Horsham District Council

Locally-Generated Needs Study

Additional Analysis

August 2010

PREPARED BY

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1 INTRODUCTION

1.1 Horsham District Council is currently undertaking a review of its adopted Local Development Framework (LDF) Core Strategy to provide a planning framework for meeting the District's long-term development needs. The Council commissioned GL Hearn and Justin Gardner Consulting (JGC) in Spring 2010 to undertake a Locally-Generated Housing Needs Study to provide it with a clear view of future housing requirements which was not 'policy constrained' but based instead on a bottom-up assessment of the dynamics and drivers of the housing market at the local level.

1.2 Since the preparation of the initial study report, the new Coalition Government has confirmed the revocation on 6th July of Regional Spatial Strategies (in this case the South East Plan). Responsibilities for planning for housing provision have been returned to local planning authorities. It is therefore Horsham District Council's responsibility to determine what level of housing provision is appropriate within Horsham District, based on its understanding of the District and through consultation with local communities. Government (in this case the Department of Communities and Local Government (CLG)) has however issued guidance that local authorities should continue work in preparing their Local Development Frameworks; and should collect and use reliable information to justify housing supply policies. It has made clear that housing requirements will need to be justified and capable of being defended during the LDF examination process.

1.3 Since the preparation of the initial Study, Horsham District Council has also been giving thought as to the appropriate timeframe which the Core Strategy Review should plan for, taking account of the following factors:

- The revocation of the South East Plan on 6th July 2010;
- The timetable for undertaking the Core Strategy Review; and
- Community and member buy-in.

1.4 Taking account of the above factors, the Council considers that the Core Strategy Review might plan for a 2011 – 2031 plan period, subject to further engagement with Members and local communities. It is considered that in light of the revocation of the South East Plan there is no longer a clear basis for adopting a 2006 start point. There is no requirement for this date in either the Structure Plan or the Council's adopted LDF Core Strategy. Nor is there clarity in the 2006-11 period over the impact of the recession and housing market downturn on housing requirements, including the impact on the drivers and trends in migration. This would affect the assessment of supply/demand balance over this period.

1.5 Against this context, Horsham District Council has asked GL Hearn and JGC to undertake a concise update of the initial Locally-Generated Housing Needs Study, looking specifically at housing requirements over the 2011 – 2031 period.

1.6 The original Locally-Generated Housing Needs Study included an assessment of economic scenarios, drawing primarily on those undertaken as part of the Experian *Visioning Horsham* project in 2008, and the Northern West Sussex *Employment Land Review* undertaken in 2009-10. In both cases, these presented economic projections for the 2006-26 period and did not included assessment of economic trends in the longer-term to 2031. The scenarios model in the *Employment Land Review*, led by GL Hearn, modelled the impact of the recent economic recession and showed very limited employment growth over the 2006-11 period. Projections for the 2006-26 period within the Employment Land Review and the initially Locally-Generated Housing Needs Study took account of this. An initial analysis indicated that employment growth would be higher for the 2011-31 period compared to the 2006-26 period on this basis. This will impact upon associated housing requirements for the economic-driven scenarios.

1.7 In this context, Horsham District Council have acquired economic forecasts, prepared for SEEDA and SEERA by Cambridge Econometrics (CE). These forecasts are based on a regional econometric forecasting model and provide data on Output (GVA) and Employment to 2030. The forecasts date from Spring 2010 and are thus informed by more recent intelligence and data than the base forecasts used in the initial Study.

1.8 The opportunity has also been taken to update the main trend-based demographic forecast, taking account of further information released since the preparation of the initial Study. This includes the release by ONS of 2008-based Population Projections and further work examining changes in headship rates.

1.9 This update therefore:

- Takes the opportunity to analyse some of the assumptions included in the original projections based upon further data released since the original study;
- Rebases projections to 2011 as the potential start point for the plan period, based on the most recent demographic data and information on housing supply;
- Remodels the trend-based demographic projection on this basis;
- Provides a new economic scenario based on the Cambridge Econometrics forecast for the period 2011-31;
- Updates the assessment of the level of housing required to maintain current employment levels; and
- Provides an assessment of the revised scenarios and implications of these.

2 METHODOLOGY

2.1 This report looks at the likely housing requirements under a number of scenarios relating to both projecting forward past demographic trends and linked to future forecasts of economic performance in Horsham District. Two projections of future population and household growth have been developed for the 2011-31 period: Projection A (PROJ A), based on past demographic trends; and Projection B (PROJ B) driven by the economic scenario. A further projection has been developed which updates our assessment of the level of housing growth necessary to maintain the current working population, updating PROJ 7 in the original Study. In this section we briefly address how these projections have been constructed. For a fuller description of the methodology please refer to the initial report.

UPDATING THE TREND-BASED DEMOGRAPHIC PROJECTION

2.2 The base projection is important as other projections build upon this. This projection has been updated to a 2011 base, and taking account of the latest demographic data.

2.3 Whilst the general methodology employed in this report remains unchanged we have updated numbers to take account of recorded changes in both the local population and the housing stock. In broad terms the changes made to the data can be summarised as:

- **Base Population** – in spring 2010 Office for National Statistics (ONS) produced a new round of population projections brought forward to a 2008-base. These projections showed a lower level of population growth than the previous 2006-based projections and also slightly higher proportions of older persons in the population. These projections have been used to estimate the population structure in 2011.

- **Build Rates** – all previous projections for Horsham have shown relatively high levels of household (and hence housing) growth. However, the reality is that in the five year period 2006 to 2011 levels of housing delivery have been below historical levels. This means that the number of households living in the district in 2011 is likely to be lower than previously projected. We have used build rates along with other information about the number of households in the district to provide a baseline estimate of households in 2011.

- **Migration Rates** – as a result of lower build rates and lower population growth over the past few years there has been a lower level of net migration into the district. We have looked at both past trends and future projections of migration (from ONS) to form a view about the level and profile of in- and out-migrants. This information has been used to derive a new trend-based projection as well as being used (by adjusting in-migration rates) to look at economic scenarios for different numbers of people in employment.

- **Headship Rates** – in the original project, headship rates were based on data from CLGs 2006-based household projections. Since the project was completed information from CLG has suggested that the growth in headship has been lower than previously projected (dampening levels of projected household growth). This will influence the new government household projections due to be published in autumn 2010. We have therefore modelled a slightly lower headship rate than in the original report.

2.4 Birth and Death Rate Trends have been left unchanged from the original analysis as there is no new data is available and the fact that births and deaths have relatively little impact on the projections, which for Horsham District are mainly driven by migration patterns. In addition, economic activity rates have been held constant at the levels assumed in the original research. Recent data suggests that these have not altered significantly in Horsham District.

Number of Households in 2011

2.5 The first requirement for the modelling was to make an estimate of the number of households likely to be resident in 2011. Due to the lower level of housing delivery between 2006-11 relative to historic trends, the number of households is expected to be significantly lower than provided in previous projections (e.g. CLGs 2006-based household projections).

2.6 The figure below shows estimates of the number of additional homes provided in the district for the period 2006 to 2011. This is based on net completions recorded between 2006/7 – 2009/10 and projected for 2010/11. The figures show a total of 1,454 additional homes at an average of 291 per annum. We have assumed a one-to-one relationship between households and homes and therefore work on the assumption that there will be 1,454 more households in 2011 than in 2006. These figures compare with an estimated household growth of 3,785 in the same period from CLG 2006-based household projections.

Figure 1: Estimated Number of Additional Homes 2006 to 2011

Year	Number of additional homes
2006/7	393
2007/8	221
2008/9	306
2009/10	235
20010/11 (estimated)	299
TOTAL	1,454

Source: Horsham District Council (Strategic Planning Team)

2.7 In translating these figures in to a baseline number of households for 2011 we have looked at two main sources of data. Firstly the 2006-based CLG projections and secondly the Council's 2009 Housing Strategy Statistical Appendix (HSSA) submission.

2.8 The 2006-based projections suggested that there were 53,713 households resident in the district in 2006[1]. However, given the subsequent changes in estimated headship rates (see below) this figure can be adjusted to 53,505. With an additional 1,454 homes being built between 2006-11, this would imply that in 2011 there would be 54,959 households.

2.9 The 2009 HSSA shows around 54,281 occupied dwellings as of April 2009; if we add on the additional house-building for 2009 to 2011 (and a small allowance from 2008/9) we would estimate that in 2011 there will be around 54,892 households. This figure is very close to the figure derived from adjusted CLG projection data.

2.10 For our baseline number of households we have therefore taken an average of these two figures; as of mid-2011 it is estimated that there will be 54,925 households in the District.

Base Population

2.11 On the 27th May 2010 ONS published a new round of population projections with a 2008-base. For Horsham these figures showed a lower estimated population (and future population growth) and higher projected older person population when compared with the 2006-based projections. Below we have compared the 2006-based population projections with the 2008-based figures for both 2011 and 2031 split into broad 15-year age bands.

2.12 The figures show that the 2008-based figures have lower overall population levels in both 2011 and 2031 than the 2006-based figures. Despite this, the projected number of people aged 60 and over has increased with noticeable falls in projected numbers in all other age groups. This potentially has a significant impact on the economy in Horsham with relatively fewer people in the age groups which would typically be economically active.

Figure 2: Comparison of ONS 2006- and 2008-based Population Projections

Age group	2006-based			2008-based		
	2011	2031	change	2011	2031	change
0-14	23,434	25,869	2,435	23,084	23,601	516
15-29	21,741	22,732	991	19,194	18,581	-613
30-44	25,811	28,023	2,212	24,884	25,771	888
45-59	29,543	28,631	-912	29,538	27,911	-1,627
60-74	22,137	30,088	7,951	22,249	30,676	8,427
75+	12,586	23,366	10,780	12,571	24,022	11,451
TOTAL	135,252	158,709	23,457	131,519	150,562	19,042

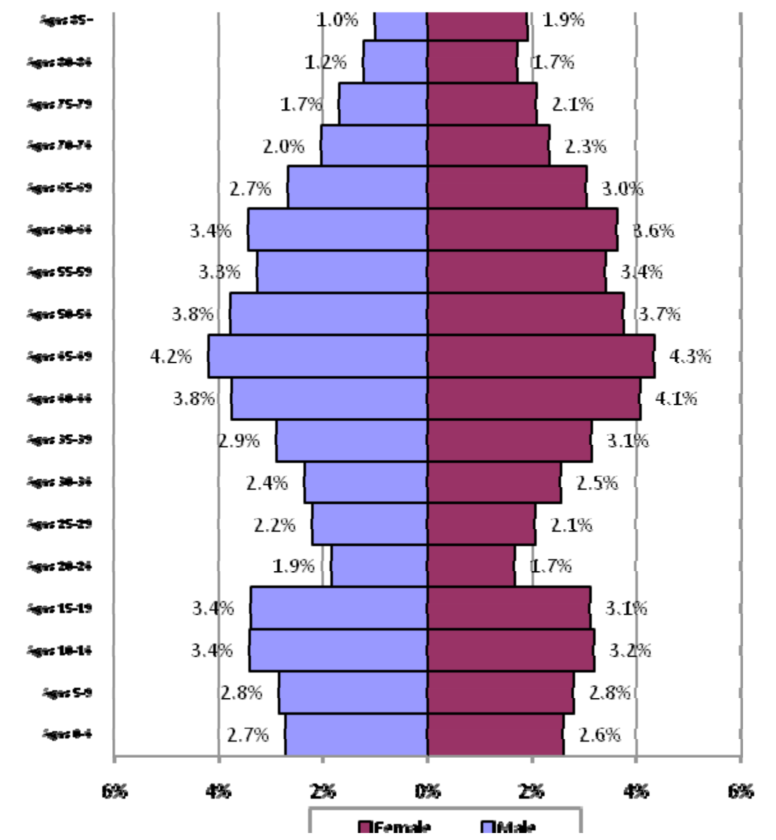
Source: ONS 2006- and 2008-based Population Projections

[1] Calculated on the basis of assumed headship rates.

2.13 When we applied the 2008-based population for 2011 to our headship rates we found an estimated number of households of about 56,000 (about 1,000 higher than previously estimated). This suggested that the latest ONS projections had still over estimated population growth (probably as they do not take into account lower build rates) and so it was necessary to adjust this population to meet our estimated number of households of 54,925. This was done by slightly reducing levels of in-migration to the district (see below for more details on migration). This is used in estimating a baseline population profile in 2011 as shown in the figure below.

Figure 3: Estimated Population of Horsham (5 year age bands) – 2011

Age group	Male	Female
Ages 0-4	3,492	3,344
Ages 5-9	3,662	3,579
Ages 10-14	4,391	4,099
Ages 15-19	4,345	3,977
Ages 20-24	2,369	2,112
Ages 25-29	2,821	2,642
Ages 30-34	3,016	3,266
Ages 35-39	3,713	4,023
Ages 40-44	4,828	5,214
Ages 45-49	5,376	5,584
Ages 50-54	4,855	4,806
Ages 55-59	4,180	4,363
Ages 60-64	4,403	4,653
Ages 65-69	3,436	3,898
Ages 70-74	2,609	2,985
Ages 75-79	2,187	2,688
Ages 80-84	1,591	2,197
Ages 85+	1,279	2,461
All Ages	62,554	65,892



Source: Derived from ONS 2008-based population projections

Migration Rates

2.14 The data presented above suggests that Horsham will have a lower level of population and household growth over the 2006-11 period based on demographic trends than previously forecast. This is mainly driven by lower levels of net migration. Recent data on migration trends (such as NHS records) do show a lower level of migration into the District. Figures from the 2008-based ONS projections also show a lower level of projected migration compared with the 2006-based figures.

2.15 In looking at migration trends we have tried to find a balance between longer-term trends (which have shown high levels of migration) and short-terms trends that have been a lot lower. In estimating migration levels we have therefore looked at figures over the past seven years along with ONS projections.

2.16 Migration data for the period 2003 to 2009 and taken from NHS records published by ONS suggests an average net in-migration over the six year period of around 778 persons per annum[2]. The ONS 2008-based projections estimate an average level of net in-migration of 1,044 persons per annum over the period to 2031. We have therefore taken an average of these figures (911) to inform our new trend based projection.

2.17 The ONS projections suggest a marked increase in net in-migration over the period from 2011 to 2031 although recent trends would suggest that such a trend may be unlikely. We have therefore held our net in-migration figures constant for the period of the projection (at 911 per annum) – as we did in the original Study.

2.18 The table below shows estimated annual migration levels by sex for the trend-based projection. As with the overall level of migration these have been based on a combination of past trends (from NHS data) and the future projections from ONS. The two sources tend to show the same pattern with the exception of the 15-19 age group for which ONS figures suggest a higher level of net out-migration. The two sources are however consistent in showing that this group is the only group with net out-migration for both males and females.

Figure 4: Estimated Trend-based Levels of In and Out-Migration by Age and Sex

Age group	Male			Female		
	In	Out	Net	In	Out	Net
Ages 0-4	249	187	62	255	163	92
Ages 5-9	180	115	65	170	111	59
Ages 10-14	236	194	42	213	168	45
Ages 15-19	181	453	-272	249	560	-311
Ages 20-24	460	376	84	596	504	92
Ages 25-29	385	355	30	467	413	54
Ages 30-34	421	317	104	443	305	138
Ages 35-39	366	268	98	335	219	116
Ages 40-44	295	229	66	217	183	34
Ages 45-49	212	178	34	174	131	43
Ages 50-54	136	141	-5	133	123	10
Ages 55-59	143	130	13	143	134	9
Ages 60-64	138	129	9	152	115	37
Ages 65-69	102	104	-2	104	78	26
Ages 70-74	73	46	27	94	50	44
Ages 75-79	51	42	9	71	56	15

[2] This compares to 1071 persons per annum between 2002-8; which was used as the basis for PROJ 1 in the initial Study.

Ages 80-84	40	33	7	74	56	18
Ages 85+	60	49	11	124	117	7
All Ages	3,728	3,346	382	4,014	3,486	528

Source: Based on combination of ONS data

Headship Rates

2.19 The final change we have made from the original projections concerns headship rates. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). In a household with only one adult (e.g. a lone parent households) the HRP is taken as that person, in a household with more than one adult (e.g. a couple household) the HRP is chosen on the basis of their economic activity (in the priority order of full-time job, part-time job, unemployed, retired, other). If both (or all) people have the same economic activity, the HRP is defined as the elder of the two, or if they are the same age, the first member on the form (where Census data is used).

2.20 In the original report we used headship rates from the Census and then adjusted these based on changes estimated in the 2006-based CLG household projections. Since our original report further information has become available (based on analysis of Labour Force Survey (LFS) data) to suggest that headship rates have not increased as much as had been projected. Lower headship rates have now been adopted for the next run of CLG household projections (expected in autumn 2010).

2.21 We have therefore adjusted the headship rates used in our original work based on the CLGs analysis of LFS data and below we have provided a comparison of headship rates used in the analysis. Full details about headship rates and their application can be found in the original LGNS report. The table shows that figures do not vary much between the two projections. Overall however it would mean that average household size was higher.

Figure 5: Estimated Headship Rates by Age and Sex

Age group	Headship rates			
	Male		Female	
	Original LGNS	Current analysis	Original LGNS	Current analysis
Ages 0-4	0.0%	0.0%	0.0%	0.0%
Ages 5-9	0.0%	0.0%	0.0%	0.0%
Ages 10-14	0.0%	0.0%	0.0%	0.0%
Ages 15-19	1.1%	1.0%	1.8%	1.8%
Ages 20-24	16.6%	15.9%	13.4%	13.4%
Ages 25-29	54.0%	52.5%	25.4%	25.4%
Ages 30-34	76.0%	74.6%	27.8%	27.8%
Ages 35-39	84.8%	83.9%	25.1%	25.1%
Ages 40-44	86.3%	86.0%	26.5%	26.5%
Ages 45-49	85.9%	85.6%	30.0%	30.0%

Ages 50-54	85.4%	85.4%	32.4%	32.4%
Ages 55-59	85.7%	85.8%	38.2%	38.2%
Ages 60-64	80.5%	80.3%	39.3%	39.3%
Ages 65-69	75.6%	75.5%	49.7%	49.7%
Ages 70-74	84.1%	84.0%	71.6%	71.6%
Ages 75-79	46.3%	46.0%	58.2%	58.2%
Ages 80-84	69.6%	69.3%	69.5%	69.5%
Ages 85+	72.9%	72.9%	64.7%	64.8%

Source: ONS Commissioned Tables and CLG analysis of Labour Force Survey data

2.22 In the original work we also built in an assumption that headship rates would continue to rise throughout the projection period (but at a decreasing rate). Given more recent data suggesting that headship rates have not changed as much as expected we have kept our headship rates constant throughout the projection period. This however makes little difference to the overall outputs of the model.

UPDATING THE ECONOMIC-DRIVEN PROJECTIONS

2.23 As we have explained, the economic scenarios modelled which were used in the original study were derived from economic forecasts which cover the period to 2026. They are also based on economic forecasts which either pre-date the recession or where prepared in 2009 at the height of it.

2.24 Horsham District Council has provided GL Hearn with economic forecasts for South East local authorities prepared by Cambridge Econometrics in Spring 2010 for the South East of England Regional Development Agency and the Regional Partnership Board (SEEDA and SEEPB). They are based on an econometric model which takes account of macro-economic trends together with the structure and performance of the economy at the local level – in this case in Horsham District. They forecast economic output and employment growth to 2030.

2.25 The forecasts come with the caveat that, as with most economic forecasts, they are more robust at regional and county level, and less so for individual districts. The recent period of rapid economic change means that they are susceptible to higher margins of error than is usually the case. They do not take account of supply-side measures and should be considered alongside other information.

2.26 The forecasts indicate that the timeframe used has a notable impact on the level of employment growth, as the figure below indicates.

Figure 6: Past & Projected Employment Growth – Selected Areas			
	1990-2010	2006-26	2010-2030
Horsham	8.0%	6.1%	11.6%
Northern West Sussex	8.7%	5.0%	11.2%
South East	4.9%	11.7%	18.8%
UK	4.7%	8.5%	15.8%

Source: Cambridge Econometrics

2.27 For the 2006-26 period, the CE projections are slightly more optimistic for Horsham District than the 2009 Experian Base Projections (PROJ 8) used in the original Study. The reverse is however true at the sub-regional level. The level of employment growth projected for Horsham District between 2006-26 by the CE projections – an average of 183 jobs per annum – is very similar to PROJ 9 (185 jobs pa) in the initial Locally-Generated Housing Needs Study.

2.28 Projections of growth in economic output in terms of growth in GVA per annum are set out below. Projections for growth over the next 20 years are marginally stronger for Horsham District than over the past 20 years, but significantly above those for 2006-26. Horsham District is expected to grow by 3.3% per annum which falls between the regional and national growth rates but is below the sub-regional average (reflecting the strong projected performance of Crawley).

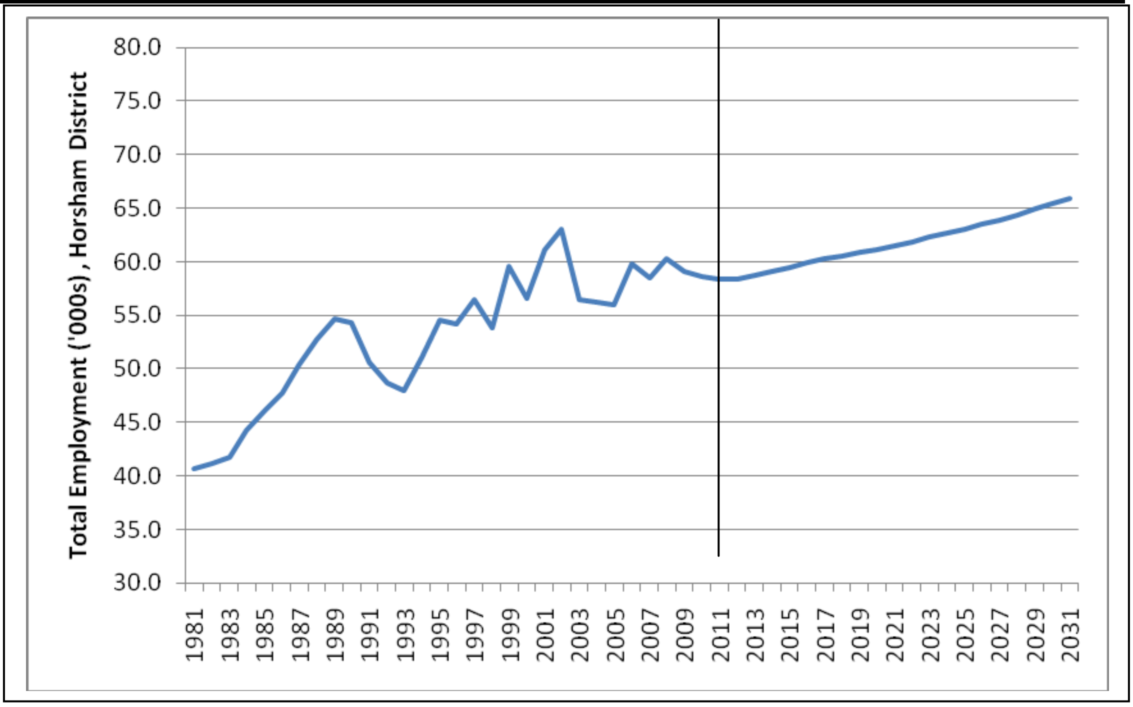
Figure 7: Past & Projected Growth in Economic Output – Selected Areas			
	1990-2010	2006-26	2010-2030
Horsham	3.2%	2.4%	3.3%
Northern West Sussex	3.5%	2.7%	3.8%
South East	2.8%	2.6%	3.5%
UK	2.5%	2.2%	3.0%

Source: Cambridge Econometrics

2.29 The growth in output is influenced by employment growth as well as improvements in productivity. Productivity growth, which is partly a function of the structure of the local economy, is expected to be stronger in Horsham District than at regional or national levels (but less than in Crawley). The key growth sector is expected to be financial, business and other market services.

2.30 GL Hearn has extended the timeframe of the forecasts to 2031 based on a linear extrapolation of trends in employment (7 sectors) and in total GVA over the preceding 5 year period, 2025-30. This indicates total employment in Horsham District in 2031 of 65,900 compared to 58,620 in 2011. This equates to average **employment growth of 377 per annum**.

Figure 8: Employment Growth Trend & Projection, Horsham District



Source: Cambridge Econometrics

2.31 As Figure 8 indicates, the projections indicate a slight decline in the short-term followed by a relatively linear trend of employment growth post 2012. As in the initial Study, we assume that employment growth is linear over the plan period. We have also assumed a consistent employment rate of 81.3%[3] but taken account of changes to pensionable age.

2.32 Other assumptions have also remained consistent. We assume net growth in employment is met by growth in the labour force within the district. Migration patterns are adjusted to meet this. For details of the methodology please consult the initial Study Report.

Zero Employment Growth Projection

2.33 Our assessment also updates PROJ 7 in the original report to provide an assessment for the 2011-31 period of the level of housing growth necessary to maintain the current working population in the District, with no allowance for employment growth.

[3] The employment rate is the proportion of the population of working-age (16-59/ 64) who are in employment or self-employed. Our analysis is based on data from the Annual Population Survey.

2.34 This revised projection modifies migration assumptions in PROJ A to maintain a consistent level of people working throughout the 2011-31 projection period, and for constituent 5 year periods within this.

3 RESULTS

3.1 Based on the approach and information described above, we have run two main projections. These are:

- PROJ A - a (demographic driven) trend-based projection using the migration figures described; and
- PROJ B - An economic driven projection linked to the Cambridge Econometric (CE) forecasts.

3.2 The CE forecasts indicate growth in economic output of 3.4% over the 2011 – 2031 period an employment growth of 377 per annum. In PROJ B levels of in-migration have been adjusted to show a projection where the number of people living in the district and working increases by 377 per annum (calculated in five year periods as 1,885 per five year period).

3.3 Projection A has been compared with the latest 2008-based population projections. For comparative purposes we have also calculated the level of economic growth this would support, based on the changes to economic structure implied within the CE forecasts.

3.4 A revised PROJ 7 (which we have termed PROJ 7A) has been developed which assesses household growth under a Zero Employment Growth Scenario. The household growth associated with this has been calculated.

Population Change

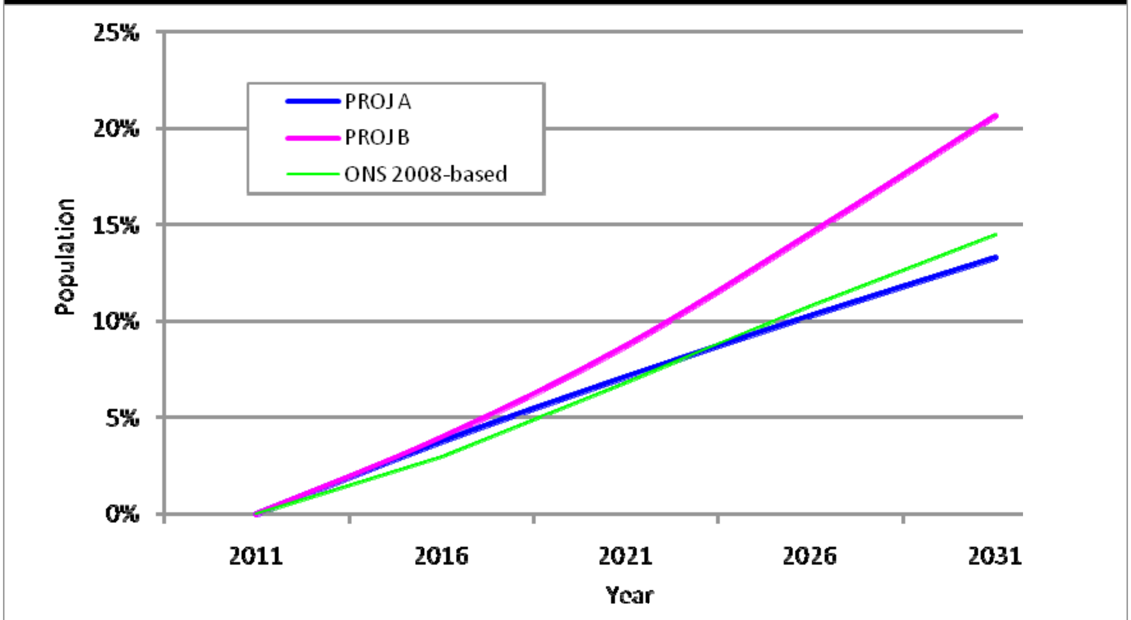
3.5 The table and figure below shows estimated population change under our trend based assumptions (PROJ A) and the economic driven assumptions (PROJ B). The data shows that over the first ten years the two projections are broadly similar with the economic projection showing a much higher level of population growth after 2021.

Figure 9: Population Estimates 2011 to 2031 for different Projection Variants

Projection variant	2011	2016	2021	2026	2031
PROJ A (trend based)	128,445 0.0%	133,259 3.7%	137,580 7.1%	141,643 10.3%	145,504 13.3%
PROJ B (economic driven)	128,445 0.0%	133,526 4.0%	139,643 8.7%	147,123 14.5%	154,948 20.6%

3.6 The figure below shows this information graphically. We have based 2011 at zero and shown the ONS 2008-based Projection for comparative purposes. The figure shows that our trend-based projection is broadly similar to the ONS projection with ours showing a slightly higher level of population growth in the first ten years of the projection and a slightly lower level after that. This is mainly due to the ONS assumption that levels of net in-migration will increase over time whilst we have held migration levels constant over the projection period. It should also be noted that we have rebased all of theses figures to a common 2011 base. The ONS 2008-based figures actually shows a population in 2011 which is around 3,000 higher than we have assumed.

Figure 10: Estimated Population Size 2011 to 2031



3.7 PROJ A shows population growth of 0.7% per annum while PROJ B shown 1.0% per annum. These compare with the long-term population growth trend between 1991 – 2008 of 1.1% per annum in the District.

Population Profile

3.8 The two tables below show how the age structure of the population is expected to change for both our trend-based and economic driven projections. In both cases the projections show a large increase in the older person population (particularly that aged 75 and over). The economic driven projection does however show greater population growth in the younger age groups (or less population loss) and generally retains a slightly younger age profile of the population. PROJ A suggests that in 2031 some 36.6% of the population will be aged 60 and over, PROJ B puts this figure at 35.3%. This compares to 26.8% in 2011.

Figure 11: PROJ A - Trend-based Population Change 2011 to 2031				
	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	22,567	22,338	-229	-1.0%
15-29	18,266	19,075	809	4.4%
30-44	24,059	24,632	573	2.4%
45-59	29,164	26,195	-2,969	-10.2%
60-74	21,985	29,956	7,971	36.3%
75+	12,403	23,308	10,905	87.9%
Total	128,445	145,504	17,059	13.3%

Figure 12: PROJ B - Economic Driven Population Change 2011 to 2031				
	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	22,567	24,223	1,656	7.3%
15-29	18,266	20,907	2,641	14.5%
30-44	24,059	27,475	3,416	14.2%
45-59	29,164	27,721	-1,443	-4.9%
60-74	21,985	30,827	8,841	40.2%
75+	12,403	23,795	11,391	91.8%
Total	128,445	154,948	26,503	20.6%

Economic Implications

3.9 We have assessed the economic impacts of the projections, calculating the level of employment growth which PROJ A could supply (based on consistent assumptions on economic activity and commuting to PROJ B). We have then calculated the level of output growth associated with each projection.

3.10 For PROJ A, the figure below shows the estimated number of people working. The data shows that the number of people working is projected to increase by 2,076 from 2011 to 2031 – this is an increase of 104 people working per annum over time. It is also notable that this increase is entirely in the early part of the projection period with the annual change going from 344 in 2011-2016 to -65 in the period 2026-2031.

Figure 13: Estimated number of people working 2011 to 2031 (PROJ A trend based estimate)					
	Number of people working	Change in working	Annual change	Cumulative change	% 16 to 59/64 working
2011	63,947	-	-	-	80.8%
2016	65,667	1,720	344	1,720	80.8%
2021	66,464	797	159	2,517	80.9%
2026	66,346	-118	-24	2,399	80.6%
2031	66,023	-323	-65	2,076	81.0%
Total/average	-	2,076	104	-	-

3.11 Assuming that the structure of employment change by sector is similar to PROJ B and thus that productivity improvements are consistent, and that commuting patterns and economic activity remain the same, we have calculated the rate of growth in economic output associated with PROJ A.

Figure 14: Summary Economic Outputs		
2011-31	Employment Growth PA	GVA Growth per Annum
Horsham PROJ A	104	2.7%
Horsham PROJ B	377	3.4%
Northern West Sussex		3.8%
South East		3.6%
UK		3.0%

3.12 Our analysis suggests PROJ A would support economic growth of 2.7% per annum which is below regional and national averages. PROJ B would support 3.4% economic growth per annum which is above the national average, but below those for the sub-region and the region.

Household (housing) Growth

3.13 Finally, we can use the data to estimate the number of households likely to be generated by each of these projections. By applying these headship rates we derive following household estimates under both of our projections. The data shows that under our trend based projection, **PROJ A, there will be an additional 583 households per annum** in the period 2011 to 2031 (11,666 in total) with the economic driven projection, **PROJ B, showing growth of 769 households per annum** (15,383 over the period 2011 to 2031).

Figure 15: Estimated Household Growth – Trend-based and Economic-driven Projections

Date	PROJ A			PROJ B		
	Total households	Change in households	Cumulative change	Total households	Change in households	Cumulative change
2011	54,925	-	-	54,925	-	-
2016	58,132	3,207	3,207	58,237	3,312	3,312
2021	61,289	3,157	6,364	62,101	3,864	7,176
2026	63,923	2,634	8,998	66,082	3,981	11,157
2031	66,591	2,668	11,666	70,308	4,226	15,383
Average PA	-	-	583	-	-	769

3.14 PROJ 7A has been developed for comparative purposes and assesses the level of housing necessary to support a 'zero employment growth scenario' whereby migration is altered to match current levels of the working population for each five year periods. Figure 16 indicates the findings of this further scenario.

Figure 16: Estimated Household Growth under Zero Employment Growth Scenario			
Date	PROJ 7A		
	Total households	Change in households	Cumulative change
2011	54,925	-	-
2016	57,029	2,104	2,104
2021	59,580	2,551	4,655
2026	62,201	2,621	7,276
2031	65,028	2,827	10,103
Average PA	-	-	505

4 IMPLICATIONS

4.1 This paper has presented two main projections for population and household growth in Horsham District between 2011-31, one driven by economic potential, the other by past demographic trends. We have also revised our assessment of the level of housing growth necessary to support a constant level of employment.

Figure 17: Headline Scenario Findings

	Population Growth		Household Growth		Employment Growth			GVA GROWTH PA
	2011-31	PA	2011-31	PA	2011-31	PA	%	
PROJ A: DEMOGRAPHIC	17059	13.3%	11666	583	2040	104	3.20%	45.40%
PROJ B: ECONOMIC	26503	20.6%	15383	769	7540	377	3.40%	46.10%

4.2 The demographic projection is particularly influenced by migration trends in the six year period from 2002 - 2008. This is a period in which the economy of the District has performed relatively weakly, as Figure 8 indicates. It would require delivery of 11,700 dwellings over the 2011-31 period (580 pa).

4.3 This scenario would support a moderate level of employment growth. Our analysis indicates that delivery of 505 dwellings per annum (10,100 over the 2011-31 plan period) is necessary just to maintain current employment levels.

4.4 The PROJ A scenario in our view could potentially constrain the District's economy, in terms of the availability of labour for local businesses and wage inflation.

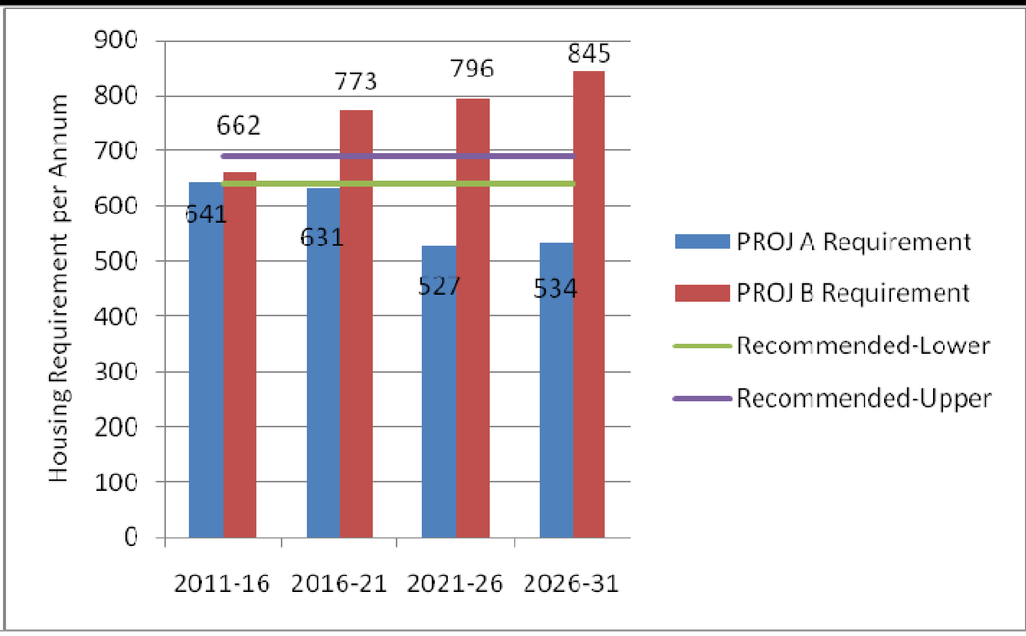
4.5 Based on our knowledge of the District's local economy, informed by our work on the Employment Land Review, we consider that PROJ B represents a fair assessment of the District's economic potential. It is a realistic, but aspirational scenario for future economic performance set against regional and national benchmarks. Productivity growth associated with this forecast is above regional and national averages, in line with smart growth principles and indicating a higher value-added focus.

4.6 The level of housing growth associated with this scenario however is relatively high, at circa 770 dwellings per annum, set against past trends. This would require delivery of 15,400 dwellings over the 2011 – 31 plan period. We expect that significant infrastructure delivery pressures would result from this scenario. The Horsham Infrastructure Study provides further details.

4.7 It is instructive in this context to consider commuting patterns and how the District's employment density has changed. The 2001 Census indicated that net out-commuting of 9,850 persons daily from the District. ONS data on jobs density, representing the balance between employment in the District and the resident working-age population, indicates that out-commuting to work may have increased since 2001. It suggests that the District's jobs density has declined from 0.80 (equal to the UK average) in 2001 to 0.72 in 2008. Comparing the jobs density to national and regional averages, there was a notional jobs deficit of between 5,000 – 8,000 jobs in 2008. This partly reflects the fact that functional economies operate across local authority districts. Indeed looking at Northern West Sussex as a whole, there is net in-commuting of over 9,000 workers daily; with a net inflow of over 30,000 into Crawley.

4.8 Nonetheless in our view it is realistic to assume that some employment growth could be supported through a reduction in out-commuting to work. We consider that it is realistic that this could support net growth of between 3,000 – 4,000 jobs in the District. This will result in some convergence with national and regional jobs densities, but not to a level where these match, taking account of the proximity of the District to larger employment centres such as Brighton and Crawley. It would support economic growth of 3.0% or more.

Figure 18: Housing Requirement by 5 Year Period



4.9 Assuming that a reduction in out-commuting meets employment growth of 3,000 – 4,000 over the 2011 – 2031 period, a residual of 3,540 – 4,540 jobs must be met by growth in the District's resident labour force. We calculate that this would require provision of between 640 – 690 homes per annum. We consider that an appropriate housing requirement would fall within these parameters, requiring delivery of 12,800 – 13,800 homes between 2011 – 2031. We recommend that this should form the basis of further testing with the local community, and in terms of land and infrastructure requirements.