

EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL – 22 OCTOBER 2015

REPORT BY THE LEADER OF THE COUNCIL

ECONOMIC EVIDENCE TO SUPPORT THE DEVELOPMENT OF THE
OAHN FOR WEST ESSEX AND EAST HERTS, SEPTEMBER 2015

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report presents the findings of the economic evidence prepared for the Co-operation for Sustainable Development Board (*The Board*) to support the development of the objectively assessed housing need (OAHN) for West Essex and East Herts who share a housing market area.
- The report seeks agreement to use the Report as part of the evidence base to inform and support preparation of the District Plan.

**RECOMMENDATION FOR DISTRICT PLANNING EXECUTIVE
PANEL: That Council, via the Executive, be advised that:**

(A)	the Economic Evidence to Support the Development of the OAHN for West Essex and East Herts, September 2015, be agreed as part of the evidence base to inform and support preparation of the East Herts District Plan;
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1.0 Background

1.1 As explained in the report at Agenda item 5, Opinion Research Services (ORS) was jointly commissioned last July by the local authorities of West Essex (Epping Forest, Harlow and Uttlesford) and East Herts to undertake a Strategic Housing Market Assessment (SHMA).

1.2 A SHMA is a technical study intended to assist local planning authorities identify the scale and mix of housing and the range of

tenures that the population is likely to need over a plan period.

- 1.3 In order to ensure the SHMA takes into account economic issues, the Board commissioned Hardisty Jones Associates (HJA) to provide economic evidence to help calculate the OAHN for the SHMA area. A robust OAHN depends on having a shared, common employment growth projection for the area based on the best known information available. Recent Local Plan Inspectors' reports have stressed the importance of a clear link between employment and housing projections.
- 1.4 HJA looks at historic employment trends and projects future jobs growth at the SHMA level, and how this growth might be distributed across the four local authority areas. The report is 'policy-off' and therefore does not account for any policy interventions that individual authorities might make to alter the future scale of growth or distribution of jobs.
- 1.5 This report, along with the SHMA was noted by the Co-operation for Sustainable Development Board on 22 September 2015 and a joint statement, attached as **Essential Reference Paper 'B'** of Agenda Item 5, was agreed. Given that the economic evidence is an important component of the SHMA, the full document is presented as **Essential Reference Paper 'B'**.

2.0 Report

- 2.1 The Economic Evidence report contains seven chapters plus an executive summary. Chapter 1 introduces the scope and purpose of the study. The main purpose of this evidence is to understand how many people are projected to work in the SHMA area and each local authority area. There is a difference between working people that live in an area and working people that work in an area. There is also a difference between the number of jobs and the number of working people as some working people have more than one job (double-jobbing). This evidence therefore concentrates on jobs rather than workers.
- 2.2 Chapter 2 discusses the difference between the Functional Economic Market Area (FEMA) and the SHMA. A FEMA is an area over which a local economy and its key markets operate. It does not necessarily correlate with administrative boundaries. Whereas a SHMA area is defined as "...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.” A FEMA is determined by travel to work patterns (contained in the 2011 Census) and by data on economic flows of workers and trade.

- 2.3 Because of the particular geography of the area, the FEMA is much wider than the SHMA area and covers central and north London boroughs, as well as large parts of Essex, Hertfordshire and Cambridgeshire. There is a long term trend of out-commuting given the proximity of London and Cambridge, but there is also a high proportion of in-commuting.
- 2.4 Chapter 3 considers historic patterns of job creation using a wide variety of data sources published by the Office for National Statistics (ONS). It is necessary to use a wide range of data sources as some are limited by sample size, temporal range or consistency. The report therefore takes the data available and ‘smooths’ the trends to provide a robust baseline from which to build projections.
- 2.5 Chapter 4 looks at the working assumptions of each local authority in the Co-op group, in terms of what each authority is currently planning for based on their own employment evidence. For example, the emerging East Herts District Plan is currently planning for the creation of 9,700 jobs to 2031 (510 jobs per annum 2012-2031) based on evidence undertaken in 2008, 2012 and 2013.
- 2.6 Chapter 5 analyses the difference between historic actual jobs growth, the emerging evidence of each authority and the East of England Forecasting Model (EEFM) projection of future jobs growth. Each authority area saw a decline in jobs due to the 2008 recession. However, East Herts saw an overall decline in employment since the baseline date of 2002, compared to Harlow, which despite a significant fall has since returned to previous jobs totals, Uttlesford which has seen a recent increase and Epping Forest which has seen the highest level of job creation. All data sources predict a recovery from the recession with a significant growth in jobs over the next few years, which will gradually reduce over time.
- 2.7 The EEFM is used as a baseline for projecting the future jobs growth in the SHMA area. The baseline projection is for an additional 1,590 jobs per year between 2011 and 2031 (a total of 34,980 jobs). This does not include an additional allowance for Stansted Airport related growth.

- 2.8 HJA were therefore specifically tasked with taking into account the anticipated growth in jobs since Manchester Airport Group (MAG) took ownership of the airport. The Stansted Sustainable Development Plan proposes a growth of 10,000 on-site jobs up to 2030. This study draws upon a detailed Oxford Economics report on the Economic Impact of Stansted Scenarios (2013). Some of these jobs have already been included in the EEFM, while other jobs will cause a displacement of existing jobs elsewhere. This study therefore estimates that of the additional projected 10,000 jobs at the airport, 6,500 jobs would be created within the SHMA area. This equates to an additional 300 jobs per annum in addition to the baseline growth of 1,590. Therefore total jobs growth across the SHMA area increases to 1,895 jobs per annum (a total of 41,690 rounded up to 41,700).
- 2.9 Chapter 6 concentrates on the projected jobs growth and its distribution across the SHMA area using two scenarios. Under Scenario 1, the baseline projected growth of an additional 1,590 jobs per year is distributed based on the recent historic distribution of jobs using ONS jobs density data. Based on a current share of 33% of jobs in the SHMA area, East Herts would see a projected 525 jobs per year. Scenario 2 however, distributes the baseline figure based on the projected share indicated by the EEFM. Under this scenario East Herts would have a 28% share of total projected SHMA area jobs, a projected growth of 455 jobs per year.
- 2.10 Chapter 6 then assesses the distribution once the additional 300 jobs per year created by Stansted Airport are added (a total of 1,895 jobs per annum). The majority of new jobs created by the airport would be ground crew and service jobs. Therefore these would be located at the airport itself which is within Uttlesford district. Conversely, this means fewer jobs in the other authority areas because of the displacement effects of drawing a larger share of the labour force to Stansted. Under this Scenario 1, East Herts would see a projected 505 jobs (based on the current share), while under Scenario 2, East Herts would see 435 jobs (based on the projected share).
- 2.11 Chapter 7 contains the conclusions of the study. These conclusions have been used to inform the SHMA presented at Agenda Item 5.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

- Economic Evidence to Support the Development of the OAHN for West Essex and East Herts (September 2015)
www.eastherts.gov.uk/technicalstudies

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