Strategic Housing Market Assessment

Addendum

2017

Barrow In Furness Borough Council

Final Report

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Please note that in this report some of the tables include rounded figures. This can result in some column or row totals not adding up to 100 or to the anticipated row or column 'total' due to the use of rounded decimal figures. We include this description here as it covers all tables and associated textual commentary included. If tables or figures are to be used in-house then we recommend the addition of a similarly worded statement being included as a note to each table used.

1. Introduction

Background and objectives

1.1 A comprehensive Strategic Housing Market Assessment update (SHMA) for Barrow in Furness Borough Council (the Council) was published in August 2016 which provided an up-to-date evidence base to inform the development of the Council's Local Plan and other strategies.

1.2 The SHMA satisfied the requirements of the National Planning Policy Framework (NPPF) and the February 2014 National Planning Policy Guidance (NPPG) which replaces previous guidance including the DCLG Strategic Housing Market Assessment guidance (Version 2, 2007).

1.3 The SHMA also included a review of the Housing Market Area definition, Objectively Assessed Housing Need, Housing Market Signals and Duty to Co-operate matters. The SHMA made use of 2012-based household and population projections which were available to the Council.

1.4 The purpose of the SHMA Addendum 2017 is to update the evidence base relating to Objectively Assessed Housing Need by drawing upon the latest 2014-based DCLG household and ONS population projections. The Addendum also updates analysis relating to the Housing Market Area definition and updates housing market signal information.

2. Defining the Housing Market Area

Introduction

2.1 NPPG (para 8) states that housing needs should be assessed in relation to the relevant functional area i.e. Housing Market Area and this may identify smaller sub-markets with specific features and it may be appropriate to investigate these specifically in order to create a detailed picture of local need. It is also important to recognise that there are 'market segments' i.e. not all housing types have the same appeal to different occupants.

2.2 NPPG defines a Housing Market Area 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. It might be the case that housing market areas overlap".*[1]

2.3 NPPG comments that Housing Market Areas can be broadly defined by using three different sources of information as follows:

- House prices and rates of change in house prices;
- Household migration and search patterns;
- Contextual data (for example travel to work area boundaries, retail and school catchment areas).

2.4 Former CLG guidance[2] suggested that a housing market is self-contained if upwards of 70% of moves (migration and travel to work) take place within a defined area. However the Guidance cautions that:

- HMAs are inherently difficult to define. They are a geographic representation of people's choices and preferences on the location of their home, accounting for live and work patterns. They can be defined at varying geographical scales from the national scale to sub-regional scale, down to local and settlement specific scales.
- HMAs are not definitive. As well as a spatial hierarchy of different markets and sub-markets, they will inevitably overlap.

2.5 Barrow in Furness Borough is located within Cumbria in the North West of England. The resident population of Barrow in Furness Borough was 69,056 according to the 2011 census and the latest 2015 mid-year population estimate is 67,515. The Borough is situated at the tip of the Furness peninsula on the northwestern edge of Morecambe Bay, south of the Duddon Estuary and east of the Irish Sea. Barrow in Furness Borough lies to the south of the Lake District. Barrow forms the main settlement, with its suburbs extending north and east and onto Walney Island. Other significant settlements within the Borough include Dalton in Furness and Askam in Furness

2.6 According to the 2016 SHMA update there were a total of 33,470 dwellings in the Borough and 30,844 households. Overall, 74.2% of occupied dwellings are

[1] National Planning Practice Guidance paragraph 10
[2] DCLG Identifying Sub-Regional Housing Market Areas Advice Note, 2007

owner-occupied, 15.8% are private rented and 10% are affordable (social/affordable rented and intermediate tenure).

House prices and rates of change

2.7 Figure 2.1 shows how house prices across the area have changed over the period 2000 to 2015. Median prices in Barrow in Furness Borough have been consistently lower than median prices for the North West, which are well below those for England as a whole. Overall, prices have increased from £45,097 in 2000 to £122,751 in 2015, an increase of 172.2%. Prices peaked at £117,047 in 2008 before dropping slightly to a low of £111,109 in 2011. Since 2012 there has been a recovery, with prices rising above the level of the 2008 peak since 2014.

2.8 Table 2.1 compares median house price change in Barrow in Furness Borough with surrounding areas, the North West and England over the period 2000 to 2015. This indicates that Borough-wide price change has been ahead of most of the neighbouring districts, just behind that of the North West region.

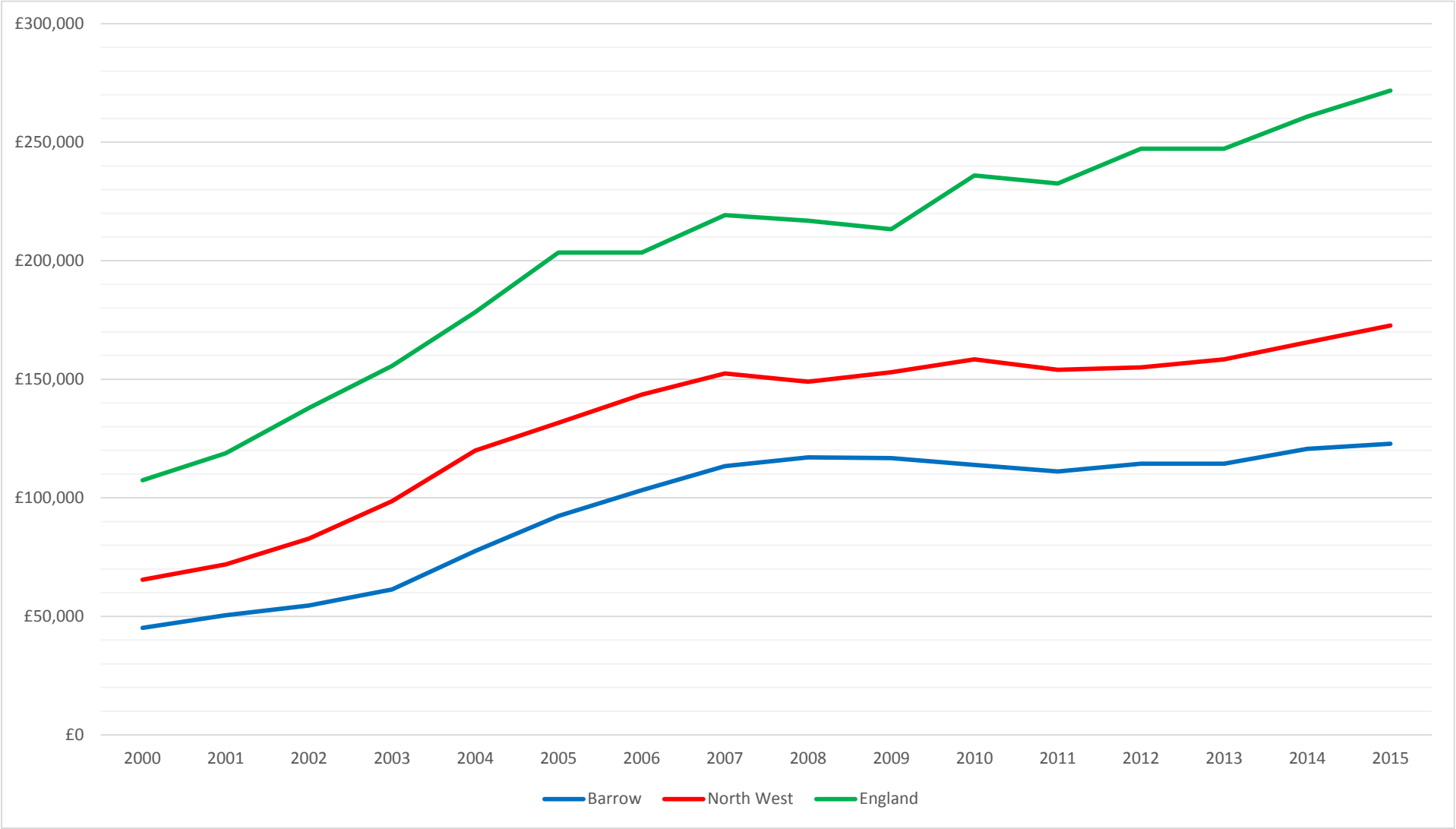
Table 2.1 Comparative house price change 2000-2015 with neighbouring Districts, the North West and England

Location	Median price by year (£)		% change 2000-2015
	2000	2015	
North West	£56,200	£171,309	205%
Barrow in Furness	**£36,500**	**£105,000**	**188%**
Copeland	£43,000	£117,000	172%
South Lakeland	£79,500	£210,000	164%
Eden	£71,000	£185,000	161%
Allerdale	£56,000	£140,000	150%
England	£82,000	£202,000	146%
Carlisle	£52,500	£125,000	138%

Source: Land Registry Price Paid data

2.9 During 2015, median prices across Barrow in Furness Borough were £122,751 and lower quartile prices were £72,000.

Figure 2.1 Median house price trends 2000 to 2015: Barrow in Furness Borough, the North West and England



Source: DCLG; Land Registry data produced by Land Registry © Crown copyright 2016

Migration and self-containment

2.10 The 2016 SHMA considered the proportion of moves within Barrow in Furness Borough based upon the 2013 Household Survey. This evidenced that 79.6% of moving households originated in Barrow in Furness Borough and therefore concluded that the area was a self-contained Housing Market Area in terms of migration. Regarding travel to work, the household survey found that 80.8% of household reference people worked in the Borough.

2.11 Tables 2.2 and 2.3 consider approaches to considering migration and self-containment set out in PAS guidance which recommends that for self-containment, at least 70% of all migration excluding long-distance migration should be contained within the HMA. Data reported in the 2011 Census provides evidence from which the degree of self-containment of Barrow in Furness Borough can be derived. A suitable test are two migration containment ratios:

- **Supply Side (origin):** moves within the area divided by all moves whose origin is in the area, excluding long-distance moves.
- **Demand site (destination):** moves within the area divided by all moves whose destination is in the area, excluding long-distance migration.

2.12 Table 2.2 presents relevant data for Barrow in Furness and Table 2.3 summaries the self-containment ratios derived from the data. Supply side (origin) flows consider moves within the district and moves to outside the district: 76.1% of moves were within the Borough. Demand side (destination) flows consider moves within the district and moves from elsewhere into the Borough : 72.2% of all moves were within the Borough.

2.13 Table 2.3 summarises the containment ratios which apply to the origin and destination of moving residents. In line with PPG guidance, this excludes long-distance migration (which is taken as moves from outside the North West). The origin self-containment ratio is 84% and the destination is 80.9%. Therefore, on the basis of migration Barrow in Furness Borough is a self-contained Housing Market Area.

Table 2.2 Flows of residents (all moves)						
	Supply Side (Origin)			Demand Side (Destination)		
Origin/ Destination	All Moves		Excluding Long Distance Moves	All Moves		Excluding Long Distance Moves
	Number	%	%	Number	%	%
Barrow-in-Furness	4,571	76.1	84.0	4,571	72.2	80.9
South Lakeland	358	6.0	6.6	384	6.1	6.8
Allerdale	80	1.3	1.5	47	0.7	0.8
Lancaster	73	1.2	1.3	120	1.9	2.1
Copeland	58	1.0	1.1	55	0.9	1.0
Carlisle	49	0.8	0.9	50	0.8	0.9
Preston	33	0.5	0.6	58	0.9	1.0
Liverpool	31	0.5	0.6	58	0.9	1.0
Manchester	28	0.5	0.5	75	1.2	1.3
Eden	22	0.4	0.4	22	0.3	0.4
Elsewhere in the NW	140	2.3	2.6	210	3.3	3.7
North East	83	1.4		89	1.4	
Yorkshire & Humber	86	1.4		138	2.2	
Elsewhere UK	393	6.5		451	7.1	
Total	**6,005**	**100**	**100**	**6,328**	**100**	100
Base (excluding long-distance moves)			**5,443**			**5,650**

Description of flows

Supply-side: Moves within the district and moves to outside the district (out-migration)

Demand-side: Moves within the district and moves from elsewhere into the district (in-migration)

Source: 2011 Census

Table 2.3 Containment ratios			
Origin	Moves within the area	Moves originating in the area	Containment Ratio
	4,571	5,443	**84.0%**
Destination	Moves within the area	Moves whose destination is in the area	Containment Ratio
	4,571	5,650	**80.9%**

Source: 2011 Census

Commuting patterns

2.14 The 2011 Census provides an analysis of travel to work patterns and the extent to which residents in Barrow in Furness travel to other areas, together with details of how many people commute into the District. Table 2.4 presents this data and indicates that 83% of people who live in Barrow in Furness Borough work in the Borough; and 82.5% of workers in Barrow in Furness live in the Borough.

Table 2.4 Barrow-in-Furness 2011 census commuting flows: workers (aged 16-74)

Where do people who live in Barrow-in-Furness work?			
Live	Work	Number	%
Barrow-in-Furness	Barrow-in-Furness	24,619	83.0
	South Lakeland	2,695	9.0
	Copeland	705	2.4
	Carlisle	260	0.9
	Offshore installation	207	0.7
	Other	1,185	4.0
Workers		**29,671**	**100.0**
Where to people who work in Barrow-in-Furness live?			
Live	Work	Number	%
Barrow-in-Furness	Barrow-in-Furness	24,619	82.5
South Lakeland		3,324	11.2
Copeland		526	1.8
Allerdale		278	0.9
Carlisle		218	0.7
Lancaster		198	0.7
Other		642	2.2
Jobs		**29,805**	**100.0**

Source 2011 census

2.15 In terms of defining market areas, NPPG does not suggest an appropriate self-containment figure. However, the ONS provides a definition of Travel to Work areas as:

'The current criterion for defining TTWs is that generally at least 75% of an area's resident workforce in the area and at least 75% of the people who work in the area also live in the area…however, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted'[3]

2.16 On this basis, it can be concluded that Barrow in Furness Borough is self-contained in terms of travel to work.

[3] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/commutingtoworkchangestotraveltoworkareas/2001to2011

Concluding comments

2.17 The purpose of this chapter has been to consider Barrow in Furness Borough and its inter-relationships with other areas. This reflects the requirements of PPG Paragraph 2a-011. By reviewing house prices, migration and travel to work patterns, the extent to which the Borough is a self-contained Housing Market Area (if upwards of 70% of moves (migration and travel to work) take place within a defined area) can be determined.

2.18 Regarding migration, analysis of the 2011 census identifies containment ratios of 84% (origin) and 80.9% (destination). Barrow in Furness Borough can therefore be described as a self-contained housing market on the basis of migration.

2.19 Regarding travel to work, 83% of people who live in Barrow in Furness Borough work in the Borough; and 82.5% of workers in Barrow in Furness live in the Borough. The Borough is therefore self-contained in terms of travel to work.

2.20 For the purposes of Local Plan policy making, Barrow in Furness Borough is an appropriate Housing Market Area for determining Objectively Assessed Need and a Housing Requirement.

3. Housing market signals

Introduction

3.1 PPG Paragraph 2a-19 states that *'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*'. PPG Paragraph 2a-20 suggests that *'in broad terms, the assessment should take account both of indicators relating to price (such as house prices, rents, affordability ratios) and quantity (such as overcrowding and rates of development).*'

Market Signals

3.2 PPG Paragraph 2a-20 comments that *'market signals are affected by a number of economic factors and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with the principles of sustainable development, should be expected to improve affordability, and monitor the response of the market over the plan period.'*

3.3 In line with PPG Paragraph 2a-19, Table 3.1 considers a range of Housing Market Signals for Barrow in Furness Borough for the period 2005 to 2015. These include house prices, rents, affordability and overcrowding.

Price indicators

3.4 In terms of price/transaction indicators, a key message from Table 3.1 is that market prices have been increasing over the period 2005 to 2015, with lower quartile prices increasing from £55,000 and £72,000 and median prices increasing from £75,000 and £105,000. The number of property purchases declined considerably from a peak of 1,919 in 2006 to 826 in 2012 and has since recovered slightly to 1,311 in 2015.

3.5 Two measures of affordability are reported in Table 3.1 which are based on resident earnings: a House Price Ratio (HPR) which considers median price to median earnings; and a Rental Affordability Ratio (RAR) which considers lower quartile prices to lower quartile rents. The HPR has averaged 3.8 over the period 2005 to 2015 and was 4.1 in 2015. The RAR has averaged 27.7% over the period 2010 to 2015 and was 29.8% during 2015. The table also shows measures of affordability using ONS statistics that are based on workplace earnings. Lower quartile earnings to house price ratio has averaged 3.8 over the period 2005-2015 (and was 4.01 in 2015); median earnings to median house price ratio has averaged 3.6 over the period 2005-2015 and was 3.76 in 2015.

3.6 Regarding land values, there is no trend-based data available, however it is suggested that there are no particular issues with land values which would affect development potential across Barrow in Furness Borough.

Quantity indicators

3.7 In terms of quantity indicators, there has been a very slight increase of 82 dwellings (0.24%) over the period 2005 to 2015. Vacancy rates have averaged 5.2% during this period and were 4.5% in 2015 which compares with 3.2% across the North West and the English average of 2.6%. Assuming the English average as a 'target' vacancy rate (which would suggest a target of 845 vacant dwellings, compared with actual vacancies of 1,489), it could be suggested that in 2015 there were around 643 surplus vacant dwellings across Barrow in Furness Borough. The current vacancy rate allows for a slightly greater degree of household mobility within dwelling stock compared to the English average.

3.8 According to the 2011 Census, 2.2% of households were overcrowded. This compares with 3.1% across England. The scale of housing need as measured by the Housing Register has ranged between 1,280 and 1,647 over the 2005-2015 period and in 2015 was 1,647.

Table 3.1 Housing Market Signals

Price/transaction indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Lower Quartile House Prices	£55,000	£63,000	£72,000	£72,500	£72,000	£72,000	£70,000	£67,500	£69,000	£75,000	£72,000
Median House Prices	£75,000	£84,000	£95,000	£97,000	£99,950	£99,725	£95,500	£95,500	£99,500	£106,000	£105,000
Lower Quartile Rents (per calendar month)						£425	£425	£425	£446	£416	£446
Median Rents (per calendar month)						£472	£494	£494	£496	£481	£514
House Price Ratio (Median Price to Median Earnings)				3.9	4.1	3.8	3.8	3.8	3.6	3.5	4.1
Rental Affordability Ratio (Lower quartile rents to lower quartile earnings)						26.6%	27.9%	29.9%	26.7%	25.6%	29.8%
ONS Table 576 (Lower quartile price to median earnings)	3.85	3.81	4.69	4.51	3.48	3.71	3.58	3.42	2.94	3.95	4.01
ONS Table 577 (Median price to median earnings)	3.45	3.69	3.86	4.11	3.68	3.88	3.56	3.21	3.19	3.63	3.76
No. Property sales	1656	1919	1898	919	861	906	947	826	1005	1131	1311
Quantity indicators	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Total dwelling stock (at 1 April)	33,068	32,950	32,995	33,130	32,900	32,950	33,020	32,950	32,990	33,060	33150
Total vacant dwellings (at October)	1,773	1,738	1,774	1,825	1,737	1,890	1,736	1,668	1,660	1,655	1,489
Total vacancy rate (at October)	5.36%	5.27%	5.38%	5.51%	5.28%	5.74%	5.26%	5.06%	5.03%	5.01%	4.49%
Long-term vacant dwellings (at October)	812	900	907	933	884	737	685	723	578	592	891
Long-term vacancy rate (at October)	2.46%	2.73%	2.75%	2.82%	2.69%	2.24%	2.07%	2.19%	1.75%	1.79%	2.69%
Overcrowding (2011 census)							2.20%				
No. of households on the housing register (at 1st April)	1,482	1,446	1,631	1,620	1,666	1,506	1,485	1,348	1,280	1,439	1,647

Sources: Land Registry Price Paid Data; Zoopla Rental Data; Annual Survey of Hours and Earnings; Local Authority Housing Statistics and Housing Strategy Statistical Appendix; CLG Dwelling/Vacancy statistics; 2011 census Note: Private rental data for 2005-2009 not available

Comparator areas

3.9 Table 3.2 considers how key price and quality market signals observed in Barrow in Furness Borough over the more recent period 2010 to 2015 compared with neighbouring districts (taken as other Cumbrian Districts and Lancaster City) and with regional and national trends.

3.10 Lower quartile house price rises in Barrow in Furness Borough have been unchanged compared with increases in most comparator areas, the region and England (although they have fallen in two areas). In contrast, median prices growth at 5.3% was higher than all neighbouring areas except Lancaster, but lower than the regional and English growth rate.

3.11 Regarding rents, lower quartile rents have increased by 4.9% and across comparator areas, rent changes have fluctuated markedly between -13.9% (Lancaster) and 11.3% (South Lakeland). Lower quartile rents in the North West have fallen but increased nationally. Median rents across Barrow in Furness Borough have increased by 8.9% but again median rent changes have fluctuated markedly in comparator areas (between -8.7% in Allerdale to 17.2% in Copeland) and increased regionally and nationally.

3.12 The House Price Ratio in 2015 at 4.1, was the lowest across comparator areas and lower than the regional and national ratio. The Rental Affordability Ratio (RAR) at 29.3% was one of the highest compared with most neighbouring areas, slightly higher than the regional average but lower than the national average.

3.13 The proportion of vacant dwelling stock in Barrow in Furness Borough during 2015 was 4.8% and this was at the higher end of figures in comparator areas and higher than the regional and national figures. The proportion of long term vacants in 2015 was the highest across comparator areas and more than twice the regional average and three time the national average.

3.14 The proportion of households identified as overcrowded in Barrow in Furness Borough was lower than the regional and national average.

Table 3.2 Housing market signals in comparator districts, region and England

Comparator	Barrow In Furness	Comparator Districts						North West	England
		South Lakeland	Copeland	Eden	Carlisle	Allerdale	Lancaster		
Lower Quartile House Price change 2010-2015	0.0	3.4	-2.6	-0.4	1.7	0.5	5.3	5.6	8.8
Median House Price change 2010-2015	5.3	5.0	0.9	0.0	4.2	0.0	6.0	7.7	12.4
Lower Quartile Rents (per calendar month) change 2010-2015	4.9	11.3	7.0	1.1	-4.1	-7.3	-13.9	-4.4	8.7
Median Rents (per calendar month) change 2010-2015	8.9	0.3	17.2	5.2	1.1	-8.7	-8.0	0.7	23.3
HPR 2015	4.1	8.2	2.9	7.8	5.4	5.3	5.3	5.4	7.5
RAR 2015	29.8	36.7	16.4	32.5	26.3	25.5	29.3	29.2	39.6
% Vacant 2015	4.5%	3.8%	4.5%	4.0%	3.0%	4.1%	4.0%	3.2%	2.5%
% Long Term Vacant 2015	2.7%	1.8%	2.1%	1.8%	1.2%	1.7%	1.5%	1.2%	0.9%
% Overcrowded	2.2%	1.6%	2.2%	1.6%	2.3%	1.8%	2.7%	3.7%	4.6%

Past trends in housing delivery

3.15 PPG Paragraph 2a-19 refers to the rate of development as a Market Signal. Table 3.3 reviews housing delivery over the 13 year period 2003/4 to 2015/16. It also shows the number of planning permissions granted each year. Delivery should be viewed on the context of the Cumbria Joint Structure Plan which sought to deliver 1,500 dwellings over the period 2002 to 2016 (15 years) or around 107 each year.

3.16 An annual average of 140 dwellings were granted planning permission each year and an annual average of 96 dwellings were built, representing around 68% of annual permissions. Once demolitions had been factored in (mainly associated with market renewal activity), 68 net additional dwellings were achieved each year.

Table 3.3 Past housing delivery in Barrow in Furness Borough

Year	No. dwellings granted planning permission	Completions	Demolitions	Of which: Housing Market Renewal Demolitions	Net additional dwellings	Dwelling completions as % of permissions
2003/04	225	118	54	54	64	52.4%
2004/05	167	94	0	0	94	56.3%
2005/06	180	165	67	65	98	91.7%
2006/07	100	113	12	4	101	113.0%
2007/08	175	99	26	0	73	56.6%
2008/09	140	77	2	0	75	55.0%
2009/10	138	65	14	0	51	47.1%
2010/11	28	124	43	40	81	442.9%
2011/12	102	52	123	121	-71	51.0%
2012/13	97	55	11	10	44	56.7%
2013/14	77	76	3	0	73	98.7%
2014/15	39	117	1	0	116	300.0%
2015/16	353	91	0	0	91	25.8%
TOTAL	1821	1246	356	294	890	68.4%
ANNUAL AVERAGE	140	96	27	23	68	68.4%

3.17 Over the 13 year period 2003/04 to 2015/16, a total of 1,246 dwellings have been built which compares with a target of 1,391. The net additional dwellings figure of 890 takes into account demolitions, largely associated with market renewal activity.

3.18 There is no indication therefore that dwelling delivery has been inhibited through a lack of land supply, however net completions have been affected by market renewal activity. Furthermore, PAS Guidance July 2015 comments at para 10.5 that *'in assessing future need plan-makers should not add any 'backlog' where past housing development under delivered against earlier plans. As established*

by a High Court judgement in 2014[4] the adoption of a new plan 'resets the clock' in relation to housing targets.'

3.19 The Plan Period begins in 2014 and in the years 2014/15 and 2015/16 a total of 392 dwellings were granted planning permission and 216 dwellings have been built.

Concluding comments

3.20 In conclusion, a review of Market Signal data and past delivery would suggest that there is no uplift necessary. ONS house price to income indicators in particular would not suggest an uplift is necessary.

[4] Zurich Assurance Limited v Winchester City Council and South Downs National Park Authority, [2014] EWHC 758 (Admin) 18th March 2014

4. Objectively Assessed Housing Need and Housing Requirement

Introduction

4.1 The National Planning Policy Framework requires that LPAs identify Objectively Assessed Housing Need (OAN) and that Local Plans translate those needs into land provision targets. Paragraph 159 of the NPPF recognises that the objective assessment of housing need must be one that meets household and population projections, taking account of migration and demographic change; meets the need for all types of housing including Affordable, and caters for housing demand and the scale of housing supply necessary to meet that demand. PPG recognises that *'establishing future need for housing is not an exact science'* (para 014 2a-014-20140306), although it should be informed by reasonable and proportionate evidence.

4.2 The purpose of this chapter is to draw together the evidence in the Barrow in Furness Borough SHMA update (2016) with a consideration of the latest 2014-based household projections from the CLG to establish the Objectively Assessed Housing Need for Barrow in Furness Borough over the Plan Period 2014-2031. The chapter is structured in accordance with the approach set out in PPG and also considers further guidance which supports PPG, namely the Planning Advisory Service *Objectively Assessed Need and Housing Targets Technical Advice Note,* Second Edition, July 2015; and the *Local Plan Experts Group report Local Plans: report to the Communities Secretary and the Minister of Housing and Planning,* March 2016.

4.3 The analysis of OAN draws upon demographic analysis prepared by Edge Analytics[5] which considers:

- Baseline 2014-based ONS and CLG population projections for Barrow in Furness Borough;
- Alternative migration impacts/assumptions; and
- Jobs-led forecasts.

4.4 In order to establish Objectively Assessed Need, PPG recommends a logical progression of steps which form the structure of this chapter:

- Establishing the Housing Market Area;
- Make use of DCLG household projections as the starting point estimating the OAN;
- Consider sensitivity testing specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates;
- Take account of employment trends;

[5] Barrow in Furness Borough Demographic Analysis & Forecasts: March 2017

- Take account of Market Signals;
- Consider an increase in the total housing figures where it could help deliver the total number of affordable homes.

Establishing the Housing Market Area

4.5 PPG Paragraph 2a-010 states a requirement to establish the relevant functional area to assess needs. For housing need, this is the Housing Market Area. Chapter 2 considered the evidence and on the basis of migration and travel to work, Barrow in Furness Borough is a self-contained Housing Market Area.

Demographic starting point

4.6 PPG Paragraph 2a-015 states that plan makers should make use of the household projections published by DCLG as the starting point estimate of housing need. PPG Paragraph 2a-016 states that *'wherever possible, local needs assessments should be informed by the latest available information*'.

4.7 At the time of preparing the 2016 SHMA update evidence, 2012-based projection data was available to the Council. An update of the demographic analysis and forecasts was prepared in March 2017 which uses the latest (2014-based) projections. This establishes a baseline annual requirement of -74 dwellings and brings the evidence base to inform the OAN calculation fully up to date.

Adjusting the projections

4.8 The PPG recommends adjustments are made to the household projections with reference to local demographic trends, future jobs, past delivery and Market Signals and other local circumstances not captured by past trends. Each of these is now considered in turn.

Local demographic trends

4.9 Whilst the official 2014-based ONS population and DCLG household projections form the 'starting point' of the assessment of housing need, the PPG states that it is appropriate to consider *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area (PPG Paragraph 2a-017).

4.10 In line with the PPG, Edge Analytics have developed a range of alternative demographic scenarios. The 2014-based population projections from ONS provide the official 'benchmark' scenario, with household growth assessed using household headship rate assumptions from the 2014-based DCLG projections. For comparison with this official benchmark, a number of 'alternative trend' scenarios have been developed, including alterative migration assumptions.

4.11 The following alternative trend scenarios have been developed by Edge Analytics:

- PG-5Yr: internal and international migration assumptions are derived from the last 5-years of historical evidence (2010/11 to 2014/15). The 'Unattributable Population Change' (UPC) component is included in international migration assumptions;
- PG-10Yr: internal and international migration assumptions are derived from the last 10-years of historical evidence (2005/06 to 2014/15). The 'Unattributable Population Change' (UPC) component is included in international migration assumptions;
- PG-Long-Term X: internal and international migration assumptions are derived from the last 14-year migration history (2001/02 to 2014/15). The 'Unattributable Population Change' (UPC) component is excluded in international migration assumptions;
- PG-Long-Term: internal and international migration assumptions are derived from the last 14-year migration history (2001/02 to 2014/15). The 'Unattributable Population Change' (UPC) component is included in international migration assumptions

4.12 The Edge analysis also considers headship rate sensitivities. Nationally, younger age groups have been more adversely affected by housing supply and unaffordability issues, which in some areas may have led to 'suppressed' rates of household formation. Therefore, each of the demographic scenarios has been run with alternative headship rate assumptions that examine an 'improvement' in the headship rates of the younger age groups. In the 2014-based Return sensitivity, headship rates in the male younger age groups (15-44) return to their 2001 values by 2024, continuing the original rate of growth thereafter.

4.13 Table 4.1 summarises the range of scenarios and dwelling requirements. These outputs also assume a 5.4% dwelling vacancy rate fixed over the plan period.

Table 4.1 Dwelling requirements under alternative scenarios using 2014-based and alternative headship rates

Scenario	Headship rates	
	HH-14	HH-14 Return
PG Long Term X	42	63
Net Nil	38	60
PG Long Term	21	41
PG – 10yr	-6	15
PG – 5yr	-61	-42
SNPP-2014	-74	-55

4.14 Having reviewed the latest demographic and household projections and considered alternative assumptions relating to migration and headship rates in line with PPG, it is recommended that:

I. The baseline dwelling need is -74 based on the latest 2014-based projections which updates the evidence presented in the 2016 SHMA and accords with PPG Paragraph 2a-016. Even with a return to higher levels of household formation amongst younger age groups, the need is still negative. It is rare to find a local authority showing an absolute decline in dwelling need and it would be unhelpful to commence an analysis of OAN from this position as it does not support future development to support economic growth. The starting point should therefore be adjusted to reflect alternative demographic scenarios. An adjustment to reflect alternative assumptions in relation to the underlying demographic projections and household formation rates of the local areas also accords with PPG paragraph 2a-017. This requires a consideration of migration assumptions and alternative headship rates.

II. Regarding migration assumptions, scenarios have considered dwelling requirements based on short- and long-term trends. Under the long-term migration trend which arguably takes account of longer-term economic and housing market cycles, the dwelling requirement increases to up to 42 each year (taking the PG-Long Term X scenario).

III. Regarding alternative headships rates, each of the demographic scenarios have been run with an alternative headship rate assumption which reflects a 'recovery' in household formation rates in the younger age groups (15-44). This reflects the approach recommended in the LPEG report[6] which considers an adjustment to local household formation rates to reflect upon the potential impact of higher headship rates if achieved amongst younger age groups. Under the PG-Long Term X scenario, this increases dwelling need to 63 each year.

IV. In conclusion, an analysis of *'alternative assumptions in relation to the underlying demographic projections and household formation rates'* of the local area results in a recommendation of a need to increase the baseline need (-74) up to 42 (to take account of long-term migration trends) over the 2014-31 plan period. Using the 2014-Return headship rate would increase the long-term migration need to 63. It is recommended therefore that the baseline demographic requirement for Barrow in Furness Borough is within the range 42 to 63.

Employment trends

4.15 PPG paragraph 2a-018 states that *'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'*. Edge Analytics have approached this in two ways: firstly, by considering the potential change in the labour force by applying key assumptions on future economic activity rates, level of unemployment and balance of commuting between resident workers and local

[6] Local Plan Experts Group: Local Plans Report to the Communities Secretary and to the Minister of Housing Man Planning March 2016

jobs; and secondly by considering future economic forecasts and the extent to which these could be supported by the Borough's working age population.

Demographic scenarios: labour force and job growth implications

4.16 The labour force and job growth implications under alternative demographic scenarios can be evaluated through the application of key assumptions on the Borough's future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs. This has been considered by Edge Analytics. In a trend-based scenario, the size of the resident labour force and the number of jobs that can be supported are sensitive to adjustments to these key factors. The following set of assumptions has been applied to the demographic scenarios:

- **Economic activity rates**: 2011 census economic activity rates (16-75+) with adjustments made to the 60-64, 65-69, 70-74 and 75+ age groups, in line with the Office for Budget Responsibility (OBR). Adjustments made over the 2014-31 plan period;
- The **unemployment rate** determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). Unemployment incrementally reduces from the 2015 value of 6.8% to a pre-recession average (2004-07) of 5.6% by 2020 and fixed thereafter;
- A fixed **commuting ratio** of 1.00 has been applied throughout the forecast period.

4.17 Edge Analytics also prepared variant scenarios linked to alternative commuting sensitivities.

4.18 For each of the Barrow in Furness Borough demographic scenarios, Edge Analytics have applied these assumptions to derive an estimate of the changing size of the labour force that the population growth implies, and the level of employment growth that could be supported under these assumptions. (Table 4.2). Analysis indicates that none of the demographic scenarios supports jobs growth.

Table 4.2 Labour force and jobs-growth outcomes 2014-2031

Scenario	Average Annual Jobs Growth
Net Nil	-75
PG Long Term X	-79
PG Long Term	-111
PG – 10yr	-132
PG – 5yr	-196
SNPP-2014	-202

Economic forecasts

4.19 PPG paragraph 2a-018 states that *'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'*.

4.20 In consideration of future jobs in Barrow in Furness Borough, two jobs-led scenarios have been developed (Table 4.3). Edge Analytics also ran sensitivity analysis based on alternative commuting ratios and economic activity rates (Table 4.4).

Table 4.3 Summary of jobs-led scenarios

Scenario name	Scenario description
Jobs-led Experian (2016)	Annual change in employment (2015/16 to 2030/31) as defined in the Experian 2016 employment forecast
Jobs-led Experian Average (2016)	Total change in employment (2014-31) under the Experian (2016) forecasts. This has been applied as an average annual employment target over the 2015/16 to 2031/31 forecast period

Table 4.4 Summary of jobs-led variant scenarios

Scenario name	Scenario description
Jobs-led – CR	Commuting ratio reduces from 2011 census value of 1.00 to 0.99 by 2031
Jobs-led – EA	The 2014 aggregate economic activity rates (16-75+) of 59% is achieved by the end of the plan period (2031)
Jobs-led- CR EA	Combination of Jobs-led CR and EA scenarios

4.21 Table 4.5 summarises the dwelling and annual average jobs growth under the jobs-led scenarios and sensitivity scenarios.

Table 4.5 Dwelling and jobs growth outcomes 2014-2033 under core and sensitivity jobs-led scenarios

Core Scenario	Average Annual Dwelling Requirement	Average Annual Jobs Growth
Jobs-led – Experian (2016)	182	97
Jobs-led – Experian (2016) Average	246	172
Sensitivity Scenario	**Average Annual Dwelling Requirement**	**Average Annual Jobs Growth**
Jobs-led – Experian (2016) CR SENS	174	98
Jobs-led – Experian (2016) EA SENS	74	105
Jobs-led – Experian (2016) CR EA SENS	65	105
Jobs-led – Experian (2016) Average CR SENS	237	173
Jobs-led – Experian (2016) Average EA SENS	133	180
Jobs-led – Experian (2016) Average CR EA SENS	124	180

Summary of employment trends

4.22 This section has summarised material in the Edge Analytics report which considers the labour force and employment growth outcomes of the demographic scenarios through the application of economic activity rates, unemployment rates and commuting assumptions, together with analysis of future economic participation rates. Sensitivity analysis evaluating changes in economic activity rates and commuting ratios were also considered by Edge Analytics.

4.23 Having considered the potential change in labour force capacity and future economic forecasts, it can be concluded that:

V. None of the demographic scenario support an increase in the working age population and therefore jobs-led adjustments to the OAN are necessary to support jobs growth;

VI. Over the 2014-2031 plan period, employment forecasts suggest an annual increase of between 97 and 172 jobs each year, with the higher figure associated with the Experian (2016) Average scenario which seeks to apply the annual average employment target over the 2015/16 to 2030/31 forecast. This smooths out the somewhat erratic annual variation in jobs growth under the 2016 forecast and therefore provides a reasonable basis from which the impact of jobs growth on dwelling need can be considered.

VII. The jobs-growth assumption translates to a dwelling need of 246 each year. Sensitivity analysis linked to alternative commuting ratio and economic activity assumptions results in a range of dwelling need of

between 65 and 237 each year. This is based on an increasing number of workers commuting into the Borough for work and higher economic activity levels. In 2015, 74.8% of the working age population of the Borough (16-64) was economically active, but the Cumbria Local Economic Partnership (LEP) aims to increase this to 78%. Therefore, it is appropriate to consider the dwelling requirements associated with an increase in economic activity rates, namely the EA sensitivity, which results in a dwelling requirement of 133 each year.

VIII. In summary, 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'* would suggest that an upward adjustment is required to take account of employment trends. It would be recommended that the OAN is within the range 63 (from demographic adjustments) up to 133 dwellings each year to take account of jobs growth and increasing economic activity rates. Changes in commuting ratios, with reducing proportions of the resident workforce working in the Borough, would result in a narrowing of this range from 133 to 124 dwellings.

Market Signals and past trends in delivery

4.24 Chapter 3 presented information on Market Signals and past trends in delivery. This considered signals relating to price and quantity and compared Barrow in Furness Borough with neighbouring districts, the region and England. This did not suggest a need to adjust the OAN to take account of Market Signals.

4.25 Regarding past trends in delivery, over the period 2003/04 and 2015/16, an annual average of 140 dwellings have been granted planning permission and over this period an annual average of 96 dwellings have been built across Barrow in Furness Borough. There are however no development constraints and any under-delivery is more likely to relate to market conditions. Furthermore, over the period 2014/15 to 2015/16, an annual average of 196 sites have been granted planning permission, indicating sufficient areas are available to deliver housing.

4.26 Regarding Market Signals and past trends in delivery:

IX. It is recommended that the OAN is not adjusted to take account of Market Signals; and

X. No adjustment is necessary to take account of past delivery.

Affordable need and housing provision targets

4.27 PPG Paragraph 2a-029 advises on how housing needs assessments should take account of affordable housing need: *'the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing-led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes'*.

4.28 The analysis of housing need in the 2016 SHMA update suggests there is an annual net imbalance of 101 affordable dwellings each year. This figure expresses the overall need from household survey evidence compared with the current supply of affordable housing. The 101 figure assumes that backlog need is cleared over a 10 year period. If the backlog was cleared over the plan period, the annual imbalance would reduce to 58 each year.

4.29 In reality, households in need who cannot access the market can pay proportionately more for their housing above suggested affordable thresholds, people can share dwellings to reduce housing costs, and the private rented sector can accommodate households in need.

4.30 PAS[7] guidance provides helpful guidance in interpreting affordable need in the context of Objectively Assessed Need. Paragraph 9.6 states *'in practical terms, there is no arithmetical way of combining the two calculations set out in PPG to produce a joined-up assessment of overall housing need. We cannot add together the calculated OAN and the calculated affordable need, because they overlap: the OAN of course covers both affordable and market housing, but we cannot measure these components separately, because demographic projections – which are the starting point for the OAN – do not distinguish between different sectors of the housing market*'. Para 9.7 continues *'In summary, it seems logically clear that affordable need, as defined and measured in paragraphs 22-29 of the PPG, cannot be a component of the OAN. The OAN does have an affordable component – which cannot be measured separately but will normally be much smaller than the affordable need discussed at paragraphs 22-30*'. When paragraph 47 of the NPPF says that plans should meet in full *'the need for market and affordable housing'*, it is referring to that component rather than the separately calculated affordable need.

4.31 In summary:

XI. No further adjustment is necessary to take account of additional affordable housing delivery.

Objectively Assessed Housing Need

4.32 An OAN should be based on reasonable assumptions which take into account baseline demography, adjustments to reflect local demographic trends, past delivery, Market Signals, future jobs and other local circumstances: the SHMA has explored these factors in detail. PAS guidance suggests that the OAN should exclude any policy objectives and value judgements and evidence should be entirely about need and demand, to the exclusion of any supply-side factors such as physical constraints, policy designations and adverse impacts of development. However, these factors should be considered when translating the OAN into a Housing Requirement.

4.33 The challenge for the Council is to deliver an appropriate and proportionate level of dwelling growth that supports economic growth and carefully takes into account the current demographic profile of the district.

[7] Planning Advisory Service Objectively Assessed Need and Housing Targets Technical Advice Note Second Edition July 2015

4.34 It is proposed that the Objectively Assessed Housing Need for Barrow in Furness Borough over the plan period 2014-2031 is established from an adjusted baseline of 42 (using the latest 2014-based SNPP adjusted for long-term migration trends). This scenario takes account of long-term internal migration trends which will cover several economic and housing market cycles. A further upward adjustment to take account of higher rates of household formation amongst younger age groups would increase dwelling need to 63 each year under the PG-Long Term X scenario.

4.35 None of the demographic scenarios support jobs growth. Jobs-led dwelling adjustments to the OAN are therefore necessary to support jobs-growth. Under the Experian (2016) Average employment scenario, an annual dwelling need of 246 is established. Sensitivity analysis linked to alternative commuting ratios (increasing the number of workers commuting in the Borough for work) and economic activity assumptions (increasing economic activity rates) results in a range of dwelling need of between 124 and 237 each year. It is recommended that the OAN has an upper limit of 133 dwellings each year which supports economic growth through increasing economic activity rates.

4.36 In conclusion, it is proposed that the Objectively Assessed Housing Need figure for Barrow in Furness Borough is within the broad range 63 and 133. This range takes account of the need to deliver more dwellings to support jobs growth and help to stem the loss of population evidenced in demographic scenarios.

From an OAN to a Housing Requirement

4.37 Having established an up to date OAN, it is necessary to translate this into a growth target for the purposes of future plan-making. This is referred to as the 'Housing Requirement'. The Housing Requirement should, in normal circumstances, reflect the Objectively Assessed Need but can be adjusted either upwards or downwards. An OAN could be adjusted downwards due to development constraints or upwards to support economic or other growth ambitions. The OAN is in effect a 'policy off' need for housing over the plan period. Once planning policy considerations have been applied to the OAN figure, the result is a 'policy on' figure for the Housing Requirement. The Housing Requirement figure will be the target against which housing supply will normally be measured. Factors that should be considered when translating an OAN to a Housing Requirement include:

- Development constraints (for instance environmental and supply);
- Addressing affordable housing need;
- Cross boundary unmet need; and
- The policy objectives of the local authority.

5. Concluding comments

5.1 The SHMA Addendum 2017 has updated the evidence base relating to Objectively Assessed Housing Need by drawing upon the latest 2014-based DCLG household and ONS population projections. The document has also updated analysis relating to the housing market area and housing market signals.

5.2 An analysis of migration and travel to work data confirms that Barrow in Furness Borough is an appropriate housing market area for determining Objectively Assessed Need and a Housing Requirement. Regarding migration, analysis of the 2011 census identifies containment ratios of 84% (origin) and 80.9% (destination) which exceeds the 70% threshold advocated by DCLG. Similarly, 83% of people who live in Barrow in Furness Borough work in the Borough; and 82.5% of workers in Barrow in Furness live in the Borough.

5.3 The latest (2014-based) demographic evidence has been used to review Objectively Asseesed Need. In line with PPG, this has been carried out in a logical way which uses DCLG projections as a starting point and sensitivity testing regarding underlying migration and household formation rate assumptions has been considered. Analysis has then taken account of emplpyment trends and market signals to derive an Objectively Assesed Need range for the Borough.

5.4 It is proposed that the Objectively Assessed Housing Need for Barrow in Furness Borough over the plan period 2014-2031 is established from an adjusted baseline of 42 (using the latest 2014-based SNPP adjusted for long-term migration trends). This scenario takes account of long-term internal migration trends which will cover several economic and housing market cycles. A further upward adjustment to take account of higher rates of household formation amongst younger age groups would increase dwelling need to 63 each year under the PG-Long Term X scenario.

5.5 None of the demographic scenarios support jobs growth. Jobs-led dwelling adjustments to the OAN are therefore necessary to support jobs-growth. Under the Experian (2016) Average employment scenario, a annual dwelling need of 246 is established. Sensitivity analysis linked to alternative commuting ratios (increasing the number of workers commuting in the Borough for work) and economic activity assumptions (increasing economic activity rates) results in a range of dwelling need of between 124 and 237 each year. It is recommended that the OAN has an upper limit of 133 dwellings each year which supports economic growth through increasing economic activity rates.

5.6 Housing market signals relating to price and quantity of housing have been considered over the period 2005 to 2015 for the Borough and comparator areas over the more recent 2010-2015 time period. Analysis would suggest there are no underlying market pressures which would warrant an increased dwelling need associated with market signals.

5.7 In conclusion, it is proposed that the Objectively Assessed Housing Need figure for Barrow in Furness Borough is within the broad range 63 and 133. This range

takes account of the need to deliver more dwellings to support jobs growth and help to stem the loss of population evidenced in demographic scenarios.

5.8 Having established an up to date Objectively Assessed Need range, the Council will translate this into a growth target for the purposes of future plan-making. This is referred to as the 'housing requirement'. This should take account of any additional policy considerations to derive a 'policy on' figure for the housing requirement. It would be suggested that no further adjustments are nececessary to the OAN range and that the Housing Requirement is positioned within the range 63 to 133 each year.

Appendix A: Experian economic projections

Experian Economic Projections

1. *Introduction*

Cumbria Local Enterprise Partnership (LEP) has a contract with Experian UK Ltd for provision of a Cumbria Economic Impact Model. This model comprises two elements – an interactive database of economic data and an impact tool with scenario functionality. Each year, Experian and Cumbria LEP work together to agree a set of baseline projections for Cumbria which are then used as the basis for the impact tool. This briefing provides an overview of the model and introduces the draft 2015 baseline data for total employment in Cumbria.

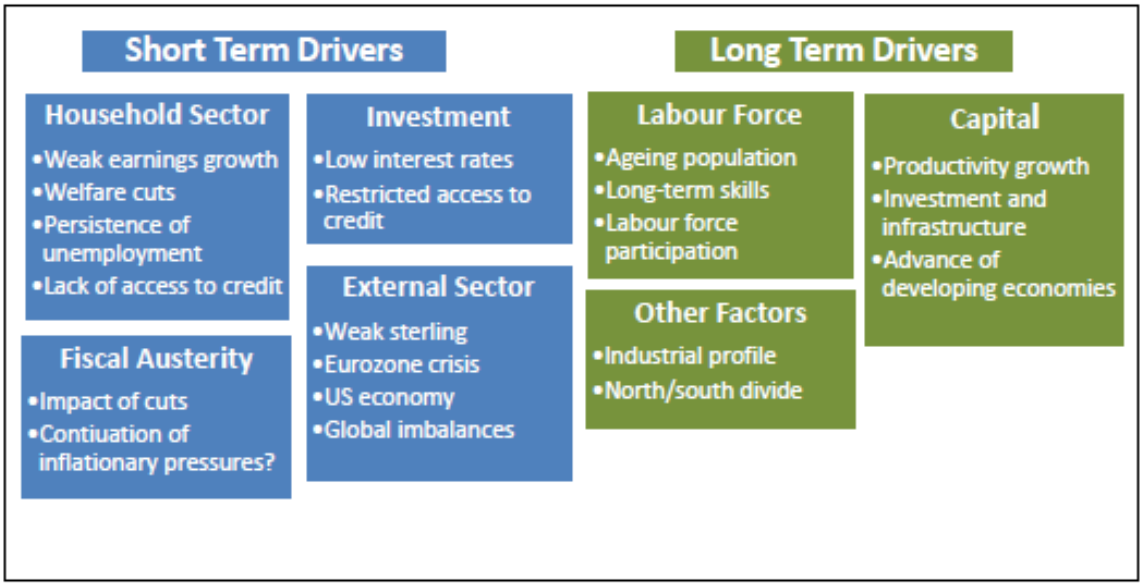
2. *Model Overview*

The Cumbria model is derived from Experian's Regional Planning Service which produces baseline forecasts of key economic variables for local areas throughout the UK. It is an input output model which contains unique input output (IO) tables built by localising the UK IO tables produced by ONS. This technique applies a number of weighting factors to the UK table that take account of the differences between the local and national economy.

Alongside baseline projections to 2031, the model enables scenarios to be constructed by inputting the direct employment change of an event (eg a new development or a business closure) and calculating the net impact on overall employment, output, occupations and qualification levels (by sector), taking into account sector multiplier and displacement effects.

The model uses a top down approach to ensure consistent forecasts:

These forecasts use a combination of short and long term economic drivers:



In producing the local projections, Experian take into account the past performance of sectors in Cumbria relative to the UK based on a variety of official datasets. However, a key feature of the Cumbria model is the ability to adjust the projections based on more in depth local knowledge of performance trends, new developments etc in order to capture those events which may impact on future performance. For example a one off event which may have affected past performance but is not expected to continue to do so; a confirmed investment which will result in significant new jobs; or a particular sector strength which gives reason to believe the sector will behave differently locally than the rest of the sector nationally.

3. *UK Outlook*

The start point for the Cumbria model is Experian's UK projections. Their September 2015 UK Sector Outlook outlines the prospects for manufacturing, consumer services, construction and financial & business services. These are broadly summarised here:

Manufacturing: Experian expects the manufacturing sector to see moderate growth of 0.7% in 2015 followed by a pick-up in the short term, with the pace of growth exceeding 2%pa before settling at around 1.5%pa. Job creation will be positive this year but going forward cutbacks are in the pipeline with productivity expected to drive output growth. Challenging export market remains at the forefront of the downside risks. Sterling has also strengthened relative to the euro and Experian expects that to continue and higher prices for UK goods will further weigh on demand from the Eurozone. Offsetting this potential export weakness is the lower oil price which should also help, pushing down the cost of production and raw materials. However, quantitative easing should inject some new life into Eurozone economies. According to the latest date, the Eurozone's economy grew 0.3% in 2015q2 relative to the previous quarter.

Consumer Services: Consumer services held up well in q2 with growth in distribution, hotels and restaurants up by 1.1% q-on-q and 4.5% compared with the previous year. Motor vehicles made the largest positive contribution to the increase in q2. Job creation was once again healthy and the gap between earnings and inflation widened. In the past 12 months 354,000 jobs have been created in the UK, a 0.6% increase. In the 3-month on 3-month measure there was a 0.5% gain in retail sales, the 29th consecutive month of growth and the longest period of successive increases in sales volumes since consistent records began in June 1996. Across the UK as a whole, consumer spending will be buoyant this year, remaining vital to GDP growth. Official interest rates are unlikely to begin rising until late 2015 or 2016q1, with most households not feeling a significant impact until 2017. This means that despite fiscal austerity, household spending can continue to advance at a solid pace of 2.2% in 2016. Overall, Experian expects the sector to see growth of 4% in 2015 before settling to around 2.3% pa in the medium term. FTE job creation in the sector will grow by 2.7% in 2015 and slow to 1.1%pa over the next 5 years.

Construction: There has been a notable slowdown in construction activity in the first half of 2015 relative to the 9.5% growth recorded in 2014. According to recent ONS figures, construction output increased by 0.2% in q2 compared with the previous quarter and came from all new work (private new housing, infrastructure and public other new work). Meanwhile repair and maintenance declined in q2. As such, the sector's contribution to UK growth has eased back in 2015 and demonstrates the unbalanced nature of the UK recovery with low inflation and interest rates supporting consumer and business spending. Experian's view is for construction growth in 2015 to hit 2.4% before expansion regains pace to 3% in 2016 and may see added momentum in 2017/18. In terms of employment, job growth was expected to hold up well in 2015 but to take until 2023 before employment levels in the sector hit their pre-crisis peak. Skills shortages post a risk to construction recovery. Growth in the sector is heavily predicated on major infrastructure projects in the pipeline starting as scheduled.

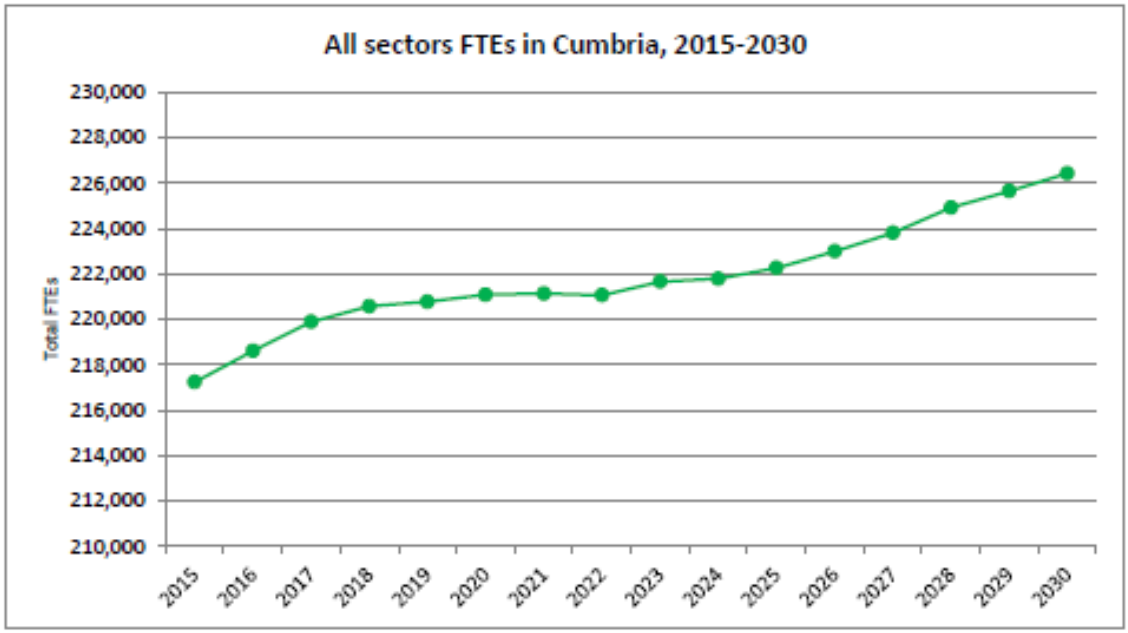
Financial & Business Services: This sector constitutes almost half of UK outlook covering a diverse range of sub-sectors. Overall the sector grew by 0.8% in 2015q1 compared with the previous quarter. While activity in most sub-sectors moderated, some of the notable contractions in growth came from the finance and insurance sector and in architectural and engineering activities. Experian forecasts growth of 3.1% in the broad sector in 2015 and 2016. Beyond then, the sector should settle at a pace close to this speed over the medium term. In terms of employment growth, this sector is a key driver in the UK job market as a whole and Experian expected 125,000 FTE jobs to be created in 2015 and over 300,000 between 2016 and 2021.

4. *Cumbria Overview*

Due to the timescales for official datasets, 2013 is the last year for which "real" data is incorporated in the Experian model, after which the figures become projections. However, analysis in this this report is presented from 2015. The baseline projection for Cumbria takes account of workforce projections provided by Sellafield Ltd for decommissioning (but not for potential new projects at Sellafield) and BAE Systems (but not for the Successor Programme) in Spring 2015 and also takes account of known developments at the time such as the expansion of the GSK pharmaceutical facility in Ulverston. However, it does not take account of the proposed new nuclear power station at Moorside or other pipeline developments which had not gone through the full planning process at the time the projections were produced.

The outlook for Cumbria's employment is one of growth from a base of 217,315 in 2015 to 226,436 in 2030. This represents 4.2% growth over the period which compares to projected UK growth of 9.4%.

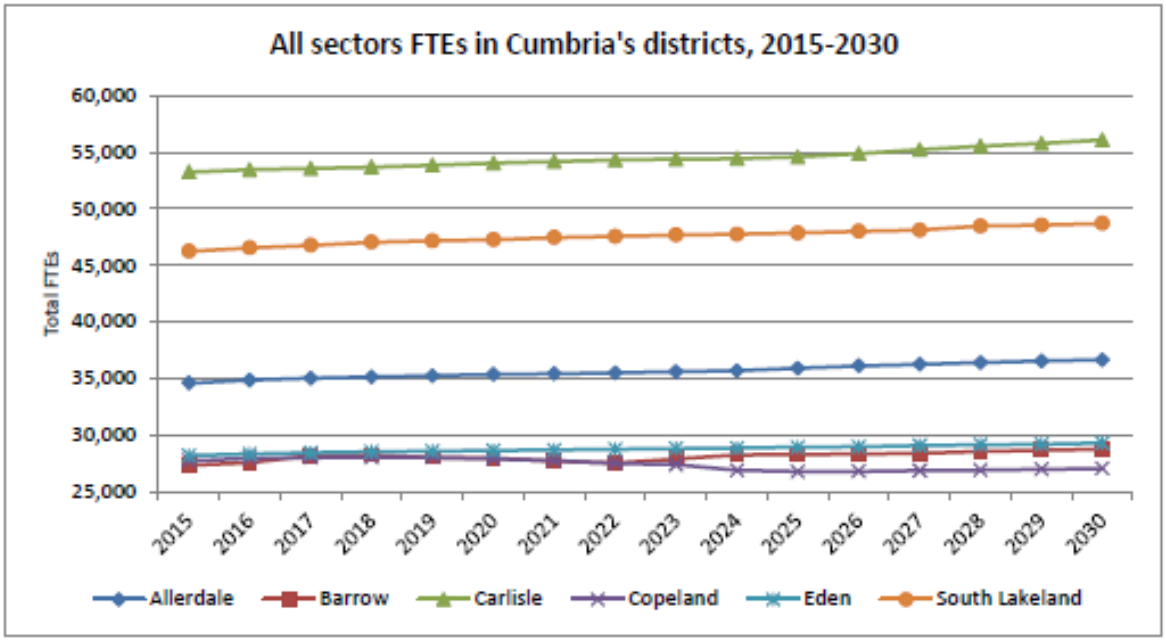
Figure 1: Projected FTEs in Cumbria, 2015-2030



Source: Cumbria LEP Experian Cumbria Economic Impact Model

Most of Cumbria's districts are expected to experience similar levels of employment growth except for Eden where growth is below average and Copeland which is projected to experience employment decline, largely due to reducing decommissioning employment in the nuclear sector. However, it should be noted that new projects at Sellafield and the proposed new nuclear power station at Moorside (which is expected to create over 6,000 jobs during the build process and require 1,000 operational jobs subsequently) would dramatically change the trend for Copeland.

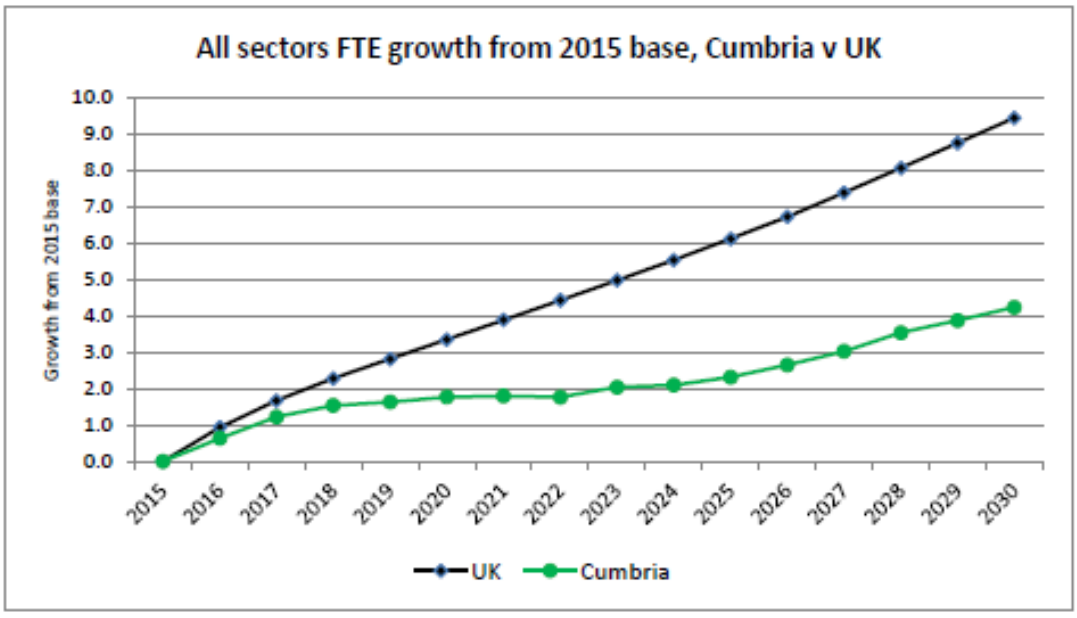
Figure 2: Projected FTEs in Cumbria's districts, 2015-2030



Source: Cumbria LEP Experian Cumbria Economic Impact Model

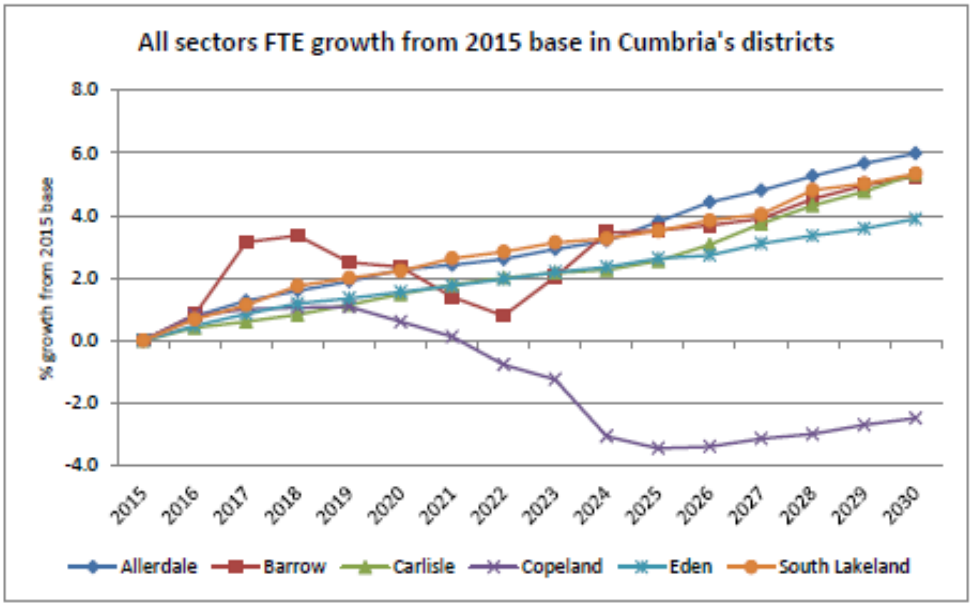
As a result of the BAE impact in 2014-15, Cumbria's FTE growth from the 2013 base year exceeds that of the UK until 2021 when the UK's stronger year on year growth sees it accelerate more quickly than Cumbria until by 2031, the UK's FTEs have grown by 15.3% compared to Cumbria's 12.4%.

Figure 3: Growth in FTEs from 2015 base year, UK and Cumbria



Source: Cumbria LEP Experian Cumbria Economic Impact Model

Figure 4: Growth in FTEs from 2015 base year, districts



Source: Cumbria LEP Experian Cumbria Economic Impact Model

Figure 5: FTEs and output 2015 & 2030, UK, Cumbria and districts

Experian Cumbria Local Economy Model Projections (Autumn 2015)										
	Full time equivalent employment					Economic output (£m)				
	2015	2030	Change 2015-2030			2015	2030	Change 2015-2030		
			Total Chg	% Chg	Av Annual Chg			Total Chg	% Chg	Av Annual Chg
UK	27,828,204	30,456,100	2,627,896	9.4	0.6	1,555,495	2,191,799	636,304	40.9	2.3
Cumbria	217,235	226,436	9,200	4.2	0.3	9,773	13,123	3,351	34.3	2.0
Allerdale	34,576	36,641	2,066	6.0	0.4	1,388	1,854	465	33.5	1.9
Barrow	27,314	28,746	1,431	5.2	0.3	1,369	1,874	505	36.9	2.1
Carlisle	53,219	56,052	2,834	5.3	0.3	2,462	3,282	821	33.3	1.9
Copeland	27,720	27,032	-688	-2.5	-0.2	1,080	1,366	286	26.5	1.6
Eden	28,183	29,278	1,095	3.9	0.3	1,325	1,735	410	31.0	1.8
South Lakeland	46,224	48,687	2,463	5.3	0.3	2,148	3,012	864	40.2	2.3

Source: Cumbria LEP Experian Cumbria Economic Impact Model

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Appendix A: Total Projected Employment - Cumbria

	Accommodation, Food Services & Recreation	Agriculture, Forestry & Fishing	Construction	Extraction & Mining	Finance & Insurance	Information & communication	Manufacturing	Professional & Other Private Services	Public Services	Transport & storage	Utilities	Wholesale & Retail	Total
2013	5,369	500	37,682	1,970	18,689	29,051	10,962	21,760	2,850	2,014	28,563	44,688	204,098
2014	6,116	396	40,519	1,985	18,853	29,180	11,681	23,304	2,693	2,031	31,123	46,162	214,043
2015	5,299	404	42,861	2,158	17,703	29,488	11,931	24,245	2,624	2,007	31,720	46,795	217,235
2016	5,203	394	43,272	2,171	17,979	29,594	11,909	24,726	2,658	1,980	32,136	46,592	218,614
2017	5,158	403	43,948	2,162	18,279	29,750	11,841	24,996	2,658	1,954	32,363	46,384	219,895
2018	5,150	401	44,188	2,147	18,545	29,914	11,798	25,185	2,653	1,909	32,498	46,188	220,576
2019	5,138	400	43,714	2,121	18,796	30,049	11,770	25,365	2,645	1,876	32,605	46,303	220,781
2020	5,121	399	43,243	2,094	18,991	30,184	11,761	25,491	2,651	1,834	32,706	46,608	221,083
2021	5,104	397	42,593	2,068	19,165	30,318	11,746	25,613	2,666	1,785	32,795	46,891	221,141
2022	5,088	396	41,840	2,049	19,328	30,445	11,746	25,721	2,656	1,744	32,907	47,147	221,067
2023	5,073	385	41,741	2,024	19,497	30,580	11,754	25,834	2,665	1,704	32,987	47,423	221,666
2024	5,061	384	41,279	2,006	19,656	30,699	11,752	25,910	2,664	1,664	33,046	47,670	221,793
2025	5,043	383	41,140	1,978	19,812	30,786	11,785	25,970	2,669	1,623	33,139	47,933	222,263
2026	5,035	382	41,022	1,962	20,002	30,913	11,844	26,070	2,671	1,586	33,246	48,269	223,000
2027	5,023	381	40,941	1,944	20,205	31,037	11,929	26,187	2,683	1,545	33,345	48,591	223,810
2028	5,011	381	41,066	1,935	20,420	31,165	12,009	26,310	2,688	1,513	33,493	48,934	224,925
2029	4,994	381	40,988	1,917	20,622	31,278	12,086	26,418	2,700	1,472	33,581	49,217	225,655
2030	4,980	380	40,893	1,907	20,821	31,397	12,167	26,526	2,704	1,439	33,696	49,525	226,436
2031	4,960	370	40,777	1,889	21,024	31,502	12,226	26,613	2,714	1,398	33,788	49,802	227,060

Source: Cumbria LEP Experian Cumbria Economic Impact Model

Appendix B: Experian Barrow Borough projections

Table B.1 Full Time Equivalents (Thousands) - Barrow Borough (Experian 2016/Cumbria Observatory)

(Maj.01)Agriculture, Forestry & Fishing	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
(Maj.02)Extraction & Mining	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09
(Maj.03)Manufacturing	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
(Maj.04)Utilities	9.15	10.56	10.67	11.26	11.24	10.93	10.81	10.49	10.24	10.50	10.85	10.83	10.81	10.79	10.79	10.77	10.76	10.74
(Maj.05)Construction	0.35	0.36	0.36	0.36	0.36	0.36	0.35	0.35	0.35	0.34	0.34	0.34	0.33	0.33	0.33	0.33	0.33	0.32
(Maj.06)Wholesale & Retail	1.93	1.64	1.63	1.65	1.67	1.69	1.70	1.71	1.73	1.74	1.74	1.75	1.76	1.77	1.79	1.81	1.82	1.83
(Maj.07)Transport & storage	2.80	2.80	2.82	2.83	2.85	2.86	2.87	2.88	2.89	2.90	2.91	2.91	2.92	2.92	2.94	2.96	2.97	2.98
(Maj.08)Accomodation, Food Services & Recreation	0.93	0.93	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.93	0.94	0.95	0.96	0.96
(Maj.09)Information & communication	1.61	1.66	1.70	1.72	1.74	1.75	1.76	1.77	1.78	1.79	1.79	1.79	1.79	1.80	1.82	1.83	1.84	1.85
(Maj.10)Finance & Insurance	0.29	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
(Maj.11)Professional & Other Private Services	0.22	0.21	0.21	0.21	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.23	0.23
(Maj.12)Public Services	2.98	3.02	3.08	3.10	3.12	3.13	3.14	3.14	3.15	3.16	3.16	3.16	3.17	3.17	3.20	3.22	3.23	3.24
Industry Total	5.66	5.75	5.75	5.73	5.73	5.75	5.79	5.83	5.87	5.91	5.93	5.96	6.00	6.04	6.12	6.17	6.22	6.26
	26.03	27.31	27.54	28.17	28.23	28.00	27.96	27.69	27.53	27.87	28.25	28.28	28.32	28.38	28.55	28.67	28.75	28.80