authority area.

Household projections

- B3 Sub-national population projections provide the basis for the formulation of sub-national household projections. In accordance with this continuous process, the Department for Communities and Local Government (DCLG) published in April 2013 'Household Interim Projections 2011-2021 England', down to District local authority level. These household projections are interim and only cover ten years from 2011 to 2021, and are based on the 2011 interim SNPP, published by ONS in September 2012. Updated household projections beyond 2021 are anticipated to be published in late 2014,

following further technical work by ONS and DCLG, and the availability of further statistical information from the 2011 Census.

- B4 The Government has advised that the 2011 household projections replace the previous 2008-based household projections. They provide an update on likely household growth trajectories, taking account of the unprecedented economic conditions that have affected local communities since 2008 and the continuing impact of international migration upon population change. The general trend in the 2011-based projections suggests a reduction in the anticipated rate of household growth from 2011 to 2021, compared to previous projections.
- B5 For the analysis presented in the Phase 5 report, all population growth scenarios are evaluated using both the 2008-based and the 2011-based household formation rate assumptions. This provides a range of household and dwelling growth outcomes that consider the uncertainty associated with the future trajectory of household formation that are a key concern for long-term housing plans in local authorities.

Economic forecasts

- B6 A key component of demographic forecasting is its relationship with the speed and scale of economic growth. At a time of such significant demographic and economic change, the development of forecasts of future jobs growth has been particularly challenging and subject to frequent revision. National and regional indicators of sectoral economic performance have continued to vary throughout the recessionary period, with a knock-on effect to the forecasts of anticipated economic recovery in local areas.
- B7 The East of England Forecasting Model (EEFM) provides a dynamic and detailed framework for the derivation of economic forecasts for local authorities in the study area. The latest round of local economic forecasts released by the EEFM, were published in the last quarter of 2013. These statistics provide the basis for the evaluation of 'employment-led' forecasts presented in the Phase 5 report, for direct comparison with official projections and more recent trend forecasts.

B8 For each local authority, two economic forecasts have been used to evaluate the likely impact upon the demographic composition of each area: (i) employment growth; and (ii) growth in the number of employed people. Employment growth gives an indication of the total number of new jobs, both part-time and full-time. Converting these statistics into a 'full time equivalent' provides an associated forecast of 'employed people'.

2011 Census economic activity and commuting statistics

- B9 The 2011 Census has provided an important update to two key sources of evidence to support the evaluation of the demographic consequences of economic change: age-specific economic activity rates and commuting balances for individual local authority areas.
- B10 There have been important changes to economic activity rates over the last decade, with increasing labour force participation in the older age-groups (both males and females) and a general increase in female participation across all age-groups (aged 25+). Further changes are anticipated as accelerated changes to the state pension age take effect and as larger, healthier groups of the population move into the 'traditional' 65+ retirement age groups.
- B11 The scenarios presented in the Phase 5 report incorporate the latest evidence on economic activity rates from the 2011 Census and evaluate the impact of changing rates of economic participation.
- B12 The robust measurement of the commuting balance associated with each local authority areas is also important in the evaluation of anticipated jobs growth forecasts. The 'commuting ratio' that is used with the forecasting model measures the relationship between the size of the resident labour force and the number of jobs available locally. Local authorities can either have a net in-commute (where the number of jobs available is higher than the size of the local labour force) or a net out-commute where the reverse applies.
- B13 Whilst the 2011 Census has yet to release its new travel-to-work statistics, other recent data has enabled an updated commuting ratio to be defined and used within the scenario analysis presented in the Phase 5 report.

Section 3: Developing alternative growth forecasts

Scenario context

- B14 The National Planning Policy Framework (NPPF) provides guidance on the development of a robust evidence base to support the development of local housing plans. The guidance makes it clear that data inputs, assumptions and methodology should be robust and should consider future growth potential from a number of perspectives.
- B15 For any local authority area, there is no single, definitive view on the likely level of future growth, with a mix of economic, demographic and national/local policy issues ultimately determining the speed and scale of change. For local planning purposes, it is necessary to evaluate a range of growth alternatives to establish the most 'appropriate' basis for determining future housing requirements.
- B16 The use of a recognised forecasting model (e.g. POPGROUP: as used by Edge Analytics for the Greater Essex Grouping of Local Authorities), which includes industry-standard methodologies ensures a robustness of approach and enables a focus on assumptions and output, rather than methods.
- B17 The scenarios that have been developed for this study include the following:
- Official projections from ONS (2010-based and 2011-based).
 - Updated 'migration-led' trend forecasts using the latest demographic evidence, including an assessment of the importance of the 'Unattributable Population Change (UPC) component.
 - Economic growth trajectories, as detailed in the East of England Forecasting Model (EEFM), developed by Oxford Economics.
- B18 Each scenario has been evaluated using both 2011-based (Option A) and 2008-based (Option B) household headship rates, providing a 'range' of household and dwelling growth options for consideration.

Alternative trend projections

- B19 A five year historical period is a typical time-frame from which migration 'trend' assumptions are derived. This is consistent with ONS official methodology. However, given the unprecedented economic changes that have occurred since 2008, it is important to give due consideration to an extended historical period for assumption derivation.
- B20 Alternative scenarios are as follows:
- **Migration-led 5yr:** internal and international migration projection assumptions are based on five years of historical evidence (2007/8-2011/12).
 - **Migration-led 10yr:** internal and international migration projection assumptions are based on ten years of historical evidence (2002/3-2011/12).
 - **Natural Change:** in-migration, out-migration, immigration and emigration projection assumptions are each set at zero, with only births and deaths determining growth.
 - **Net Nil:** migration assumptions are maintained but in-migration and out-migration, as well as immigration and emigration, are set to balance each other, i.e. the net impact of migration is zero.
- B21 Two further 'Migration-led' scenarios have been developed as follows:
- **Migration-led 5yr-X:** internal and international migration assumptions are based on the last five years of historical evidence, ignoring the UPC element of the ONS mid-year estimate rebasing exercise.
 - **Migration-led 10yr-X:** internal and international migration assumptions are based on the last 10 years of historical evidence, ignoring the UPC element of the ONS mid-year estimate rebasing exercise.

Employment-led forecasts

- B22 The revised 2013 'Baseline' scenario from the East of England Forecasting Model (EEFM) has provided the latest employment growth forecasts for the study area. For each of the local authorities, the EEFM has identified a forecast of growth measured as both total employment ('Jobs') and the total workplace employed people ('Employed people')
- B23 These data provide the basis for the development of two employment-led demographic forecasts:
- Jobs: demographic change is constrained to the growth in total employment.
 - Employed people: demographic change is constrained to the growth in the number of workplace employed people.