

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Thursday, 8th October, 2015

Place: Council Chamber
Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: Gary Woodhall
The Directorate of Governance
Tel: 01992 564470
Email: democraticservices@eppingforestdc.gov.uk

8. ECONOMIC EVIDENCE FOR THE NEW LOCAL PLAN (Pages 3 - 200)

(Planning Policy Portfolio Holder) The following background papers are attached:

1. Economic Evidence – Objectively Assessed Housing Need for West Essex & East Herts; and
2. Economic & Employment Evidence – Local Plan & Economic Development Strategy.

9. STRATEGIC HOUSING MARKET ASSESSMENT (Pages 201 - 314)

(Planning Policy Portfolio Holder) The following background papers are attached:

1. West Essex/East Herts Strategic Housing Market Assessment.

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Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

Final Report

Prepared for the Cooperation for Sustainable Development Board

September 2015

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Approved by:	Gareth Jones
Date:	September 2015

Executive Summary

Hardisty Jones Associates (HJA) was commissioned to provide economic evidence that will be used to help calculate the Objectively Assessed Housing Need (OAHN) within the West Essex and East Hertfordshire Strategic Housing Market Assessment. It has been commissioned by the Cooperation for Sustainable Development Board comprising members of four local authorities: East Hertfordshire District Council, Epping Forest District Council, Harlow Council and Uttlesford District Council. The economic evidence needs to be robust and objective. The evidence and subsequent OAHN should then be used to inform the policy-making process.

HJA has looked at historic job growth and projections of future jobs growth at the Strategic Housing Market Assessment (SHMA) area level. We have then suggested how this projected growth might be distributed across the four Local Authority areas. This is a 'policy-off' approach and is a starting point i.e. it does not account for any policies that the Local Authorities may choose to implement to alter the future scale of growth or distribution of jobs.

The results of this analysis and the indicative distribution of jobs across the four Local Authority areas are intended to inform each Council and help them to individually and jointly develop a policy approach to future jobs growth.

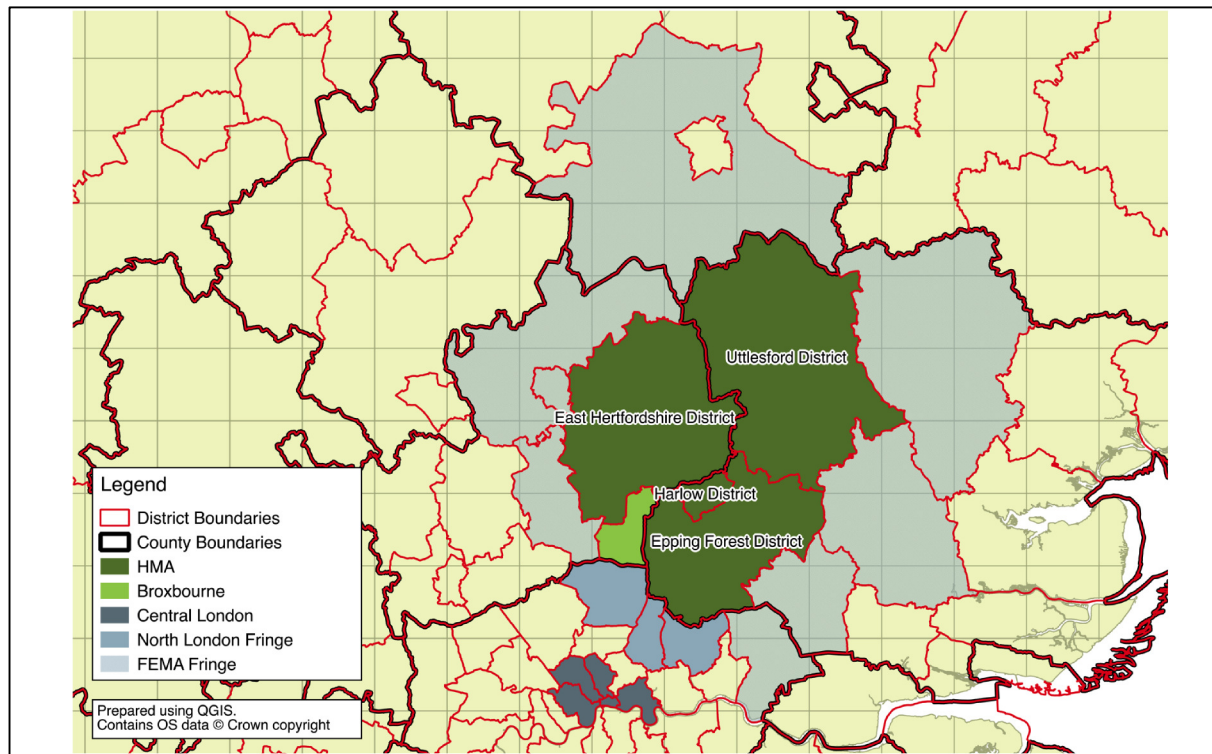
The FEMA and the SHMA area

HJA was asked to consider the extent to which the Strategic Housing Market Assessment area (SHMA area) coincides with the Functional Economic Market Area (FEMA). The core of the FEMA coincides with the SHMA area i.e. comprising the four Local Authority areas of: East Herts, Epping Forest, Harlow and Uttlesford. It also includes Broxbourne. There is a fringe area comprising all of the immediately adjacent local authorities; and a link to central London.

Analysis of projected future jobs growth has been undertaken using the SHMA area and FEMA definitions, and there is no significant impact on final district level projected job numbers whether or not Broxbourne is included in the projections.

A map of the FEMA can be seen in the Figure below.

Figure 1: The Functional Economic Market Area



Historic actual job creation

HJA was asked to analyse the actual creation of jobs in each of the four SHMA area Local Authorities over the last 10 years.

Four measures of historic actual job creation have been considered: the Business Register and Employment Survey (BRES) and its predecessor the Annual Business Inquiry (ABI); the Annual Population Survey (APS); the Census of Population; and the ONS Jobs Density measure. The ONS Jobs Density is the most comprehensive and best measure of historic actual workplace jobs. It also aligns to the East of England Forecasting Model (EEFM) measure of workplace jobs.

The ONS Jobs Density measure shows jobs growth of between 1,300 and 1,550 jobs per year in the SHMA area over the period from 2000 to 2013.

Local Plan evidence bases

HJA was asked to review the four Local Authorities' emerging Local Plan evidence bases and identify future employment growth projections. These have been derived from Local Plans' evidence bases, supporting documents and other technical work, including consultations with officers from each of the Local Authorities. These show a projected annual jobs growth of between 1,780 and 1,980 per year. These are summarised in the Figure below.

Figure 2: Jobs growth projections

Local authority	Employment change	Period	Annual change
East Herts	9,700	2012-2031	510
Epping Forest	9,000	2011-2033	410
Harlow	8,000 – 12,000	2011-2031	400 - 600
Uttlesford	9,200	2011-2031	460
<i>Cumulative total</i>	<i>35,900 – 39,900</i>		<i>1,780 – 1,980</i>

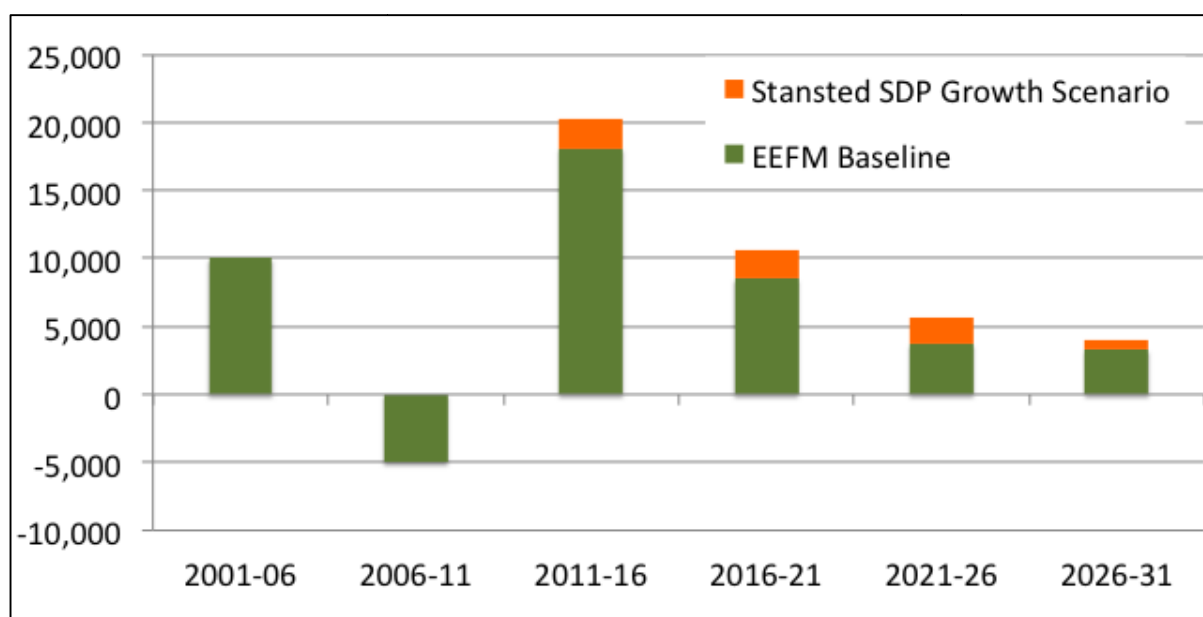
Source: Local Authorities

Historic actual job creation and Local Plan evidence bases

HJA was asked to look at how historic actual change in jobs compares to the Local Authorities’ Local Plan evidence bases.

For historic actual jobs creation, the ONS Jobs Density measure shows an average of between 1,300 to 1,550 jobs per year over the period from 2000 to 2013. This is in broad agreement with the East of England Forecasting Model (EEFM) figures for actual historic change in jobs, with an average of between 1,200 and 1,800 jobs per year from the EEFM. Looking forwards, the Local Plans’ evidence base assumptions for jobs growth per year are above the ONS Jobs Density historic range, but within the EEFM historic range. They are slightly higher than the baseline projected growth from the EEFM for the whole SHMA area – of 1,590 jobs per annum. There is planning permission in place for future growth at Stansted Airport, and when this is introduced the jobs growth increases to 1,895 per annum. In this scenario the Local Plans’ evidence base projections are similar in overall scale to the EEFM plus Stansted projections, but the distribution within the SHMA area is very different (discussed below). The overall scale of projected growth can be seen in the Figure below.

Figure 3: Historic growth and projected future growth



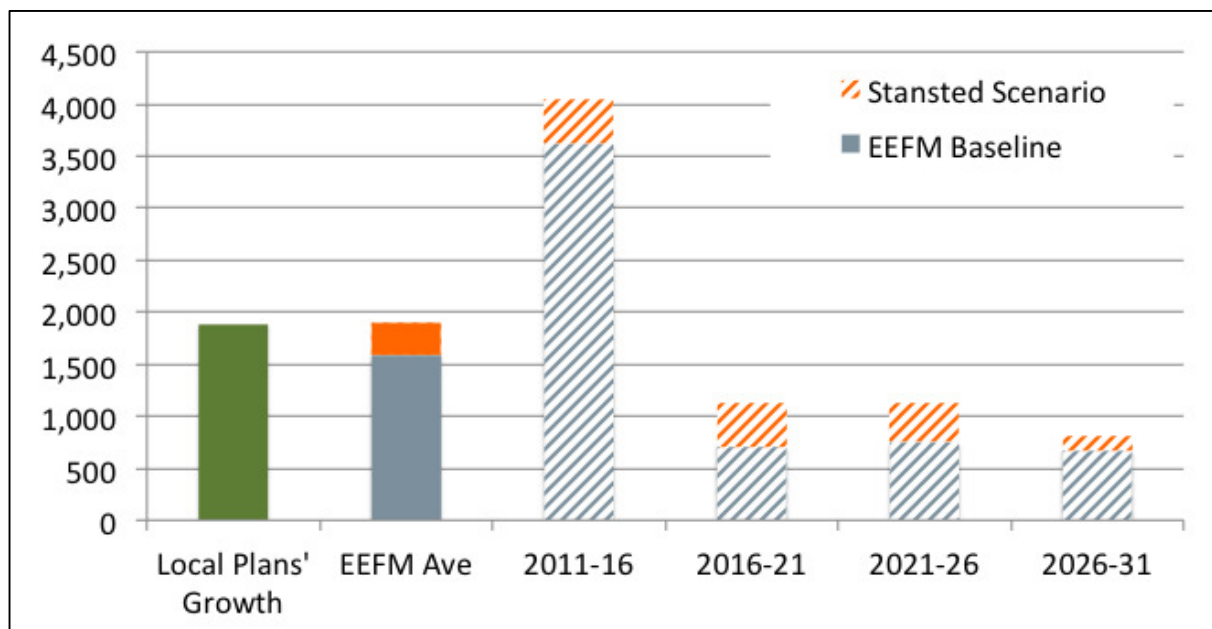
Source: EEFM (2014) and Hardisty Jones Associates analysis

Future job growth projections

HJA was asked to consider future employment projections used to inform the SHMA.

As discussed above, the baseline projected level of jobs growth for the SHMA area as derived from the EEFM (2014) is 1,590 jobs per annum. However, Local Authority officers identified that future growth plans for Stansted Airport are not fully reflected in these figures, so HJA was asked to model the impact of this additional growth. When the impact of Stansted Airport growth is included, this increases to 1,895 jobs per annum. This latter figure is similar to the scale of projected growth set out in the Local Plans' evidence bases, but the distribution within the SHMA area is very different (discussed below).

Figure 4: Local Plans and EEFM Baseline plus Stansted growth



Job growth projections at the Local Authority level

HJA was asked to look at how the SHMA area level jobs growth projection is likely to be distributed across the four constituent Local Authority areas over the period from 2011 to 2033.

Two different scenarios have been used to distribute the overall level of jobs growth in the SHMA to the constituent Local Authority areas. The intention is to provide a starting point to inform a policy debate between the four authorities. The allocations arrived at are indicative only and are based on a business-as-usual scenario i.e. these distributions do not take account of any policy interventions or major public investments such as the Harlow Enterprise Zone. Any policy debate may therefore lead to an alternative distribution of jobs across the SHMA area, which is preferred for policy reasons.

The growth projections modelled below include the additional growth at Stansted Airport.

Figure 5: Job growth projections (including Stansted) and emerging evidence base figures

	Job growth per year - based on historic share of total SHMA area jobs	Job growth per year - based on EEFM projected share of total SHMA area jobs	Target range for job growth	Job growth per year - derived from Local Plan emerging evidence bases
East Herts	505	435	435 - 505	510
Epping Forest	400	455	400 - 455	410
Harlow	325	335	325 - 335	400 - 600
Uttlesford	665	675	665 - 675	460
Total	1,895	1,895	1,895	1,780 - 1,980

N.b. Figures may not sum due to rounding

1 Introduction

This report provides economic evidence that will be used to calculate the Objectively Assessed Housing Need (OAHN) for West Essex and East Hertfordshire – which is a Strategic Housing Market Assessment area (SHMA). It has been commissioned by the Cooperation for Sustainable Development Board comprising members of four local authorities in the SHMA area: East Hertfordshire District Council, Epping Forest District Council, Harlow Council and Uttlesford District Council.

A robust OAHN depends on having a shared, common employment growth projection for the area, which is based on employment growth projections for each of the four constituent local authorities. It needs to take account of a number of future economic and employment projections that have been set out in:

- The latest (2014) version of the East of England Forecasting Model (EEFM)
- Historic trend-based projections
- Emerging employment targets in the evidence bases for the four authorities' Local Plans

This report helps to understand the different employment growth projections that have been suggested, understand where they have come from, select a robust and justifiable lead scenario, and explain why this should be considered ahead of all other potential options.

1.1 Background

Recent Local Plan Inspectors' reports have stressed the importance of a clear link between employment and housing projections. Planning Practice Guidance and the Planning Advisory Services' Technical note on objectively assessed need place employment growth projections at the heart of the OAHN debate. The scale of projected employment growth impacts on the projected need for new homes, but the latter is developed within the SHMA assessment and is outside the scope of this project.

1.2 Objectives and scope of the study

The objectives and scope of this study were set by the Cooperation for Sustainable Development Board comprising members of four local authorities in the SHMA. They are:

1. To understand the extent of the Functional Economic Market Area (FEMA) and how/whether this corresponds to the SHMA area
2. Analysis of the number of new jobs created in each of the four local authorities over the last 10 years
3. Review the current and emerging Local Plan evidence bases to identify employment growth projections
4. Analyse the difference between historic employment growth and Local Plan projections
5. Consider the employment projections that are currently set out in the draft SHMA
6. Suggest robust and defensible employment projections for each of the four authorities over the 22 year SHMA period

Each of these objectives is considered in the following chapters.

1.3 Jobs not residents

The purpose of this evidence is to understand how many people are projected to *work* in the SHMA area and each Local Authority area. There is a difference between working people that *live* in an area and working people that *work* in an area, because many people live in one Local Authority area and commute to work in another. The HJA analysis is focused on the workplace of the worker, not their place of residence.

There is also a difference between the number of *jobs* and the number of *working people* as some working people have more than one job. Our analysis concentrates on jobs. We understand that Opinion Research Services, the consultants working on the SHMA, will take account of those with more than one job, so that this will be factored into the eventual assessment of the OAHN.

2 The FEMA and the SHMA

The four local authorities want to understand the extent of the Functional Economic Market Area (FEMA) and how/whether this corresponds to the Strategic Housing Market Assessment (SHMA) area.

A FEMA is an area over which a local economy and its key markets operate. It does not necessarily correlate with administrative boundaries. Ideally a FEMA is defined using data on economic flows e.g. of workers and trade, but there is a limited amount of such data available.

The SHMA area is defined as “...a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.” The West Essex and East Herts SHMA area has been defined by Opinion Research Services (ORS) and comprises East Hertfordshire, Epping Forest, Harlow and Uttlesford Districts.

Our approach comprises:

- Considering the existing definitions of the FEMAs for each of the local authorities
- Reviewing 2011 Census commuting patterns

2.1 Existing FEMA definitions

We contacted each of the four local authorities to collect data on their FEMAs. Two of the local authorities have considered and defined their functional economic market areas (FEMAs): East Hertfordshire and Epping Forest. Harlow is clear about its role in the wider local area (i.e. West Essex), but does not have a definitive FEMA. Uttlesford has not defined its FEMA. More information on this can be seen in Appendix 1.

Figure 2.1: Local Authorities’ FEMA definitions

Local authority	Definition of FEMA
East Hertfordshire	East Hertfordshire Broxbourne Welwyn Hatfield Stevenage North Hertfordshire Uttlesford Harlow Epping Forest
Epping Forest	Core: <ul style="list-style-type: none"> • Epping Forest • Harlow Wider area: <ul style="list-style-type: none"> • London • East Hertfordshire • Harlow • Uttlesford • Brentwood • Broxbourne

Local authority	Definition of FEMA
	<ul style="list-style-type: none"> • Enfield • Stansted • Cambridge
Harlow	West Essex: <ul style="list-style-type: none"> • Harlow • Epping Forest • Uttlesford East Hertfordshire
Uttlesford	n/a
Source: Local Authorities	

There is further discussion of these definitions at Appendix 1.

There are areas of commonality between these definitions. These are the local authority areas of:

- Broxbourne
- East Herts
- Epping Forest
- Harlow
- Uttlesford

2.2 Census commuting data

We have considered commuting data for the four local authority areas that comprise the SHMA area. The most comprehensive commuting data is provided through the Census of Population. The latest available data relates to 2011. This is the primary dataset used.

2.2.1 Out-Commuting

Out-commuting data allows consideration of where residents of the SHMA work. A key question to pose in terms of the designation of a FEMA is whether there are other critical employment locations outside the core SHMA area that need to be recognised.

A total of 216,594 residents of the SHMA were in employment at 2011. Of these 52% worked within the SHMA area itself (including 12% working mainly from or at home). In addition a further 9% have no fixed place of work. Considering these together, residence-based self-containment is assessed as 61%. This represents no change from the 2001 data¹.

The remaining 39% of employed residents work in a range of locations. Unsurprisingly the major locations are around the fringes of the SHMA area and central London. London accounts for 23% of SHMA working residents' employment (almost 50,000 persons), and the rest of the East of England a further 14% (almost 30,000 persons). This represents a marginal change from 2001, which reported 24% out-commuting to London and 13% to elsewhere in the East of England. The absolute numbers out-commuting to both areas has increased but the broad pattern is consistent.

¹ 2001 data was reported on a slightly different basis, without those working from home or those with no fixed place of work separated.

The relationship with London is clearly influenced by the presence of the Central Line running into Epping Forest District. The main commuting locations into London are along the Central Line route through east and central London. The commuting patterns to London could also be characterised into two areas – the north London fringe and central London.

Districts/Boroughs with more than 2% of all working residents from the SHMA area are:

- London Borough of Westminster/City of London 6.6%
- Broxbourne 3.3%
- London Borough of Tower Hamlets 2.2%
- Welwyn Hatfield 2.0%
- London Borough of Enfield 2.0%

There have been slight changes in the percentages between 2001 and 2011 but not to any great extent, and the broad patterns hold.

2.2.2 In-Commuting

There are a total of 187,500 jobs within the SHMA area when including those working from home and those with no fixed place of work. Residents of the SHMA area occupy 71% of these jobs. This is a slight decline from 72% in 2001.

The remaining 29% of jobs (almost 54,000 persons) are filled by in-commuters. 18% are from the rest of the East of England region (33,600 persons) and 8% from the London region (15,500 persons). These shares are similar to 2001, with a slight increase from London Boroughs.

Districts/Boroughs contributing more than 2% of workers are:

- Broxbourne 3.4% (more than 6,000 persons)
- Braintree 2.8% (more than 5,000 persons)

Areas supplying more than 1% (1,800 persons) are:

- London Borough of Redbridge 1.8%
- London Borough of Waltham Forest 1.4%
- Chelmsford 1.3%
- North Hertfordshire 1.2%
- Stevenage 1.1%
- London Borough of Enfield 1.1%
- Welwyn Hatfield 1.0%
- South Cambridgeshire 1.0%

A very similar profile was reported in 2001.

2.2.3 Conclusions

There has been a slight change in the balance of out-commuting in percentage terms, from London to the East of England, but the overall level has remained consistent between 2001 and 2011.

Unless a major shift in the balance of activities is forecast, there is every reason to expect this trend to continue.

The continued trend of out-commuting in percentage terms has taken place in the context of rising population and employment. Therefore, as the number of working residents in the HMA has increased so the number of out commuters has increased in equal proportion to the current rate. There has been a slight increase in the share of local jobs filled by in-commuters. However, there has been no major change in the pattern of in-commuting.

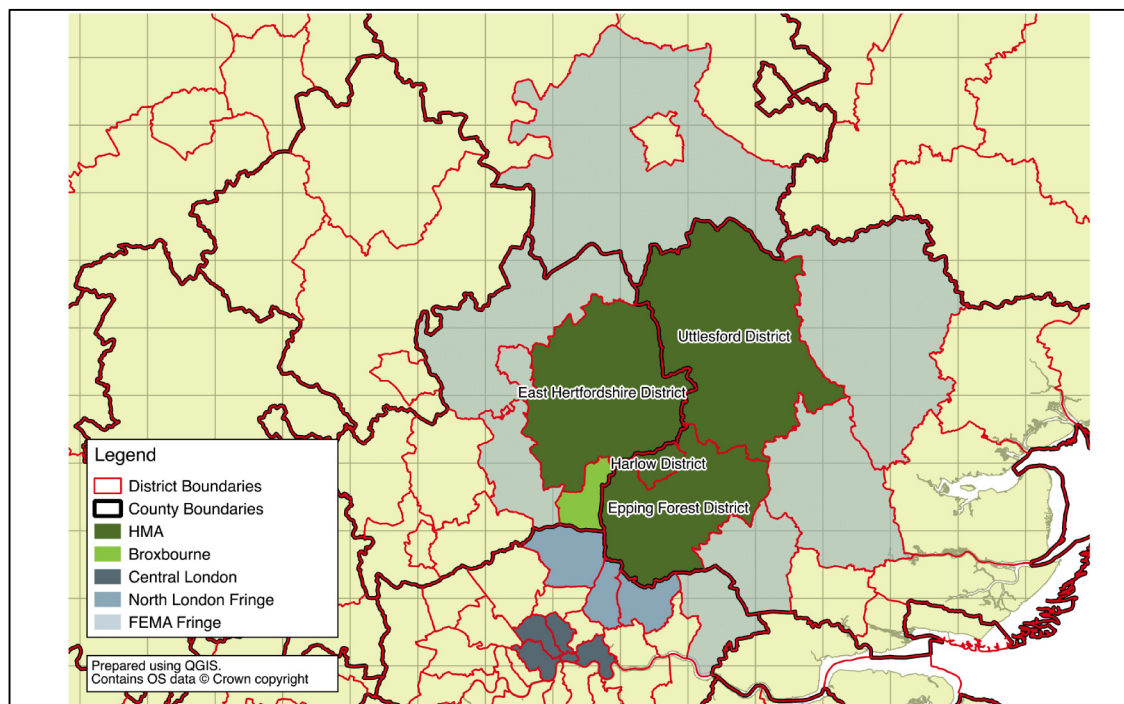
When considering a FEMA, the role of London as an employment location is clear. The draw for commuting locations around London's fringe is not a unique characteristic of this HMA. The London effect is heavily influenced by the Central Line. However, there are effects as a result of the draw of central London as an employment location, and the effects of the neighbouring north London Boroughs. When considering both in- and out-commuting relationships, the borough of Broxbourne is the only one that features a flow of at least 3% in each direction.

2.3 Definition of the FEMA

In this case, the SHMA area is not a self-contained FEMA. Whilst the immediate boundaries of the core local authorities are porous, London is a significant economic driver that extend the FEMA beyond the four local authorities' SHMA boundary.

The FEMA could include Broxbourne, and there is a clear relationship with London – both the nearby north London Boroughs and central London. The FEMA is shown in the Figure below.

Figure 2.2: The Functional Economic Market Area



Source: Hardisty Jones Associates

3 Historic Job Creation

The four local authorities requested analysis of the number of new jobs created in each of the four local authorities over the last 10 years. The purpose of this is to understand how many people *work* in this area. There is a difference between people that *live* in an area and people that *work* in an area. There is also a difference between the number of *jobs* and the number of *working people* as some working people have more than one job.

Our approach has been to review various official measures of employment. Each captures employment data in different ways and has strengths and weaknesses. The data from each source are volatile from year to year, and need smoothing.

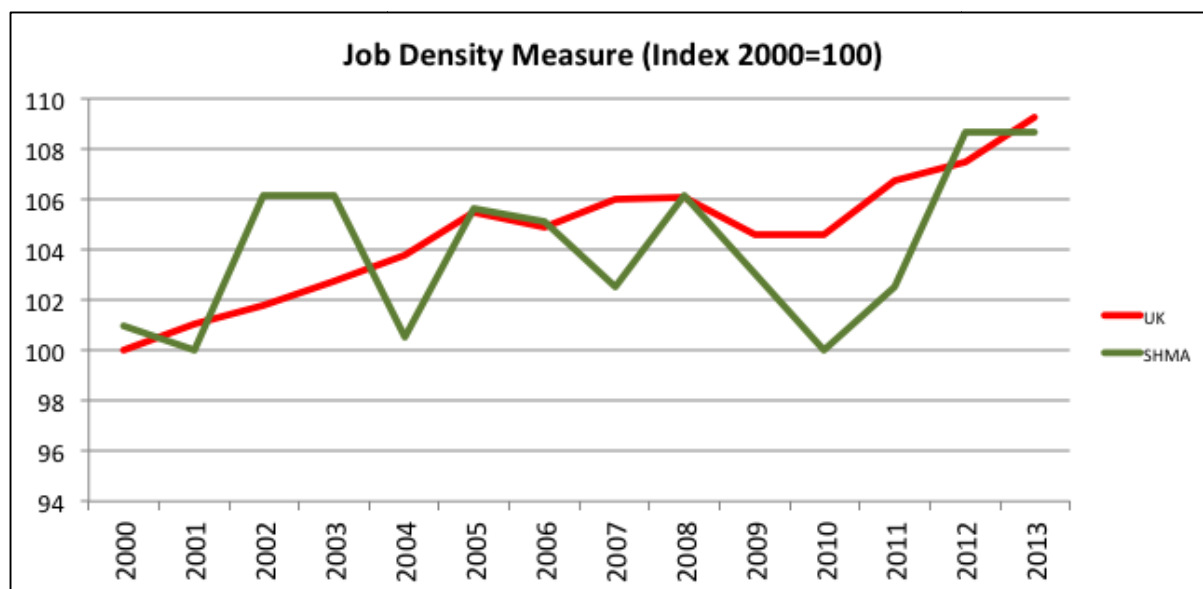
3.1 Data volatility and smoothing

Datasets covering smaller areas are typically more volatile than datasets covering larger areas because:

- The loss or gain of a relatively small number of jobs will have a bigger proportional impact in a smaller area
- Data are often collected by survey, and surveys of smaller populations can lead to greater variations year-on-year

The figure below shows how jobs density in the SHMA is far more volatile than at the UK level, which covers a significantly larger population, so is less vulnerable to volatility.

Figure 3.1: An illustration of data volatility at the local level



Source: ONS

For these reasons, a single year-on-year change in job numbers should not be relied on, and the longer-term trend should be considered. Data can be smoothed to show the progression of data over a longer period (e.g. three years)

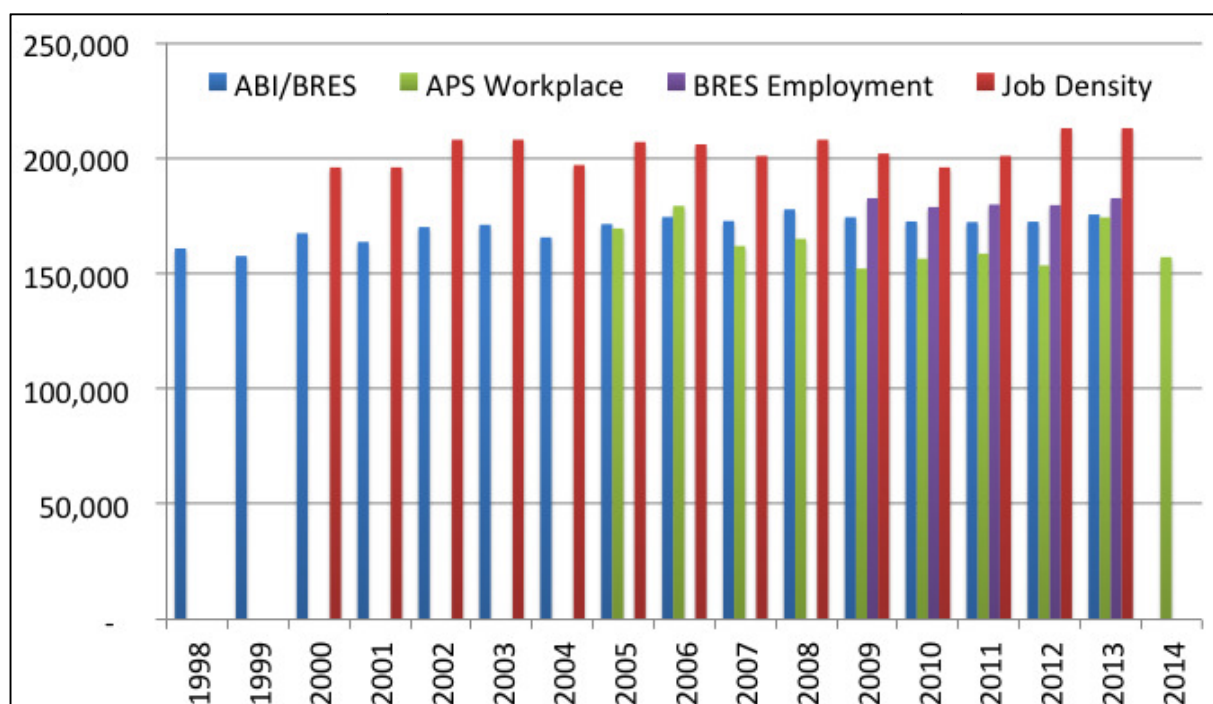
3.2 Historic job creation

We have considered the following sources of official government data on historic job creation, published by the Office for National Statistics (ONS):

- The Business Register and Employment Survey (BRES) and its predecessor the Annual Business Inquiry (ABI)
- The Annual Population Survey (APS)
- The Census of Population
- The ONS Jobs Density measure

ONS points to the Jobs Density measure as the definitive measure of jobs, but there are limitations in the time series of data available. It is the most comprehensive measure of jobs, including self-employment, HM Forces and government supported trainees as well as those in employment. The figure below shows the numbers of jobs reported by each of these sources, for the SHMA area.

Figure 3.2: Historic job creation



Source: ONS

Smoothed Jobs Density data shows the creation of between 1,300 and 1,550 jobs per year in the SHMA area over this period.

4 Local Plans' Evidence Bases and Working Assumptions

In this chapter we review the current and emerging Local Plan evidence bases for the four local authorities, to identify any emerging evidence on employment growth contained within these.

4.1 Local Plans' evidence bases and working assumptions

These growth projections have been derived from Local Plans' evidence bases, supporting documents and other technical work, which are discussed in more detail in Appendix 1. They have been confirmed as the best currently available working assumptions by officers from each of the Local Authorities.

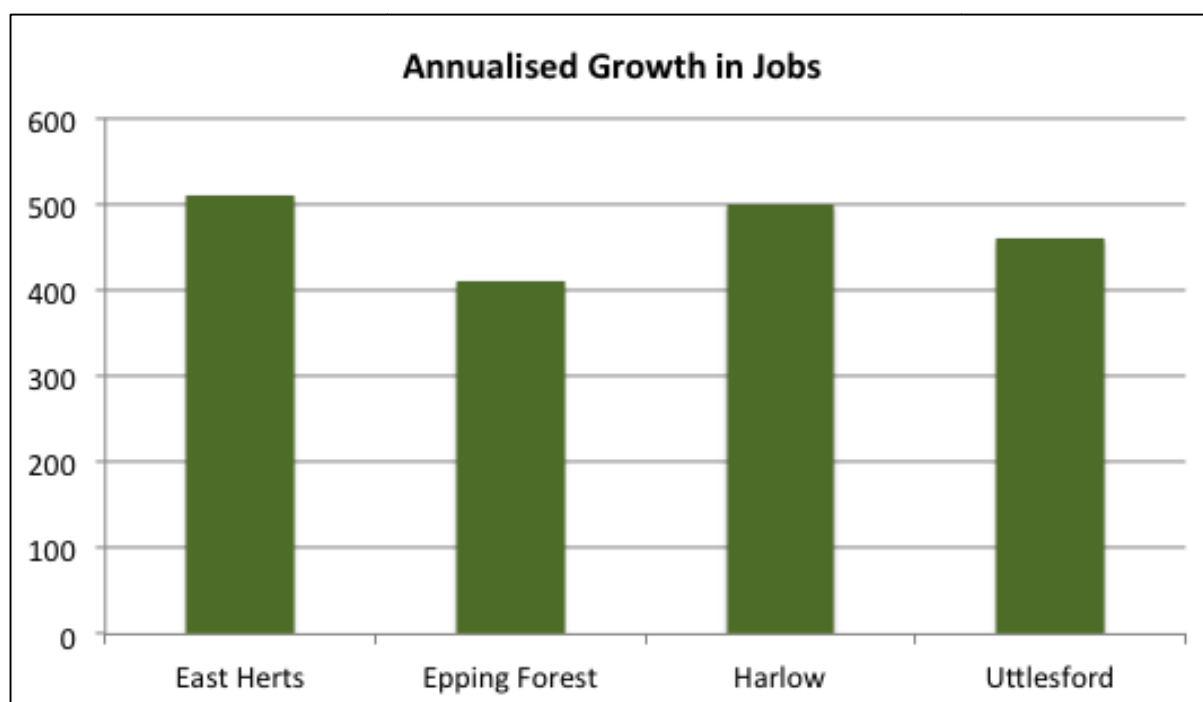
Figure 4.1: Jobs growth projections

Local authority	Employment change	Period	Annual change
East Herts	9,700	2012-2031	510
Epping Forest	9,000	2011-2033	410
Harlow	8,000 – 12,000	2011-2031	400 - 600
Uttlesford	9,200	2011-2031	460
<i>Cumulative total</i>	<i>35,900 – 39,900</i>		<i>1,780 – 1,980</i>

Source: Local Authorities

These figures are summarised in the chart below.

Figure 4.2: Annualised growth in jobs



Source: Local Authorities *N.b. Harlow has a planned growth of between 400 and 600 jobs per year*

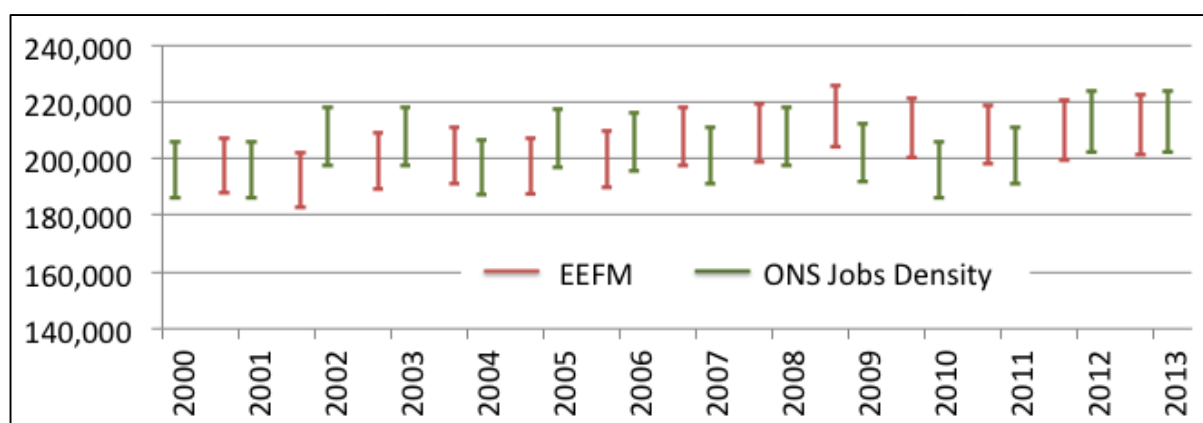
5 Historic Actual Jobs Growth and Future Projections

In this chapter we analyse the difference between historic actual jobs growth, the Local Plans' future job growth emerging evidence, and the EEFM projection of future jobs growth.

5.1 Historic change

As discussed in the previous chapter, ONS Jobs Density is the preferred measure of historic actual jobs change. Historic ONS Jobs Density data are broadly consistent with EEFM data on historic job change in the SHMA area, largely because the EEFM draws on this data to inform its modelling. The figure below shows that the ONS Jobs Density data (which has been smoothed, and error bars introduced to avoid reliance on a single data point) suggests a growth of between 1,300 and 1,550 new jobs per year (green bars). The EEFM (shown on the same basis) identifies a change of between 1,200 and 1,800 jobs per year (red bars), so there is clear overlap between the two.

Figure 5.1: Historic jobs change in the SHMA area



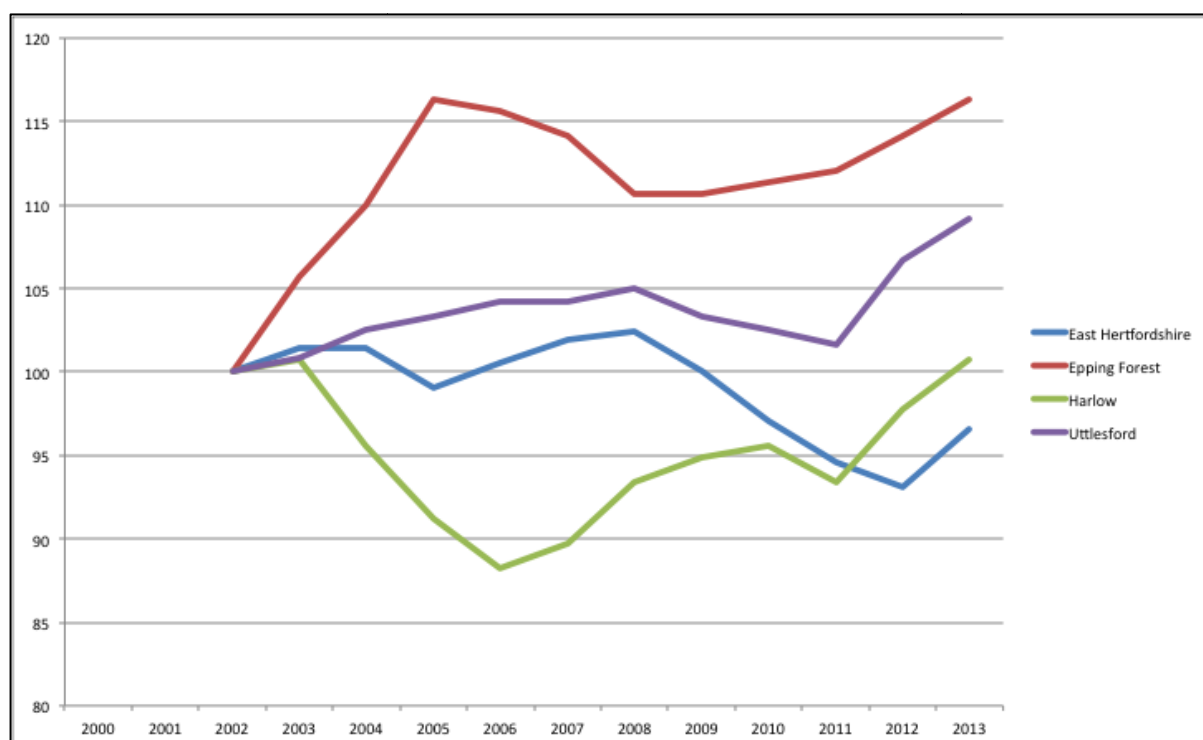
Source: ONS and EEFM (2014)

It is therefore possible to say that for the consideration of historic jobs change within the SHMA area, there is broad agreement between the ONS Jobs Density measure and the EEFM.

5.1.1 Local Authority breakdown of historic actual change in jobs within the SHMA area

Most of this net jobs growth in the SHMA area has taken place in Epping Forest and Uttlesford Districts, as can be seen in the figure below, which shows the historic actual rate of jobs growth in each District (where each District is indexed to 100 in 2002).

Figure 5.2: Change in total jobs between 2002 and 2013 (Indexed: 2002 = 100)



Source: ONS Jobs Density data

This chart shows some divergence in the change in jobs within the SHMA. It uses three-year smoothed data to minimise data volatility. Epping Forest District has seen the largest growth in jobs over the period 2002 to 2013, followed by Uttlesford. Harlow’s jobs dipped significantly but then rose back to close to where they started. East Hertfordshire saw an overall decline in employment over the period.

5.2 Projections of future jobs growth

5.2.1 Local Plan evidence bases

The previous chapter shows an analysis of the Local Plans’ emerging evidence bases, which have identified emerging total future growth projections of between 1,780 and 1,980 jobs per year for the SHMA area. This is higher than the historic range derived from the ONS Jobs Density measure (of 1,300 to 1,550 jobs per year), but just overlaps with the EEFM historic range (of 1,200 to 1,800 jobs per year).

These figures show a baseline position set out in the evidence bases prepared for the Local Plans with a slightly higher amount of annual future jobs growth than has been seen in the past.

5.2.2 The East of England Forecasting Model

HJA has used the EEFM as a baseline for projecting future jobs growth in the SHMA area. The EEFM models local economic growth projections based on national growth projections, the structure of the local economy (in terms of jobs in each industrial sector and therefore the importance of each industrial sector to the local economy), and the employment structure of other nearby places that

will influence local economic growth. The model is based on a business-as-usual scenario so does not account for any local policy interventions in economic growth.

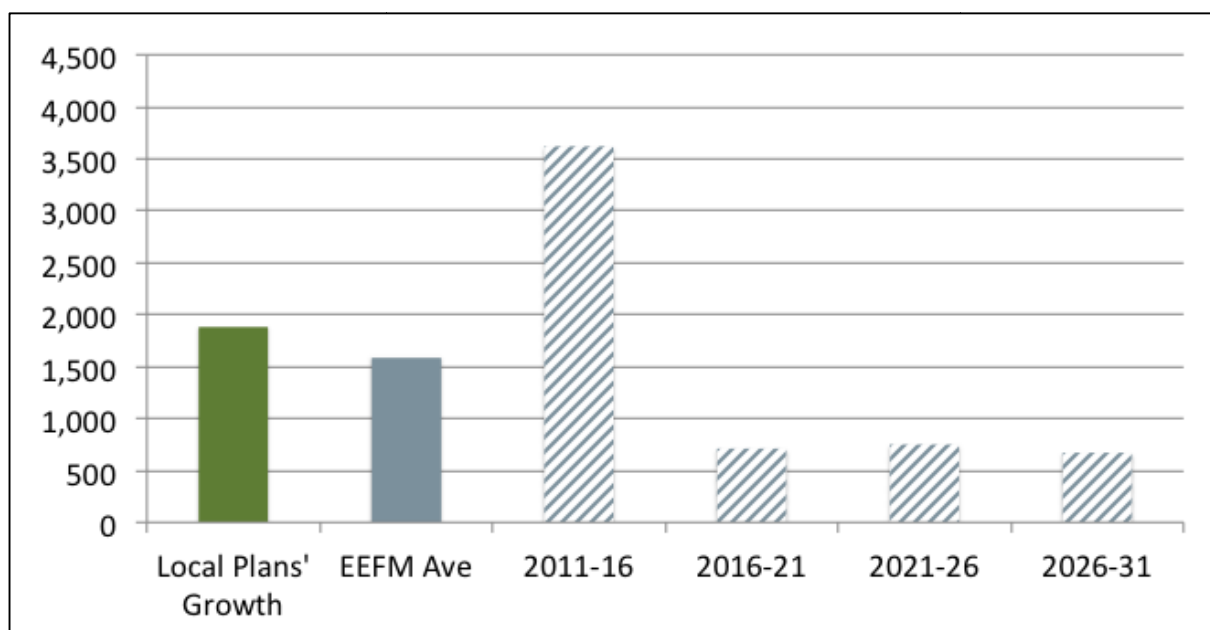
Initial results derived from the EEFM were tested with officers from the four Local Authorities. We were then asked to build in additional jobs growth associated with future plans for Stansted Airport as a separate scenario – which is discussed further below. We were not asked to account for any other major factors, as it was felt that the results gave sufficient allowance for these.

The EEFM baseline projection for the SHMA area is 1,590 additional jobs per year, without an additional allowance for Stansted-related growth.

5.2.3 Comparing the Local Plan evidence bases and the baseline EEFM projections

The EEFM projected jobs growth in the SHMA area is similar to, although slightly lower than, the overall level of growth set out in the emerging evidence base. This can be seen in the Figure below. Please note that the average annual jobs growth from the EEFM baseline over the period 2011 to 2031 is shown as a solid bar, and the average for each of the four five-year periods that make up this total are shown as hatched bars.

Figure 5.3: Average annual jobs growth for the SHMA area from the Local Plans and EEFM baseline



Source: Local Authorities and EEFM (2014)

5.2.4 Growth at Stansted Airport

Following a presentation of the interim findings of this report to the Local Authorities' officers group, we were asked to consider the additional jobs growth potential at Stansted Airport, which had not been fully reflected in the baseline position set out above. Planning permission has been awarded for expansion at Stansted, to accommodate up to 35 million passengers per annum (mppa). We have derived growth plans for Stansted Airport from the Stansted Sustainable Development Plan². This

² London Stansted Airport (2015) Economy and Surface Access: Sustainable Development Plan

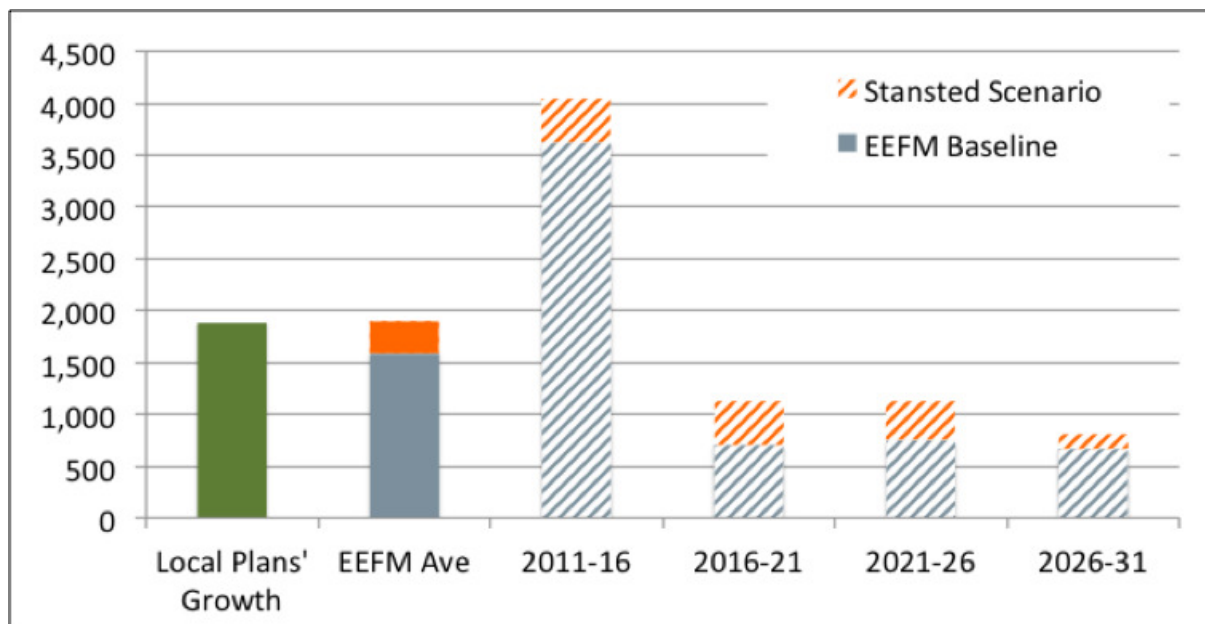
sets out an increase in passenger numbers to 35 mppa by 2025 and 45 mppa by 2030. The related increase in workforce would be from around 10,000 at present to more than 18,000 at 2025, and around 20,000 at 2030.

This level of on-site workforce increase is substantially above the level of Stansted Airport growth contained within the EEFM baseline. However, it will displace other activity in the SHMA area economy due to its draw on the local workforce³, so the net increase in jobs in the SHMA area will be less than the total number of new jobs at Stansted Airport. In summary:

- The London Stansted Airport higher growth scenario is likely to generate an additional 10,000 on-site jobs over the SHMA period
- Due to displacement effects elsewhere in the SHMA area we estimate 8,750 net additional jobs.
- We estimate that the EEFM already includes growth of around 2,200 jobs at Stansted. The EEFM is also likely to include some further indirect and induced effects across the SHMA area
- Combining these creates an additional uplift to EEFM baseline, based on high growth at Stansted Airport, of 6,500 jobs over the SHMA period
- This equates to an additional 300 jobs per annum, in addition to the baseline (core growth) of 1,590 jobs per annum in the SHMA area
- Total average annual job growth therefore increases to 1,895 per annum across the SHMA area

Full details of this analysis are set out in Appendix 2. EEFM projected jobs growth in the SHMA area plus an allowance for Stansted growth, as discussed above, is similar to the emerging Local Plan growth assumptions. This can be seen in the Figure below.

Figure 5.4: Local Plans and EEFM Baseline plus Stansted growth



Source: Local Authorities, EEFM (2014) and Hardisty Jones Associates analysis

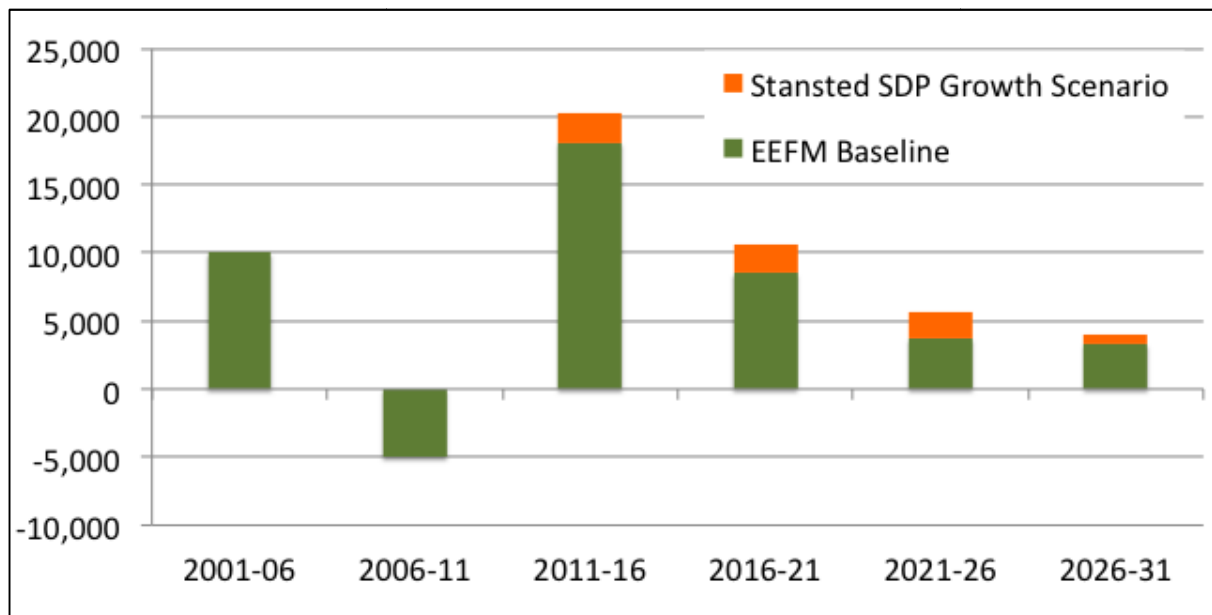
³ The displacement effect is discussed in detail in Oxford Economics (2013) Economic Impact of Stansted Scenarios: A Report Prepared for the London Stansted Cambridge Consortium

5.3 Total projected change over time

In this section we consider the projected future change in employment, discussed above, alongside historic change over the period from 2001. To consider a consistent dataset over this period, we have used the EEFM, along with the adjustment for Stansted that is discussed above.

This analysis is shown in the Figure below. It is clear that actual historic change in the SHMA area saw a period of decline in jobs during the period of financial crisis – represented by the period 2006 to 2011 below. There is strong projected recovery over the immediate following period, and then reversion to a lower level of long-term growth.

Figure 5.5: Historic growth and projected future growth



Source: EEFM (2014) and Hardisty Jones Associates analysis

6 Projected Jobs Growth Within the SHMA

In this Chapter we consider the allocation of future growth within the SHMA area i.e. at the Local Authority area level. Having developed an overall baseline job growth projection for the period 2011 to 2033 (as discussed above), we consider the allocation of future growth within the SHMA area i.e. at the Local Authority area level. The baseline projected level of growth is taken from the EEFM. We consider how this could be allocated between the four Local Authorities using two different scenarios:

- In the first scenario we allocate the projected growth according to the recent historic distribution of jobs within the SHMA area using historic ONS Jobs Density data. We have used each Local Authority's average share of total SHMA area employment over the period 2000 to 2013 to avoid any distortion in a single year's data. As shown in Chapter 5, over this period employment had grown in Epping Forest District and Uttlesford, stayed around the same in Harlow, and declined in East Herts.
- In the second scenario we use the share of the total projected growth in each Local Authority area over the period 2011 to 2033 derived from the EEFM, i.e. how the projected jobs growth is expected to be distributed across the four Local Authorities. This is built up from the sectoral structure of each Local Authority's economy and the growth prospects in these sectors (driven by national growth projections).

As previously noted, the intention is to provide a starting point to inform a policy debate between the four authorities. The allocations arrived at are indicative only and are based on a business-as-usual scenario i.e. these distributions do not take account of any policy interventions or major public investments such as the Harlow Enterprise Zone. Any policy debate may therefore lead to an alternative distribution of jobs across the SHMA area, which is preferred for policy reasons.

6.1.1 Allocating projected growth according to current share

The EEFM baseline projected growth for the SHMA area over the period 2011 to 2033 is an additional 1,590 jobs per year. This total has been allocated across the Local Authority areas using each Local Authority's average actual share of total SHMA area employment over the period 2000 to 2013.

Figure 6.1: Allocation of EEFM projected growth according to current share

	Current share of total SHMA area jobs (% of total)	Projected job growth per year
East Herts	33%	525
Epping Forest	26%	415
Harlow	21%	335
Uttlesford	20%	320
Total	100%	1,590

N.b. Numbers may not sum due to rounding

6.1.2 Allocating projected growth according to EEFM forecast share

In this scenario the EEFM baseline projected growth of 1,590 jobs per year has been allocated across the Local Authority areas based on the projected share of growth over the period 2011 to 2033 set out in the EEFM.

Figure 6.2: Allocation of EEFM projected growth according to EEFM projected shares of growth

	EEFM projected share of total SHMA area jobs (% of total)	Projected job growth per year
East Herts	28%	455
Epping Forest	29%	470
Harlow	22%	345
Uttlesford	21%	325
Total	100%	1,590

N.b. Numbers may not sum due to rounding

Strong projected jobs growth in Epping Forest District is particularly driven by the projected growth in the construction sector and the professional services sector, both of which are important sectors in this local economy.

For Harlow and Uttlesford the shares are very similar across the two approaches. For East Herts the share is lower, and for Epping Forest District the share is higher. As noted previously, in recent years actual data shows that Epping Forest District has generated many more jobs than East Herts and has therefore contributed a greater share of the growth in total SHMA area employment. The EEFM, drawing on this pattern, forecasts a continuation of this trend.

Whether this is desirable in policy terms is an issue that the four Authorities will need to discuss as part of setting an employment strategy under the Duty to Cooperate.

6.1.3 Adding Stansted growth

We have then added the Stansted growth to the baseline growth projections for jobs in the SHMA area. In broad terms this scenario means a much higher level of jobs in Uttlesford District, based at Stansted, but fewer jobs overall in the other three authorities because of the displacement effects of drawing a larger share of the labour force to Stansted.

Figure 6.3: Allocation of future growth including Stansted additional growth

	Job growth per year - based on historic share of total SHMA area jobs	Job growth per year - based on EEFM projected share of total SHMA area jobs
East Herts	505	435
Epping Forest	400	455
Harlow	325	335
Uttlesford	665	675
Total	1,895	1,895

N.b. Numbers may not sum due to rounding

6.2 Comparing business-as-usual scenarios and Local Plan evidence bases

These figures can then be compared to the figures that have been derived from the emerging evidence bases that have been assembled to inform the development of the four Local Authorities' Local Plans.

Figure 6.4: Job growth projections (including Stansted) and emerging evidence base figures

	Job growth per year - based on historic share of total SHMA area jobs	Job growth per year - based on EEFM projected share of total SHMA area jobs	Job growth per year - derived from Local Plan emerging evidence bases
East Herts	505	435	510
Epping Forest	400	455	410
Harlow	325	335	400 - 600
Uttlesford	665	675	460
Total	1,895	1,895	1,780 - 1,980

N.b. Numbers may not sum due to rounding

Two things are notable from this table:

- The overall scale of projected jobs growth is similar to the overall figure for the SHMA area derived from the Local Plans' emerging evidence bases
- The distribution of the total projected growth across the four Local Authority areas varies from the figures set out in the emerging evidence bases, particularly in two places: Harlow and Uttlesford. Harlow's growth figure set out in its Local Plan evidence base is higher than the figure calculated by HJA – as the former includes aspirational jobs growth driven by the Enterprise Zone (i.e. greater than historical trend). Uttlesford's growth figure set out in its Local Plan evidence base is lower than the figure calculated by HJA – as the latter includes an allowance for jobs growth at Stansted Airport, based on the Manchester Airport Group's plans for the future development of Stansted Airport.

7 Conclusions

Six questions were asked of this study:

1. To understand the extent of the FEMA and how this corresponds to the SHMA area
2. Analysis of the number of new jobs created in each of the four local authorities over the last 10 years
3. Review the current and emerging Local Plan evidence bases to identify employment growth projections
4. Analyse the difference between historic employment growth and Local Plan projections
5. Consider the employment projections that are currently set out in the draft SHMA
6. Suggest robust and defensible employment projections for each of the four authorities over the 22 year SHMA period

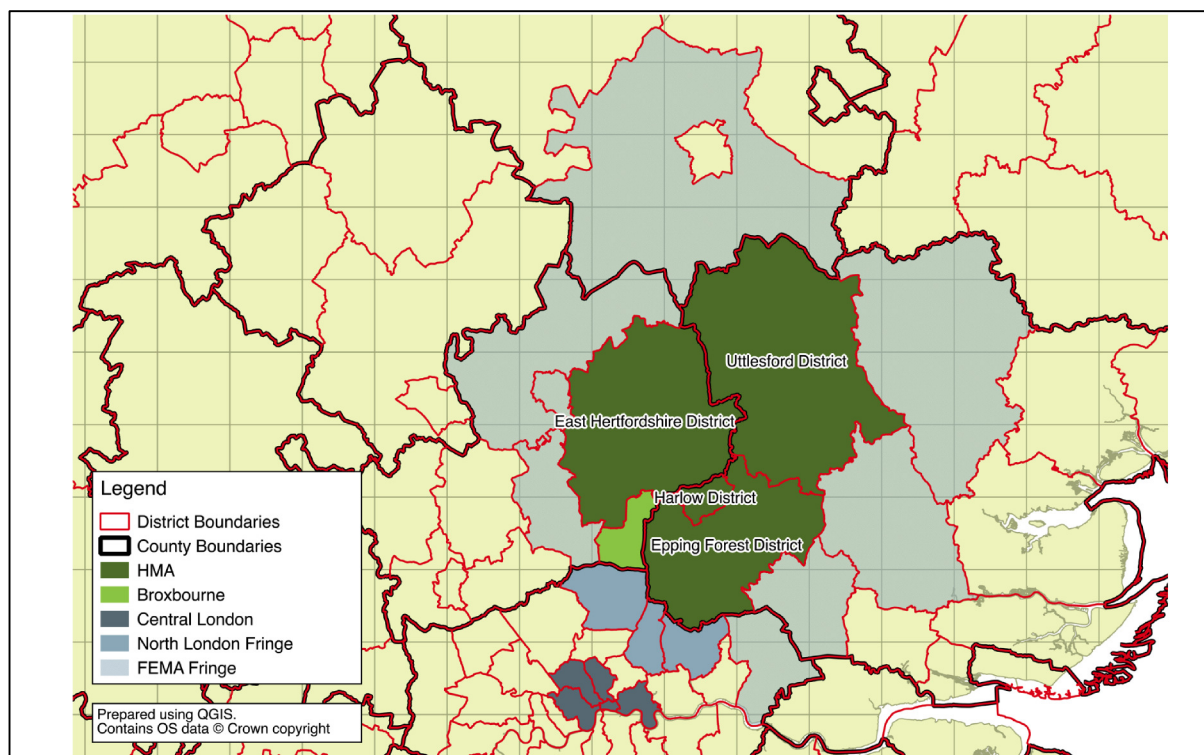
Each of these is discussed below.

7.1 The FEMA and the SHMA area

The core of the FEMA coincides with the SHMA area i.e. comprising the four Local Authority areas of: East Herts, Epping Forest, Harlow and Uttlesford. It also includes Broxbourne. There is a fringe area comprising all of the immediately adjacent local authorities; and a link to central London.

Analysis of projected future jobs growth has been undertaken using the SHMA area and FEMA definitions, and there is no significant impact on final district level projected job numbers.

Figure 7.1: The Functional Economic Market Area



7.2 Historic actual job creation

Four measures of historic actual job creation have been considered: the Business Register and Employment Survey (BRES) and its predecessor the Annual Business Inquiry (ABI); the Annual Population Survey (APS); the Census of Population; and the ONS Jobs Density measure. The ONS Jobs Density is the most comprehensive and best measure of historic actual workplace jobs. It also aligns to EEFM measure of workplace jobs.

The ONS Jobs Density measure shows jobs growth of between 1,300 and 1,550 jobs per year in the SHMA area over the period from 2000 to 2013.

7.3 Local Plan evidence bases

Growth projections have been derived from Local Plans' evidence bases, supporting documents and other technical work. These show a projected annual jobs growth of between 1,780 and 1,980 per year. These are summarised in the Figure below.

Figure 7.2: Jobs growth projections

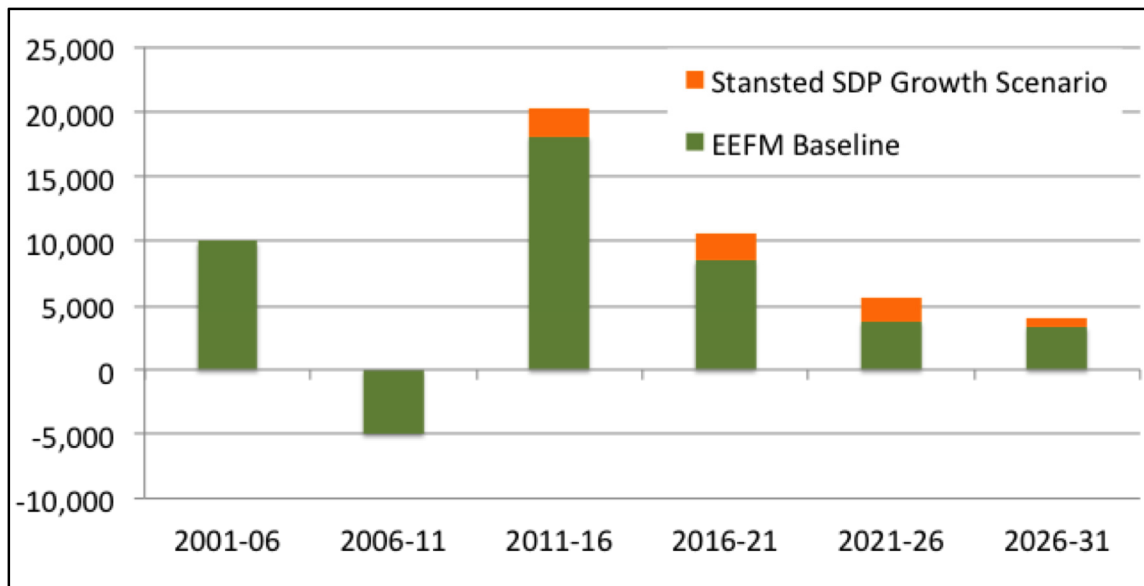
Local authority	Employment change	Period	Annual change
East Herts	9,700	2012-2031	510
Epping Forest	9,000	2011-2033	410
Harlow	8,000 – 12,000	2011-2031	400 - 600
Uttlesford	9,200	2011-2031	460
<i>Cumulative total</i>	<i>35,900 – 39,900</i>		<i>1,780 – 1,980</i>

Source: Local Authorities

7.4 Historic actual job creation and Local Plan evidence bases

The ONS Jobs Density measure is shown to be in broad agreement with the EEFM for actual historic change in jobs. Looking forwards, the Local Plans' emerging evidence for jobs growth per year are slightly higher than the baseline projected growth from the EEFM for the whole SHMA area – of 1,590 jobs per annum. When additional future growth related to Stansted Airport is introduced this increases to 1,895 per annum. In this scenario the Local Plans' projections are similar in overall scale, but the distribution within the SHMA area is very different (discussed below). The overall scale of projected growth can be seen in the Figure below.

Figure 7.3: Historic growth and projected future growth

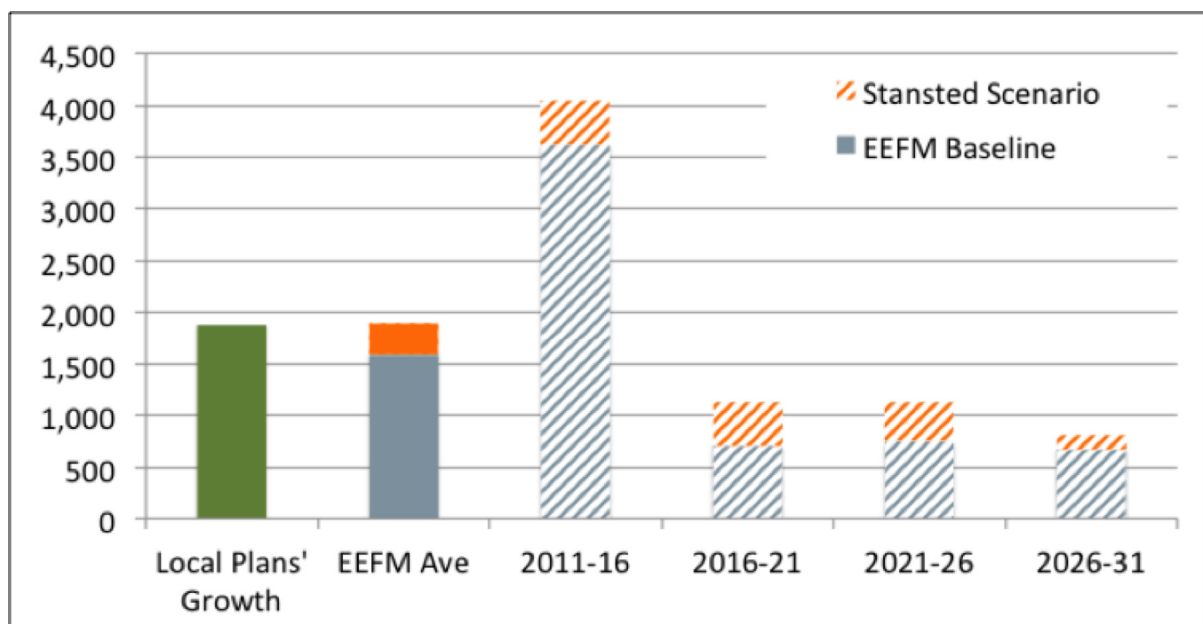


Source: EEFM (2014) and Hardisty Jones Associates analysis

7.5 Future job growth projections

As discussed above, the baseline projected level of jobs growth for the SHMA area as derived from the EEFM is 1,590 jobs per annum. When the impact of Stansted is included, this increases to 1,895 jobs per annum. This latter figure is similar to the scale of projected growth set out in the Local Plans' evidence bases, but the distribution within the SHMA area is very different (discussed below).

Figure 7.4 Local Plans and EEFM Baseline plus Stansted growth



7.6 Job growth projections at the Local Authority level

Two different scenarios have been used to distribute the overall level of jobs growth in the SHMA to the constituent Local Authority areas. The intention is to provide a starting point to inform a policy debate between the four authorities. The allocations arrived at are indicative only and are based on a business-as-usual scenario i.e. these distributions do not take account of any policy interventions or major public investments such as the Harlow Enterprise Zone. Any policy debate may therefore lead to an alternative distribution of jobs across the SHMA area, which is preferred for policy reasons.

Figure 7.5: Job growth projections (including Stansted) and emerging evidence base figures

	Job growth per year - based on historic share of total SHMA area jobs	Job growth per year - based on EEFM projected share of total SHMA area jobs	Target range for job growth	Job growth per year - derived from Local Plan emerging evidence bases
East Herts	505	435	435 - 505	510
Epping Forest	400	455	400 - 455	410
Harlow	325	335	325 - 335	400 - 600
Uttlesford	665	675	665 - 675	460
Total	1,895	1,895	1,895	1,780 - 1,980

N.b. Numbers may not sum due to rounding

Appendix 1: Functional Economic Market Areas

East Hertfordshire

Functional economic market area

A functional economic market area (FEMA) has been defined for East Herts. The District is part of the A1(M)-M11 Southern Sub Region, an integrated labour and property market. This comprises Broxbourne (Borough), Welwyn Hatfield (Borough), Stevenage (Borough), North Hertfordshire (District), Uttlesford (District), Harlow (District) and Epping Forest (District)⁴. This is based on functional labour market and commercial property market areas.

Historic job creation

No discussion of historic job creation in the information supplied.

Employment growth projections

Employment forecasts are derived from the 2012 EEFM⁴. At the time there was still great uncertainty about the state of the global and UK economies – which still exists to a certain extent. A significant increase in net out-commuting from 2006 to 2012 was noted.

Employment is projected to increase by 9,700 jobs between 2012 and 2031, as part of an increase of 60,000 jobs in the sub-region. Of these, 6,100 will be created in financial and business services and 1,600 in construction.

⁴ East Hertfordshire employment forecasts and strategic economic advice, DTZ, November 2012

Epping Forest

Functional economic market area

Epping Forest District is not a self-contained economy, but an integral part of a functional economic geography that extends well beyond its boundaries. This is best expressed at two levels:

1. A strong core geography of Epping Forest District with good links south into London, with the potential for a much stronger functional relationship with Harlow in the future
2. A less strong, but still functional wider economic geography which covers London, East Hertfordshire, Harlow, Uttlesford, Brentwood, Broxbourne, Enfield, Stansted and Cambridge.

Employment growth projections

HJA has identified growth of up to 9,000 jobs over the period 2011 to 2033.

Harlow

Functional economic market area

Harlow has not set out a definitive FEMA, but it sees itself as the sub-regional centre for West Essex and East Hertfordshire.

Harlow, as a planned new town, acts as an important sub regional centre for both West Essex and East Hertfordshire situated in the M11 corridor. It provides not only a range of jobs at a number of major employment locations including the town centre and two EZ sites but also provides a host of retail and service sector provision. It also has a number of secondary schools and Harlow College which has a University Centre affiliated to Anglia Ruskin University. Princess Alexandria Hospital is also a major employer that has a sub-regional catchment.

Consequently Harlow wishes to recapture jobs lost as a consequence of the recession but also to increase job opportunities, especially in the ICT, Advanced Manufacturing and Life Science sectors and to redress the inflow of skilled, technical and professional workers to afford aspiration for the local community. Together with improved and increased housing provision this will help secure wider regeneration across the town.

[email from Paul McBride, Forward Planning Manager]

Employment growth projections

Harlow has set an employment growth aspiration between 8,000 and 12,000 jobs over the period 2011 to 2031. This range is based on five options which have been considered in a future growth study.

Harlow LDP: Emerging Strategy and Further Options, April 2014

The Council is also planning for the creation of between 8,000 and 12,000 new jobs and will be supporting investment from new businesses to broaden the town's employment base and to provide opportunities for the town's growing workforce. The Plan will also build on Harlow's status as one of 24 Enterprise Zones set up across England to drive job creation and business growth.

Exec Summary

The Employment Land Review projects employment in Harlow will increase by 3,900 jobs in the period 2011 to 2031. However, if the job losses arising from the recession are taken into account there would still be a net loss of jobs in Harlow between 2008 & 2031 despite the new firms that have recently been attracted to Harlow. ☒

*To address this the revised strategy seeks to **capture the 4,000 forecast jobs** for the period 2011 to 2031 and to **replace the 4,000 jobs lost** over the period 2008 to 2011. This would result in a **net increase of approximately 8,000 jobs** between 2011 and 2031 giving a total of 51,000 jobs in Harlow by 2031. In order to provide sufficient number of people to support these jobs an additional 9,200 people would need to be added to the town's labour force to correlate with the jobs growth aspirations. The Council's evidence (set out in the Harlow Future Prospects Study: Linking*

Regeneration and Growth) forecasts that an increase in the town's population of approximately 23,000 people would be needed to deliver this. This equals approximately 11,500 new dwellings. ☒

Para 4.12 and 4.13. p.22-23

Proposed level of development for Harlow

*Development between 12,000 and 15,000 new dwellings (600 and 750 dwellings per year) and **8,000 to 12,000 jobs (400 and 600 new jobs per year) between 2011 and 2031** is considered to be an appropriate range of development to be proposed at this stage. This level of development meets Harlow's objectively assessed needs and provides a positive platform to deliver regeneration objectives. ☒*

Para 4.26, p.28

Harlow Future Prospects Study, NLP, August 2013

The future prospects for Harlow have been assessed under five development scenarios.

Scenario A: *Do Nothing More (3,913 dwellings, -1,207 jobs). Under this scenario the town would experience decline in its younger (0-17) and working age population (18-64) as these groups move out in search of employment and housing. This option increases the risk that schools would have to close and that businesses would choose not to invest due to lack of labour supply. As shown during the 1970s and 80s, the town faces a real prospect of decline under this scenario.*

Scenario B: *Meeting Development Needs (7,485 dwellings, +3,057 jobs). This scenario is the point at which the potential for future decline is minimised. This scenario corresponds to growth in both the younger (0- 17) and working age population (18-64) of Harlow. This scenario also corresponds to an increase in jobs over the period, albeit not enough to regain the jobs lost between 2008 and 2011. Under this scenario the town would grow but would fail to deliver sufficient growth to meet a wide number of objectives.*

Scenario C: *Jobs Led (11,490 dwellings, 8,060 jobs). This scenario would see an increase in 0-17 and 18-46 age groups of 23% and 25% respectively. This scenario corresponds to the ambient job growth potential of Harlow and is the point at which the town can deliver the majority of its affordable housing needs. A number of other regeneration objectives also become more likely to be delivered at this level of growth. This scenario would see Harlow growing to a similar size as Basingstoke or Crawley.*

Scenario D: *Growing Centre (15,000 dwellings, 12,099 jobs). Under this scenario the town would experience significant increases in the number of 0-17 and 18-46 year olds (41% and 33% respectively). This scenario would lead to Harlow's population increasing to 114,000 people, the equivalent of Welwyn-Hatfield. This level of growth could support a substantially improved retail offer and enhanced higher education offer. ☒*

Scenario E: *Transformed Centre (20,000 dwellings, 18,121 jobs). This scenario sees Harlow expanding to a town of 132,000 people, larger than present day Cambridge. This would correspond to significant increases in the number of 0-17 and 18-46 year olds (81% and 49% respectively). This*

option is considered to be the point at which multiple regeneration objectives could be delivered, including comprehensive town centre regeneration and a 'step change' in economic growth. ☒

Uttlesford

Functional economic market area

No work has been done on defining a FEMA.

Employment growth projections

An employment growth of 9,200 over the local plan period of 2011 to 2031 has been proposed. However the Local Plan Examination Inspector has suggested that this needs to be carefully considered, given the growth potential of Stansted Airport.

Examination of the Local Plan: Inspectors Conclusions, December 2014

The plan's employment target set out in policy SP3 is 9,200 additional jobs for the period 2011-31. This derives from table 27 'predicted Uttlesford job changes by type 2011-2031' in the Employment Land Review (ELR) of April 2011, which is itself based on the East of England Forecasting Model of Autumn 2009. It is unclear what part the expected growth of employment Stansted Airport plays in that total, but current estimates by new owners Manchester Airport Group (MAG) indicate that Stansted could itself provide growth in jobs of that order if its traffic were to increase to 35mmpa over the plan period.

Para 3.16, p.13

The ELR indicates that there is little if any discernible linkage between the quantity of housing allocated in the plan and the number of jobs likely to be created over the plan period in recognised 'employment' uses (offices, industry and warehousing), especially given the nature and location of Uttlesford and its travel-to-work patterns.

Para 3.17, p.13

UDC Response to the Inspector's invitation to submit statements: matter 5, October 2014

Statement of common ground between MAG and UDC

Potential to increase on-site employment by 8,800.

Uttlesford Local Plan: Pre-submission consultation, April 2014

[Withdrawn from the examination process on advice from the Inspector]

In 2012 the Council approved an Economic Development Strategy for 2012-2014. [No explicit job growth numbers] Para 9.3 p.26

April 2011 ELR (para. 9.6 p.27):

3. -1,700 jobs in factories
4. +1,450 jobs in warehouses
5. +2,150 jobs in offices
6. +1,900 job net

Employment Land Review, April 2011

Focus on B Use Class

Net change of 9,200 jobs 2011 to 2031 (p.8). Claimed to be unfeasible, but no alternative in place, so adopted as an 'indicative' target

Appendix 2: Adjustments for Stansted Growth

Key Messages

- London Stansted Airport higher growth scenario is likely to generate an additional 10,000 on-site jobs over the SHMA period.
- Due to displacement effects elsewhere in the SHMA area we estimate 8,750 net additional jobs.
- We estimate that the EEFM already includes growth of around 2,200 jobs at Stansted. The EEFM is also likely to include some further indirect and induced effects across the SHMA area.
- Combining these creates an additional uplift to EEFM baseline, based on high growth at Stansted, of 6,500 jobs over the SHMA period.
- This equates to an additional 300 jobs per annum, in addition to the baseline (core growth) of 1,590 jobs per annum.
- Total average annual job growth therefore increases to 1,895 per annum.
- Oxford Economics analysis suggests there are opportunities for a high proportion of on-site jobs to be filled by in commuters. Currently 45% of airport jobs are filled by those resident outside the SHMA area. OE suggest this figure could rise with appropriate efforts.
- A fast rail link from London to Stansted would improve access for London residents to these jobs but also increase the likelihood of out commuting from the HMA into London.

SDP Growth Plans

Planning permission has been awarded for expansion at Stansted, to accommodate up to 35 million passengers per annum (mppa). There are two core documents which have been reviewed. The SDP Economy and Surface Access report (2015) and the Economic Impact of Stansted Scenarios (2013) report prepared by Oxford Economics.

A number of scenarios are tested across the two documents with the two lead options focusing on maximising growth with a single runway. The primary variable in the two scenarios is passenger throughput. The lower scenario is based on 35 million passengers per annum (mppa) and a higher scenario based on 45 mppa. HJA has not assessed the validity of these growth ambitions.

The two documents consider both these scenarios, but state slightly different total on-site employment projections. The most substantive variance relates to the 35 mppa. At the officers meeting the higher scenario was suggested as the basis for other planning policy work being undertaken to develop the Uttlesford Local Plan. For this scenario the figures are broadly consistent.

	35 mppa	45 mppa
SDP	18,800	19,650
Oxford Economics	16,800	20,000

In total employment terms this represents an increase of onsite employment in the region of 10,000 over the analysis period 2011-33. Differing documents use differing base years and current employment levels.

The Oxford Economics report sets out a detailed economic impact analysis of expansion, taking into account the displacement effects of such growth within the LSCC. That is, the fact that substantial expansion of the airport will offset some growth that would otherwise have taken place in any event. Oxford Economics apply slightly differing rates of displacement depending on the quality of employment opportunity. For the higher growth scenario OE estimate a net additional 7,000 direct jobs, this is reduced to 4,000 for the lower growth scenario. Some of this displacement effect would lie outside the SHMA area. A figure of 50% is attributed to the HMA. Leading to an HMA effect of 8,500 additional jobs.

OE also provide an estimate of indirect and induced employment effects across the entire LSCC. They indicate the need to adjust these for displacement although detailed figures are not provided. HJA analysis suggests after taking into account displacement a further 500 jobs in the LSCC might be supported over the Plan period. Only a proportion of these would be within the HMA. The share is uncertain but is likely to be no more than 50% (250 jobs).

EEFM 2014 Baseline

The EEFM 2014 Baseline has formed the basis for HJA analysis to date. It is important to understand what level of growth of Stansted employment may already be inherent within the EEFM. There is no definitive figure but an assessment can be made.

Historic employment data for Stansted has been analysed to understand the share of Uttlesford employment by sector which is at Stansted currently. These shares are then applied to the EEFM forecasts for Uttlesford. This analysis indicates a figure of 2,200 additional jobs at Uttlesford based on this share. It is uncertain as to the extent higher levels of growth for Stansted have been applied within the EEFM baseline. Therefore this baseline level of growth is assumed.

On this basis the growth of Stansted as set out within the SDP would lead to an additional 6,500 jobs within Uttlesford.

What does this mean for growth to inform the SHMA?

Spread over the 22 year SHMA period this would increase workplace based jobs by around 300 per annum above the EEFM baseline. Increasing the core figure from 1,590 to 1,895 per annum.

Considering the increase to 35 mppa the increase is lower, to around 1,750 jobs per annum.

Local Workforce Implications

The scope of the HJA research is to consider the scale of workplace based jobs in the HMA. However, the following may be of interest to ORS.

The OE report considers this issue in some detail. However, it is not focused at the HMA level and therefore it needs some interpretation.

The OE analysis suggests around one third of jobs might be filled by those currently unemployed, one third by those currently inactive and one third from new migrants.

The FEMA for the airport is different to the FEMA for the SHMA are. Any additional housing provision that would be associated with accommodating additional migrant workers could be located within the catchment of the airport and not necessarily within the West Essex and East Herts HMA.

The evidence presented by OE and new evidence provided to HJA indicates that 55% of existing Stansted workforce is resident within the HMA. A starting assumption may be that this pattern continues. This suggests 45% in commuting to Stansted, higher than the average rate for the HMA (29% if including all home workers and those of no fixed place of work, 38% if only including those with a designated workplace away from the home).

It would therefore be appropriate to ensure a Stansted specific in commuting rate is applied to the additional employment.

More detailed work by OE highlights that the labour market situation in much of the HMA is already tight. It is therefore suggested a greater share of future labour to meet the growth aspirations at Stansted could come from locations with higher unemployment. This implies future in commuting for Stansted employment could be higher than the existing pattern. In order to support such an assumption there is a need to make a logical case. The potential workforce locations cited include Harlow, Peterborough, Haringey, Enfield and Waltham Forest. These latter three being London Boroughs where there is already a skills academy established. If this is not the case the report makes clear there will be a need for an increase in working age population locally and the associated housing provision.

The OE work sets out the case for a fast link to London which will improve connectivity substantially.

There is therefore a logical argument to support increased in commuting to Stansted based on:

- Available labour supply
- Improved transport infrastructure
- Specific skills and workforce engagement activities in target locations.

There is no quantification of this effect. However, it may be appropriate to test some alternative scenarios in order to inform policy development. HJA would recommend the following for the uplift in jobs above baseline:

- Existing Stansted in-commuting rate – 45%
- Low increase – 50%
- Medium increase – 55%
- High increase – 60%

These scenarios could be tested against the 35 and 45 mppa scenarios. The following table provides a summary. Percentage figures show the in commuting ratio to be applied to the uplift in jobs only. The ORS baseline assumption applies to the core job growth at all times.

	EEFM Baseline	35 mppa	45 mppa
Jobs (Workplace based)	1,590 per annum	1,750 per annum	1,895 per annum

	EEFM Baseline	35 mppa	45 mppa
Uplift on baseline		160 per annum	300 per annum
Existing commuting	ORS Baseline model	45%	45%
Low increase	n/a	50%	50%
Medium increase	n/a	55%	55%
High increase	n/a	60%	60%

Such scenario testing will identify the scale of sensitivity to varying assumptions.

It should also be noted that the OE analysis identifies that improvements to fast rail routes to Stansted will likely increase the propensity to commute into London, particularly from the HMA districts that will benefit from reduced travel times to central London. A figure of 7,000 additional out commuters is estimated by OE. The implications of this are uncertain, will that create a further drain on local labour supply to meet employment growth?

It is also noted that if Stansted grows to the higher scenario it will require a mix of both short and long haul flight destinations. This is likely to boost the attractiveness of the area to FDI.

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Economic and Employment Evidence to Support the Local Plan and Economic Development Strategy

Final Report

Prepared for Epping Forest District Council

September 2015

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Executive Summary

The local economy

Epping Forest District combines the urban edge of London and a large rural area, and much of the District lies within the Green Belt. The M25 motorway is an approximate boundary between the more urban and more rural parts of the District. The District contains a number of settlements, some of which are on the periphery of the London conurbation, and others stand alone within a rural setting. The District does not have a single 'central place' or very large town, and so does not have the higher level functions that such a place would have.

Around half of the District's resident working population commute to London. Much of the employment that is located in Epping Forest District is in the service sector, often meeting the needs of local residents rather than exporting services to other areas. The construction sector is strong. The glasshouse or horticultural industry has a long-standing and visible presence in Epping Forest District. Epping Forest District does not have a strong manufacturing sector.

Strengths	<ul style="list-style-type: none"> • A generally affluent area with high quality natural environment • Close and well linked to London • Good strategic transport links • Strong employment in services and construction, which are growing sectors
Weaknesses	<ul style="list-style-type: none"> • Weak manufacturing sector • Dependent on London • Limited availability of development sites, with many environmental designations as constraints • Leakage of (comparison) retail spend
Opportunities	<ul style="list-style-type: none"> • Some interest from private sector developers • New M11 Junction 7a could create employment opportunities • Development opportunities at Debden, North Weald Airfield and St John's Road Epping • Growth plans for Harlow could create high quality jobs for residents • Potential for growth throughout the economy, including in the food and tourism sectors
Threats	<ul style="list-style-type: none"> • Some transport infrastructure close to capacity • Ageing population will mean declining working-age population (albeit that the increased state pension age and later retirement may lead to some offset of this) • Strong residential prices mean that employment developments may not be appealing to developers

Functional economic market area

Epping Forest District is not a self-contained economy, but an integral part of a functional economic geography that extends well beyond its boundaries. This is best expressed at two levels:

- A strong core geography of Epping Forest District with good links south into parts of central London, with the potential for a much stronger functional relationship with Harlow in the future, based on commuting flows
- A less strong, but still functional wider economic geography which covers parts of central London, East Hertfordshire, Harlow, Uttlesford, Brentwood, Broxbourne, Enfield, Stansted, Chelmsford, and Cambridge.

Visions for future growth

Although Epping Forest District Council does not yet have a strong vision for the future of its economy, it is developing one, building on the nascent vision created by One Epping Forest (the Local Strategic Partnership), and future employment development is directed by the plans serving larger functional geographies which overlay Epping Forest District. Recent work has been undertaken to develop an over-arching employment growth trajectory for Epping Forest District, East Hertfordshire, Harlow and Uttlesford. The Harlow Enterprise Zone (serving all of West Essex) is seeking to create high quality, high technology employment close to the District, and is highlighted in the latest work on economic growth in Essex. The West Essex Alliance is promoting economic prosperity in West Essex through the Essex County and South East LEP structures. Development and employment at North Weald Airfield features in the County Council and LEP's plans for growth. Epping Forest District sits within the London-Stansted-Cambridge Corridor's plans which include promoting growth in sectors such as food and life sciences.

An important principle for future economic growth is that many jobs for Epping Forest District residents will be located outside the District's boundary, in keeping with the current situation. However, there will also be employment growth within the District.

Delivering future employment

There are a number of specific opportunities that will drive the levels of potential future employment identified in Epping Forest District. These include:

- Development potential at North Weald Airfield, where a masterplan has been prepared
- Some development potential in the southern part of the District with regeneration proposals at Langston Road and Debden Broadway
- Potential for the employment of more local residents, and further job growth in the glasshouse and horticulture sector
- Scattered, small-scale development throughout the rural north and eastern parts of the district
- Regeneration in the District's town centres, focusing on a distinct role that does not compete directly with the large regional comparison retail centres. There are plans or proposals for town centre developments in Epping, Loughton and Waltham Abbey
- Potential for increase in the scale and quality of tourism in the District
- Potential to build on the nascent Chinese business cluster in Epping Forest District
- Opportunities in the care home sector
- Scope to align the delivery of further and higher education in and around the District with businesses' needs.

As well as these opportunities in the District, there will be significant employment opportunities for local residents outside of the District boundary. There is strong, established commuting to London which is forecast to grow, and major employment opportunities in many nearby places such as Broxbourne and Harlow.

Quantitative assessment of future employment

The assessment of future requirements contained within this report is not designed to be a detailed prediction of exactly what will happen in the future in Epping Forest District. The approach is designed to bring together available evidence in order that there is a clear basis on which to consider policy options, in conjunction with other complementary, or potentially competing evidence.

Forecasts for employment growth in Epping Forest District and the wider FEMA have been drawn from the East of England Forecasting Model (EEFM). Analysis of the EEFM was undertaken at the sub-regional level to ensure alignment with the Strategic Housing Market Assessment (SHMA). As part of this analysis an adjusted EEFM scenario, taking account of Stansted growth was developed. This is an increase from the employment growth set out in the EEFM baseline. Overall growth of 1,895 jobs per annum has been calculated. Two different methods have then been used to apportion the sub-regional growth across the four Districts, giving a range of employment growth numbers for each District which can be seen in Figure 1 below: albeit that these figures are different ways of apportioning the total of 1,895 jobs per annum between the four Districts¹. The Epping Forest District scenario of 400 to 455 jobs per annum (jpa) compares to the original EEFM 2014 Baseline derived figure of 470 jpa.

Figure 1: HMA-wide Workplace Based Jobs Scenarios

	EEFM 2014 Baseline				Stansted Growth Scenario
	2011	2033	2011-33	Jobs per annum	Jobs per annum
East Herts DC	66,785	76,750	9,960	455	435 - 505
Epping Forest DC	57,545	67,880	10,335	470	400 - 455
Harlow DC	42,230	49,815	7,585	345	325 - 335
Uttlesford DC	43,390	50,465	7,080	320	665 - 675
HMA	209,955	244,915	34,965	1,590	1,895

N.b. Figures may not sum due to rounding

Detailed analysis based on latest guidance on employment land projections identifies a range of future land and property requirements in each Planning Use Class, as set out in the summary figure below.

¹ If one or more Districts plans for growth at the top of their range, others will plan for growth closer to the bottom of their range, so that the total remains at 1,895 jpa across the four Districts

Figure 2: Results of Quantitative Assessment

	Net Additional Floorspace (Sq m)	Net Additional Land (ha)	Replacement (ha)	Choice (ha)	Core Requirement	
A1	-3,000 to -700 sq m	Uncertain	n/a			
A2	2,400 to 2,700 sq m	Uncertain	n/a			
A3-5	8,900 to 9,900 sq m	Uncertain	n/a			
B1a	32,600 to 35,400 sq m	8.1 to 8.8 ha	1.2 to 3.1	0.9 to 1.2	10.2 to 13.3	
B1b/c	5,800 to 6,300 sq m	1.5 ha			17.3 to 18.3	
B2	-15,900 to -14,600 sq m	-4.0 to -3.7 ha <i>Estimated 2 ha might be available for re-use</i>	-	13.7	1.8 to 1.9	<i>Includes reduction of 2ha based on reduced overall requirement</i>
B8	9,400 to 13,300	2.3 to 3.3 ha	-			
C1	50 to 190 hotel rooms	Uncertain	n/a			
C2	Uncertain	Uncertain	n/a			
D1	Uncertain	Uncertain	n/a			
D2	30,000 to 33,000 sq m	c 7.5 to 8.2 ha	n/a	0.8	8.3 to 9.0	
Sui Generis	Non quantifiable	Non quantifiable	n/a			

Constraints to achieving employment growth

Despite projections, plans and strategies for economic growth and forecast levels of employment growth, there are still a number of constraints that need to be overcome in order to enable that growth to take place. These include:

- The limited availability of suitable employment sites, particularly in the south of the District (inside the M25)
- Lack of a 'central place' with a critical mass of activity
- The level and suitability of local residents' skills to enable them to access the employment opportunities that are created locally
- The decline in working age population (albeit that the increased state pension age and later retirement may lead to some offset of this)
- Transport infrastructure constraints
- Housing affordability constraints

Sites and premises for employment

Epping Forest District is part of a larger London and South East property market which is healthy, with demand rising after the recent economic recession. There are a number of strong industrial and office locations and major development areas around Epping Forest District, and it will not compete as a major strategic employment growth location within the wider London and South East market. Much of the interest in the Epping Forest District property market is from existing local businesses and owner-occupiers.

Our review of the existing stock of employment sites and premises identified 42 employment sites with over 500 premises. The average size of premises was considered small. Around one-third of the existing stock was considered 'good,' around two-thirds 'average' and only 3% 'poor.'

The Employment Land Review (2010) identified a vacancy rate in the existing stock of up to 6%, which is relatively low; and there is limited employment land ready for development. A recent review of the local market by regional property advisers Glenny has suggested that the picture remains similar today.

Within current policy (i.e. the 2006 Local Plan), just over 5 hectares of employment land are identified as deliverable, with a further 65 hectares of sites identified that may be deliverable. In addition, eight sites have been identified for town centre uses.

Outside of current policy there are significant amounts of potential employment land, but most of these are currently within the Green Belt. Plans and proposals for employment development have been prepared for:

- North Weald Airfield in the north of the District
- Debden Broadway and Langston Road in the south of the District
- Epping town centre

Given the limited supply of readily available employment sites within current policy constraints, there is potential to consider a programme of renewal for some sites, in particular those where Epping Forest District Council has some ownership e.g. Oakwood Hill. This will help to make the most of existing land alongside the consideration of new allocations.

Comparing demand and supply

Overall, gross demand cannot be met from vacant premises and sites with planning permission. In the town centres, analysis based on the EEFM suggests that there is gross demand for around 12,000 sq m (A Use Class). However, the Town Centres study undertaken for Epping Forest District Council in 2010 suggests that the level of demand could be as high as 62,000 sq m – based on a much more detailed retail demand methodology. Gross supply across Epping, Loughton and Waltham Abbey town centres is significantly less than this. However, there have been significant economic changes since this report was produced, and this figure should not be relied on.

For Use Class B1a (offices), there is gross demand of up to 13 hectares. This could be met within current policy, although according to the latest Strategic Land Availability Assessment (SLAA) much of the potential supply (much of which is not currently designated) may not be deliverable (due to factors such as unknown ownership and contamination). Some of this could be accommodated in town centres. There is significant potential development land outside current policy.

For Use Classes B1b, B1c, B2 and B8 (industrial and warehousing) there is a projected decrease in employment, but still a demand for up to 18 hectares of land, due to replacement demand and the need for choice in the market. This could be met within current policy, although much of the potential supply may not be deliverable. There is significant potential development land outside current policy.

In Use Class C (hotels and residential), there is some demand for hotels. There is also likely demand for care homes (including nursing homes and extra care developments). In Use Class D (non residential, assembly and leisure), the estimated demand is for up to 9 hectares of land. This will be required in town centres, out-of-town and throughout the District. Sui Generis uses generate an unquantifiable site demand to accommodate 600 additional jobs.

Conclusions and implications

Epping Forest District is a relatively prosperous area, combining the edge of the London urban conurbation and the rural areas beyond that. Out-commuting has been a strong source of employment for local residents, and will continue to be so in the future. However, there will need to be employment growth in the District in the future. There are a number of drivers of this, including some significant development sites, and some sectors with employment growth potential. There are also some constraints or barriers to this taking place, which will need to be overcome if Epping Forest District is going to achieve its employment growth potential over the plan period.

1 Introduction

This final report draws on the detailed research that has been undertaken for this study.

It includes the following chapters:

Chapter 2 sets out the current policy and guidance on planning and economic development

Chapter 3 is an overview of the current state of the Epping Forest District economy

Chapter 4 discusses the level and composition of projected future growth in the Epping Forest District economy

Chapter 5 considers how this growth may be delivered

Chapter 6 sets out an overview of the current employment land supply, and the potential future employment land supply in Epping Forest District

Chapter 7 compares forecast future land requirements against current and potential future land supply to identify the implications for the Local Plan

Chapter 8 sets out the conclusions of the study and the implications for the Epping Forest District Local Plan and future economic development strategy

The detailed research is set out in the accompanying appendices:

- Appendix 1 sets out an overview of the methodology for undertaking this research
- Appendix 2 sets out the documentary and data review that has been undertaken, and includes the main messages that have emerged from the consultations that have been undertaken for this study
- Appendix 3 sets out the projected future economic growth in Epping Forest District, and translates this into projected demand for employment floorspace and employment land
- Appendix 4 considers the current and potential future supply of employment premises and sites in Epping Forest District

2 Planning and Economic Development

The National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) put economic development at the heart of the planning process, contributing to the achievement of sustainable development. This planning framework is considered in detail in Appendix 2 to this report. This section summarises the main aspects of the NPPF and PPG that are important, and there is some further discussion at appropriate places later in the report.

Local plans should encourage and support growth in a sustainable manner. Promoting the vitality of existing urban areas through enhancing development, and preserving the Green Belt are part of the core principles set out in the NPPF, and are pertinent to Epping Forest District.

NPPF and PPG are clear that future economic growth needs to be considered at the level of the functional economic market area. Epping Forest District is not a self-contained functional economic market area, so its future economic growth needs to be considered within the context of a wider local and regional geography. Given the uncertainty of future economic growth, a range of scenarios for future economic growth in Epping Forest District should be considered. The Duty to Cooperate suggests that strategic priorities (including homes, jobs, retail, leisure, commercial development, infrastructure etc.) should be considered across administrative boundaries, to the *mutual benefit of neighbouring authorities* (NPPF Paragraph 178). Identifying the functional economic market area(s) that include Epping Forest District is an important task that is dealt with in the following section.

Within the context of a functional economic market area, NPPF is clear that local planning authorities should *set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth* (NPPF Paragraph 21). At present there are economic visions for several of the functional geographies that Epping Forest District sits within, and local economic drivers including: One Epping Forest (the Local Strategic Partnership), the West Essex Alliance, the Harlow Enterprise Zone, the London Stansted, Cambridge Corridor, the County of Essex and the South East LEP. Epping Forest District Council is developing an economic vision as part of its future economic strategy development.

Promotion of the development and competitiveness of town centres is discussed in Section 2 of the NPPF, and this is very important for Epping Forest District given its polycentric urban form. Section 3 discusses the need to support a prosperous rural economy, and again this is very important to Epping Forest District where a large proportion of the District is rural.

2.1 Objectively Assessed Housing Need and Economic Evidence

The Cooperation for Sustainable Development Board comprises members of four local authorities: East Hertfordshire District Council, Epping Forest District Council, Harlow Council and Uttlesford District Council. It commissioned work in 2015 on the economy of West Essex and East Hertfordshire², to inform an updated Strategic Housing Market Assessment (SHMA) and Objectively Assessed Housing Need (OAHN) for the four local authorities³. These will inform the Local Plans for

² Hardisty Jones Associates (July 2015) Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

³ ORS (2015)

bring developed for each of the four authorities. As part of this work, the functional market area was considered, and this is discussed later in this report.

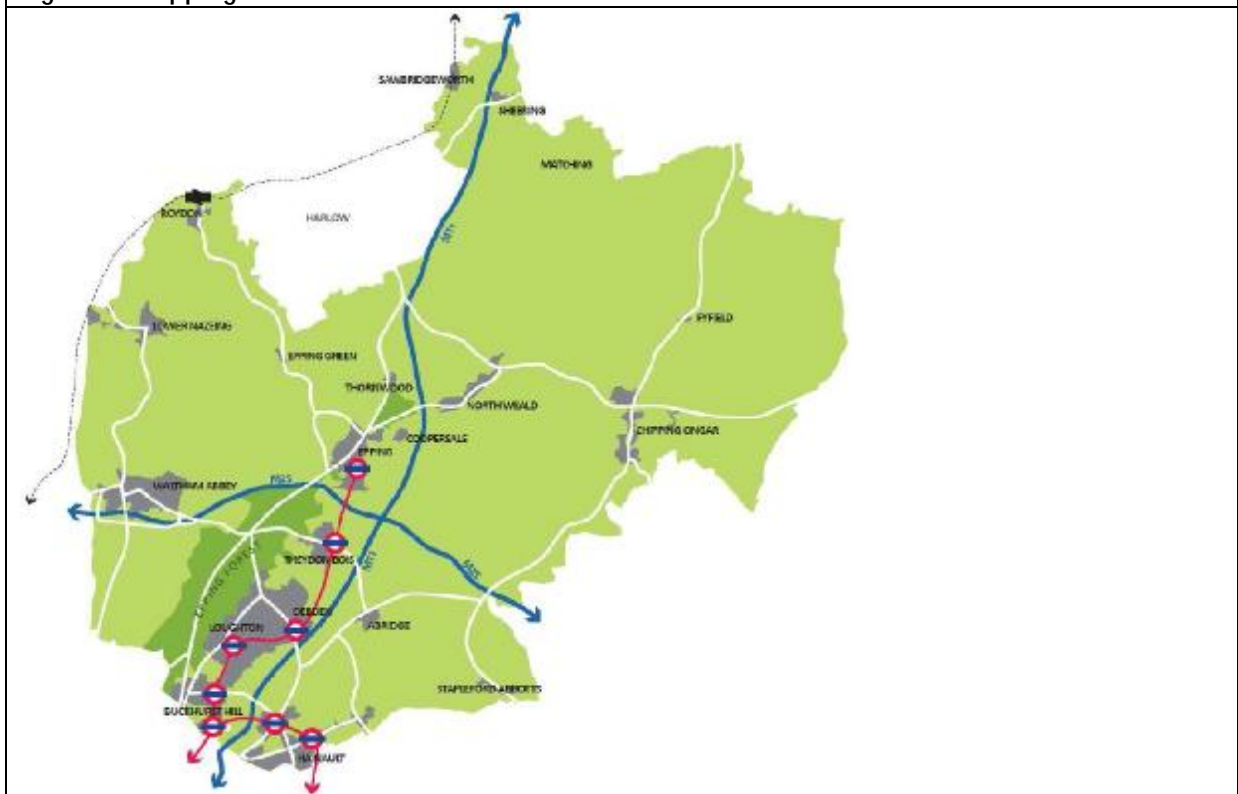
3 The Epping Forest District Economy

3.1 The functional economic market area

The economy of Epping Forest District is not self-contained, and the District is part of a wider functional economic market area – albeit one that is difficult to define with a single boundary line. The current administrative boundary of Epping Forest District was established in 1974, as a combination of Chigwell Urban District, Epping Urban District, Waltham Holy Cross Urban District and most of Epping and Ongar Rural District. This combination of outer-London influenced urban areas, stand-alone small settlements and large rural areas still characterises the District.

A significant determinant of the functional economic market area is the transport infrastructure that allows the functional flows of people and goods into, out of, through and within this area. The main transport infrastructure that helps to shape Epping Forest District's functional economic market area includes the M11 and M25 motorways, the Central line of the London Underground, and the main rail line to the west of the District. The motorways and main rail line are nationally significant infrastructure links, which mean that parts of Epping Forest District are highly accessible (albeit that some of the more rural parts of the District are less accessible). This in-turn means that the flows of goods and people can cover a large area, hence Epping Forest District's role in functional designations such as the London-Stansted-Cambridge corridor. The London Underground line means that there are strong links into London for work, leisure and retail. The significance of the high level of connectedness to parts of Epping Forest District is that it does not have a tightly nor easily defined functional economic market area.

Figure 1.1: Epping Forest District



In broad terms, the southern part of the District is more urbanised, and with access to the London Underground line, it has more functional flows into London. The northern part of the District is more rural, with a polycentric urban pattern, and the functional flows are to many surrounding larger towns (outside the District) as well as into London. Harlow lies on the north-western boundary of Epping Forest District, but the current functional flows are limited. In part this may be due to the poor level of non-motorway transport infrastructure.

Nearly half of the District's working residents commute into London for work, and residents also commute into other adjacent areas for work, leisure and shopping. Many residents travel out of the District for comparison retail, and there is understood to be significant leakage of retail spend.

There are several functional structures that can be used as a proxy for the functional economic market area that contains Epping Forest District. In ascending order of geographical size they are:

- The West Essex Alliance which includes Epping Forest District, Harlow and Uttlesford. This is an established economic sub-unit within the South East LEP structure and so has credence as a functional economic market area
- Epping Forest District, Harlow and East Hertfordshire are an approximation of a functional economic market area, and one that was well established in the (now revoked) East of England Plan. Epping Forest District was seen as part of the London Arc of areas peripheral to London which are highly connected to and reliant on London
- The West Essex Strategic Housing Market Assessment (SHMA) Area, comprising East Hertfordshire, Epping Forest District, Harlow and Uttlesford. Work undertaken for the group of SHMA authorities (the Cooperation for Sustainable Development Board) in 2015 suggested that the core functional economic market area comprises these four local authority areas plus Broxbourne, and a fringe area to the FEMA comprises all of the adjacent local authorities and a link to London
- Epping Forest District has worked with the adjoining districts of Brentwood, Enfield and Broxbourne on various socio-economic issues in recent years
- The London Stansted Cambridge Corridor. This is probably the best approximation of a functional economic market area as it contains places where people live, work and spend their leisure time. However, it is somewhat large as a functional economic market area for the residents of Epping Forest District.

Figure 1.2: The West Essex Alliance

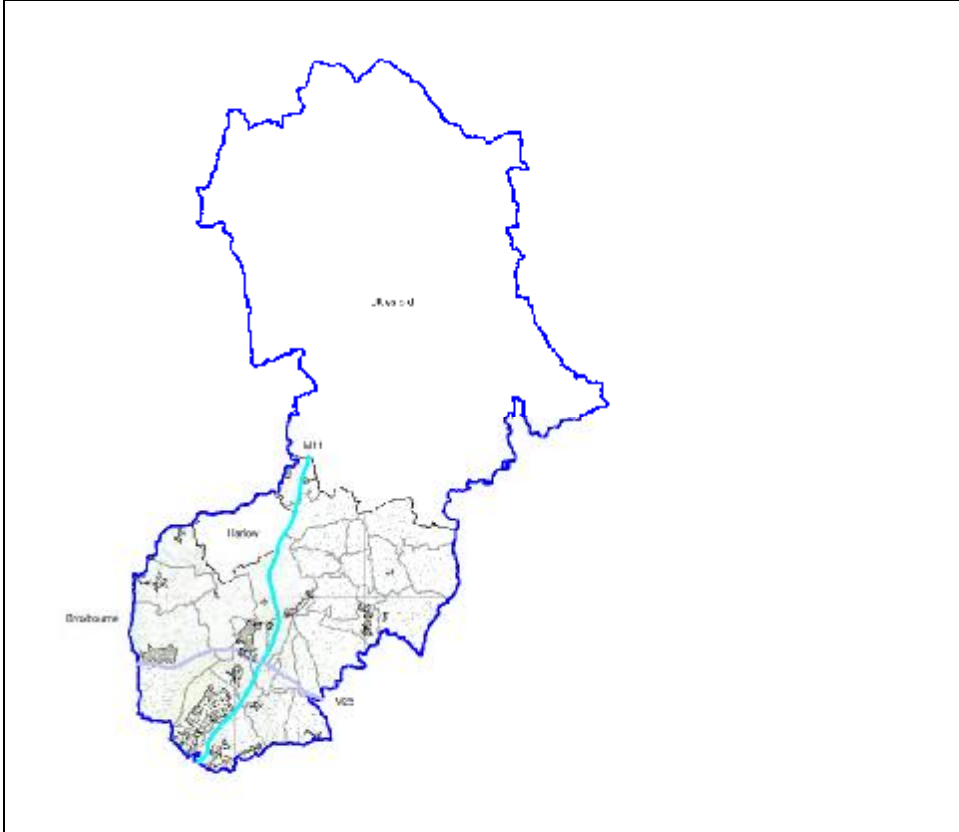


Figure 1.3: The East of England Plan Sub-Region

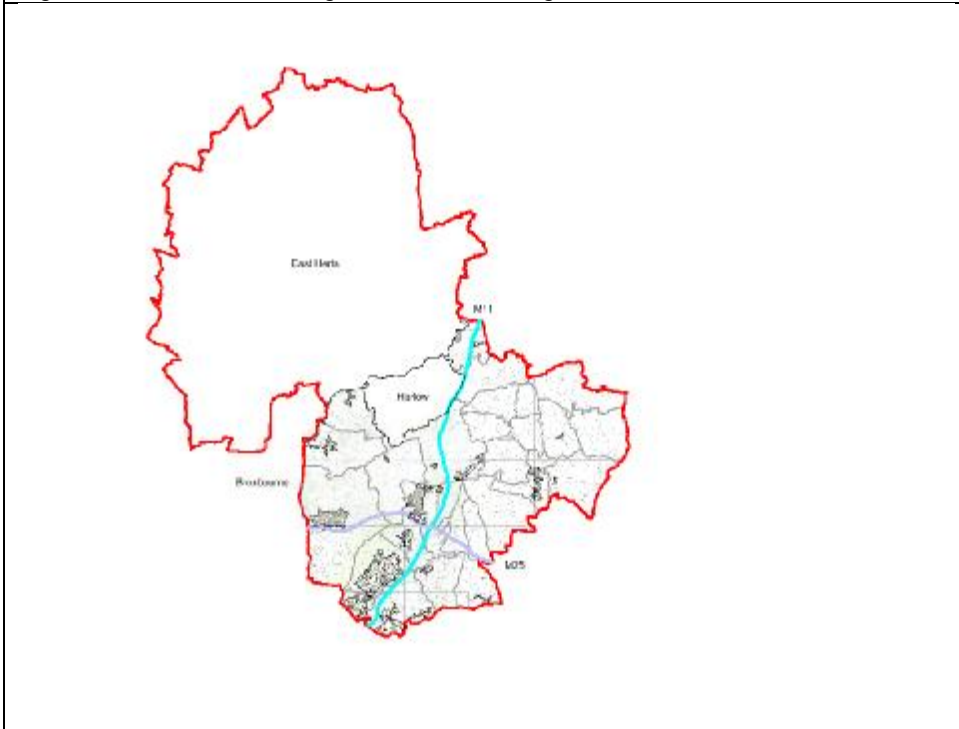
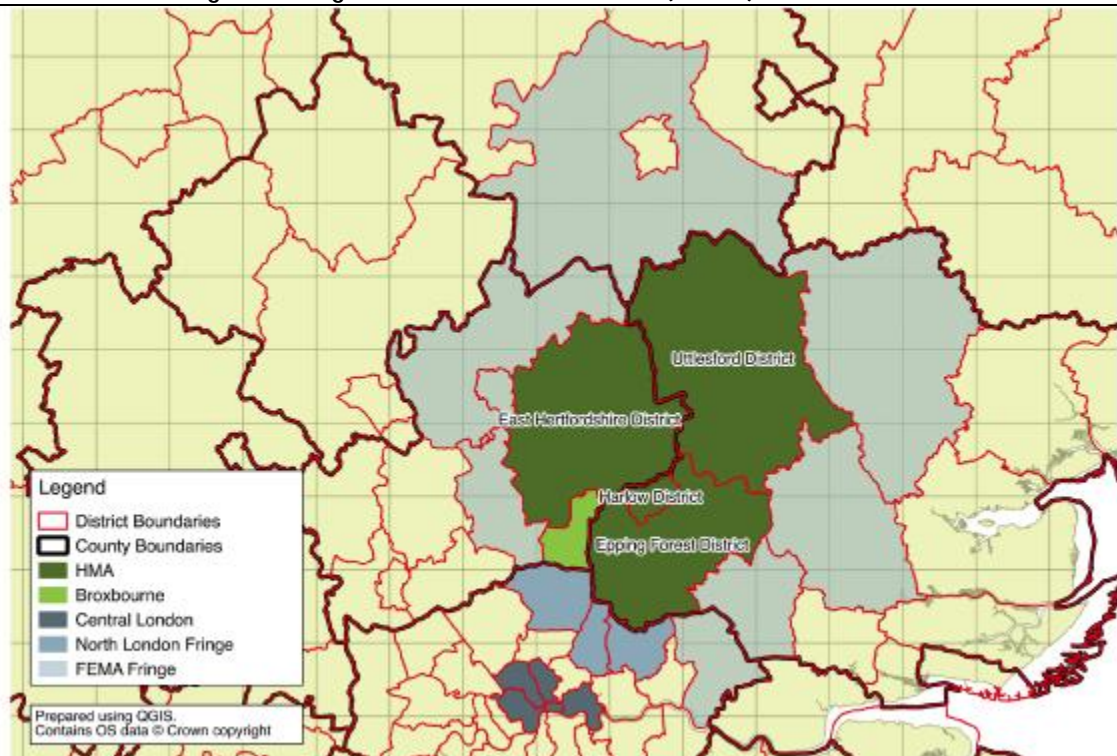


Figure 1.4: The Strategic Housing Market Assessment Area (SHMA)



The town and district of Harlow abuts Epping Forest District to the north-west, and has a very different socio-economic character. Harlow is a new town which has had a strong manufacturing base, but this has declined in recent years, in particular as a consequence of the global economic crisis. Harlow provides higher level facilities such as a district hospital and a further education college which is providing higher education. There are strong economic growth aspirations for Harlow expressed in part through the Enterprise Zone, and these are intended to benefit the whole of west Essex, as well as the town itself. Some proposals for the growth of Harlow include development in Epping Forest District, which would include a new motorway junction as well as residential and employment development. Whilst geographically adjacent and with significant opportunities for a strong functional relationship in the future, there is a limited functional relationship between Epping Forest District and Harlow at present.

In summary, Epping Forest District is part of a functional economic geography that extends well beyond its boundaries. This is best expressed at two levels:

- A strong core geography of Epping Forest District with good links south into parts of central London, with the potential for a much stronger functional relationship with Harlow in the future
- A less strong, but still functional wider economic geography which covers parts of central London, East Hertfordshire, Uttlesford, Brentwood, Broxbourne, Enfield, Stansted, Cambridge and Chelmsford.

3.2 The local economy

Epping Forest District is a largely rural area, and much of the District lies within the Green Belt. The District contains a number of settlements, some of which are on the periphery of the London conurbation, and others stand alone within a rural setting. Although it has a population of 126,000 (in 2012) the District does not have a single 'central place' or very large town. Therefore the higher level functions serving the population of Epping Forest District are found in some of the relatively accessible larger towns around it (outside the District), and there is no strong case for duplicating these within the District.

The District includes part of Epping Forest, which is a relatively low intensity visitor attraction. Other attractions in the District include Waltham Abbey and the Epping-Ongar heritage railway. These attract mostly day visitors.

As mentioned above, around half the resident working population commute to London. As a result the District is often perceived as a series of 'dormitory' settlements. Much of the employment that is located in Epping Forest District is in the service sector, often meeting the needs of local residents rather than exporting services to other areas. The construction sector is strong and includes two large administrative offices for major construction companies, as well as many construction contractors who are based in the District but travel out for daily work.

The glasshouse or horticultural industry has a long-standing and visible presence in Epping Forest District, as the larger part of a concentration of activity in the Lea Valley. This has declined from its peak in the 1950s but still provides significant crops for the London and UK markets. The local industry is struggling to compete with overseas growers, but there are plans in place to improve the competitiveness of local businesses. At present a large proportion of those employed in the industry are migrant foreign workers.

Epping Forest District does not have a strong manufacturing sector, but neighbouring Harlow does have a concentration of this type of employment. Harlow, as a new town, was established as a location for manufacturing employment. As mentioned above, it has suffered a loss of employment during the recent economic recession, but has aspirations to recover this and grow further. Enfield is also close to Epping Forest District and has one of London's largest concentration of manufacturing and distribution businesses.

There is some, limited, distribution activity in the District, most notably the Sainsbury's distribution centre at Waltham Abbey. There is some interest in developing further distribution activity in the District, but there are limited sites available for this.

3.2.1 Strengths

- Epping Forest District is an affluent area, with high earnings, low unemployment and low levels of deprivation
- It has a high quality natural environment which makes it an attractive place to live, which is safeguarded by the Green Belt and other environmental designations and enhanced by Epping Forest
- It is close to London which is economically vibrant, and many of its residents commute into London for employment

- As part of the London-Stansted-Cambridge Corridor, there are many high quality employment opportunities within commutable distance – particularly by car
- Much employment (in the District and of residents) is in the service sector, which is growing
- The District has a high concentration of economic activity in the construction sector which is currently vibrant as the London and national economies are entering a period of recovery
- Transport links are very good – particularly by Underground rail (into central London), mainline rail in the west, and by road – via the M25 and M11

3.2.2 Weaknesses

- Epping Forest District does not have a strong manufacturing sector
- Its dependence on employment in London means that its economic vitality is dependent on global economic trends
- There are few large employment areas in District
- Large parts of the stock of employment premises are ageing, albeit that little of the stock is rated as poor
- There are few employment sites available for development, constrained in particular by Special Areas of Conservation, Sites of Special Scientific Interest (most notably Epping Forest), the Green Belt and flood plains
- There are few large employers in the District
- There are few large office developments in the District, and most office accommodation tends to be small in scale
- Despite its affluence, there are pockets of deprivation, particularly in Waltham Abbey
- Some commentators believe that there is insufficient grow-on space in both the office and industrial sectors, which is causing some businesses to leave the District in order to achieve their growth potential
- Growth in the glasshouse industry is constrained by planning designations, constraints in the Lee Valley Regional Park and commercial pressures on site availability from other uses
- Much retail spend leaks out of the District, particularly comparison retail spend
- Some of the District's town centres – particularly Waltham Abbey and Debden – need significant investment to improve them
- Whilst some parts of the District have good access to strategic transport networks (road, rail and underground), others, particularly the more rural parts of the District, do not or are affected by congestion, and this may lead to lack of or dis-investment
- There is very little high quality tourist accommodation, which constrains the economic potential of the sector

3.2.3 Opportunities

- The private sector has shown a willingness to invest in the delivery of (relatively small scale) high quality flexible office space (e.g. the M25 Business Centre at Waltham Abbey), and more investment of this type could be encouraged and enabled
- The development of a proposed M11 Junction 7a to the north-east of Harlow (in Epping Forest District) would support the growth of Harlow which would benefit the residents of Epping Forest District, and enable further direct development – both residential and employment – in Epping Forest District

- Employment growth in Harlow, including high quality employment on the Enterprise Zone sites could create jobs for some residents of Epping Forest District
- The proposed regeneration of Debden Broadway, including the Underground rail station, could lead to a transformation of the economic role of this area, and improve transport linkages in this part of the District
- Epping Forest District Council owns significant assets, including industrial sites and premises, and they could be used to drive regeneration in existing employment areas in the District
- Investment in the town centres to maintain their vitality, but not attempt to directly compete with the large regional retail centres, could support growth and future prosperity
- There is potential to introduce commuter train services from Ongar along the Epping-Ongar railway, but this will require some investment. Suggestions have also been made for a park-and-ride facility at North Weald Airfield that could link in to this service, but the viability of this is uncertain
- There is potential to increase the scale and quality of tourism in the District, including both leisure tourism and business tourism related to London. Epping Forest District Council is employing a tourism officer on a temporary basis, which could help with the coordination and support for the growth of the sector
- There is a Chinese inward investment presence at the 'Phoenix Epping Hotel' (located near North Weald Bassett), which could be supported to encourage more foreign inward investment into the local area
- Review of the Green Belt could both release some new sites for employment, and strengthen the role of the remaining Green Belt in the District
- There is scope for both greater employment of local people in the existing glasshouse industry, and employment in new jobs created in the growth of the industry; both responding to the increasing demand for food in the UK and the greater need for food security
- Activity proposed by the Lea Valley Food Taskforce could lead to a significant increase in the quality of the sector, creating high quality jobs in the local area

3.2.4 Threats

- Epping Forest District Council has historically invested little resource in economic development and inward investment. Whilst the District's economy has remained buoyant, it may not realise its future growth potential unless a more pro-active approach to economic development and growth is taken
- The Underground rail line from Epping Forest District into London is at capacity in places, and so limits the scope for further commuting into central London. However, the opening of Crossrail planned for 2018 should help to alleviate congestion on the Central Line
- Epping Forest District has an older population than the England average. As this gets older, the working-age population declines in relative terms, which could restrict future economic growth (albeit that the increased state pension age and later retirement may lead to some offset of this)
- Strong residential prices mean that employment developments may not be as appealing to developers

3.3 Epping Forest District Council assets

Epping Forest District Council owns a number of assets – sites and buildings – that generate income for the Council. Some of these assets could play a role in regeneration and employment development schemes or catalysing renewal in existing employment areas. At present the majority

are likely to be retained for their income generation potential. Any receipts from disposals of assets will be re-invested to improve the quality of the remaining asset base.

The assets owned by the Council include:

- North Weald Airfield – where there are significant regeneration and development proposals, but also significant costs including upgrades to the runway
- Debden Broadway shopping centre, where there are proposals for significant regeneration
- Industrial premises in Debden and Waltham Abbey
- A depot in Langston Road which is being developed for a new retail park
- Shops, pubs, car parks
- Parts of the St John's Road development site in Epping

Of these assets, investment in and development of the assets at North Weald Airfield, Debden and Waltham Abbey could contribute most to economic growth and further employment creation.

4 Future Change in the Epping Forest District Economy

This section summarises more detailed analysis that is set out in Appendix 2 (vision for employment growth and barriers to growth) and Appendix 3 (quantitative demand assessment). This sections sets out the vision(s) for employment growth in Epping Forest District, a quantitative assessment of the potential of the District, and the potential barriers to that employment growth taking place.

4.1 Visions for growth

The future economic role of Epping Forest District is intertwined with its functional economic market area (discussed in more detail above). Major economic growth locations in the core and broader functional economic market areas include Harlow and its Enterprise Zone, and London. It is worth noting that the scale of growth being pursued by Harlow Council is significantly greater than that projected in the EEFM. Future growth in the London economy, the aspirational growth plans for Harlow, and growth in other nearby towns and locations (outside the District) will continue to create employment outside the District, which will provide opportunities for Epping Forest District residents.

Within the District boundary, development plans at North Weald Airfield, plans for Langston Road, the growth of the food sector and glasshouse industry, some enhanced employment in the rural part of the District, and development in the District's town centres will provide the majority of the indigenous growth. Protecting and enhancing existing employment areas is very important, as well as designating new areas. Tourism has also been identified as an opportunity for growth. The nascent cluster of Chinese business activity at the Phoenix hotel and business centre could possibly play an important role in the District's economic future, leading to further inward investment.

The employment growth strategies and plans that will drive the future economic growth of Epping Forest District and the functional economic market area that it is part of include are discussed below. These are summarised in the figure below.

Figure 4.1: Visions for growth affecting Epping Forest District

Vision	Focus
Epping Forest District Council's own plans for employment growth within the District boundary	These are currently being developed. Areas of focus for future employment growth include: the glasshouse industry; tourism; transport and broadband infrastructure; skills development; North Weald Airfield; and links to the medical technologies supply chain focus of the Harlow Enterprise Zone.
Harlow Enterprise Zone	The plans for the Enterprise Zone are intended to support a broader area – West Essex - which includes Epping Forest District. This could create up to 5,000 new high quality jobs. Its sector focus is on ICT, Advanced Manufacturing and Life Sciences
West Essex Alliance	The West Essex Alliance (comprising Epping Forest District, Harlow and Uttlesford) is promoting economic prosperity in West Essex through the Essex County and South East LEP structures. Its objectives include: creating new businesses; retaining and

Vision	Focus
	growing existing businesses; increasing inward investment and tourism; and sustainable economic growth and regeneration
The Cooperation for Sustainable Development Board (the core Member Councils are East Hertfordshire, Epping Forest, Harlow and Uttlesford District Councils, but other nearby Councils and County Councils also form part of the group)	The CSDB has been established to consider cross-border issues including housing and employment growth projections for the four core local authorities, to inform the development of their local plans. Work has been done on both housing and employment growth, and is used further in this study
Essex County Council's plans for future employment growth	West Essex (M11 corridor) is a designated sub-area within this. The West Essex projects identified to support employment growth in the draft Economic Plan for Essex are North Weald Airfield and Airfield, the Harlow Enterprise Zone, and other complementary developments in Harlow
The South East LEP's plans for economic growth	The West Essex Alliance (mentioned above) is a member of the South East LEP, and sits within the Essex delivery partnership. The Essex strategic projects are listed above. North Weald Airfield is named in the Economic Plan for Essex
The London-Stansted-Cambridge Corridor	Epping Forest District sits within the corridor, and will benefit from the growth in terms of both employment in the District and jobs for residents outside the District. Sector strengths that will be promoted in the corridor include: life sciences and medical; IT, digital and media; low carbon, clean tech and energy from waste; food production; business services; and engineering, transport, logistics and distribution

4.2 Quantitative assessment of demand

The assessment of future requirements contained within this report is not designed to be a detailed prediction of exactly what will happen in the future in Epping Forest District. Any exercise which includes an element of forecasting includes substantial risk and uncertainty. Therefore, the results of this exercise are not intended to be the basis of a 'predict and provide' policy response. Rather, the approach is designed to bring together available evidence in order that there is a clear basis on which to consider policy options, in conjunction with other complementary, or potentially competing evidence. In particular, the method has been designed in line with national policy and best practice guidance to help inform the development of the Epping Forest District Local Plan, specifically to inform policies around the provision of land for employment. Policies should be regularly reviewed in the light of new evidence and the passing of time as part of the on-going planning policy development and review process.

The quantitative assessment of demand considers the whole of the Epping Forest District economy, and the way it is influenced by projected growth in other parts of the FEMA and surrounding areas, drawn from the work undertaken for the Cooperation for Sustainable Development Board².

Slightly different methodologies are used for considering the land and floorspace implications of employment change within different Use Classes. These result from the varying availability of robust evidence to inform assumptions and the level of maturity of assessment techniques.

The B Use Class includes business, industrial and storage/distribution uses. These have often been viewed as the primary employment Use Classes, however, it is often the case that a minority of jobs are actually accommodated within sites and premises classified within the B Use Classes. Many jobs fall within other Use Classes including jobs in retail, customer services, hotels, leisure and catering, health, education and construction. Some jobs are entirely mobile and require no sites or premises base at all.

Our approach to assessing the scale of growth within the B Use Class is summarised in the figure below (and is described in more detail in Appendix 3).

Figure 4.2: Assessing employment in the B Use Class



There is available information to make an assessment of net additional floorspace requirements using the employment density method for A Use Classes. However, there are also other more traditional methods for assessing future floorspace requirements, particularly for retail use. As a result, the assessment within this analysis is set out as indicative.

Outside the A and B Use Classes the information available to allow the translation of jobs to floorspace is insufficient to complete a full and robust assessment of future requirements. There is a very wide range of activities within Use Classes with hugely varying sites and premises requirements and therefore other more qualitative approaches are required.

The results of the quantitative assessment are tested against historic patterns of activity, alternative growth scenarios and other available evidence of a more qualitative nature to aid interpretation of the results and set the results in a wider context.

4.3 Economic futures

4.3.1 Headline projections

A key element of considering future employment land and property requirements is an understanding of the likely pattern of economic and employment change in Epping Forest District. Forecasts for Epping Forest District and the wider FEMA were drawn from the East of England Forecasting Model (EEFM). The EEFM is an econometric model developed by Oxford Economics providing consistent forecasting information for the whole of the East of England region and its

constituent areas. The EEFM 2014 model has been used to provide a baseline view of the economy as well as to test alternative scenarios⁴. All data referred to in this chapter is drawn from the EEFM. These may not exactly mirror official published statistics, particularly as a result of the integration of agriculture within employment measures which are typically not well dealt with in the main official datasets.

Analysis of the EEFM was undertaken at the sub-regional level to ensure alignment with the SHMA². As part of this analysis an adjusted EEFM scenario, taking account of Stansted growth was developed. This scenario, based on 1,895 jobs per annum (jpa) across the strategic housing market area, has been adopted as the basis for the analysis in this report. This is an increase from the EEFM baseline of 1,590 jpa. The sub-regional total was apportioned to each constituent authority area, with Epping Forest District allocated a figure of 400 – 455 jpa across the 2011-33 plan period. The sub-regional report should be read for full details of how this was done, but in summary the apportionment was based on (1) the EEFM forecast distribution of future employment growth and (2) the historic distribution of employment across the SHMA.

The details are set out in Figure 4.3, and it should be noted that these figures are different ways of apportioning the total of 1,895 jobs per annum between the four Districts⁵.

Figure 4.3: HMA-wide Workplace Based Jobs Scenarios

	EEFM 2014 Baseline				Stansted Growth Scenario
	2011	2033	2011-33	Jobs per annum	Jobs per annum
East Herts DC	66,785	76,750	9,960	455	435 - 505
Epping Forest DC	57,545	67,880	10,335	470	400 - 455
Harlow DC	42,230	49,815	7,585	345	325 - 335
Uttlesford DC	43,390	50,465	7,080	320	665 - 675
HMA	209,955	244,915	34,965	1,590	1,895

N.b. Figures may not sum due to rounding

The Epping Forest District scenario of 400 to 455 jpa compares to the original EEFM 2014 Baseline derived figure of 470 jpa. The slight downward adjustment from 470 jpa to 455 jpa is as a result of growth at Stansted drawing labour and economic activity away from other parts of the sub-region. The reduction of 15 jpa is very modest⁶. The 400 jobs per annum scenario results from an alternative distribution of jobs across the housing market area based on the current (recent history) distribution of workplace based jobs, as mentioned above and described in more detail in the sub-regional report. Sectoral employment projections for Epping Forest District have been remodelled

⁴ The EEFM 2014 runs to 2031. The forecasts have been extended to 2033 by extrapolating the long term trends from the period 2028-31.

⁵ If one or more Districts plans for growth at the top of their range, others will plan for growth closer to the bottom of their range, so that the total remains at 1,895 jpa across the four Districts

⁶ To set in context, the EEFM Baseline projects total workplace based employment growth of 0.75% per annum. The Stansted Scenario projects 0.73% per annum. The 400 jpa adjusted scenario projects growth of 0.65% per annum.

to take account of the two headline employment projections emerging from the sub-regional work. The following adjustments from the baseline have been made:

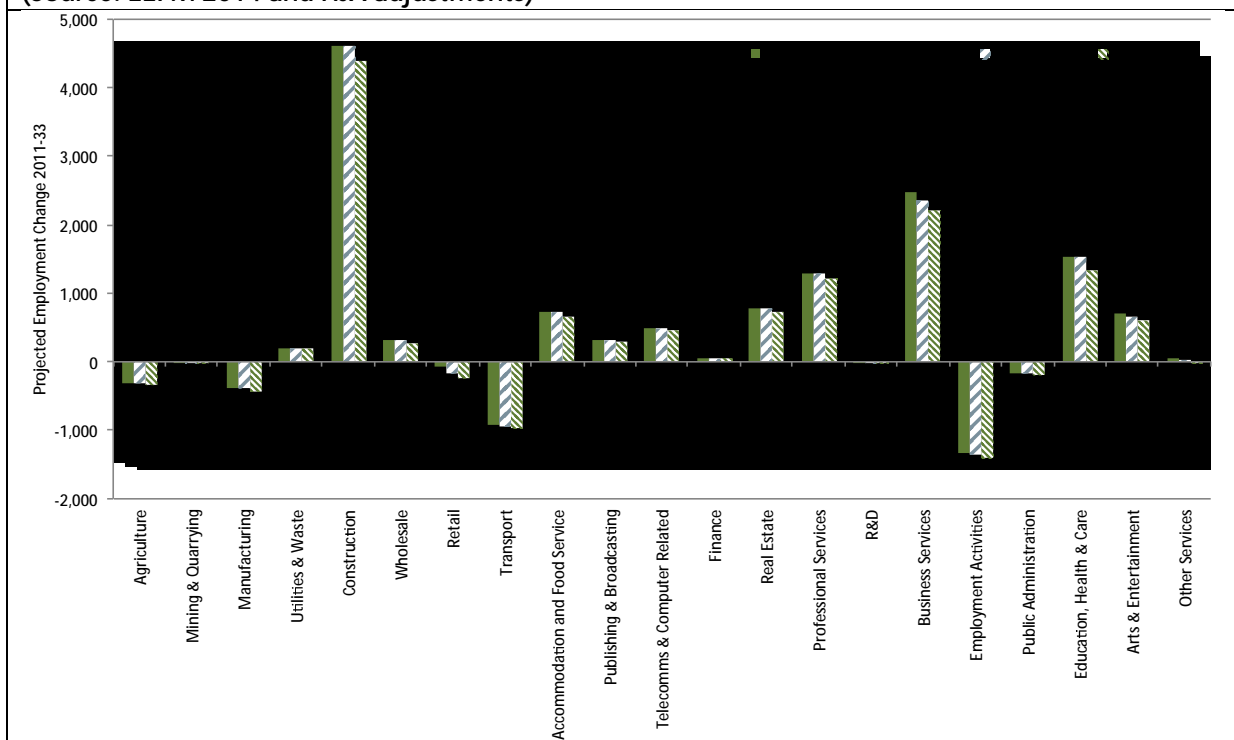
- 455 jpa scenario: 15 jpa reduction apportioned across sectors in line with commentary within technical evidence underpinning the Stansted Sustainable Development Plan 2015⁷. (30% retail, 10% land transport, 30% business services, 10% employment activities, 10% arts and entertainment and 10% other services).
- 400 jpa scenario: adjustment to all sectoral growth rates of 0.0815% per annum.

4.3.2 Sectoral Projections

Figure 4.4 shows the projected absolute change in employment by sector in Epping Forest District across the two scenarios being considered. This shows that the greatest number of additional jobs is projected to be within the Construction sector, with 4,400 – 4,600 new jobs over the plan period. Around half of this growth is recovery of jobs lost through the recent downturn. Other sectors projected to grow substantially in absolute terms include Business Services, Education, Health & Care and Professional Services.

Employment decline is projected in a number of sectors, most notably Transport and Employment Activities but also Agriculture, Manufacturing, Public Administration and Retail. The decline in Agriculture may not fully reflect potential opportunities for growth in the glasshouse industry in Epping Forest District.

Figure 4.4: Projected employment change by sector in Epping Forest District 2011-33
(Source: EEFM 2014 and HJA adjustments)



⁷ Economic Impact of Stansted Scenarios, Oxford Economics, 2013, for London Stansted Corridor Consortium

4.3.3 Use Class Projections

Sectoral employment projections have been translated into employment change by Use Class, using the Sector – Use Class matrix included in Appendix 3 to this report.

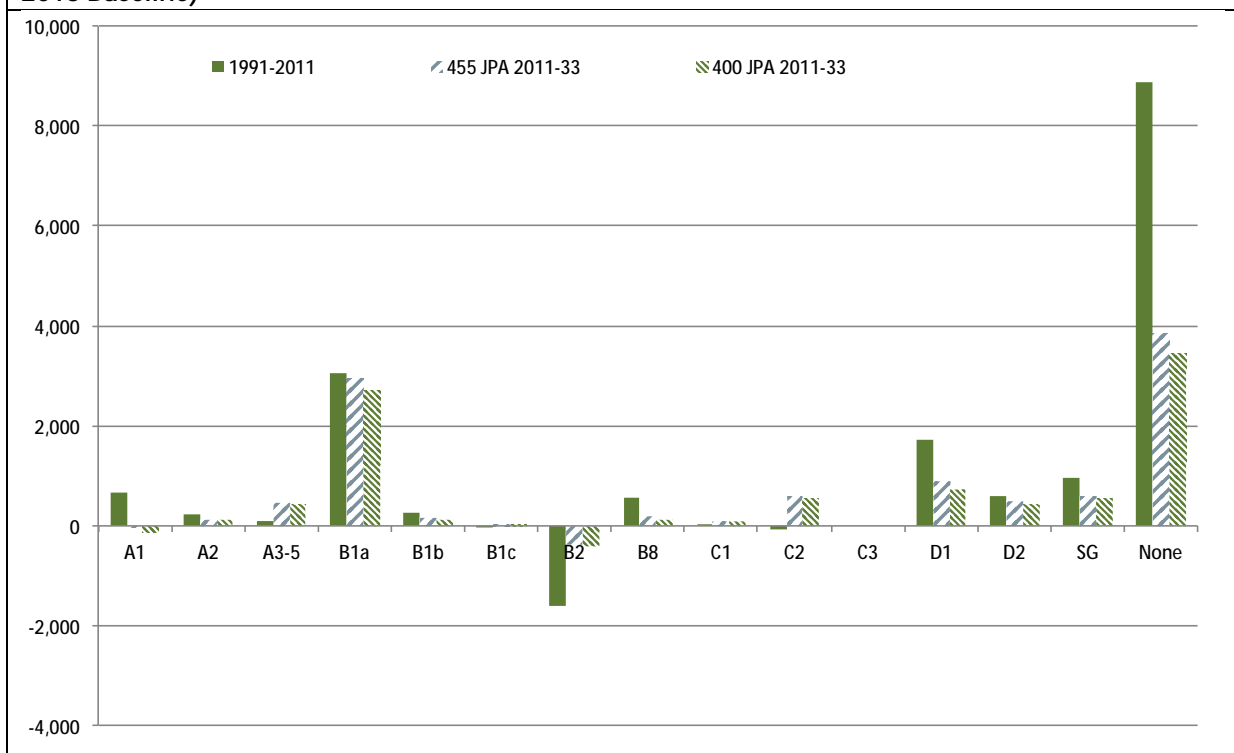
Figure 4.5 sets out these results. This sets the two forecast scenarios against historic employment change over the period 1991-2011. This shows the substantial projected growth of jobs with no direct sites and premises requirements. This is fuelled by projected growth in sectors including: Construction and cleaning (classified within the Business Services sector and a major employment sector in Epping Forest District).

B1a office employment is projected to grow strongly, fuelled by a range of sectors including elements of Real Estate, Computer Related Activity, Finance, Professional Services and Business Services. There is projected growth in B8 activities, although to a lesser extent than the historical period.

Growth is projected across the C and D Use Classes. In the case of the C Use Class this is greater than in the historical period. Growth in the D Use Classes is projected to be lower than the historical period. There is a projected growth in A3-5 Use Classes employment, much greater than the historical period as well as in employment within A2 and Sui Generis activities.

There is anticipated employment decline in the A1 Use Class, in contrast to growth in the historical period. There is a projected continued decline in B2 employment, but at a much more modest level than the decline experienced 1991-2011.

Figure 4.5: Employment change by Use Class in Epping Forest District (Source: HJA based on EEFM 2013 Baseline)



Appendix 3 sets out the detailed results broken down by five year time period.

4.4 Estimating future requirements

When considering the impact of net changes in employment upon future sites and premises requirements it is necessary to highlight the caveat that some employment change could be absorbed within current floorspace. That is, existing employers increasing employment with no need for additional floorspace and other employers reducing headcount without releasing floorspace to the market. The nature of the property market with lease structures and freehold ownership is such that floorspace requirements will not adjust in a perfect correlation with employment. Nevertheless, over the course of the entire Local Plan period there is likely to be scope for adjustments to be made.

4.4.1 Net additional requirement

The following figure summarises the results of analysis to estimate net additional future property and sites requirements for the various employment accommodating Use Classes.

Figure 4.6: Summary –Net Additional Requirements for Epping Forest District 2011-33 (figures may not sum due to rounding)

Use Class	Projected Employment Change (jobs)	Projected Net Additional Floorspace Requirement	Projected Net Additional Land Requirement
A1	-130 to -30	-3,000 to -700 sq m	Uncertain
A2	120 to 140	2,400 to 2,700 sq m	0.3 to 0.4 ha
A3-5	410 to 460	8,900 to 9,900 sq m	Uncertain
B1a	2,720 to 2,950	32,600 to 35,400 sq m	8.1 to 8.8 ha
B1b/c	160 to 170	5,800 to 6,300 sq m	1.5 ha
B2	-420 to -390	-15,900 to -14,600 sq m	-4.0 to -3.7 ha <i>Estimated 2 ha might be available for re-use</i>
B8	120 to 180	9,400 to 13,300	2.3 to 3.3 ha
C1	80 to 90	50 to 190 hotel rooms	Uncertain
C2	550 to 600	Uncertain	Uncertain
D1	740 to 880	Uncertain	Uncertain
D2	440 to 480	30,000 to 33,000 sq m	c 7.5 to 8.2 ha
Sui Generis	550 to 600	Non quantifiable	Non quantifiable

4.4.2 Churn and replacement

The following analysis relates only to the B Use Classes. It is assumed that the majority of A, C and D Use Class redevelopment activity that would be required would take place at existing locations and no major new provision of sites is required to facilitate such replacement activity e.g. town centre redevelopment would take place at current town centres and not require a major town centre relocation. There has been no evidence presented to suggest that this is not the case.

The methodology employed for estimating the level of replacement demand assumes that a proportion of the total existing stock of employment property is replaced each year to ensure the overall stock of premises is appropriate to modern needs in terms of both building quality and site

characteristics. This is particularly important for the manufacturing sector where ongoing development of industrial premises has been observed, despite a decline in employment in the sector over many years.

In Epping Forest District, the supply review suggests there is some ageing stock, particularly in the Waltham Abbey and Oakwood Hill areas, and although there are no huge pressures to bring redevelopment it is likely that there will be a need to upgrade some of the stock over the course of the Local Plan period as it becomes unfit for purpose. A significant amount of industrial stock will be in excess of 70 years of age by the end of the plan period without redevelopment.

It has also been suggested by local agents that the permitted development rights (PDR) relating to office space will create a requirement to replace lost office stocks. The situation regarding PDRs is somewhat uncertain, with speculation that the original temporary three year period for PDRs will be extended or made permanent and the potential for further employment Use Classes to be added. However, whilst consultation on such plans was undertaken by government, no policy has as yet been enacted. Data provided by Epping Forest District Council relating to the fiscal year 2014/15 indicated a loss of 9,356 sq m of office stock via PDRs, although it is not certain that all approvals have been enacted. This included a mix of small and large schemes⁸ and equates to more than 8% of total office stock in the district. It is uncertain as to whether the pace of PDR conversion would be higher, lower or in line with that experienced over the 2014/15 period so it is not possible to make accurate projections. However, provision should be made to at least re-provide that which has been lost and the need to provide an additional buffer to off-set further losses should be borne in mind when shaping policy.

Based on what can be observed in the data, and what is known of the property market, it is assumed that provision should be made for 1% of commercial stock to be replaced each year. This is equivalent to the entire stock of employment property being replaced over a 100-year period. Further details relating to this assumption are contained in Appendix 3 to this report.

The stock based assumption set out above indicates a total level of replacement activity one might expect to observe in the property market. However, it does not consider whether this replacement activity takes place on existing employment sites (replacing or refurbishing one building with another on the same plot of land) or whether currently unoccupied land needs to be made available. The evidence and market observation suggest there will be elements of both. Given the density of development in the southern parts of the district it is likely that redevelopment will need to take place on existing sites whilst accepting there may be constraints (e.g. remediation, infrastructure, ownership) and some may not be attractive to the market for redevelopment or reoccupation. For the purposes of this analysis we assume that 50% of replacement activity requires appropriate supply to be made available through new allocations⁹. This therefore equates to a need to

⁸ The largest of which include 5,000 sq m at Fyfield Business Park, Ongar comprising seven units. 1,630 sq m at Conquest House, Waltham Abbey and 1,278 sq m at Hillgrove Business Park, Nazeing. A further large application relating to 1,430 sq m of office space was withdrawn.

⁹ Given the density of development in the southern parts of the district it is likely that redevelopment will need to take place on existing sites whilst accepting there may be constraints (e.g. remediation, infrastructure, ownership) and some may not be attractive to the market for redevelopment or reoccupation. For the

accommodate 0.5% of stock each year, or 11% over the course of the 22 year Local Plan period. This is translated into land requirements assuming a development density of 40% for industrial development and a range of 40% to 100% for office development to highlight the range of development types.

Table 4.7 sets out the results of this analysis. This shows total replacement requirement for offices at around 2.5 times the losses already recorded as a result of PDRs to date. If PDR for office to residential are extended then there may be a need to boost provision for potential office development. In land terms a requirement for 1.2 – 3.1 hectares is estimated for offices. A much greater figure for industrial replacement is estimated, at 13.7 hectares. This reflects the much larger industrial stock in the District at present and the need to ensure this remains fit for purpose.

Table 4.7: Estimates of Requirements for Churn and Replacement

Use Class	Total Stock (2012)	Total Replacement (1% of stock per annum)		Requiring New Sites (50% of Total)		
		Total Replacement (1% per annum)	Plan Period (22 Years)	Per Annum	Plan period (22 Years)	Projected Net Additional Land Requirement
B1a	111,000 sq m	1,110 sq m	24,420 sq m	555 sq m	12,210 sq m	1.2 - 3.1 ha
B1b/c/B2/B8	498,000 sq m	4,980 sq m	109,560 sq m	2,490 sq m	54,780 sq m	13.7 ha

4.4.3 Choice and flexibility

Two core components are added to take account of choice and flexibility. Firstly, a percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. An uplift of 10% has been applied.

4.4.4 Combined results

Table 4.8 draws together the results of the various components within the quantitative assessment to provide an indication of potential future requirements for Epping Forest District. This sets out floorspace data across the Use Classes where it is possible to estimate future requirements. For the B Use Classes a more detailed assessment captures the need for replacement activity and converts to land requirements. This is split by office and industrial requirements. No aggregate totals are provided given the different Use Classes.

purposes of this analysis we assume that 50% of replacement activity requires appropriate supply to be made available through new allocations.

Figure 4.8: Results of Quantitative Assessment

	Net Additional Floorspace (Sq m)	Net Additional Land (ha)	Replacement (ha)	Choice (ha)	Core Requirement	
A1	-3,000 to -700 sq m	Uncertain	n/a			
A2	2,400 to 2,700 sq m	Uncertain	n/a			
A3-5	8,900 to 9,900 sq m	Uncertain	n/a			
B1a	32,600 to 35,400 sq m	8.1 to 8.8 ha	1.2 to 3.1	0.9 to 1.2	10.2 to 13.3	
B1b/c	5,800 to 6,300 sq m	1.5 ha			17.3 to 18.3	
B2	-15,900 to -14,600 sq m	-4.0 to -3.7 ha <i>Estimated 2 ha might be available for re-use</i>	-	13.7	1.8 to 1.9	<i>Includes reduction of 2ha based on reduced overall requirement</i>
B8	9,400 to 13,300	2.3 to 3.3 ha	-			
C1	50 to 190 hotel rooms	Uncertain	n/a			
C2	Uncertain	Uncertain	n/a			
D1	Uncertain	Uncertain	n/a			
D2	30,000 to 33,000 sq m	c 7.5 to 8.2 ha	n/a	0.8	8.3 to 9.0	
Sui Generis	Non quantifiable	Non quantifiable	n/a			

4.5 Testing the results

4.5.1 Historic Take-Up and Market Context

Epping Forest DC monitors development through the Annual Monitoring Report (AMR), with records available from 2006-07 to 2014-15. The AMRs report take-up based on planning application approvals. As a result the data does not record development completions and given that a proportion of applications will not be implemented the figures as reported below are likely to be overstating actual completions.

The main focus is on the B Use Classes, with some data on A and D Use Classes available from 2007-08 and 2008-09 respectively. Data on the B Use Classes reflects the fact that many schemes incorporate a mix of B1, B2 and B8 elements. Therefore, it is not possible to accurately disaggregate the individual B Use Classes from the data that is available, although there is clear evidence of gains and losses in each of the Classes. The following analysis is based on the best available data following a data cleansing exercise with EFDC officers.

Gross gains¹⁰ in B Use Class development average approximately 21,000 sq m per annum. Gross losses¹¹ of B Use Class premises are approximately 13,000 sq m per annum. The net change is therefore approximately +8,000 sq m per annum. This suggests a higher level of gross completions than is projected by the quantitative assessment set out above¹².

¹⁰ Data has been adjusted to remove applications for continued use or retrospective use. This therefore captures gross new floorspace. It does not take account of any losses of floorspace that are provided in the process of redevelopment.

¹¹ This includes losses as part of redevelopment of B Use Class premises and losses to other Use Classes. It only measures losses recorded as part of a planning application.

¹² To compare like with like the total estimate for replacement activity is added to the net additional requirement to create an estimate of gross completions. This creates an estimated level of future completions of 8,300 sq m – 8,700 sq m per annum in the quantitative assessment.

Using the AMR data it is assessed that more than 61% of gross B Use Class gains result from change of use or direct on-site replacement. The corollary is that only 36% of total new development activity is taking place on land that was previously vacant.

Around 5% of gross development is assessed as extensions to existing premises. Therefore the level of development that appears to be on new development plots is approximately one third of total new B Use Class floorspace. This equates to around 7,000 sq m per annum.

The outputs of the quantitative analysis set out previously suggest a requirement for approximately 5,200 – 5,500 sq m per annum of development on new sites in the B Use Class (net additions plus replacement on new sites). This is some 25% below the level indicated by the historic data. The potential reasons for this include:

- Historic data based on applications rather than completions
- Uncertainty when forecasting
- Lower projected net employment growth in B Use Classes than historically – by a factor of 30% - 40%

On this basis there is no clear evidence to suggest any need for major adjustment to the figures emerging from the quantitative analysis, even though gross levels of activity appear greater. The quantitative assessment also includes a 10% uplift for choice and to cover frictional movement which provides some additional flexibility.

4.5.2 Planned Developments in the Sub-Region

The scenarios tested in the quantitative assessment are based on the EEFM which adopts a 'business as usual' approach. The EEFM does not take account of major 'game changers'. In adjusting the EEFM baseline to take account of growth plans at Stansted there has been an element of adjustment. However, there are potential developments which need to be at least considered.

Within Epping Forest District the most significant potential game changer is an additional motorway junction on the M11 (junction 7A). This may open up new development land in the north of the district in close proximity to Harlow. However this remains a long term proposal.

The more significant employment generating developments influencing Epping Forest District, recent and planned, lie outside the district boundaries. For example:

- Retail – Westfield Stratford and Bluewater continue to provide significant comparison shopping destinations.
- Office – Stratford is becoming a significant office location and the Park Plaza developments within Broxbourne have the potential to provide a further significant employment location to the west of Epping Forest District.
- Industrial – Enfield is recognised as the major industrial location in the area.
- Harlow – has substantial growth ambition to the immediate north of the district with substantial employment development opportunity sites with Enterprise Zone status and improved connectivity via the Junction 7a proposals.
- London – there is no anticipated slow-down in the role of London as an economic hub. This will continue to provide a major economic growth pole to the immediate south of the district.

There is no strong policy aspiration to see substantive growth in Epping Forest District. However, there are growth opportunities elsewhere within the FEMA. The focus for Epping Forest District is to maintain a healthy economy delivering incremental growth. The development of Junction 7a may come forward later in the plan period and should be considered as part of any plan review. The economic aspiration and opportunity does not suggest a need for major revision to the assessment of future requirements.

4.5.3 Labour Market Capacity

The East Herts and West Essex SHMA sets out the demographic and housing evidence³. HJA prepared economic evidence to inform the development of the SHMA to ensure alignment between the two topics. On a sub-regional (HMA/FEMA) basis the evidence has been developed to ensure the demand and supply of labour are broadly in balance given current available evidence.

4.6 Constraints to growth

Despite projections, plans and strategies for economic growth and forecast levels of economic growth, there are still a number of constraints that need to be overcome in order to enable employment growth to take place. The main constraints to growth in Epping Forest District include:

- The limited availability of suitable employment sites within the Epping Forest District boundary, in large part due to Special Areas of Conservation, Sites of Special Scientific Interest (most notably Epping Forest), Green Belt and flood plain constraints. A Green Belt review is being undertaken as part of the Local Plan process, which will identify any areas that could possibly be released from the Green Belt
- Lack of a 'central place' with a critical mass of activity within the District boundary. The 'central places' that provide the higher level services and opportunities for Epping Forest District residents include Harlow and London
- The level and suitability of local residents' skills to enable them to access the employment opportunities that are created locally. An example of how this is being addressed is the provision of horticultural focused courses at Epping Forest College to enable local people to gain the skills needed to work in the glasshouse industry
- Constraints on working age population growth and a need to increase economic activity and employment rates or adjust commuting patterns to meet baseline employment growth projections
- Transport infrastructure constraints which include:
 - Some parts of the road network are at capacity, and so restrict further development. The most notable capacity constraint is M11 Junction 7, which could be relieved through both direct improvements to the junction itself, and the delivery of a new Junction 7a
 - Central Line rail capacity constraints which will prevent much more commuting into London. However, the opening of Crossrail planned for 2018 should help to alleviate congestion on the Central Line
 - General accessibility to mainline rail which prevents more commuting, albeit that it is good in parts of the District
- Housing affordability in Epping Forest District is difficult for many people, particularly young people on moderate incomes. Whilst already having an impact, left unchecked poor housing affordability could further push economically active younger people out of the District.

5 Delivering Future Employment Growth

Future economic growth for Epping Forest District comprises two main elements:

- Economic and employment growth accommodated within the District boundary
- Economic and employment growth in the functional economic market area, creating employment opportunities for District residents outside the District boundary

This section deals mostly with the former, because this growth has implications for the Local Plan. However, there are a number of ways in which the latter can be influenced e.g. through Epping Forest District Council's role on the Harlow Enterprise Zone board, through its membership of the South East LEP and London-Stansted-Cambridge Corridor or through improving connectivity to London. These need to be considered as part of the District's economic development strategy, remembering that economic growth drivers work across functional economic market areas, and are not constrained within local authority boundaries.

5.1 Growth within Epping Forest District

5.1.1 North Weald Airfield

North Weald Airfield offers the largest potential area for economic and employment development in Epping Forest District. Following extensive technical work and consultation it is likely that private flying will continue from the airfield, although there are no plans for significant growth in commercial air traffic. Part of the site will be developed for both employment and residential uses, so any employment needs to be suitable for close proximity to residential development. Aviation related employment has been mooted for the site. Its proximity to M11 Junction 7 would make it an attractive location for distribution-related activities, although there is little appetite for significant amounts of distribution related employment, and there are capacity constraints on the motorway junction. With no direct rail link to the site it is unlikely to be developed as a major office location, although there is some desire to reinstate commuter services on the Epping-Ongar railway line which runs close to the site.

This site could accommodate growth in office-based activity, distribution and some specialist manufacturing – preferably related to aviation.

5.1.2 Langston Road

Langston Road in Debden has a significant site as a development opportunity – currently proposed for a retail park - in an already established employment area. There are already a range of employment activities in Langston Road, including both manufacturing and major office-based activities. Its proximity to Debden Station on the London Underground Central line makes it an attractive location for high-density employment. Development in this area will be important given the paucity of new employment sites in the south of the District.

This site could accommodate some growth in office-based activity.

5.1.3 The food sector

The Lea Valley Food Task Force, which covers a larger area than Epping Forest District, is developing plans for the future growth of the food sector, including the glasshouse industry. Plans include the development of the glasshouse industry, better engagement of local young people into the workforce, training for young people to provide them with the necessary skills, and ideas for a national institute for food security in partnership with a university.

The glasshouse industry provides two areas of opportunity for future employment and economic growth. The first is the employment of local workers in the existing sector – effectively displacing immigrant labour – and the second is in the growth of the industry and new jobs that will be created. The industry appears to have good growth prospects, and food has been agreed as one of the sector priorities for the London-Stansted-Cambridge Corridor. The industry offers a range of employment opportunities, including jobs for lower skilled workers, but with a forward career path. Historically it has concentrated in the Lea Valley, but in future the industry aspires to grow across a broader area with less constraint on its growth.

This sector will create a range of jobs, with many of these being relatively low skilled.

5.1.4 Rural development

Most of rural Epping Forest District is in the Green Belt, so there is limited scope for large-scale development. However, there is a desire to maintain economic vitality in the rural parts of the District, through farm diversification, re-use of redundant buildings and some limited development that is suitable within the Green Belt (potentially including glasshouses). Where possible there is a desire to relocate businesses with significant road transport requirements away from sensitive areas to better connected areas. This would release sites that could be used for small-scale employment developments.

A Local Action Group (LAG) has been established which contains the rural parts of Epping Forest District – the Eastern Plateau LAG. This aims to support the establishment and growth of businesses in rural areas, including farm diversification. Rural development will create jobs in a range of sectors, most likely in small businesses.

5.1.5 Town centres

There is a desire to promote significant regeneration in Waltham Abbey town centre, including enhancing its role as a tourist destination. The proposed regeneration of Debden Broadway could create opportunities for some office-based employment. It will also create opportunities for new employment in retail. The proposed regeneration of St John's Road Epping should create some retail employment opportunities, some leisure employment opportunities and may include some office accommodation.

Less intensive development activity is envisaged in other town centres, in an effort to attract local shoppers and visitors to make more use of them. The town centres cannot compete directly with the significant regional comparison shopping centres (such as Bluewater, Westfield Stratford City and others), so need to provide a distinctive offer in terms of independent shopping, leisure and tourism. Epping's weekly market is a good example of this. A broad desire has been expressed to

make better economic use of the town centres through more office activity, especially above shops. However, at present this conflicts with a drive to deliver residential accommodation above shops.

Town centre development could create employment opportunities in retail, leisure and office-based activities. This is discussed in more detail in Chapter 7.

5.1.6 Tourism

Epping Forest District would like to derive more benefit from its current tourist attractions, including Epping Forest, Waltham Abbey, Epping-Ongar Railway, and the nearby Lee Valley Whitewater Centre. It also has the potential to benefit from business visitors to London and the South East.

Growth in this sector could create a number of jobs across the District. Tourism typically creates relatively low skilled jobs.

5.1.7 Chinese businesses

The Phoenix publishing group has recently established a base at the Phoenix hotel and business centre near North Weald Bassett. This is intended as a touch-down base for Chinese business visitors to the UK, and could lead to the establishment of more Chinese businesses in Epping Forest District.

The growth potential of this opportunity is unknown, although it could be significant if further Chinese inward investment is captured in Epping Forest District.

5.1.8 Care homes

Invest Essex, the inward investment agency for Essex, has been approached with a number of enquiries seeking sites for specialist dementia care homes in Epping Forest District. These could create a range of jobs of different qualities. They are typically seeking greenfield sites, and may generate low employment densities. However, this is likely to be a growing market in the future.

The care homes market is one that is looking for sites throughout the London periphery and is not specific to Epping Forest District. It could create a range of jobs, from very high skilled to less skilled.

5.1.9 Further education colleges

Epping Forest College is based in Debden and has more of a focus on vocational and service sector skills such as hairdressing. Harlow College has some higher-level functions, including a university centre in partnership with Anglia Ruskin University, and supports the advanced manufacturing sector in the local area.

Aligning both colleges to the future skills requirements of sectors' growth opportunities will be important.

5.2 Growth in the functional economic market area

Recent work undertaken to inform the Strategic Housing Market Assessment² developed growth projections for each of the four core local authorities in the strategic housing market area. This work is discussed in detail on the separate report on this, and the conclusions are summarised in the

figure below. It should be noted that these figures are different ways of apportioning the total of 1,895 jobs per annum between the four Districts¹³.

Figure 5.1: Job growth projections (including Stansted) and emerging evidence base figures

	Job growth per year - based on historic share of total SHMA area jobs	Job growth per year - based on EEFM projected share of total SHMA area jobs	Target range for job growth	Job growth per year - derived from Local Plan emerging evidence bases
East Herts DC	505	435	435 - 505	510
Epping Forest DC	400	455	400 - 455	410
Harlow DC	325	335	325 - 335	400 - 600
Uttlesford DC	665	675	665 - 675	460
Total	1,895	1,895	1,895	1,780 - 1,980

N.b. Figures many not sum due to rounding

5.2.1 Harlow and the Enterprise Zone

Harlow Council has set out potential options for significant economic and employment growth in and around the town of Harlow during the local plan period. The highest profile economic plans for Harlow are the allocation of three sites within an Enterprise Zone, which are intended to create up to 5,000 higher quality jobs. It is proposed that London Road South will provide high quality offices and a data centre; London Road North will provide a science park around an Anglia Ruskin University innovation centre; and Templefields will provide a range of high quality employment premises. The Enterprise Zone proposal originated from the West Essex Alliance and is intended as an economic driver for the wider functional area including Epping Forest District. The Enterprise Zone is the only significant economic asset or anchor in West Essex recognised in the latest work on Essex's future economic growth¹⁴. Epping Forest District Council has a seat on the board of the Enterprise Zone. Current proposals for the London Road South and North Enterprise Zone sites include a major refurbishment to create high quality offices, a data centre, and a science park developed around a medical technologies innovation centre. These developments are likely to create thousands of high quality jobs, which will benefit both current and future residents of Epping Forest District. Epping Forest District has a much greater range of housing types than Harlow, and contains more large family homes which are likely to appeal to employees in these new high quality jobs.

Concerns have been expressed that some businesses currently located in Epping Forest District may relocate to Harlow once the Enterprise Zone sites are available. This is undesirable, but if it does happen then Epping Forest District Council needs to be aware when and why it is happening, and consider how to address the factors that are causing businesses to move out of Epping Forest District.

Harlow is focused on promoting growth in high value sectors including medical technologies/life sciences, advanced manufacturing and ICT. Growing these sectors will generate employment

¹³ If one or more Districts plans for growth at the top of their range, others will plan for growth closer to the bottom of their range, so that the total remains at 1,895 jpa across the four Districts

¹⁴ Regeneris Consulting (2015) Developing the Greater Essex Growth Story (for Essex County Council and Partners)

opportunities for Epping Forest District residents, even if they create only limited employment in the District itself.

Part of the enabling infrastructure to maximise the economic benefit of the Enterprise Zone and other developments in Harlow is the development of a new Junction – 7a – on the M11. Although close to Harlow the junction will be located in Epping Forest District. The new junction will enable the development of a significant area of mixed uses (i.e. residential and employment), which will be straddle the boundary between Harlow and Epping Forest District. If the employment aspects of this development are located close to the proposed Junction 7a then they are likely to be located within Epping Forest District.

Enabling growth in Harlow and ensuring that it benefits the residents of Epping Forest District will mean the need for close collaborative working between Epping Forest District Council and Harlow Council.

5.2.2 Broxbourne Park Plaza

There are plans for high quality office development at Park Plaza in Broxbourne, near to Waltham Abbey. Two sites could accommodate up to 200,000 sq m of new office development. It is intended that this development will help to diversify the local economy and reduce its reliance on industrial, warehousing and distribution activities. It is hoped that this will attract high-skilled employment, and provide opportunities for local residents, thus reducing levels of commuting into London. This development could create jobs that will be occupied by residents of Epping Forest District.

5.2.3 Connectivity to London

London provides employment opportunities for many of Epping Forest District's residents and will continue to do so in the future. There is some potential to increase this, but transport infrastructure could become a constraint to further commuting into London. Infrastructure capacity would need to be increased through both the Underground and over-ground rail networks. However, the opening of Crossrail planned for 2018 should help to alleviate congestion on the Central Line.

5.2.4 Stansted

There are significant growth plans for Stansted Airport, but much of the growth will be on the airport site and in nearby locations, rather than promoting significant growth in Epping Forest District¹⁵. This is reflected in the growth scenarios for the strategic housing market area that are considered earlier in this chapter.

¹⁵ Oxford Economics (2013) Economic Impact of Stansted Scenarios

6 Sites and Premises

In this chapter we consider the state of the commercial and industrial property market in and around Epping Forest District; and then look at the current supply of employment sites and premises in the District and the potential future supply of sites and premises.

6.1 The local property market

The commercial and industrial property market in Epping Forest District, and the broader regional property market, is healthy with demand rising. The availability of stock is falling as vacant properties are becoming occupied, and there is little new-build property coming to the market. This can be seen in the figures below.

Epping Forest District is not a high priority location for inward investors, and much of the demand is from local businesses. Owner-occupiers are particularly interested in local development opportunities. There are a number of strong industrial and office locations and major development areas around Epping Forest District, and it will not compete as a major strategic employment growth location.

The figures below show regional property agent Glenny's latest 2014 overview of the local markets for industrial and office properties in Essex and North London & Hertfordshire. It is clear from all of these figures that demand for industrial and office premises is rising, whilst availability is falling.

The biggest constraint to take-up in the wider area is the lack of available stock. This is common to most of London and the South East. Little speculative development is taking place, and any such development is usually taken up quickly. The increasing take-up is reducing the amount of available stock. In much of the wider region, including Epping Forest District, the limited amount of available land is restricting the amount of development that can take place. Glenny believes that this excess of demand over supply will continue into the foreseeable future.

Most of the interest in Epping Forest District is from the service sector, with only a small level of interest from, mostly niche, manufacturers. There is little demand for warehousing and distribution in the Epping Forest District area, and there are few sites that are sufficiently large and accessible enough to be attractive for these uses.

The main industrial areas in the District are Loughton and Waltham Abbey. At Oakwood Hill, Epping Forest District Council holds many freeholds. The Council is not considering the development potential of this area, and is content to collect ground rent on the freeholds that it owns. The stock here is ageing and much dates back to the 1950s and 1960s. There is potential for longer-term redevelopment here.

Supply and demand for industrial and commercial sites and premises in Epping Forest District are affected by the strength and attractiveness of the locations around it and their future development prospects. Compared to many surrounding areas, Epping Forest District is an attractive residential location with good links to stronger employment areas around it. Strong employment locations in Broxbourne, Brentwood, Romford, Walthamstow, Stratford, Enfield, Chelmsford and Harlow are discussed in Appendix 4 to this report.

Figure 6.1: Industrial Market in Essex

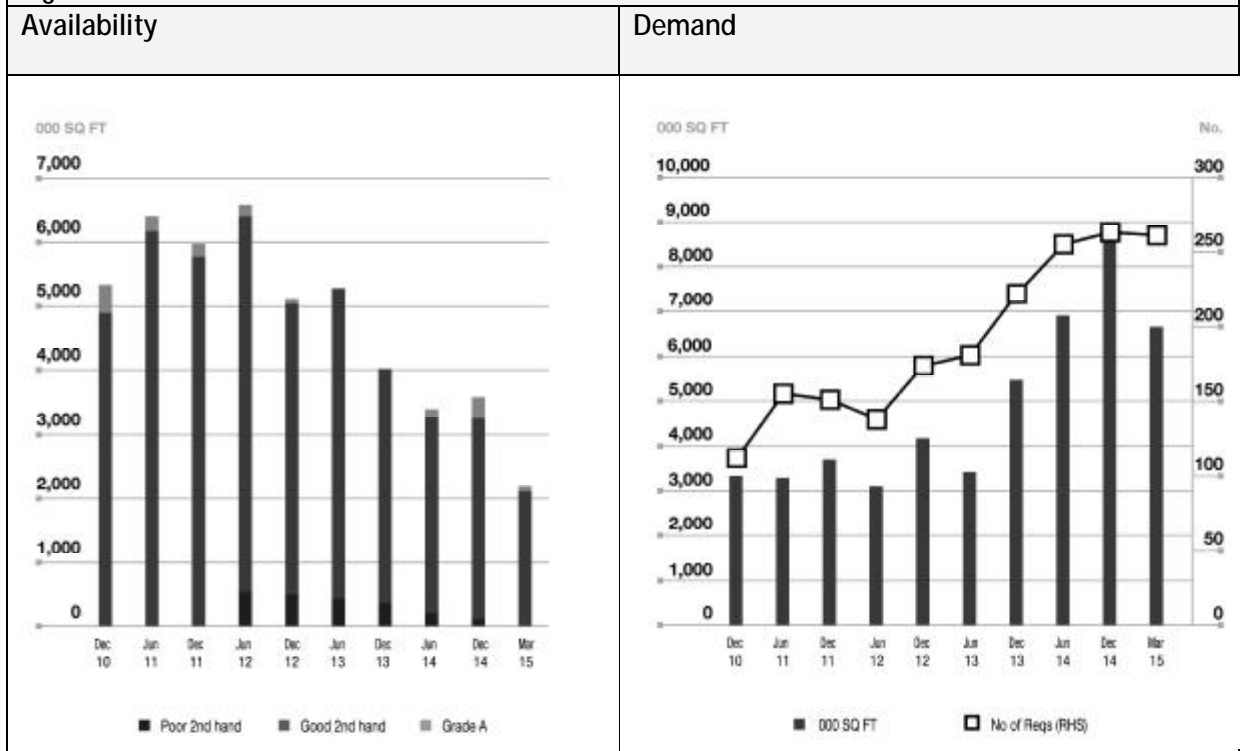


Figure 6.2: Office Market in Essex

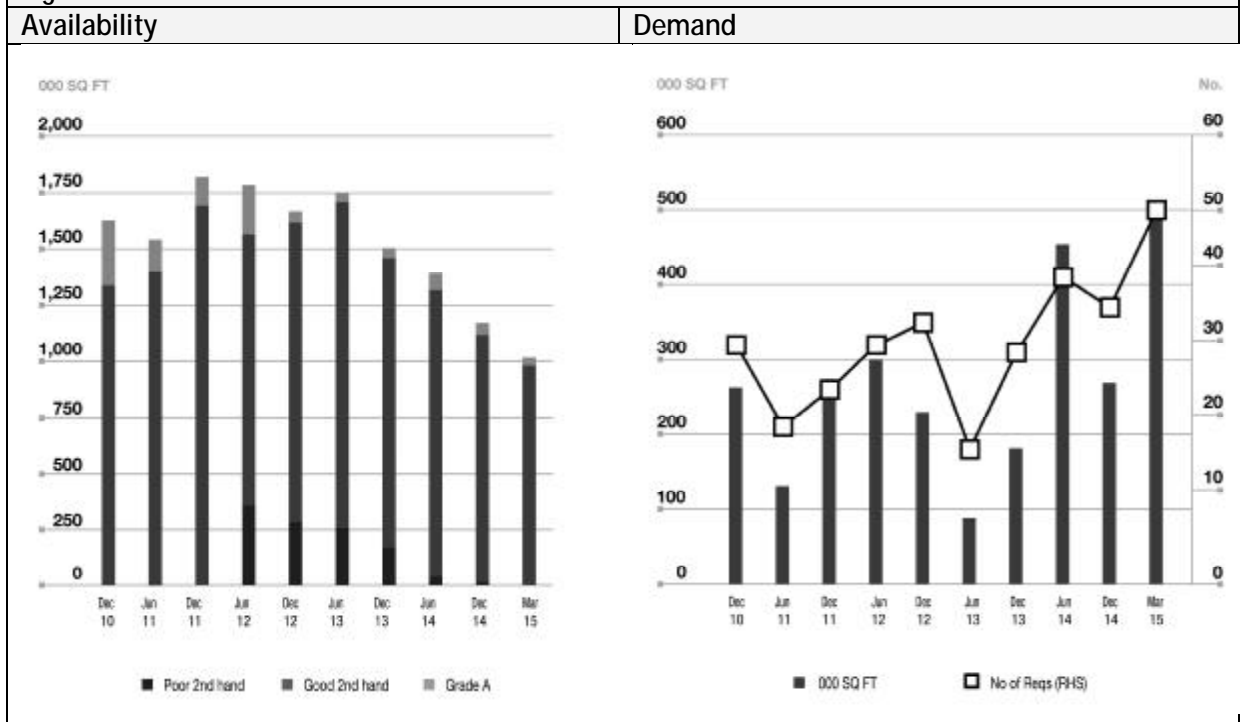


Figure 6.3: Industrial Market in North London and Hertfordshire

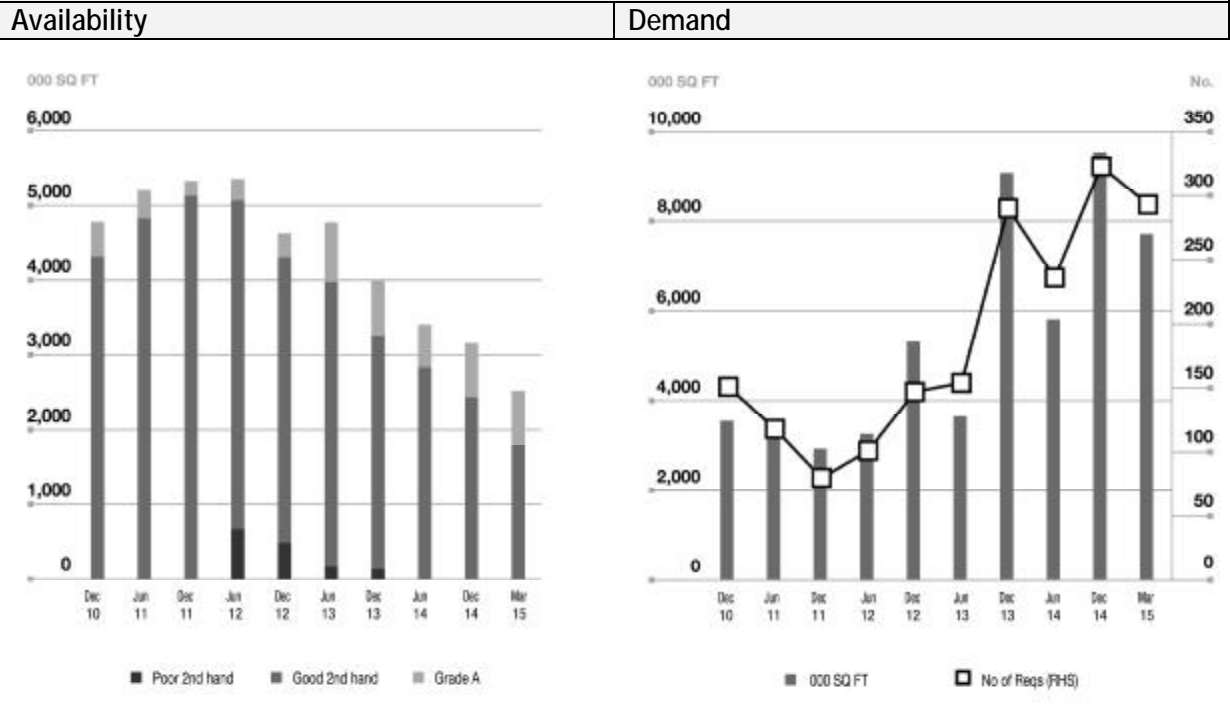
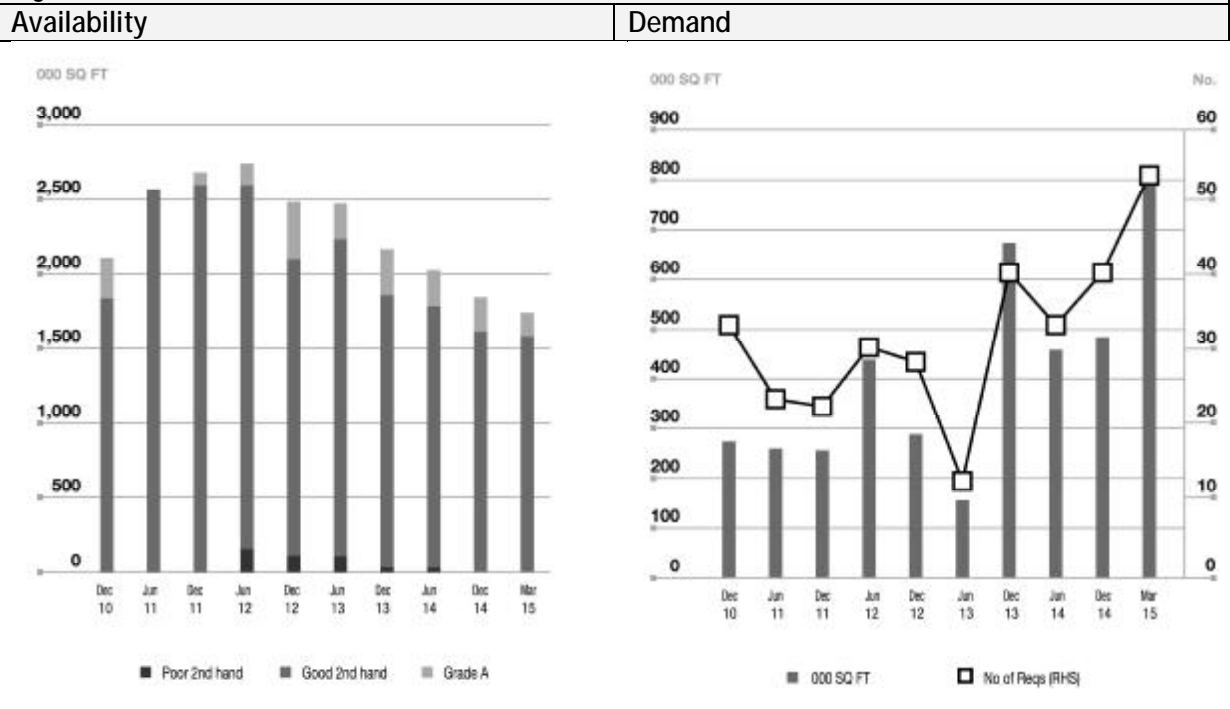


Figure 6.2: Office Market in North London and Hertfordshire



Source of all graphs: Glenny Databook, Q1 2015

6.2 The supply of sites and premises

This supply of sites and premises in Epping Forest District is made up of:

- The current scale of occupied employment land and premises in the District
- The scale of additional supply – both actual and potential

The additional supply can be considered within the following categories:

- Currently vacant land and premises i.e. ready to be occupied
- Currently planned development i.e. developments with planning approvals in place
- Further development opportunities which can be delivered within the current Local Plan (2006) policies
- Potential development opportunities which are outside current the current Local Plan (2006) policies

To get an overview of the supply of sites in Epping Forest District we have reviewed a number of sources of data, including:

- The latest Employment Land Review (ELR)¹⁶ for Epping Forest District (and Brentwood Borough), 2010
- Epping Forest District Council Town Centres Study¹⁷, 2010
- Epping Forest District Strategic Land Availability Assessment (SLAA)¹⁸, 2012, 2013 and 2014

Planning officers from Epping Forest District Council have reviewed and updated these sources of potential supply. These have then been tested by regional property experts Glenny, who have supplemented this analysis with current market knowledge.

6.2.1 Stock of employment sites and premises

The latest Employment Land Review for Epping Forest District was concerned only with B Class employment land. In 2010 some 42 sites were identified, of which 21 were in the urban areas of the District and 21 in the rural part of the District. The review states that there were 536 premises at the 42 sites (where the premises of a business can include several buildings at the same site occupied by the same business). According to the review, the average size of premises in Epping Forest District is 344 sq m, which is considered as being small. According to the review, 29% of sites were of 'good' quality, 67% were 'average' and 3% were 'poor' based on the quality of their premises (Table 5.11, p.54).

6.2.2 Further employment land supply within current policy

Published sources showed a limited supply of readily available sites and premises in Epping Forest District within current policy (i.e. the 2006 Local Plan):

- The Employment Land Review (in 2010) identified 12,000 sq m of vacant employment space across 22 premises. It did not identify the Planning Use Class of these premises. This suggests a vacancy rate of up to 6% of stock, which would not be considered high. The Employment Land Review noted that vacancy levels were 'very low' in Epping Forest District (para 7.18, p.83).

¹⁶ Atkins (2010) Epping Forest District and Brentwood Borough Employment Land Review

¹⁷ Roger Tym & Partners (2010) Epping Forest District Council Town Centres Study: Final Report

¹⁸ Nathaniel Lichfield & Partners (2012) Epping Forest District Strategic Land Availability Assessment

- The Employment Land Review only identified two current employment sites with planning permission. Together these sites comprised 1.4 hectares of land.

Glenny’s assessment of the local property market does not suggest that this picture has changed significantly. Their market overview of the larger regional economy around and including Epping Forest District (discussed above) suggests that demand is increasing and supply is decreasing.

The Employment Land Review (2010) and the Strategic Land Availability Assessment (2012, 2013 and 2014), identified a number of sites with development potential within current policy, albeit that they are not immediately available. This data has been supplemented with discussions with Epping Forest District Council officers, and adjusted accordingly. There may be some duplication within these figures. These are summarised in the figure below.

Figure 6.5: Employment land with development potential within current policy

	Amount	Source
Four sites have vacant land	5.0 ha	ELR (2010)
Three sites are immediately deliverable	5.2 ha/7,740 sq m ¹⁹	SLAA (2014) and EFDC
Thirteen sites have opportunities for further development	10.3 ha	ELR (2010)
Five sites have uncertainties about deliverability, but may be deliverable. According to the SLAA, uncertainties relate to development viability, fragmented land ownership and poor accessibility	65 ha/39,200 sq m ¹⁹	SLAA (2014)

Eight sites were identified for town centre use as their primary use. All of these were suitable within current policy. Two sites were identified for town centre use as their secondary use. Both were suitable within current policy.

6.2.3 Employment land supply outside current policy

The SLAA is the main source of data on potential employment sites outside current policy (i.e. the 2006 Local Plan). This identifies potential sites whose primary use is employment as well as those whose secondary use could be employment. The figure below considers only those sites for which employment is considered as the primary use. Some 47 further sites have employment as a secondary use (SLAA 2014).

It should be noted that most of these sites are currently in the Green Belt.

¹⁹ Site areas and floorspace estimates are taken from the SLAA. Floorspace estimates should be considered as a minimum, and in some cases sites are proposed for a mix of uses, of which employment is only one

Figure 6.6: Potential employment sites outside of current policy¹⁹

	Amount	Source
Twelve sites are deliverable	64 ha/88,000 sq m	SLAA (2014)
- <i>Eight of these are general employment sites</i>	<i>51 ha/102,000 sq m</i>	<i>SLAA (2014)</i>
- <i>Four of these are suitable for glasshouses</i>	<i>18 ha</i>	<i>SLAA (2014)</i>
Seven sites are developable, but deliverability is not certain	194 ha/199,000 sq m	SLAA (2014)
Nine sites may not be deliverable, although this may require further investigation	56 ha/120,000 sq m	SLAA (2014)

It is clear from these data that, subject to review of the Green Belt, there is potential for the allocation of some further employment land in Epping Forest District.

Major potential development locations are at:

- North Weald Airfield, where a masterplanning exercise has been undertaken for Epping Forest District Council. Although not definitive, the study suggests that over 40 hectares of mixed-use development could take place on the site, including over 40,000 sq m of commercial floorspace
- Debden Broadway, where a development options study suggests that just under 8,000 sq m of commercial space (mostly retail and leisure) could be delivered
- Langston Road where an outline planning permission was granted in 2012 for a 16,000 sq m retail park which is proposed to generate 200 jobs.
- Epping, where a development brief has been prepared for the St John's Road site, which could include some employment uses

6.3 Increasing the supply of sites and premises

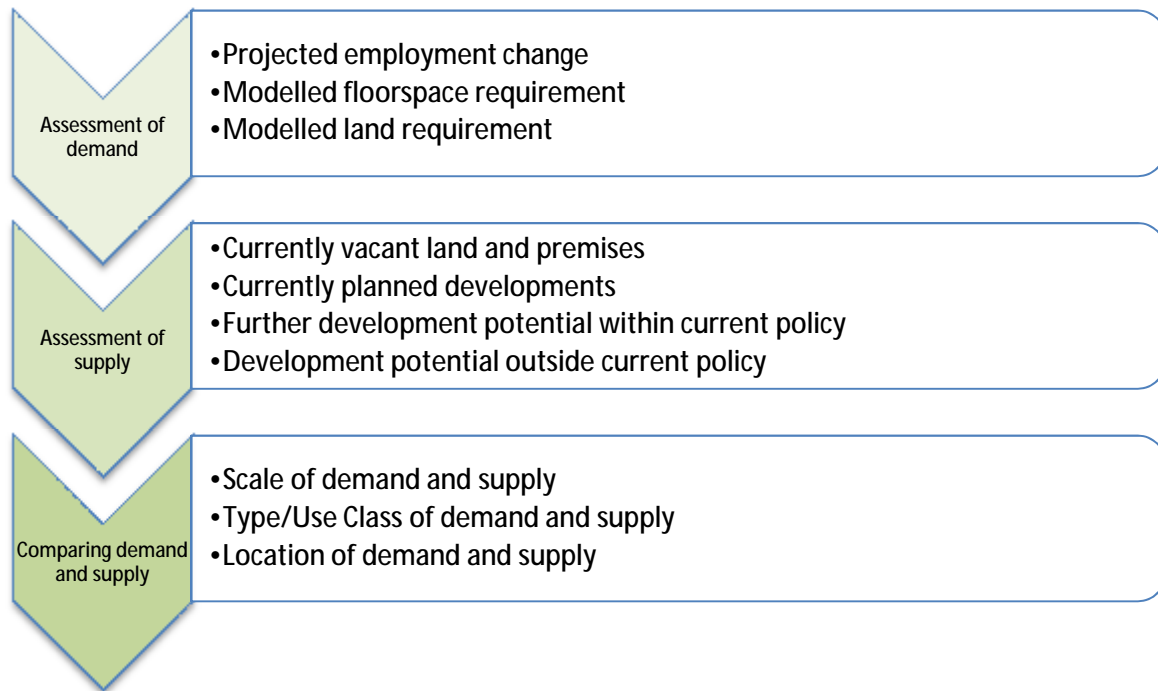
The latest work on economic growth in Essex¹⁴ has identified the need to increase the supply of sites in the county. Interventions suggested include:

- SEFUND – a recyclable fund to accelerate investment in infrastructure and property development
- Investment in superfast broadband across the county
- Improved road and rail infrastructure

7 Comparing Demand and Supply

In this chapter we compare the information on the likely future demand for employment land in Epping Forest District over the Local Plan period with the currently known and potential supply. The approach to comparing these is summarised in the figure below.

Figure 7.1: Comparing supply and demand



Demand and supply have been compared by Use Class, and this is considered below.

7.1 Town centres

7.1.1 Retail

Future retail floorspace requirements are traditionally assessed based on future expenditure patterns compared with current and planned capacity. The approach considered in this assessment is based on employment projections within the retail sector, and therefore differs to the more traditional approach, which has been considered in other evidence prepared on behalf of Epping Forest District Council¹⁷. The EEFM/HJA analysis indicates a slight decline of 30-130 jobs within the A1 Use Class over the plan period.

The EEFM suggests that historically retail employment reached its peak in 2006 in the district and then declined to 2012, with the later part of this period reflecting the impact of the economic downturn. Projected change in employment is then fairly flat. This would suggest the decline has largely happened, but certainly no major retail growth is projected in the area. That is not to say that there is not a need for a changing mix of retail provision, and there will undoubtedly be churn in the retail sector. However, in order to assess the implications of this there will be a need for detailed retail sector and market research for the area. Given the modest changes in employment,

the data would not suggest a major change in retail floorspace. However, guidance on floorspace per worker shows a substantial variation between high street and food superstore retail and other superstores or retail warehouses. The mix of retail requirements will therefore be a bigger determinant of future requirement and potential floorspace changes.

Given the differing nature of retail requirements, and the associated parking requirements for in-town and out of town locations, there will also be a broad range of development densities relating to such uses, with higher density development in district/local centres and much lower density development for food superstores and out of town retail warehouses. This creates challenges in converting outline floorspace estimates into land requirements. Any conversion would exaggerate the range of outcomes with both higher density of development and occupation in town centres and lower densities of both indicators out of town.

More detailed retail analysis will provide greater clarity on the nature of future retail requirements in the Epping Forest District area. The 2010 Epping Forest District Town Centres Study considers future retail requirements using the more traditional method of expenditure forecasts. This suggested a retail requirement for 33,000 – 50,000 sq m over the period to 2031. These requirements are well in excess of the scale of retail growth projected using the employment forecast approach. However, the Town Centres study is now dated, particularly in terms of demographic evidence to inform future population growth scenarios. In addition, the changing face of retail, with more emphasis on internet shopping, and the re-emergence of neighbourhood convenience stores and the move away from large format stores will impact current demand. As the geographic area used as the focus for the Town Centres study does not map exactly to the district boundary it is not possible to make simple adjustments even for indicative purposes. However, one might reasonably conclude that the population growth scenarios which formed the basis for the retail study are higher than current evidence suggests is likely. On that basis the retail requirements may well be lower than indicated by that research.

7.1.2 A2 Financial & Professional Services

HJA analysis of the EEFM scenarios projects a growth of 120 -140 jobs within the A2 Use Class over the Local Plan period. A2 jobs are primarily accommodated within town centres and district/local centres. This generates an estimated requirement of 2,400 - 2,700 sq m of A2 floorspace over the plan period.

Conversion of floorspace to site area is reliant on assumed plot ratio/development density. Within town centres plot ratios will vary depending on provision of car parking and the number of storeys achieved. Plot ratios upwards of 0.7:1 or 70% might reasonably be considered a minimum and greater than 2:1 or 200% could be achieved. This would suggest a land requirement of up to 0.4 hectares.

7.1.3 A3 – A5 Food & Drink Uses

The A3-A5 Use Classes cover a range of settings including restaurants, cafes, pubs, bars and takeaways. HJA analysis of the EEFM scenarios projects an additional 410 - 460 jobs within the A3-A5 Use Classes over the Local Plan period.

On this basis future net additional requirements are estimated at 8,900 - 9,900 sq m over the plan period. The nature of likely requirements is likely to reflect the demographics of the area and changing trends in leisure behaviour. Given the range of settings it is very difficult to translate the indicative floorspace requirement into a land use figure. Some requirements will be town centre and district centre based with no associated car parking. Other requirements are likely to be at out of town locations with at least an element of car parking provision.

7.1.4 Supply of town centre sites

Gross supply across Epping, Loughton and Waltham Abbey town centres is limited. There is scope for the redevelopment/regeneration of existing sites within the town centres. In the SLAA, eight sites were identified for town centre use as their primary use. All of these were suitable within current policy. Two sites were identified for town centre use as their secondary use. Both were suitable within current policy. Of the primary town centre sites:

- Three are in Epping. All are considered as being within current policy and deliverable. They comprise 4 hectares of land, and could accommodate nearly 8,000 sq m of commercial development
- Two are in Waltham Abbey. Both are within current policy, but only one is considered as deliverable. This site is just under one hectare, and could accommodate 1,700 sq m of commercial development
- Three are in Loughton. Two of these are within current policy and are developable when their current occupiers are relocated. They could accommodate over 5,000 sq m of commercial development

Two sites were identified for retail use as their secondary use, which could accommodate 5,000 sq m of development. One was within current policy, and one was located in the Green Belt.

There are plans and proposals for development in a number of town centres within Epping Forest District (which may include some duplication of those sites listed above), including:

- Debden Broadway/Loughton, which could deliver around 8,000 sq m of commercial space (mostly retail and leisure)
- Langston Road/Loughton where permission was granted for a 16,000 sq m retail park which is proposed to generate 200 jobs
- Waltham Abbey, where two town centre studies were completed in early 2015. The Colliers International study²⁰ identified ten potential development opportunities in the town centre
- Plans for the St Johns Road site in Epping, which includes some potential for office development

Loughton, Waltham Abbey and Epping are the town centres with the most significant development potential in the District.

7.2 B1a: Offices

HJA analysis of the EEFM scenarios projects an additional 2,700 - 3,000 jobs within the B1a Use Class over the Local Plan period. This would suggest a net additional requirement of around 32,600 - 35,400 sq m in Epping Forest District over the Local Plan period. The land requirement for this quantity of office development will depend on the type of developments coming forward. Where offices are developed within town centres, either as dedicated office developments or above retail

²⁰ Colliers International (Jan 2015) Waltham Abbey Town Centre Report

uses plot ratios of 1:1 (100%) or above are potentially achievable. In edge of centre and out of town/business park developments a plot ratio of around 40% is more typical, reflecting the requirement for car parking and landscaping. In reality, a mix is likely to be achieved. At the two extremes the associated land requirement ranges from 10.2 – 13.3 hectares.

Although there is a sufficient amount of land identified within the SLAA as being within current policy to accommodate this potential level of growth, the SLAA indicates that there are deliverability concerns with five of the eight sites. Of these eight sites, five are linked to current industrial sites so they may not be suitable for office development. Some of the B1a demand could be accommodated in town centres, and the availability of town centre sites is discussed above.

Permitted Development Rights (discussed in more detail in Chapter 4) may lead to more pressure on the current supply of office premises, given the higher value of residential use. The future of PDR is as yet uncertain, but if the regime continues then this could lead to a higher requirement for offices as existing stock is lost.

7.3 B1b, B1c, B2 and B8: Industrial and warehousing

7.3.1 B1b and B1c

HJA analysis of the EEFM scenarios projects an additional 140 - 150 jobs within the B1b Use Class and a very small (less than 50) increase in the level of employment within the B1c Use Class over the Local Plan period. This leads to a requirement of 4,600 - 5,000 sq m of B1b R&D floorspace over the plan period. The small projected increase in employment for B1c light industry is anticipated to require around 1,200 - 1,300 sq m of net additional floorspace. It is anticipated that B1b/c developments would be primarily based in business park type environments with development densities of around 40%. This would lead to a land requirement of 1.5 hectares combined.

7.3.2 B2

The EEFM scenarios forecast a decline of around 390 - 420 jobs within the B2 Use Class as a result of the continued decline in manufacturing employment. None of the manufacturing subsectors within the EEFM analysis are forecast to grow in employment terms over the Local Plan period. This might lead to a reduction in floorspace of 14,600 – 15,900 sq m. At a development density of 40% this equates to some 3.7 – 4.0 hectares of land. Further discussion of the potential for land release is set out below.

The decline in employment in the B2 Use Class is not projected to drive any expansion in the requirement for space²¹. The issue is whether there is a release of space to the market. There has been employment decline in the industrial sector for some time, yet there continues to be demand for new premises (see take up data presented in Appendix 3). When reflecting on the employment reduction in the industrial Use Class the following issues should be considered:

- Whilst a business may shed some of its staff, it may not close in its entirety and it may not release any of its property holdings to the market. Due to the lumpy nature of the commercial property market, through both lease structures and freehold ownership there is not necessarily a direct relationship

²¹ That does not mean there will be an absence of demand for new B2 premises as a result of churn in the market and changing occupier requirements. This is considered in following sections of the chapter.

between employees and floorspace. The trends that hold true across the economy at large do not always apply evenly at the individual business level. There are indications of increasing space per worker measures in the industrial sector over recent years, which likely reflect the trend towards reduced employment and increasing capital intensity. As a result, one should not necessarily expect a direct release of floorspace in this instance.

- Where a business does close, there may well be a release of either property or indeed an entire site. In some instances these will be available for re-occupation and redevelopment through normal market mechanisms. In other cases, this may not happen within the plan period. There may be constraints upon the re-use of premises or land (such as ownership or contamination), or the site/property may be located unfavourably or be inappropriate for modern business occupiers. As a result, its continued use within the stock of employment land/property could be uncertain.

As a result of both of these issues it is not easy to assess the potential release of land and property as a result of the projected scaling back of the labour force. However, it does suggest there may be some windfall releases which could contribute to future supply. Potentially, windfalls of around 6 - 8 hectares could be seen, based on the entirety of projected employment declines. If it is assumed that 50% of space was released and made available for re-use within the Local Plan period a figure of around 2 hectares might be contributed to future supply. However, this is an outline estimate and should not be relied upon as anything more than indicative for detailed policy making.

7.3.3 B8

The HJA analysis of the EEFM scenarios suggests a growth of around 120 - 180 jobs within the B8 Use Class. This equates to a net additional floorspace requirement of 9,400 – 13,300 sq m. In land terms, at a development density of 40% some 2.3 – 3.3 hectares of land could be required.

7.3.4 Overall

The combined level of demand in Use Classes B1b, B1c, B2 and B8, taking account of net additional requirements, replacement and choice is up to 18.3 hectares. This could be met within current policy, although according to the analysis undertaken in the SLAA, much of the potential supply may not be deliverable. There is significant potential development land outside current policy designations.

As discussed above, the latest 2014 SLAA identifies three employment sites that are suitable within current policy and deliverable (totaling 5.2 hectares), and a further five sites that are suitable within policy but with deliverability and viability concerns (with potentially a further 65 hectares). These eight sites are located in North Weald Airfield, Loughton, Epping and Waltham Abbey. If a sufficient amount of land cannot be found within these sites, there are other potential sites identified in the 2014 SLAA that are outside current policy, primarily because they are in the Green Belt.

7.4 C: Hotels and residential

The C Use Classes cover a broad range of activities including hotels, guest houses, care homes, boarding schools and colleges, hospitals, prisons and detention centres, and barracks. Some data is available within best practice guidance for hotels, showing varying levels of employment depending on the quality of the hotel. Typically hotel demand is assessed via other market driven assessments.

The most recent Hotels Study for Essex was completed in 2009²² and so is now dated. Nevertheless, this did not suggest strong market drivers for significant hotel development within Epping Forest District.

The HJA analysis of the EEFM scenarios suggest less than 100 net additional jobs in the C1 (hotels) Use Class. Based on best practice guidance this might support growth of between 50 – 190 hotel rooms in Epping Forest District depending on the quality of hotel provision.

Growth of up to 600 jobs is projected within the C2 Use Class covering residential institutions. This will incorporate the care home sector. The requirement for care home provision is likely to be driven in part by demographic change as well as commercial market pressures. Demand for such facilities should not be assessed using employment forecasts alone.

7.5 D: Non residential, assembly and leisure

The EEFM scenarios suggest a range an additional 740 – 880 jobs within the D1 Use Class covering non-residential institutions. This captures the projected growth in health and education employment. Requirements for floorspace for such uses are not particularly driven by employment change but rather by service delivery plans and demographic changes. Provision will need to be planned alongside future housing development and through discussion with key education and health stakeholders.

A growth in employment of around 440 - 480 jobs is projected within the D2 Use Class. This covers a range of leisure uses including cinemas, concert halls, bingo halls and casinos, dance halls, swimming pools, skating rinks, gyms and other sports grounds. Current employment in Epping Forest District in this Use Class is concentrated within sports and fitness facilities and clubs. On this basis the projected growth in employment would require around 30,000 - 33,000 sq m of net additional floorspace. At a development density of 40% this would equate to 7.5 – 8.2 hectares of land. However, this would be dependent on the nature of developments coming forward and should be treated as indicative.

7.6 Sui Generis

Sui Generis covers a range of activities that do not fall within the specified Use Classes order. These include theatres, amusement arcades, funfairs, laundrettes, sale and repair of motor vehicles and many other activities.

HJA analysis of the EEFM projections suggest some 550 - 600 additional jobs across activities that fall within the Sui Generis category. The range of activities is very broad. Current employment data suggests the largest employment activities are motor trades including renting and leasing of vehicles and machinery as well as sale and repair (50%) and waste and utilities (20%). The major sector growth projected in the EEFM which is driving Sui Generis growth is Business Services which includes vehicle hire and leasing activities and Arts and Entertainment. There are no robust assumptions to generate floorspace estimates for this category given the variance in activities.

²² Essex Hotel Futures, Hotel Solutions (2009)

7.7 Employment not requiring sites and premises

It is notable that some 39% of projected employment growth does not require premises within the planning use classes because, for example, people work at or from home or in the premises of other businesses. The distribution of the remaining projected employment growth in the planning use classes, shown above, is a starting point for considering the future distribution.

7.8 Spatial distribution of employment growth

The figures presented in Chapter 4 relate to employment growth in Epping Forest District as a whole. In order to consider how these requirements may be distributed spatially, three primary factors are considered. Firstly, the current distribution of employment is used as a basis for an initial distribution of future requirements. Secondly, this is considered in the light of commercial market intelligence to make any required adjustment for property market drivers. Finally, account is taken of wider planned developments within the district (e.g. housing provision or infrastructure development) and potential development opportunities outside the district that may influence the future pattern of employment demand.

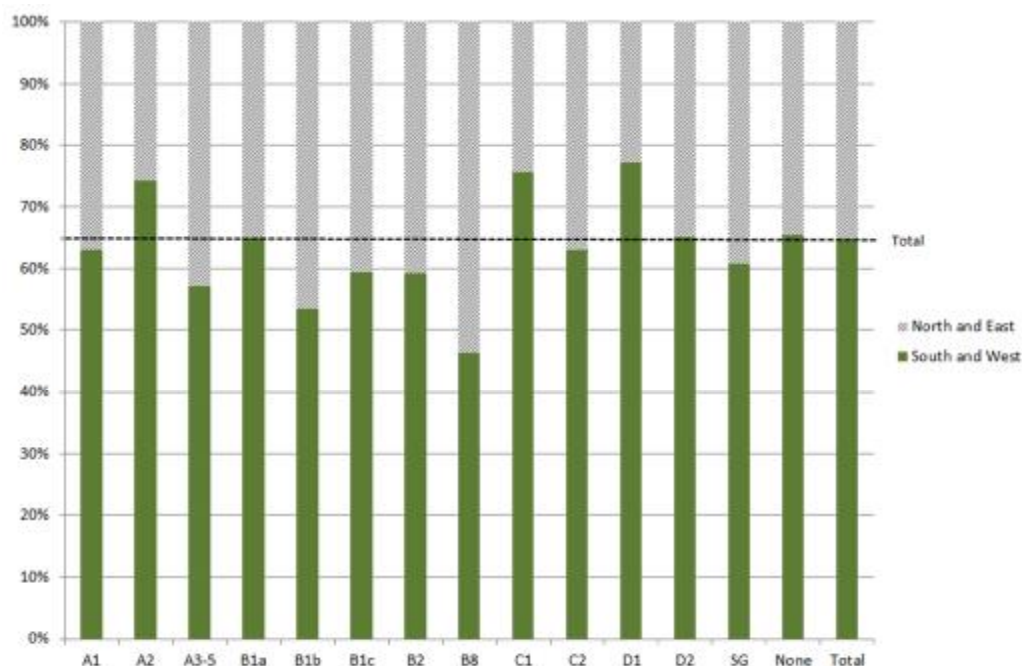
Two sub areas have been considered within the initial spatial allocation. The south and west area captures the more densely populated urban areas which form part of the north London fringe and are largely bounded by the M25. The exception is Waltham Abbey which lies just outside the M25. The north and east sub area includes much of the more rural parts of the district and the settlements which lie within it, including Epping, North Weald Bassett and Chipping Ongar. Figure 7.2 illustrates the two sub-areas.

Figure 7.2: Sub Areas



Data from the 2009-2013 Business Register and Employment Survey is presented in the Figure below. This shows the distribution of employment by Use Class at the start of the Local Plan period. When considering total employment the split is broadly one third in the north and east sub area with two thirds in the south west sub-area. However, there are variations across the Use Classes. Most notably concentrations of A2, C1 and D1 activities in the south-west sub-area and a greater than average share of A3-5, B1b/c, B2 and B8 activities in the north and east sub area.

Figure 7.3: Spatial Distribution of Employment by Sub Area (Source: BRES 2009-13, ONS)



7.8.1 Town centre employment

In terms of town centre employment, a number of the use classes will be present both in town centres and outside of town centres, such as retail, restaurants and offices. The SLAA identifies potential town centre sites in Epping in the north-east part of the District (just under 8,000 sq m of potential floorspace), and Loughton and Waltham Abbey in the south-west part of the District (With around 11,500 sq m of space). Plans and proposals have been developed for sites in Epping, Loughton and Waltham Abbey (discussed in Appendix 4), so these are likely to be the main locations of future employment growth, alongside an incremental level of growth throughout the District's town centres. The location of new town centre employment will also be shaped in part by the plans for new residential development and population, which are not yet published.

7.8.2 Office and industrial employment

Land requirements for the B Use Classes have initially been apportioned in line with the existing shares to provide a starting point in distributing future provision. This is summarised in Table 7.4 below. This takes no account of the supply of sites, potential infrastructure investments or other factors which may adjust the future distribution of employment from the current situation.

Table 7.4: Spatial Distribution ‘Starting Point’

	South-west	North-east	Total
Office (B1a)	6.6 – 8.5 ha	3.6 – 4.6 ha	10.2 – 13.1 ha
Industrial (B1b/c, B2 and B8)	9.0 – 9.5ha	8.3 – 8.5 ha	17.3 – 18.3 ha
Total	15.6 – 18.0 ha	11.9 – 13.1 ha	27.5 – 31.4 ha

The eight sites identified in the SLAA for employment use within current planning policy are located in North Weald Airfield and Epping in the north-east of the District, and Loughton and Waltham Abbey in the south-west. However, there are questions about the deliverability of five of these sites. The majority of the land available on sites within current policy (around 68 of the potential 70 hectares) is located in the south-west of the District. Significant development proposals are being drawn up for North Weald Airfield and there are other sites being promoted through the Local Plan process for this kind of development. If these come to fruition, they could potentially host some of the land requirements set out above.

Another source of future employment premises is the change of use of existing buildings, in particular farm buildings. If further farm conversions take place, they are more likely to be in the north-east than south-west of the District.

7.8.3 Other Use Classes

Other use classes are likely to follow the current distribution of employment, although this may be skewed slightly by the future distribution of new home and residents.

7.9 Nature of demand for premises

There is little demand for employment property in Epping Forest District from major inward investors, who are more likely to be attracted to Harlow (and its Enterprise Zone status) or outer London. Property agents Glenny suggest that most of the demand for property in the District is from local businesses. They suggest that smaller self-contained buildings would be more attractive to local owner-occupiers than large multi-occupier buildings, as there is strong demand for owner-occupied property. This is evidenced by the recent acquisition of the Clinton Cards site by the adjacent Mercedes franchise, paying more than an industrial developer would be prepared to pay. Generally smaller product in a mix of sizes up to 3,000 sq m could work, assuming B1c, B2, or B8 Use Class allocation. On Use Class B1a accommodation, local property agent Glenny would suggest no more than 500 sq m in a single building.

Starter units will accommodate new start businesses and those progressing from working from home, and grow-on units will allow the progression of these businesses.

8 Conclusions

8.1 Conclusions of the study

Epping Forest District comprises urban and rural areas, with a series of small settlements throughout the rural area. It does not have a large central place with higher-order services, and is not a self-contained economy. It forms part of a larger functional economic market area, and is well linked to London as well as other nearby places. Out-commuting, especially to London, provides employment for around half of the District's working residents. The District's service sector meets local needs, with limited amounts of widely traded services; and the District does not have a large manufacturing sector.

A quantitative assessment of future growth projections suggests an increase of up to 10,000 jobs based in the District over the Local Plan period (2011-33). This is an increase of 18% on current employment. Much of Epping Forest District residents' future employment will not require sites and premises, and a significant proportion will take place outside of the District, in keeping with the current situation.

There will be a need for some additional employment land in the District. In summary this will require some land for employment in the A Use Classes, up to 32 hectares for employment in the B Use Classes, and around 9 hectares for employment in the D Use Classes. Other employment land will be required, but exact site sizes cannot be determined at this time.

The main component of this growth will be similar activity to that already present in the District. The nature of the future employment will look much like the current pattern of employment, with some minor structural changes. The main areas of structural change are:

- Potential for greater employment of local people and net additional growth in the glasshouse industry
- Growth of high quality, high technology employment in the Harlow Enterprise Zone – which has been designed to benefit residents of Epping Forest District as well as Harlow and Uttlesford

Other drivers of employment growth for Epping Forest District residents include:

- Significant potential for mixed-use development at North Weald Airfield
- Some opportunities for development within the urban areas, including at Loughton/Debden
- Continued growth of the London economy, which will provide employment opportunities for the District's residents
- Potential for increased quality and visitor spend in the tourism sector, which could create new employment
- Some potential for growth in Chinese inward investment, building on the current small presence in the District
- Potential for growth in the care home sector, which is looking for growth opportunities throughout the London periphery

However, there are a number of constraints which will limit this employment growth if they are not tackled. These constraints include:

- The limited amount of readily available sites and premises to accommodate growth, which will not accommodate the full growth requirements set out above
- Restrictions on the potential to allocate further sites (although it may be possible to meet projected employment growth within current policy constraints)
- The lack of a very large town or central place, although there are a number of such places close to, but outside, the District, which accommodate higher level services
- The (relatively) low level of skills of local residents, which could constrain their ability to access future employment opportunities
- A declining working-age population (albeit that the increased state pension age and later retirement may lead to some offset of this)
- Transport infrastructure constraints
- Housing affordability constraints

8.2 Implications for the emerging Local Plan and future economic development strategy

8.2.1 Sites and Premises

Achieving the projected level of employment growth will require the protection of existing employment sites and renewal of older stocks, particularly where there are Council owned assets. This is necessary given constraints on future land release and particularly given paucity of sites in southern part of the district

There will be a need for a criteria based approach to support rural development. An allocation approach is not appropriate but rather a supportive environment to develop the economy in the northern and eastern parts of the district.

Avoiding overprovision in the northern parts of the district in terms of strategic provision will be important, or at least phasing development to avoid lack of critical mass elsewhere. The Enterprise Zone at Harlow (designed to drive growth throughout West Essex) is the sub-regional priority. It may be too much to have the Enterprise Zone, any new development at the proposed Junction 7a and North Weald Airfield all competing for similar investment. It is not clear that there is demand for such scale in this area at present. There are significant growth plans for Stansted Airport, but much of the growth will be on the airport site and in nearby locations, rather than promoting significant growth in Epping Forest District.

8.2.2 Economic Development Activity

Over the Local Plan period (2011 to 2033), jobs for Epping Forest District residents will need to be created both within and outside the District. Although the nature of jobs will be similar to the existing jobs, actions needed to deliver growth within the District will include:

- Delivery of new sites and premises, particularly the large sites at North Weald Airfield and Loughton/Debden
- The identification and allocation of a sufficient amount and quality of employment sites, in the appropriate parts of the District. This will need to be consistent with the review of the Green Belt, and with other environmental designations

- Promotion and support for town centre development and regeneration, to encourage the District's town centres to complement rather than compete with the large sub-regional and regional comparison retail destinations
- Consideration of how Epping Forest District Council land and property assets can be used to help with regeneration and creation of future employment opportunities
- Ensuring the provision of suitable training and skills development for local residents, to provide them with the skills needed to access future employment opportunities both within and outside the District
- Infrastructure improvements to enable commuting out of and into the District
- Actions to increase workforce participation; and encouraging older workers to continue to work
- Working with the glasshouse industry to encourage local people to access jobs in the industry
- Attracting new businesses, encouraging start-ups, and helping growing businesses

These economic development actions are consistent with those set out for Essex in the latest work on employment and economic growth in Essex¹⁴.

Drivers of growth outside the District will include:

- Using Epping Forest District Council's seat on the board of the Harlow Enterprise Zone to ensure that it creates employment opportunities for residents of the wider West Essex area
- Using Epping Forest District Council's engagement in wider strategic approaches such as the Economic Plan for Essex, the LEP's Strategic Economic Plan and the London-Stansted-Cambridge Corridor to ensure that jobs are created for District residents

Economic and Employment Evidence to Support the Local Plan and Economic Development Strategy

Appendix 1: Methodology

Prepared for Epping Forest District Council

September 2015

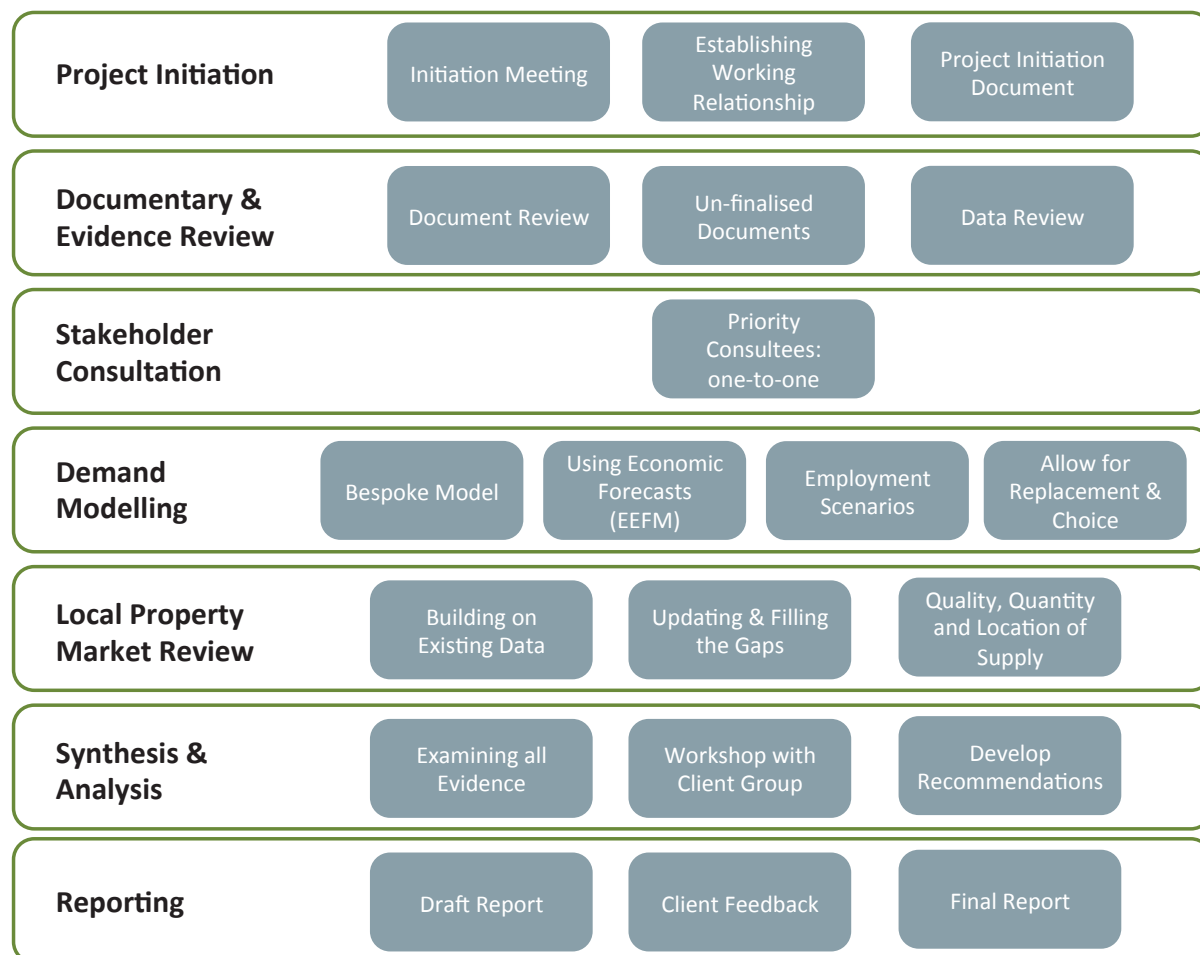
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Version Number:	1.0
Approved by:	Gareth Jones
Date:	September 2015

1 Overview of Approach

The approach was agreed with Epping Forest District Council, and was set out in the Project Initiation Document, agreed in June 2014. The key stages are summarised below.



1.1 Project initiation

At the beginning of the review Gareth Jones and Stuart Hardisty, who are the lead consultants for this review, met with the client steering group to ensure a common understanding of the aims, objectives, approach and outputs from the project. At this meeting we agreed all of the relevant technical documents, the list of consultees, and the best format for consultations. We also agreed the timetable for the delivery of the review. The output of this stage was a Project Initiation Document (PID) which sets out everything that was agreed, including the approach, timetable and budget for the review.

For the purposes of familiarisation, as part of the project initiation process we visited the key locations for economic growth in and around Epping Forest District, including:

- Epping – including the St John’s Road area
- Chipping Ongar
- North Weald Bassett

- North Weald Airfield
- Waltham Abbey
- Loughton – including Loughton Broadway/Debden and Langston Road
- Buckhurst Hill
- Chigwell
- Harlow EZ sites – London Road (North & South) and Templefields
- The rural parts of the district

1.2 Documentary and evidence base review

A list of documents to be reviewed for this study was agreed with the project steering group and set out in the PID. Further documents were identified during the course of the study.

A full list of the documents that were reviewed for this study are set out in Section 2 of this statement.

1.3 Stakeholder consultation

A list of stakeholders to be consulted during this study was agreed with the project steering group and set out in the PID. Further consultees were identified during the course of the study.

Stakeholders that were consulted for this study are set out in Section 3 of this statement. A consultation topic guide that was used to inform the consultations is also set out in Section 3.

1.4 Understanding future demand for employment land

The full methodological approach used to develop an understanding of the future demand for employment land is set out in Appendix 3 to the main report.

1.5 Local property market review

The approach to reviewing the local property market is set out in Appendix 4a to the main report. Glenn LLP assisted Hardisty Jones Associates with this element of the study.

1.6 Communication, synthesis and analysis

A number of progress meetings were held with the project steering group to discuss emerging findings. These included:

- A project initiation meeting on 27 May 2014
- A draft report was produced in October 2014. Feedback was provided by the project steering group
- Interim results were presented to Epping Forest District Council Members on 10 November 2014
- A progress meeting with the project steering group was held on 3 February 2015

The project was paused during the spring and summer of 2015 whilst work was undertaken on the Strategic Housing Market Assessment (SHMA) and Objectively Assessed Housing Need (OAHN) for West Essex and East Hertfordshire, which has been used to inform the demand analysis for this study.

1.7 Reporting

As mentioned above, a draft report was produced in October 2014. Following further work and alignment with other work being undertaken, the final report was completed in September 2015. This comprised:

- The main summary report
- Appendix 1: Methodology
- Appendix 2: Documentary and data review
- Appendix 3: Demand analysis
- Appendix 4: Sites and premises review

2 Documentary Review

The following documents were reviewed during this project:

Allies & Morrison (2012) St John's Road Epping: Design and Development Brief, Draft Report

Allies & Morrison (February 2014) North Weald Bassett: Stage 1 Draft Report

Allies & Morrison (April 2014) North Weald Bassett: Stage 2 Draft Report

Atkins (September 2010) Epping Forest District and Brentwood Borough Employment Land Review: Final Report

CBRE (2008) Debden Town Centre and Broadway: Development Options

Colliers International (Jan 2015) Waltham Abbey Town Centre Report

Department for Communities and Local Government (March 2012) National Planning Policy Framework

Eastern Plateau LAG (undated) Rural Development Programme for England: Success Stories

Edge Analytics (2013) Population and Household Economic Forecasts for Epping Forest District Council

Edge Analytics (2014) Demographic Forecasts 2012-2037: Phase 5 Main Report

Edge Analytics (2014) Demographic Forecasts 2012-2037: Phase 6 Main Report

Epping Forest District Council (2008) Combined Policies of Epping Forest District Local Plan (1998) and Alterations (2008)

Epping Forest District Council (undated) The Rural Economy: Preferred Options

Epping Forest District Council (various) Local Development Framework: Annual Monitoring Report

Epping Forest District Council (2013) Directorate of Planning and Economic Development: Business Plan

Epping Forest District Council (Feb 2014) C-066-2013/14 An economic strategy for the District, and resources to go with that

Epping Forest District Council (30 April 2014) Letter to Icen Projects

Epping Forest District Council and Harlow Council (2011) Level 1 Strategic Flood Risk Assessment

Essex County Council (2012) Essex Economic Growth Strategy

Essex County Council Report to Cabinet, 25 March 2014, Economic Plan for Essex and the Linked Strategic Economic Plan

Glenny (2015) Q1 Databook

Government Office for the East of England (May 2008) East of England Plan: Revision to the RSS for the East of England

Hardisty Jones Associates (July 2015) Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

Harlow Council (April 2014) Harlow Local Development Plan: Emerging Strategy and Further Options

Harlow Enterprise Zone: <http://harlowez.org.uk>

Hotel Solutions (2009) Essex Hotel Futures

Iceni Projects (April 2014) The Pryor Group Site Search: Harlow Gateway

Laurence Gould Partnership Ltd (2012) The Lea Valley Glasshouse Industry: Planning for the Future

Lea Valley Food Taskforce (2014) Planning Group Vision Statement: Growers Contribution

Lee Stiles Email, 30 May 2014

London Stansted Cambridge Corridor: <http://lsc.co/about-lsc-2/objectives/>

London Stansted Cambridge Corridor (January 2014) An Agenda for Jobs, Growth and Improved Livability

Manchester Airports Group (2015) Stansted Airport Economy and Surface Access: Sustainable Development Plan

Nathaniel Lichfield & Partners (2011) Lee Valley White Water Centre: Economic Development Study

Nathaniel Lichfield & Partners (2012-2014) Epping Forest Strategic Land Availability Assessment

Nathaniel Lichfield & Partners (2013) Harlow Future Prospects Study: Linking Regeneration and Growth

Nomis: <https://www.nomisweb.co.uk/reports/lmp/la/1946157216/report.aspx?town=epping%20for%20est>

One Epping Forest (2010) Putting Epping Forest First: The Community Strategy

Opinion Research Services (2008) Strategic Housing Assessment Report: Executive Summary

Opinion Research Services (March 2013) LCB East Sub-Region Strategic Housing Market Assessment Update 2012

Opinion Research Services (unfinished) West Essex and East Hertfordshire Strategic Housing Market Assessment

Oxford Economics (2012) East of England Forecasting Model: Baseline and Scenarios Report

Oxford Economics (2013) Economic Impact of Stansted Scenarios: for London Stansted Corridor Consortium

Peter Brett Associates (Jan 2015) Waltham Abbey Town Centre Strategy Framework: Draft for Discussion

Planning Advisory Service (2012) EFDC Support Programme: Advice note on evidence relating to employment land and town centres

Planning Portal <http://planningguidance.planningportal.gov.uk/blog/guidance/>

Prosperica Ltd (March 2014) The Employment Structure in Epping Forest District

Regeneris Consulting (2015) Developing the Greater Essex Growth Story (for Essex County Council and Partners)

Regeneris Consulting (2015) Greater Essex External Economies Commission: Economic Linkages

Roger Tym & Partners (2010) Epping Forest District Council Town Centres Study: Final Report

Scott Wilson (2010) Generating and Appraising Spatial Options for the Harlow Area: For Harlow, East Hertfordshire and Epping Forest District Councils

South East LEP (2013) Growth Deal and Strategic Economic Plan: Preliminary Submission

South East LEP (2014) Growth Deal and Strategic Economic Plan

South East LEP (2014) Growth Deal and Strategic Economic Plan: Appendix 2 – Essex Projects

Urban Practitioners, Colin Buchanan and CBRE (2008) Debden Town Centre and Broadway Development Options: Final Report

West Essex Alliance: <http://www.westessexalliance.org>

3 Consultations

In this section we set out the areas covered in the consultations, and the list of stakeholders that were consulted.

3.1 Areas covered in the consultations

The consultation topic guide was agreed with the client steering group.

This topic guide covers all relevant topics, and use of this was tailored according to the specialism of the consultee.

The Epping Forest District economy

Strengths of the local economy

Weaknesses of the local economy, and barriers to economic growth

Opportunities for economic and employment growth in the local area

Future threats to economic and employment growth in the local area

Functional economic market area

Relationships with other places

Role of Epping Forest District in wider functional economic market areas

Growth outside Epping Forest District

Growth opportunities in adjoining areas/other areas

Employment opportunities for Epping Forest District residents

Future growth

Vision for the future growth of the local economy

Scale of future growth expected/proposed

Barriers to the delivery of growth

Availability of employment land to accommodate growth

Infrastructure and investments needed to deliver growth

Projects and proposals to deliver growth

Details of any projects and proposals in place to deliver future growth

Barriers that might prevent these projects from being delivered

3.2 Consultees

The following stakeholders were consulted during this project.

3.2.1 Epping Forest District Council Members

Councillor Whitbread, Leader

Councillor Bassett, Planning Portfolio Holder

Councillor Grigg, Assets and Economic Development Portfolio Holder

3.2.2 Epping Forest District Council Senior Officers

Glen Chipp, Chief Executive

Derek MacNab, Deputy Chief Executive

3.2.3 Epping Forest District Council Planning Officers

Sarah King

Troy Hayes

Anna Cronin

Alison Blom-Cooper

Adele Botha

Chris Butcher

Kassandra Polyziodes

Ian White

3.2.4 Epping Forest District Council Economic Development Officers

Chris Pasterfield

Lucy Moule

Mike Warr

3.2.5 One Epping Forest Local Strategic Partnership

John Houston

3.2.6 Essex County Council Officers

Philip Wilson

David Rooke, Inward Investment

3.2.7 Epping Forest Chamber of Commerce

John Price

3.2.8 CPRE

Tricia Moxey

3.2.9 Lea Valley Growers Association

Lee Stiles

3.2.10 Uttlesford District Council

Sarah Nicholas

3.2.11 Harlow District Council

Paul MacBride

Diane Cooper

3.2.12 Broxbourne Borough Council

Vicky Forgione

3.2.13 Brentwood Borough Council

Phil Drane

3.2.14 Harlow Enterprise Zone

Andrew Bramidge

3.2.15 North Weald Bassett Masterplanners

Louise Mansfield, Allies & Morrison

3.2.16 Population Forecasts

Pete Boden, Edge Analytics

3.2.17 Highways Agency

Mark Norman

3.2.18 Town centre partnerships

Email pro-formas were sent to all town centre partnerships. None responded.

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Economic and Employment Evidence to Support the Local Plan and Economic Development Strategy

Appendix 2: Evidence Base Review and Consultations

Prepared for Epping Forest District Council

September 2015

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1 National Planning Policy

National Planning Policy is set out in two documents/sources:

- the National Planning Policy Framework, 2012¹, hereafter referred to as NPPF
- Planning Practice Guidance², which is a live website and continually updated

1.1 National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG)

1.1.1 National Planning Policy Guidance

NPPF sets out the Government's planning policies for England, and how these are expected to be applied at the local level. It has a clear emphasis on achieving *sustainable development*. NPPF is a material consideration in any planning decision.

NPPF sets out three dimensions to sustainable development, which need to be delivered in balance because they are mutually dependent: the economic role, the social role and the environmental role. The economic role of the planning system (para. 7) is:

contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure

The NPPF establishes a *presumption in favour of sustainable development* (para. 14). For plan making this means that:

local planning authorities should positively seek opportunities to meet the development needs of their area

At paragraph 152 on plan making, the NPPF states that:

Local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development, and net gains across all three.

Neighbourhood plans (para. 16) should:

support the strategic development needs set out in Local Plans, including policies for housing and economic development

1.1.2 Planning Practice Guidance

Planning Practice Guidance (PPG) sets out guidance on key elements of the NPPF. The most pertinent of these are discussed below.

¹ National Planning Policy Framework (March 2012) Department for Communities and Local Government

² <http://planningguidance.planningportal.gov.uk/blog/guidance/>

1.2 Core planning principles

Twelve core planning principles are set out in the NPPF (para. 17). These include the principles that planning should:

proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities

take account of the different roles and character of different areas, promoting the vitality of our main urban areas, protecting the Green Belts around them, recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it

1.3 Economy

Section 1 of the NPPF sets out how it will help to build a **strong, competitive economy**. At paragraph 19, it states that:

The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system.

At paragraph 21 the NPPF sets out a number of requirements of local plans that are of particular importance to this review. It states that local planning authorities should:

set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;

set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;

plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;

identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and

facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

1.4 Town centres

Section 2 of the NPPF is about *ensuring the vitality of town centres*. At paragraph 23 the NPPF states that:

Planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period.

1.4.1 Ensuring the vitality of town centres in Planning Practice Guidance

According to paragraph 001:

Local planning authorities should assess and plan to meet the needs of main town centre uses in full, in broadly the same way as for their housing and economic needs

The local plan should include a positive vision or strategy for the town centres (para. 002).

1.5 Rural economy

Section 3 of the NPPF is about *supporting a prosperous rural economy*. It states that to promote a strong rural economy, local and neighbourhood plans should:

support the sustainable growth and expansion of all types of business and enterprise in rural areas, both through conversion of existing buildings and well designed new buildings;

promote the development and diversification of agricultural and other land-based rural businesses;

support sustainable rural tourism and leisure developments that benefit businesses in rural areas, communities and visitors, and which respect the character of the countryside. This should include supporting the provision and expansion of tourist and visitor facilities in appropriate locations where identified needs are not met by existing facilities in rural service centres; and

promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship.

1.6 Other elements

Other elements of the NPPF that are relevant to economic and employment issues include:

- section 4 on promoting sustainable transport
- section 5 on supporting high quality communications infrastructure – particularly telecommunications and broadband
- section 6 on delivering a wide choice of high quality homes

1.7 Green Belt

Section 9 discusses the protection of Green Belt land. At paragraph 84 it is stated that:

When drawing up or reviewing Green Belt boundaries local planning authorities should take account of the need to promote sustainable patterns of development. They should consider the consequences for sustainable development of channeling development towards urban areas inside the Green Belt boundary, towards towns and villages inset within the Green Belt or towards locations beyond the outer Green Belt boundary.

1.8 Evidence base

In the NPPF section on plan making, there is some discussion of the evidence base required for the plan making process. Any assessment of housing and employment should be integrated. The NPPF (para. 160) states that there should be a clear understanding of business needs and economic markets operating across the local area.

Local planning authorities should work with county and neighbouring authorities and LEAs to prepare and maintain a robust evidence base. They should also work closely with the business community to understand their needs, and barriers to investment.

At paragraph 161 the NPPF states that local planning authorities should use this evidence base to assess:

the needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;

the existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs. Reviews of land available for economic development should be undertaken at the same time as, or combined with, Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land;

the role and function of town centres and the relationship between them, including any trends in the performance of centres;

the capacity of existing centres to accommodate new town centre development;

locations of deprivation which may benefit from planned remedial action; and

the needs of the food production industry and any barriers to investment that planning can resolve.

1.9 Duty to cooperate

Strategic priorities (including homes, jobs, retail, leisure, commercial development, infrastructure etc.) should be considered across administrative boundaries (para. 178), to the *mutual benefit of neighbouring authorities*. At paragraph 179, the NPPF states that:

Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas

In two-tier areas, county and district authorities should cooperate with each other on relevant issues (para. 180). Local planning authorities should work together with LEPs and other bodies.

1.9.1 Duty to cooperate in Planning Practice Guidance

Local planning authorities should engage *constructively, actively and on an ongoing basis* (para. 001). It is not a duty to agree (para. 001, para. 003). There is no definitive list of actions that constitute effective cooperation (para. 011). The range of organisations that need to cooperate will be driven by functional geographies e.g. housing market areas and travel-to-work areas (para. 015).

1.10 Housing and economic development needs assessment

In terms of economic needs analysis (para. 002), the objective of the assessment is to:

identify the future quantity of land or floorspace required for economic development uses including both the quantitative and qualitative needs for new development; and

provide a breakdown of that analysis in terms of quality and location, and to provide an indication of gaps in current land supply.

In paragraph 030 it is suggested that:

plan makers should liaise closely with the business community to understand their current and potential future requirements

Other areas for consideration set out in paragraph 030 include:

- The recent pattern of employment land supply and loss to other uses
- Market intelligence (from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums)
- Market signals, such as levels and changes in rental values, and differentials between land values in different uses
- Public information on employment land and premises required
- Information held by other public sector bodies and utilities in relation to infrastructure constraints
- The existing stock of employment land
- The locational and premises requirements of particular types of business
- Identification of oversupply and evidence of market failure

Detailed guidance on the method for assessing the need for employment land is set out in paragraphs 031 to 034.

1.10.1 Housing and economic land availability assessment

Detailed guidance is provided on the methodology for land availability assessment.

2 Functional Economic Market Area

2.1 Defining the Functional Economic Market Area

The duty to cooperate requires local planning authorities to work with other authorities with which it shares a functional geography. Two measures of functional geography that are typically (and relatively easily) measured are:

- housing market areas
- travel to work areas

Retail catchment areas are also helpful, although data is harder to access.

The Planning Practice Guidance (PPG) website states that there is no standard approach, but makes a suggestion on the factors that can be used in the definition of functional market areas. This is reviewed below.

PPG Suggestion	Comment
Extent of LEP	The full LEP boundary is not helpful in the case of Epping Forest District. West Essex (Epping Forest District, Harlow and Uttlesford) forms a local unit within Essex and the broader LEP geography and is more useful for defining a functional economic market area.
Travel to Work Areas	Latest TTWAs are based on 2001 Census data. The southern half of the District falls into the London TTWA, and the northern edge of the District falls in the Harlow & Bishop's Stortford TTWA. This does not help in this case.
Housing market area	See below
Flow of goods, services and information	No information easily available.
Service market for consumers	Major regional retail developments outside the District draw a lot of the comparison retail spend out of the District, across a broad area, so this is not helpful.
Administrative area	Not helpful in the case of Epping Forest District as the District boundary is not self-contained. However, EFDC has worked with several adjacent local authorities for various reasons, which gives some indication of potential functional market areas based on local authority boundaries: <ul style="list-style-type: none"> • EFDC, Harlow and Uttlesford form the West Essex Alliance

PPG Suggestion	Comment
	<ul style="list-style-type: none"> • EFDC, Enfield and Broxbourne form the Lea Valley Task Force • EFDC has worked with Brentwood Borough Council on its previous employment land study • The Strategic Housing Market Assessment (SHMA) covers eight local authority areas. The 2008 study covers an area referred to as the <i>London Commuter Belt East M11 Sub-Region</i>, and comprises EFDC, Brentwood, Broxbourne, East Herts, Harlow and Uttlesford.
Catchment area for cultural and social facilities	No information easily available, although it is likely that cultural and social flows will follow a similar pattern to retail i.e. highly dispersed over a broad area, and influenced by London and regional centres.
Transport network	Epping Forest District is part of the M11 London-Harlow-Stansted-Cambridge corridor recognised within the SELEP SEP. As well as the M11, the M25 cuts across the south of the District, and the London Underground network reaches into the District.

2.2 East of England Plan

Although the East of England Plan³ has been revoked, it was adopted in 2008, and its approach to the local area is helpful in understanding the functional economic market area. This identifies sub-areas and centres within the East of England where there is scope for joint working on local issues. Epping Forest District is part of the *London Arc*, and Harlow is identified as a *centre for development*.

The London Arc comprises those areas strongly influenced by London. Policies for the London Arc (LA1) included:

- retention of the Green Belt, and regeneration in built-up areas
- developing the roles of individual towns in the polycentric settlement pattern
- working with adjoining local authorities to optimise the development of transport networks

There is a detailed policy (HA1) setting out the strategy for the development of Harlow. This includes:

- developing the town as a major housing and employment growth point, and developing the town centre

³ Government Office for the East of England (May 2008) East of England Plan: Revision to the RSS for the East of England

- urban extensions in Epping Forest District and East Hertfordshire. Joint or coordinated Development Plan Documents were suggested for the three local authorities
- Green Belt review to enable the urban extensions, but maintaining its separation from other nearby settlements

At paragraph 13.55 (p.99), it is suggested that the growth of Harlow should:

... meet a significant proportion of the development needs of the London Stansted Cambridge Peterborough growth area to 2021 and beyond, including in regard to employment activities related to the growth of Stansted Airport and housing, and to enhance Harlow's sub-regional status as an important centre for the surrounding areas of Essex and Hertfordshire.

Therefore, it was expected that growth in Harlow would help towards meeting the growth needs of surrounding areas, including Epping Forest District.

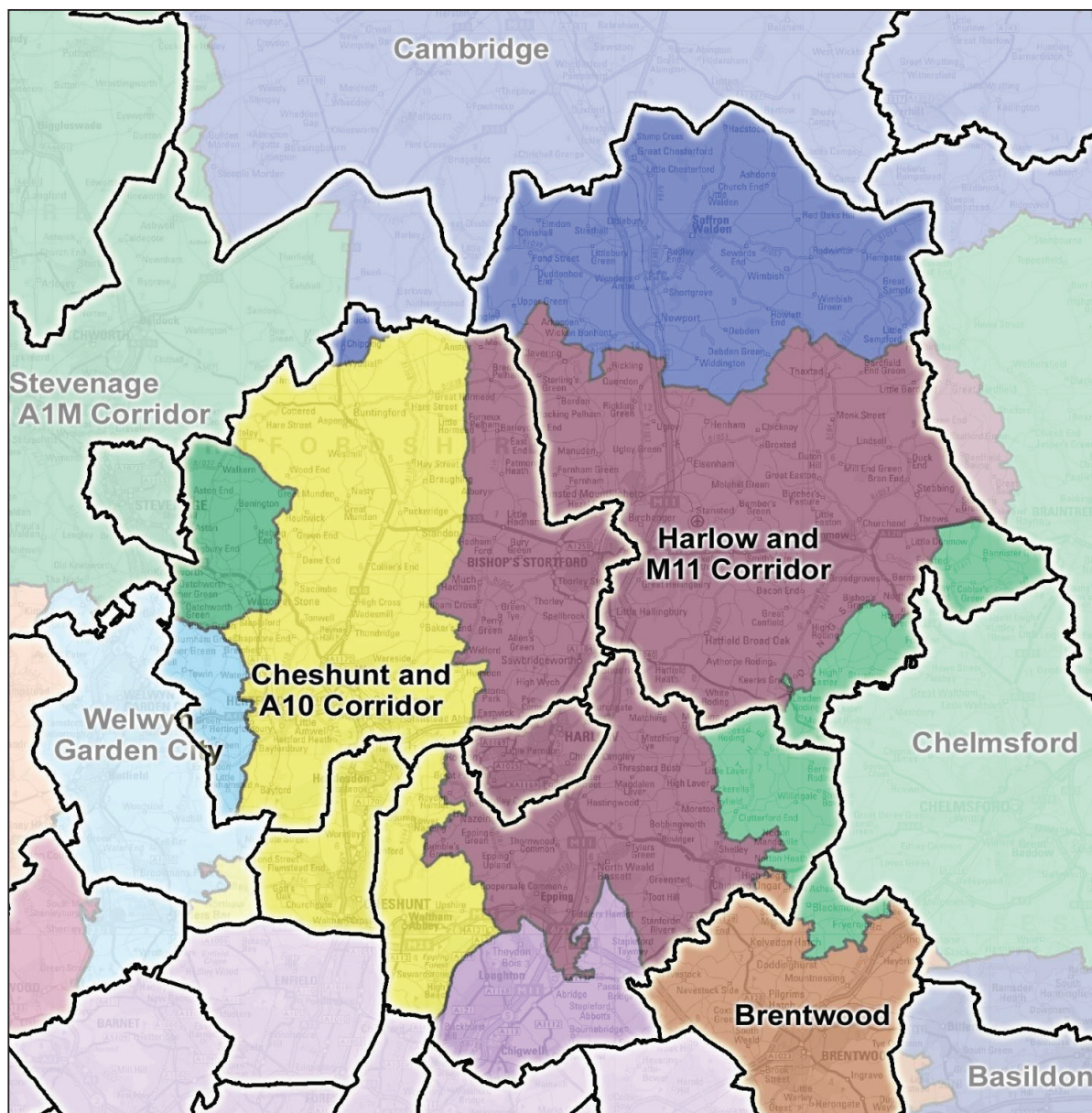
2.3 Strategic Housing Market Assessment

A report to inform the assessment of the strategic housing market was undertaken in 2013⁴. This covered a study area defined as *London Commuter Belt (East)/M11*, comprising: Brentwood, Broxbourne, East Hertfordshire, Epping Forest District, Harlow and Uttlesford. This built on an earlier study that only considered East Hertfordshire, Epping Forest District, Harlow and Uttlesford. The study refers to the Harlow Joint Working Area, which is presumably Harlow, Epping Forest District and East Hertfordshire.

The study presents a 2008 map of sub-markets within the study area (p.36: Figure 42). This shows Epping Forest District being covered by five sub-market areas.

⁴ Opinion Research Services (March 2013) LCB East Sub-Region Strategic Housing Market Assessment Update 2012

Functional Housing Sub-Markets – 2008 (ORS, 2013⁴)



The report sets out household projections that were calculated by Edge Analytics in 2012. Modelling of future housing requirements undertaken by ORS presents a number of scenarios for future housing growth between 2011 and 2033. For Epping Forest District the numbers range from 6,200 (net nil migration scenario), through 15,800 (jobs-led scenario), to 16,700 (trend based scenario). Figures for Harlow range between 1,500 and 8,000; but for the Harlow Joint Working Area they range between 22,200 and 43,300.

2.4 Harlow

Harlow had a population of 82,000 in 2011, and this is forecast to grow by 14,000 by 2031. It requires a minimum of 7,500 new homes. Housing affordability is an issue. Harlow experienced a reduction in employment between 2008 and 2011. It is the location of an Enterprise Zone.

According to the local plan emerging strategy⁵, there is a need for the rejuvenation of the town centre, a broader mix of housing, upgrading of infrastructure, and an increase in the business base (p.12).

There are existing plans for 4,000 new dwellings at Newhall and land north of Gilden Way, and 5,000 new jobs on the Enterprise Zone. Creating a new Junction 7a on the M11 is necessary to enable much of the proposed development to take place (p.16)⁵.

With a 30% affordable housing target, 12,000 new homes are needed by 2031 to deliver Harlow's need for market and affordable housing (p.22).

Proposals for employment growth are to replace the c.4,000 jobs lost in the recession (2008-11), and create an additional 4,000 jobs, giving a total increase of 8,000 jobs by 2031. This would take employment in Harlow to 51,000 by 2031. This would require an additional 9,200 workers. This in turn requires a population increase of 23,000, and 11,500 new dwellings (p.23).

Five future growth scenarios have been set out, with employment change ranging from a loss of 1,000 jobs by 2031, to an increase of 18,000 jobs, with commensurate population changes. The three larger employment growth scenarios all include development in the Green Belt and in adjoining districts e.g. Epping Forest District.

The preferred growth scenario emerging from the Local Plan process is for employment growth of between 8,000 and 12,000 jobs, and housing growth of between 12,000 and 15,000 new dwellings. A maximum of 8,900 new dwellings can be accommodated within Harlow Council's boundary (p.34). Five options for accommodating growth have been suggested, of which three include some development within Epping Forest District.

2.4.1 Consultation messages on Harlow

- New town – intended to attract large manufacturing businesses
- Recent decline of large manufacturing in the town, but still lots of mid sized businesses. Large manufacturing businesses raison d'être of new town, hence hit harder than many other places
- Hit hard by recession. Lost jobs – particularly large manufacturing businesses, including GSK
- Distribution and warehousing and out-of-town retail also strong. Tesco distribution centre closed and consolidated at Waltham Cross (EFD). Poundland building large distribution centre on part of former GSK site
- Major industrial areas in Harlow (Pinnacles in west and Templefields in north) not very accessible to motorway, hence demand for M11 J7a
- Future growth (residential and employment) constrained by land availability
- Recently declining skills profile
- Potential for extensions beyond the local authority boundary i.e. into EFD
- Does this count towards EFDC's housing target?
- Scope to redraw boundary to include new developments into Harlow Borough – but unpopular with members
- Residents of new developments adjacent to Harlow likely to look to Harlow for services and jobs

⁵ Harlow Council (April 2014) Harlow Local Development Plan: Emerging Strategy and Further Options

- Little relationship with EFD
- Harlow is looking to promote significant economic growth, and needs housing to do this, but has limited land to enable housing growth
- A coordinated approach to housing numbers is being taken across EFDC, Uttlesford, East Herts and Harlow
- NLP carried out a Harlow regeneration study in 2013. Harlow needs to grow in order to support its town centre. But not clear how the growth of Harlow has been calculated
- M11 Junction 7a. Formal consultation planned for the end of summer 2014. To be funded by LEP funds and developer contributions
- M11 J7 at capacity. Cannot undertake further development because this is a constraint
- J7a – employment and 3,500 homes. Quarter of the development land is in EFD, and three-quarters is in Harlow
- Much of Harlow’s growth potential is linked to J7a
- Early residents of new town retiring. Depopulation in 1980s. Planning response – building more houses
- Town centre in decline. Need for regeneration
- Lack of ‘executive’ housing. Higher qualified worker commute into the town from outside
- Growth plans in RSS provided some confidence for investors in Harlow, but this has gone with revocation of RSS. RSS was proposing to concentrate growth in Harlow, but under current system growth is more likely to be dispersed
- Proposal for 5-10,000 home extension to Harlow in East Herts. Not clear what employment will be created here

Harlow growth

- NLP study and RTP employment land study (Harlow website) – link growth of the town and regeneration of the town
- Constrained land to deliver growth. Need for Harlow’s growth to be met in adjacent local authorities – spilling over the boundary. Considered green wedges, but they cannot accommodate much growth. Not had detailed discussions with adjacent authorities about economic growth
- Housing growth in EFD will contribute towards EFD’s needs, and also support growth and regeneration in Harlow. Later contradict this statement, saying EFDC needs to meet its own need, plus needs of Harlow
- Baseline need of 8,000 homes. More needed in order to deliver affordable housing requirement. Other options considered

2.5 Consultation messages on functional economic market area

- EFD is not self-contained in any way
- EFD is largely a dormitory place for people who work elsewhere

Relationship with Harlow and Enterprise Zone

- EZ originated from West Essex Alliance. Branded as ‘Harlow EZ’ but relates to a wider area – 1 hour catchment area

- Harlow provides employment, leisure and retail for surrounding areas. They provide residential choices of Harlow employees
- EFDC on board of Harlow EZ
- LSCC is more appropriate larger functional geography than the SELEP. LSCC – no money or formal constitution. Focus on lobbying and awareness raising. Commissioned study into demand for space for life sciences across corridor

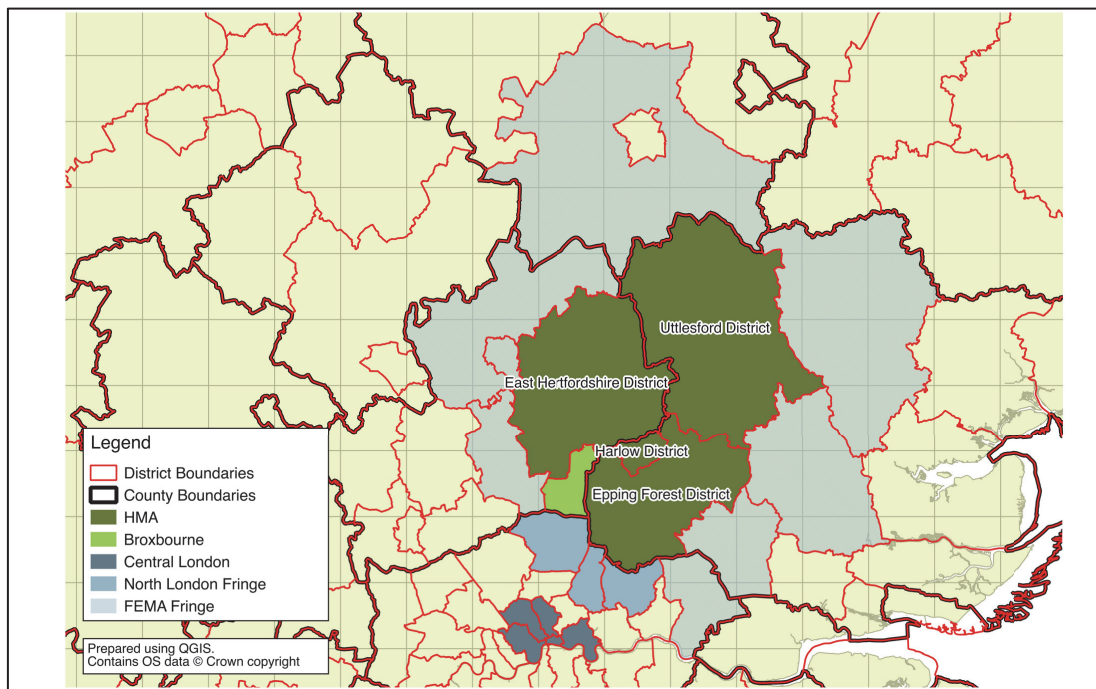
Harlow views on functional economic market area:

- Harlow recognised in revoked RSS as part of a broader sub-region
- Duty to Cooperate: working with EFDC and EHDC
- EHDC has not considered Harlow’s need for growth in its emerging local plan
- Edge Analytics undertaken consistent demographic modelling for whole of Essex
- Harlow is home to the district hospital for the wider area, and the ARU campus
- Lack of a coordinated approach to employment growth and employment land needs across the broader sub-region. Not being considered under Duty to Cooperate

2.6 Updated SHMA and OAHN

In 2015 work was commissioned to update the Strategic Housing Market Assessment and the Objectively Assessed Housing Need. As well as work undertaken by ORS, Hardisty Jones Associates was commissioned to prepare economic evidence to support this⁶. This work defined a FEMA based on the housing market area rather than from an Epping Forest District perspective. The FEMA for the strategic housing market area is shown in the figure below.

The FEMA of the strategic housing market area



⁶ Hardisty Jones Associates (2015) Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

3 Current Economy and Future Growth

Paragraph 21 of the NPPF sets out requirements of a local plan, including:

- an economic vision and strategy
- criteria or sites to meet the strategy
- support for existing business sectors
- plans for the growth of clusters and networks
- identifying priority areas for regeneration, infrastructure and environmental enhancement
- facilitating flexible working practices

NPPF and PPG set out the importance of town centres.

It is helpful to start with an overview of the socio-economic geography of Epping Forest District.

These issues are discussed in more detail in this chapter.

3.1 Geography

The physical and socio-economic geography of Epping Forest District can be divided into three broad areas:

- south: London fringe/M25 – driven by London economy and local services
- mid: market towns and Green Belt/rural area – local services and out-commuting
- north west: Harlow fringe. Predominantly green, but is the potential location for some of Harlow's growth

Important geographical drivers are:

- Major motorways which bisect the District - M25 and M11
- London conurbation to the south
- North Weald Airfield, which provides an opportunity for growth
- Harlow to north west of the District, which offers a significant growth opportunity

3.2 Existing economy and business sectors

3.2.1 Key sectors

According to the 2010 Employment Land Review¹⁵ there are three main employment sectors in Epping Forest District:

- Distribution, hotels and restaurants (25.5%)
- Banking and finance (23.9%) [Which doesn't concur with the Prosperica analysis below]
- Public services (20.7%)

Prosperica (2014) shows that Other Business Services accounts for around 18% of workplace based employment in Epping Forest District. Prosperica (p.6) does not show banking, but shows that financial services is small, and proportionally less than the England average.

The ONS Business Register and Employment Survey (BRES)⁷ for 2012 shows that:

	Epping Forest (employ ee jobs)	Epping Forest (%)	East (%)	Great Britain (%)
Primary Services (A-B: agriculture and mining)	0	0.1	0.2	0.3
Energy and Water (D-E)	400	1	1	1.1
Manufacturing (C)	2,300	5.2	9.4	8.7
Construction (F)	5,200	12.1	5.3	4.5
Services (G-S)	35,300	81.7	84.2	85.5
• Wholesale and retail, including motor trades (G)	7,100	16.3	18	16.1
• Transport storage (H)	1,400	3.3	5	4.6
• Accommodation and food services (I)	3,500	8.1	6.5	6.9
• Information and communication (J)	1,000	2.2	3.5	3.9
• Financial and other business services (K-N)	10,400	24.1	21.4	21.5
• Public admin, education and health (O-Q)	9,700	22.3	26	28.1
• Other Services (R-S)	2,300	5.2	3.8	4.5

In terms of relative concentration of employment, the Prosperica analysis⁸ (2014) states that:

Epping Forest has much larger percentages of its workplace-based employment in the Construction and Distribution sectors than has England as a whole. Balancing these are much lower percentages in Financial services and Public administration, education and health.

Prosperica (p.9, Table 2) looks at employment at the two digit SIC level:

Sectors	Number '000	Percentage of total
Education	4.5	10.7
Retail trade	4.5	10.5
Food and beverage service activities	2.9	6.9
Construction of buildings	2.4	5.6
Wholesale trade	2.4	5.6
Specialised construction activities	2.1	5.0
Sports activities and amusement and recreation activities	1.5	3.6
Human health activities	1.4	3.4
Residential care activities	1.4	3.2
Warehousing and support activities for transportation	1.3	3.1

This suggests that the major employment sectors are based on activities that meet local needs rather than exporting, other than construction which exports labour on a daily basis. It is notable that two construction sectors are listed in this table. However, the location of two major building

⁷ <https://www.nomisweb.co.uk/reports/lmp/la/1946157216/report.aspx?town=epping%20forest>

⁸ The Employment Structure in Epping Forest District (March 2014) Prosperica Ltd

businesses' administrative HQs in the District (Higgins and Kier) may account for part of this concentration of employment.

Prosperica's (2014) analysis (p.10/11) suggests that Epping Forest District has a lower concentration of employment in knowledge intensive sectors than England. Growth in knowledge intensive employment between 2008 and 2011 is attributed to a growth in employment in education.

The ELR stated that strong growth had been seen in construction (5.4% p.a.) and transport & communications (7.4% p.a.).

3.2.2 Out-commuting

Prosperica (2014) confirms that there is substantial out-commuting, and net out-commuting, and this is expected to continue in the future. Prosperica suggests that employment in construction, although notionally based in the District, actually creates further travel to work outside of Epping Forest District. Prosperica suggests that this is the case for other sectors too. Prosperica quotes the 2001 Census as showing that 62% of resident workers commuted out the District for work, including 45% of the District's resident workers who commuted to London. Epping Forest District is the largest net exporter of commuters to London amongst all of the Essex districts. Commuting into London appears to be increasing.

3.2.3 Business population structure

Prosperica (2014) suggests that there is a high density of businesses per resident, even given the high level of out-commuting, and that there are relatively few medium and large businesses, so concludes that the business population is dominated by small businesses. The sectors with the largest numbers of businesses are:

- construction
- professional, scientific and technical
- retail
- business administration and support services
- property
- wholesale
- ICT
- arts, entertainment, recreation and other services

3.2.4 Consultation messages on the existing economy and business sectors

- Harlow has manufacturing employment, but there is not a lot of commuting from EFD
- EFD has a service economy – serving the resident population
- Glasshouse industry is very visible, but does not generate a large number of jobs. Jobs are seasonal and attract immigrant workers. Desire by operators to expand/grow the industry, but limited by planning constraints. Potential for a criteria-based policy for new allocations. Existing sites are not considered as brownfield, but could be re-used e.g. for residential
- Some limited areas of deprivation in Waltham Abbey and Debden. Can EFDC's economic development approach do anything about this?
- Not sure that there is an unemployment problem

- EFD has no central place. Fragmented. No agglomeration
- Out-commuting to London is a core part of the economy, and there is no desire to change this
- Central line at capacity. Little scope to increase number of commuters
- Commuters parking close to the stations causes a problem. Prevents people parking to access the town centres during the daytime
- Potential to extend commuter train services to Ongar
- Potential for P&R at North Weald – but unlikely that this will be done
- Broadband coverage/capacity poor in rural parts of the District. Would like to offer free wifi in town centre
- Majority of working residents travel out of the District for work. Nice place to live – dormitory area. Don't want it to change
- 8 underground stations
- Green Belt, flood plains and Lea Valley Regional Park are constraints on significant development in the District
- LVRP has historically been opposed to development, but this may change
- North Weald Airfield and Langston Road are the major development opportunities
- Housing affordability is a problem for young people
- Some deprivation in Waltham Abbey and Debden
- Retaining existing businesses is important. As businesses grow, they cannot find suitable and affordable premises, so leave the local area
- Need for grow-on business units. Potentially live-work units. Potentially a business hub with flexible office space

3.2.5 The rural economy

The previous Local Plan and Alterations had criteria-based policies on farm diversification. There was a preference for employment generating uses from any building conversions within the Green Belt to promote a 'living and working' countryside.

Promotion of farming in EFD contributes to food security, and helps reduce emissions from transport of food from more distant places. EFD located on periphery of London – one of the largest food markets in the world.

Concerns have been expressed about HGV access to employment in rural areas.

Ideas for policies for growth in rural areas, include criteria-based policies for:

- diversification of agricultural practices
- change of uses or conversion of redundant buildings
- promotion of tourism and leisure activities

The latest LEADER Local Action Group for the Essex Eastern Plateau includes much of Epping Forest District. Plans for the LAG are currently being developed. The previous programme for the Eastern Plateau delivered £2.1 million of RDPE funds, and a total of £4 million of investment. Its four priorities were:

- assistance to rural communities to develop better services and activities

- encouraging and supporting farm diversification
- encouraging the start up and development of rural businesses
- encouraging and supporting rural tourism

Consultation messages on the rural economy

- Significant part of EFD is rural with small settlements, and these need an economic role.
- Eastern Plateau Local Action Group seeking funding
- Will require a Local Development Strategy
- Problems with lorries accessing employment sites in rural areas
- Potential to relocate some employment out of rural areas

3.2.6 Skills and qualifications

Prosperica (2014) states that whilst residents' earnings are higher than average, the skills profile is lower than that for England, which is unusual as low skills usually correlate with low earnings.

3.2.7 Location of employment

Prosperica (2014) has undertaken an exercise to consider where businesses are located in Epping Forest District (p.22). Prosperica divided the District's wards into: major town centres; minor town centres; employment areas; suburban areas; and rural. According to this analysis, the suburban wards host the greatest amount of employment: 44%, compared to 21% in employment areas and 19% in the major town centres. Prosperica does note that education, health and other public services are likely to be located in the suburban wards.

3.2.8 Business survey

The 2010 ELR included a business survey which found that:

- there was a high level of satisfaction with business premises, and only 2% of respondents claimed that their premises were unsuitable
- 42% of local businesses are looking to expand, particularly medium and large businesses located in Epping, North Weald and Ongar
- 43% of these would need additional floorspace, and most could not accommodate this at their existing premises
- modelling of the survey data and ABI data suggested that existing businesses would need an additional 42,125 sq m of business space over the next five years (presumably to 2015)

3.2.9 Future employment growth

In 2010 Atkins forecast a net employment growth of 1,000 jobs by 2031. The majority of this would be in B1 business space, accounting for 43,700 sq m and 5.83 Ha of employment land. This was claimed to be an optimistic view of employment growth, and it stated that EEFM forecasts are lower than this.

3.2.10 Retail

Consultation messages on retail:

- Brookfield Farm Shopping Centre to the west is contributing to a decline in Waltham Abbey town centre
- Major supermarket is also drawing spend out of the town centre
- Westfield, Lakeside and Bluewater all draw comparison spend out of EFD. Unlikely to change much
- Significant leakage of retail spend out of the District esp. to major retail centres such as Westfield and Lakeside
- Potential for more craft shops/workshops in the town centres – but would need subsidy
- Local shopping loyalty scheme. Not hugely successful
- Tourism, arts/culture and cafes are at the heart of town centre revitalisation

4 Economic Vision and Strategy

4.1 Epping Forest District

There is no economic strategy for Epping Forest District in place. A report to the Council's cabinet in February 2014⁹ set out the high level themes that guide economic development in the District.

These are:

- policies and approaches for productive landscapes including glasshouses and pack houses
- tourism next steps - marketing of what the area has to offer visitors
- infrastructure including transport and high speed broadband
- the skills agenda - in particular the role of Epping Forest College and the opportunities at Stansted airport
- further opportunities at North Weald Airfield for employment, aviation and events
- analysis of what businesses already exist, and what support they want to develop
- links to supply chain from the growth of the West Essex [Harlow] Enterprise zone, in particular Medical Technologies;
- promotion of the unique selling points of the District, i.e. special character, great place to live, work and do business, links to London
- plans for other Epping Forest District Council assets
- links with those making significant inward investment

The main areas of activity proposed in the report include:

- appointment of an Economic Development Assistant
- continuation of the Town Centres Fund (£35,000) – to undertake projects to support the main high streets
- support the Food Task Force (£30,000) – to pay for further work on the growth potential of the food sector
- provide a post to follow through the recommendations of the Tourism Task Force – to exploit further potential growth in this sector

Economic development activity is currently carried out by a range of EFDC staff on an ad hoc basis. There is an economic development officer.

Key aspects of the local economy identified in the report include:

- Significant out-commuting of residents – to London, and also out-commuting of construction workers
- A significant small business sector
- Relatively higher earnings than would be expected from an analysis of residents' qualifications
- Identifiable town centres and industrial estates (but not business parks)
- A relatively low female employment rate

Economic development opportunities for Epping Forest District include several transport schemes:

⁹ C-066-2013/14 An economic strategy for the District, and resources to go with that

- Changes to the M25, and a new Junction 7a of the M11
- West Anglia rail line improvements, Crossrail2 and Central Line issues
- Stansted airport

There is potential for the District Council to make effective use of its asset base.

4.2 Local Strategic Partnership

One Epping Forest (OEF) is the Local Strategic Partnership (LSP) for Epping Forest District. The LSP's aim is:

Together making Epping Forest a great place to live, work, study and do business

OEF was responsible for economic development in Epping Forest District, but this has now been taken back into EFDC.

The LSP's vision is:

Making the most of our proximity to the capital while dealing with the challenges this poses to the protection of our green and unique environmental heritage. Building thriving, growing, cohesive and sustainable communities where improving quality of life, aspiration and attainment are achievable for all residents. A place where the different villages, towns and communities that make up our district are cherished and the public services that support them, work together as ONE, committed to excellence and efficiency

Emerging priorities and themes (identified in Appendix 1 of EFDC's report to Council, 2014⁹) include:

- Developing and resourcing productive landscapes
- Developing an integrated and coordinated approach to tourism
- Developing an infrastructure of business support focusing on: business start-ups/young businesses; High Street businesses; and high speed broadband in rural areas
- Expanding the Higher education offer in the District
- Tackling long term youth unemployment
- Securing inward investment
- Building effective partnerships

OEF has prepared an Epping Forest District profile. The highlights of this are:

- Epping Forest District is significantly rural and 94% Green Belt
- Despite significant wealth, it contains some of the most deprived places in Essex, particularly in Waltham Abbey
- It has significant traffic and congestion problems
- There are good transport links in and out, but can be difficult to get around without a car
- There is a significant need for affordable housing
- There is a requirement for jobs and the infrastructure to support them
- It has a lower forecast rate of population growth than Essex
- It has an older population than the England average
- Epping Forest District has high house prices, making housing difficult to afford

4.3 West Essex Alliance

West Essex Alliance is a member of SELEP. It comprises: Epping Forest District, Harlow and Uttlesford¹⁰. Its objective is:

Promoting economic prosperity in West Essex

It is working for:

- The creation of new business
- The retention and growth of existing businesses
- Increased inward investment and tourism
- Sustainable economic growth and regeneration

West Essex Skills and Employment Study, February 2013

Harlow Enterprise Zone: Skills Requirements Study, February 2013

4.4 Harlow Enterprise Zone

The concept of the Harlow Enterprise Zone was originally developed as the West Essex Enterprise Zone. Its core objectives are¹¹:

- The development of two sites to provide high quality, modern business space meeting the needs of businesses in the ICT, Advanced Manufacturing and Life Science sectors
- The location of 100 businesses and the creation of a minimum of 2,500 jobs with the potential to create more than 5,000 jobs over a 25-year period
- Increase the GVA of the West Essex sub-region through inward investment and enabling the growth of existing companies through re-location, expansion and supply chain opportunities
- The creation of employment opportunities for local residents

It comprises:

- London Road North: 14 Ha of greenfield land with planning consent. No development partner yet in place. Aspiration for a medical technologies science park, linked to Anglia Ruskin University. Expected to be available December 2015
- London Road South: Plans for 20,000 sq m of Grade A office space and a data centre. Work expected to commence mid 2014. Plans for Anglia Ruskin University's medical technologies innovation centre
- Templefields: An existing industrial estate offering space for SMEs, and redevelopment opportunities

There is a proposal for the development of Junction 7a of the M11, which will support the delivery of the Enterprise Zone. Forecast delivery of this is in 2018/19.

4.4.1 Consultation messages on the Harlow Enterprise Zone

Key sectors

¹⁰ <http://www.westessexalliance.org>

¹¹ <http://harlowez.org.uk>

- Existing strengths - life sciences, advanced manufacturing and ICT
- London Road North – science park – medical technologies focus. Currently commissioning work on demand [Same study as mentioned above?]. Astra Zeneca move to Cambridge is spurring interest in the East of England. Potential for AZ supply chain? Key competitors – Cambridge, Stevenage, London. Cheaper than Cambridge and London
- USP – affordable manufacturing location for life sciences sector, complementing R&D in Cambridge and London

Economic potential

- 5,000 jobs. Mainly at London Road North and South
- Higher skilled jobs than those already in the town

London Road North

- Currently greenfield – playing fields. HDC trying to buy this
- Proposal for science park. New road into north of site. Looking for a development partner
- Planning framework in place - LDO
- Anglia Ruskin University proposing to locate medical technologies innovation centre on the site, including postgrad research

London Road South

- Existing buildings – former Nortel campus. High capacity broadband link into site. Furthest extent of ‘instantaneous’ communications with City of London. Finance sector needs ‘instantaneous’ data transfer
- LDO in place
- Development partner in place
- Refurb of 200,000 sq ft of existing office space. Currently little good quality office space in the town
- Proposal for a data centre on site. May spec build

Templefields

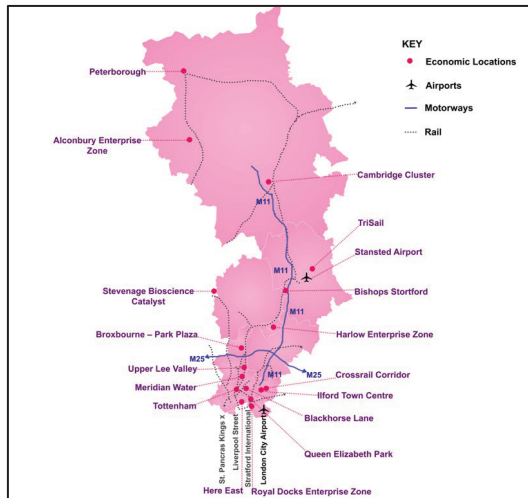
- Existing industrial estate in north of town. Very mixed sizes and quality. Some high tech manufacturing including medical technologies
- LDO in place
- Plan to redevelop slowly into modern business park
- Potential to redevelop large warehouses for more intensive uses. Could relocate distribution occupiers to new J7a
- c.40 landowners – difficult to work with
- Needs on-site road improvements. J7a would increase land values and viability of redevelopment
- Potential relocation of civic amenity site opens up a development site. HDC proposing ‘grow-on’ units

Training and skills

- Harlow University Technical College (UTC) to open soon. 14-19. Harlow FEC and Anglia Ruskin University

- Focus on medical technologies. NVQ3 vocational skills
- Drawing students from EFD as well as Harlow

4.5 London Stansted Cambridge Corridor (LSCC)



According to the LSCC website¹²:

The principal objective of the consortium is to drive economic development and enhance quality of life in the north London – Stansted – Cambridge corridor. This means not only driving job growth through productivity and investment, but more importantly increasing economic activity, by ensuring local communities access employment opportunities

LSCC covers a large area, and is considered as a functional economic market area. It is claimed that there is a high level of self-containment within the corridor, so investments within the corridor will generate a high rate-of-return for places within the corridor.

It has produced an agenda for growth in the corridor area¹³, which was intended to inform the strategic economic plans of the four LEPs that it straddles. Sectoral strengths in the LSCC area are:

- life sciences and medical
- IT, digital and media
- low carbon, clean tech and energy from waste
- food production
- business services
- engineering, transport, logistics and distribution

With regard to the above sectors and Epping Forest District, glasshouses for food production is specifically mentioned in the LSCC agenda. It has also been mooted that glasshouses could play a role in the life sciences sector.

The LSCC claims to have identified sites to accommodate 117,000 new homes and 170,000 new jobs over the period to 2032. Harlow Enterprise Zone is one of the key nodes within the corridor.

¹² <http://lsc.co/about-lsc-2/objectives/>

¹³ LSCC (January 2014) An Agenda for Jobs, Growth and Improved Livability

For Epping Forest District (and the other Essex and Hertfordshire districts), the opportunities created by the LSCC are (p.14):

- Proactive cooperation and coordination at the seam between multiple LEPs;
- Positioning the districts as key locations in the UK's advanced growth corridor;
- A shared infrastructure agenda benefiting local businesses and residents;
- Supporting the nationally designated enterprise zone at Harlow

The investments requested by the LSCC include several of relevance to Epping Forest District and its local area:

- rail improvements, including to the West Anglian route and the Lea Valley line
- M11 Junction 7a
- Harlow Enterprise Zone
- science parks (presumably included in the above)
- business support in the form of investment, technology transfer and network development
- Ensuring that young people have the skills to access the employment opportunities that are created, by working with the FE colleges and University Technical Colleges

4.6 Economic Plan for Essex

EFDC economic strategy report, February 2014, suggests that there is an Economic Plan for Essex that replaces the Essex Economic Growth Strategy (2012).

In a report on its economic plan¹⁴, Essex County Council has put forward a programme of transport and non transport projects, intended to inform the SELEP's Strategic Economic Plan (SEP). The SEP is expected to be agreed in the autumn of 2014 and implemented from April 2015. This will determine the amount of Single Local Growth Fund (SLGF) devolved to places within the South East, such as Essex.

ECC has committed £115 million towards growth projects over the next six years.

Essex's strategic growth corridors [presumably including West Essex/M11 corridor] are the basis for investment in housing and jobs. Investment in transport infrastructure is at the heart of the growth plans for the corridors. Finance, business support and workforce skills are also important aspects of the growth plan. Working age population is set to decline, so productivity must increase.

The report mentions an Essex Growth Deal. The 'ask' to central government for SLGF will be matched with funds from the County Council and District, Borough and City Councils, along with private sector investment. A total local investment package of £412 million is proposed, as part of a £755 million investment plan.

West Essex projects in the emerging draft Economic Plan for Essex are:

¹⁴ Essex County Council Report to Cabinet, 25 March 2014, Economic Plan for Essex and the Linked Strategic Economic Plan

Area of Essex	Name	Description
Epping Forest District	North Wield Airfield	Development of homes and the creation of an avionics hub for the South East of England.
Harlow	Harlow Enterprise Zone London Road Enabling and Delivery	This project will be to deliver a range of site acquisitions and up front development work and enabling infrastructure to support the development of the Enterprise Zone and de-risk the site for potential investors/occupiers.
Harlow	Templefields Development Package & Civic Amenity	Package of improvements to improve the Templefields North East industrial estate to attract businesses from the Harlow Enterprise Zone's target growth sectors to locate in the area.
Harlow	Harlow Manufacturing & Engineering Centre	Creation of a state of the art, employer-led training facility that directly supports the business growth and workforce development needs of local employers. The Centre would be linked to Harlow College, building upon their existing engineering offer and relationships with key local employers.
Harlow	Medtech Campus - Harlow	Package of tailored business support and the development of a MedTech Business Park in Harlow.

4.7 South East Local Enterprise Partnership

Strategic Economic Plan, March 2014.

Targets for:

- private sector job creation
- new homes
- leverage of investment

Five elements:

- Establishment of a revolving property investment fund (SEFUND)
- South East transport deal
- South East productivity deal
- South East skills deal
- South East housing growth deal

Federal governance structure with four local area delivery partnerships – including Essex. West Essex sits beneath this.

Twelve growth corridors/areas, including M11-London-Harlow-Stansted-Cambridge. Target for 18,250 jobs and 20,230 homes (*accommodate* 1,050 jobs and 1,230 homes by 2021; and *facilitate* 17,200 jobs and 19,000 homes). Harlow Enterprise Zone is a key node within this. Creation of the M11 Junction 7a is key to delivering this.

4.8 Consultation messages on economic vision and strategy

- No strong vision for economic change – maintain the status quo
- Out-commuting to London is an important source of employment – three tube stations and a national rail station. Part of the nature of the place, and no desire to change this

5 Sites, Premises and Infrastructure

5.1 Sites and premises

The 2010 Employment Land Review (ELR)¹⁵ reviewed 42 sites in Epping Forest District, of which 21 were in rural areas and 21 in urban areas. 67% of the sites in the District were 'average' and 3% were 'poor.'

Vacant and opportunity land provides a theoretical capacity of 46,000 sq m [of what?].

The 2010 ELR concluded that provision for an additional 66,000 sq m [of what?] was needed in Epping Forest District to 2031. The risks associated with under-provision of additional land included:

- an increasing dormitory role for the local area, with increasing out-commuting
- fewer local jobs for local residents
- local businesses being forced to relocate outside the local area in order to fulfil their expansion plans

5.1.1 Consultation messages on sites and premises

- Low vacancy rates in EFD's industrial estates
- Not a large number of employment sites in EFD
- Every district is complaining about lack of grow-on premises. Not unique to EFD
- May need investment from EFDC – possibly for delivery of flexible workshop space
- Private sector is already providing serviced office space at affordable prices: M25 Business Centre close to M25 J26 – Booker Road, Waltham Abbey
- Town centre offices – competing with residential for space above shops
- Could vacant shops be used as office space?
- EFD does not have any major industrial or commercial development opportunities
- Not much flexible office space in Essex. Some demand from contact centres/back office/shared service centres
- Not much grade A office space in Essex. Recent market study to be provided
- Langston Road is interesting because of Underground connectivity, but London Road South less so because of poor public transport links
- Harlow has low quality office stock, so does not appeal to high quality occupiers

M25 Business Centre at Waltham Cross

- Established to provide high quality, flexible office space
- Refurbished building close to M25 J26
- Entirely privately funded speculative investment
- 50,000 sq ft with gym and bistro – 500 jobs?
- Some tenants already in place – professional services and new start businesses

¹⁵ Epping Forest District and Brentwood Borough Employment Land Review: Final Report (September 2010) Atkins

5.2 Infrastructure

Consultation messages on infrastructure:

- Mainline rail to the west of the District. Has potential
- Lack of good quality, modern sized offices and retail units. Stock is too old and too small – doesn't meet modern needs
- Potential for more offices above shops, but risk losing these to residential conversions

M11 Junction 7

- A small amount of headroom in the junction's capacity, but will be taken by growth in Harlow
- Enterprise Zone proposals will cause more load than the junction can take
- Potential to accommodate a bit more growth through improvements to the junction

M11 Junction 7a

- Project is out to consultation, but not yet a fully formed project. No evidence provided to HA
- Harlow has not yet properly considered alternative options in order to arrive at the preferred option. Could be scope for further improvements to J7 and J8
- Traffic model is not sufficient – poor quality data
- Optimistic timescale – start construction in 2019, with completion within 12 to 18 months
- West-facing only junction
- In EFD. Planning application to EFDC next year
- c.5 years to deliver. Seeking £50m from SELEP, Essex CC, central government and developer contributions
- Highways Agency now more positive about this. Route based strategy for M11. Restrictions on level of development on two EZ sites until J7a in place
- Unlocks housing and employment sites in Harlow and EFD. Landowners promoting sites adjacent to J7a
- Potential for distribution site adjacent to J7a. Want to relocate existing distribution from town to J7a, reducing HGV traffic in town and allowing more intensive redevelopment of current sites

5.3 Epping Forest District Council Assets

Consultation messages on EFDC assets:

EFDC's property portfolio. Members want to maximise the income from this and reinvest any receipts from disposals into redevelopment of existing sites

- North Welad Airfield
- Debden Broadway shopping area. 60 units. Needs some updating
- Two industrial estates at Debden and Waltham Abbey
- Depot at Langstone Road – to be developed for a new retail park
- Some shops
- Some car parks
- Some land holdings as part of the St Johns Road development area in Epping
- Six pubs

6 Clusters and Networks

6.1 Glasshouse industry

The glasshouse industry in the local area is concentrated into the Lea Valley, in particular in Nazeing, Roydon and Waltham Abbey. The main crops are cucumbers, sweet peppers, tomatoes, aubergines, lettuce, herbs and some flowers. There is strong competition from overseas and other parts of the UK. According to EFDC, Agriculture and Horticulture employed 2,700 people in Epping Forest District in 2010. It is believed that the glasshouse industry accounts for 1,100 of these jobs. It is estimated that the sector's supply chain supports another 500 jobs in a range of sectors.

According to the Lea Valley Growers Association:

- the glasshouse/horticultural industry employs around 1,000 people in Epping Forest District, out of 2,000 in the Lea Valley
- of these, 1,100 are manual/packing jobs, 350 are skilled crop workers, 250 are managerial and clerical, and 300 are in transport and logistics
- there are also an unspecified number of supply chain jobs.

The packhouses that act as intermediaries between the growers and the buyers also deal with imported produce, so are busy throughout the year and not just within the local growing season. Packing is an industrial activity that is inappropriate in the Green Belt, and which generates significant HGV movements.

A review of the sector and its potential has been undertaken¹⁶. According to the review, the sector has been declining in area, and less so in output in recent years. Applications for new or replacement glasshouses in the Lea Valley has fallen since 2006. Many growers believe that future viability is dependent on new large-scale developments. The minimum feasible size of a unit is likely to double over the next 20 years. Growers in the Lea Valley are smaller than the national average, which impacts on the viability of their businesses. The areas based policy is seen as successful in terms of promoting containment and clustering. Unless the sector declines, it is likely that new designations will be required. Access to energy is a key issue for the industry. Local residents object to the traffic implications of developments, but not the developments per se.

Key recommendations of the review study:

- EFDC should adopt a clear vision for the sector, with sufficient designations
- Support large-scale developments in the industry – in the east of the District
- Increase designations for medium-size growers
- Growers and the Council should work together to develop new sites
- Steps to avoid dereliction of unused sites should be taken

The Lea Valley Growers have set out a vision for the future of the industry¹⁷:

¹⁶ Laurence Gould Partnership Ltd (2012) The Lea Valley Glasshouse Industry: Planning for the Future

¹⁷ Email from Lee Stiles, 30 May 2014

- Growers with turnover of less than £5 million p.a. would like to extend their existing sites. Any potential site should be up to 40 acres to allow for expansion, with access to renewable energy. A central marketing organisation to support growers would be helpful. Access to a local workforce, including managerial staff, would be helpful. Encouraging skills and training, and raising the profile of the sector will attract new entrants
- Growers with turnover of more than £5 million p.a. would like sites of up to 50 acres per grower, to allow for expansion. Access to renewable energy, workforce and training are also important

Technological advances and the need for economies of scale mean that glasshouses need to be larger and higher than previously. There is also a need for better quality worker accommodation, which is inappropriate in the Green Belt. New sites will need to be accessible to the transport network, and there is a desire for larger glasshouses and packhouses to be co-located.

Previous Local Plan policies have sought to concentrate glasshouses into designated areas within the Lea Valley. In the future a criteria based policy is preferred, which would help to achieve the objectives set out above. This could lead to the growth of the industry taking place over a larger area than its previous concentration in the Lea Valley. There is also a desire for future policy to deal with redundant glasshouses, preventing dereliction, and leading to the appropriate re-use of redundant sites.

6.1.1 Consultation messages on the glasshouse industry

- Lea Valley Food Taskforce – covers EFDC, Enfield and Broxbourne, although EFDC seen as the main driver. Limited resources, particularly for core administrative work. Need for core funding
- Lee Valley Growers Association. Some limited supported funded by the NFU. Setting out a vision for the industry. Local businesses need to get a lot larger
- The industry has been contracting in size since 1950s, although productivity and output are increasing. UK is a net importer of horticultural products. Growth of the glasshouse industry in the local area could contribute to the sustainability of the UK food chain
- Much of the labour is seasonal, and much of this is met by immigrants, especially from Eastern Europe, who are recruited informally by word-of-mouth. Few local people are employed, and there is a reluctance to use local labour
- Around 2,000 jobs in EFD, and around 2,500 in total in the Lea Valley
- Average site size is one acre, although they vary in size
- Pack houses aggregate and distribute the products
- The industry receives no subsidies, and is operated on a wholly commercial basis, hence has little interaction with government
- Sites are under pressure from alternative uses, especially residential, and the industry is gradually being driven further away from London. Some sort of intervention is needed to keep the industry in the local area
- Much of industry lies within the Lea Valley National Park, which does not have a remit to support food production. LVNP recently opposed a 90,000 sq m glasshouse development, but the development has been allowed
- Much of the supply chain spend, in terms of equipment and R&D is coming from the Netherlands, not the UK

- Planning is a major issue for the future of the industry. Historically there have been designated areas, but a criteria-based approach may be more suitable in the future
- Potential for linkages to the life sciences and pharmaceuticals industries – growing plants for these industries
- Energy is a major cost for the industry. Potential to use waste heat from other sources e.g. power stations
- Water-borne transport from EFD into central London is feasible
- Source of employment within Green Belt. Need to up-skill local people via FEC qualifications to enable them to work in the industry

Lea Valley Task Force: Seven areas for action

- Employment Bridge – intended to support local people to enter into employment in the industry. Intended that growth in employment in the industry will create jobs for local people, and that local people can replace immigrant labour in existing jobs. Not many high-skilled jobs, but the industry does tend to pay above the minimum wage
- Planning Policy – Trying to establish common planning policies across a wider area: EFDC, Waltham Forest, Harlow, Broxbourne, Enfield and Uttlesford. Trying to get food recognised as a core sector within the LSCC strategy
- National Institute for Food Security – An idea that is in development at present. Budget is in place for a feasibility study. Focus on R&D associated with growing under glass and food production adjacent to major conurbations. Some initial conversations with the University of Essex and the University of Reading
- Food Summit – Event planned for later in 2014. Present some of the Task Force findings
- Growing Place – Enabling London residents to make use of unused allotments
- Skills for Growing – Potential to create an NVQ in horticulture with Epping Forest College. Hope to set an industry standard
- Land Bank – Idea to use the SELEP capital fund to buy land that is consented for growing, and lease it to growers

Scale of sector

- Retail value of £1 billion. Most important glasshouse area in the UK
- Historically 1,100 acres, now down to 300 acres
- UK is 30% self-sufficient in salad crops, so huge potential to displace imports
- Six packhouses in Lea Valley which agglomerate crops and sell to supermarkets. Orders are placed 6-12 months in advance. Top-up with foreign imports if the local growers cannot satisfy requirements
- Growing season January to November, 4-6 week gap without produce, but packhouses continue to work with imported crops

Employment

- 2,000 jobs in the glasshouse industry in EFD. 90% overseas workers, 10% local
- 10% seasonal increase in the summer
- Jobs are year-round

- Locals have poor awareness of the industry, its opportunities, and poor understanding of the career potential
- Food Task Force – helping to get ore local people into the sector. 500 local unemployed young people
- Entry level jobs in packhouses (warehousing), but higher skilled jobs in growing, management, sales etc
- Working with EF College to develop a City & Guilds qualification

Future growth

- Potential for local workers to displace foreign workers, and for growth in the scale of the sector
- Concur with Laurence Gould study
- Could deliver an additional 300 acres, which would create 1,500 to 1,800 new jobs
- Replacing foreign imports, and growth of London mean that there are market opportunities
- Want a criteria based approach to planning for growth
- Glasshouses can be developed in the Green Belt

Barriers to growth

- Lea Valley Regional Park has bought land around glasshouses and prevented expansion of the sector
- Some planning issues over height of glasshouses (now need to be 7 metres), but have been overcome
- Need for renewable energy. Heat for growing becomes a by-product of generating power. Using CHP, some bio-mass and limited AD

6.2 Tourism

Consultation messages on tourism

- Potential for growth of the tourism industry. Waltham Abbey, Gunpowder Mills, Whitewater centre. Forest draws in visitors, but probably generates little economic benefit for the district. Forest is more of a marketing tool
- Forest is a visitor draw. Brings in about 8 million visitors a year – although question validity of these numbers. Mainly local and day visitors
- Little good quality visitor accommodation
- Potential for interpretation boards/maps to guide visitors around the towns
- Scope to improve the quality of public space e.g. flowerbeds etc
- Waltham Abbey and Hunting Lodge – tourist attractions. Potential for music festival
- Potential to increase tourism. Tourism strategy being developed. Plans for a tourism officer at EFDC
- Olympic whitewater centre: adjacent, but not in EFD
- Olympics and Tour de France have been good at raising the profile of EFD
- Working on a tourism strategy for the District
- Planning to employ a tourism officer

Epping Forest

- The forest has a European designation, which restricts adjacent development because of the impact on air quality
- Owned by the City of London Corporation. Buying buffer land around it to protect it

- Tourism draw for day-trippers. Local pubs may benefit
- Makes EFD an attractive place to live, hence contributes to the economy in that way

7 Future Development Opportunities

There are a number of major development opportunities in Epping Forest District. These are discussed below.

7.1 Consultation messages on regeneration, infrastructure and environmental enhancement

Major regeneration and development opportunities (EFDC involvement)

- North Weald Airfield
- Waltham Abbey. Colliers have been commissioned to undertake a study to look at the opportunities here
- Debden. TfL wants to undertake development on the car park of its tube station at Debden, including residential development

Update of RTP 2010 town centre study proposed

7.2 North Weald Bassett and Airfield

EFDC has commissioned a masterplan for the future development of and investment in North Weald Bassett, including North Weald Airfield¹⁸. This masterplan refers to a Deloitte study carried out in 2013 which considered different scenarios for the future development of the Airfield, and identified a preferred option of mixed-use development including continued aviation use, employment, leisure and 1,670 new homes. Employment accommodation was envisaged as hangars and dedicated employment premises. The Allies & Morrison report states that the Deloitte report suggested over 31,000 sq m of employment space. There is a local pressure group that wants to keep the Airfield operating.

The report states that the level of employment in the local resident population is higher than the national average, and the proportion that work full-time is higher than the national average. More people travel to work by car than the national average, and usage of the Underground to travel to work is high (in keeping with the District as a whole). Levels of deprivation are low in the local community.

The Allies & Morrison report states that the 2010 Employment Land Review for Epping Forest District identified two sites at North Weald Airfield for intensification, extension of redevelopment, which could deliver 13,139 sq m of B1 to B8 floorspace. The report also states that the SLAA identifies a potential yield of up to 42,000 sq m of commercial floorspace.

The Airfield is owned by Epping Forest District Council. It is currently used for historic and general aviation activities. Between 60% and 70% of airfield activity is at the weekend. Other commercial activities take place at the Airfield including a large weekend market, freight distribution, transport, logistics, driver training, and car driving experiences. The market provides the largest source of income to the Council, but it has been declining in recent years.

¹⁸ Allies & Morrison (February 2014) North Weald Bassett: Stage 1 Draft Report

The Allies & Morrison report (Part 1, p.53), considers potential property development in North Weald Bassett, including the Airfield. This is summarised in the table below.

Activity	Allies & Morrison Commentary
Residential	Potential for development
Offices	Limited potential, but the site could accommodate a business park, and provide Grade A office space, for which there is demand
Industrial	Proximity to M11 and M25 would make this a good location for distribution and logistics. The site could also accommodate high quality industrial space, which it suggests is in short supply
Retail	The scale of the proposed development would support a supermarket
Education	The local primary school may need expansion to accommodate many more homes
Glasshouses	The site could accommodate glasshouse developments, but lower land values are likely to make this unattractive
Leisure	A new leisure centre could be accommodated, possibly as a replacement for the existing centre at Epping

The report states that residential development will be the main value driver at North Weald Bassett and Airfield.

It is acknowledged that transport improvements will be needed to support development at North Weald Bassett and Airfield, and that a new junction (7a) on the M11 will free up capacity at the current Junction 7. Opening the Epping-Ongar railway line for mainline services, and the provision of a park-and-ride facility at North Weald Airfield are considered in the report.

One of the aims established for the future development of North Weald Bassett and Airfield is to strengthen commercial and aviation activities in the area, and provide employment opportunities. The development principles set out in the Allies & Morrison Stage 2 report¹⁹ suggest that the operation of the Airfield for flying will continue. The report states that some 30 hectares of land could be released for development uses. Any development needs to allow the ongoing operation of the Airfield. The growth scenarios set out in the Stage 2 report suggest that development will take place to the east of the existing runway. None of the options presented in the report sets out the likely scale of employment development. The report implies that just under 43 hectares of mixed-use development could take place at North Weald Bassett and Airfield.

7.2.1 Consultation messages on North Weald Bassett and Airfield

- Deloitte study – considered three options for future development. Preferred option: maintain airfield, and some mixed-use development
- Airfield - currently private/general use, not commercial use. No aspiration to change this
- Future of the airfield is in private/general aviation, not commercial aviation. Airfield is not registered with the CAA, and the cost of achieving registration would be very significant
- Masterplan for mixed-use development. Will include some employment land, but must be compatible with residential

¹⁹ Allies & Morrison (April 2014) North Weald Bassett: Stage 2 Draft Report

- EFDC owns airfield, hence potential to gain receipts from sale/development
- Currently a large Saturday market, but this is declining in size, and therefore income to EFDC
- EEDA wanted to promote significant housing development on the site.
- Saturday market, which generates most of the income from the airfield, is shrinking.
- Runway needs upgrading. Will need to invest £millions in the runway. Will need land receipts to be able to do this.
- Currently looking for an operator for the airfield
- Want to get the airfield licenced by the CAA.
- Potential for new separate access into the airfield. Highways consultant has been commissioned to investigate this
- Allies Morrison masterplan for North Weald Bassett and Airfield – mostly residential development, with some commercial development

7.3 Debden

7.3.1 Debden Broadway

A development options study was undertaken in 2008 for Debden centre and Broadway²⁰. This looks at improving the quality of an existing retail area. This could create additional employment in retail and leisure outlets. A new transport interchange at Debden Station is also included in this proposal.

The study suggests that offices could form part of the development in this area.

7.3.2 Langston Road

Consultation messages on Langston Road:

- Langston Road – Clinton Cards former HQ being sold. Potential for a data centre – unlikely to create many employment opportunities. However, will require major broadband capacity, and is there potential for other businesses to tap into this?
- Former Bank of England sports ground – has development potential

7.4 Waltham Abbey

In 2015, PBA prepared a town centre framework for Waltham Abbey²¹. This set out six economic priorities for Waltham Abbey:

- Working in partnership with businesses, local organisations and other public sector stakeholders
- Marketing and promotion of the centre
- Exploring tourism potential
- Improving retail, entertainment and leisure
- Maximising the contribution from employment and businesses
- Further work on transport and infrastructure

A number of opportunities for change were identified within the centre:

²⁰ Urban Practitioners, Colin Buchanan and CBRE (2008) Debden Town Centre and Broadway Development Options: Final Report

²¹ Peter Brett Associates (Jan 2015) Waltham Abbey Town Centre Strategy Framework: Draft for Discussion

- Development of the Market Square, possibly as a food and beverage quarter
- Creating a pedestrian and bus link from Tesco to the town centre
- Revitalising the police station, museum and library area

Some secondary and tourism opportunities were also discussed.

Also in January 2015, Colliers prepared a town centre report from Waltham Abbey²². This included a review of the centre and a SWOT analysis. This report suggested:

- Larger retail units are needed to attract national retailers
- There should not be further office development in Waltham Abbey centre
- There is demand for, but limited availability of, residential units in the centre

The study made a number of recommendations, including:

- Improving signage and way-finding, removing clutter, improving refuse facilities and introducing pop-up retail units
- Creating a single transport node
- Relocating existing retailers to form a cluster of retail
- Enhancing the garden entrances and water features
- Improving public realm in key areas, introducing a statue of King Harold, and creating a mosaic trail
- Creating a one-way traffic system
- Pursuing development opportunities on a number of identified sites

7.5 Epping

A development brief has been prepared for the St John's Road site in the centre of Epping²³. Four options for the development of the site, with a range of different mixes of use have been considered. Retail and leisure appear to be the most significant sources of employment (other than in the construction of any new development), although there are some small office proposals included in some of the options, and community facilities may create a small number of jobs. Although a supermarket has been considered, it is unlikely that this will be acceptable.

Leisure uses may include a sports and leisure facility, or commercial leisure facility such as a cinema. Retail facilities could include food and drink outlets. Offices could be provided on the upper floors of any developments. A hotel could form part of the development.

7.6 Green Belt

Consultation messages on Green Belt:

- Want to maintain strategic GB gaps between settlements
- GB is a constraint on development in EFD
- Potential for intensification of use of employment sites in rural areas

²² Colliers International (Jan 2015) Waltham Abbey Town Centre Report

²³ Allies & Morrison (2012) St John's Road Epping: Design and Development Brief, Draft Report

7.7 Town centres

7.7.1 Consultation messages on town centres

- ED team may commission update to town centres study
- General concern about the health of Waltham Abbey centre. Potential to develop the heritage draw of the town, and focus on leisure development
- Waltham Abbey is the biggest area of need in EFD
- Sainsbury's distribution centre has been successful. Interest from another major occupier (DHL) in a site close to M25 J26
- Some office-based employment in Loughton and Epping, but not a lot
- Debden- Higgins and Kier located here. Proposal for development adjacent to the tube station – including retail development
- Ongar – interested in more tourism. Relates more to Chelmsford and Brentwood than EFD
- Potential for commuter train services to be introduced along current Ongar-Epping heritage railway line, but no serious plans in place
- Loughton High Road retail offer is becoming very homogenised. High turnover of shops
- LSP/Chamber of Commerce would like a media/creative/arts/music hub in Epping. Part community facility, part enterprise/workshop facility
- Lots of small businesses that start in EFD, then grow and have to leave the District because of insufficient grow-on space
- St Johns, Epping. Former school site. Owner by ECC and EFDC. Protests against supermarket development on site. Potential for an arts/community centre
- Few empty shops
- Waltham Abbey – worst town centre, but not very bad. Tesco and Lidl have drawn spend out of the centre. Awarded £10,000 for improvements
- Waltham Abbey is the next priority for EFDC investment. Links to Waltham Cross in Broxborne. Potential for larger scale investment
- Ongar – limited parking. Could be linked to Epping using Epping & Ongar railway for commuter as well as heritage rail
- Town centres becoming more about social space e.g. coffee shops, restaurants
- Vibrant night-time economy in e.g. Epping
- Role for town centre partnerships

7.8 Workforce and skills

Prosperica (2014) claims that wages are above the national average, but conversely qualifications are below the national average - certainly for *high* and *middle level* qualifications (p.5).

7.9 Phoenix Chinese Business Cluster

Consultation messages on Phoenix Chinese business cluster:

- Essex CC has spent a long time developing relationships with China – led to Phoenix investment in EFD
- Touchdown and hotel accommodation for Chinese business visitors to Essex/East of England/UK. All businesses, not just Phoenix
- Potential for a Chinese business cluster in the local area

- Phoenix Print and Media International (PPMI). Part of Phoenix Group – Chinese publishing group
- Taken over former Travelodge and Little Chef. Now a hotel and Chinese restaurant
- Buying an office building in Greenwich
- Have a small print works in Basildon that they want to relocate to North Weald
- Planning a Chinese trade exhibition in Chelmsford
- Not sure what the potential of this link is

7.10 Care homes

Consultation messages on care homes:

- High dependency and less high dependency care homes
- Lots of US care home operators interested in Essex and EFD
- Potential for care villages
- Creates a range of jobs – some high skilled and some less skilled – opportunities for local residents
- Two major projects looking for sites in EFD. prospective sites are greenfield, and probably not currently allocated
- High quality retirement village, with a focus on dementia care
- Relatively low intensity development. Six acre site, 35% coverage, could create 450 jobs
- May include facilities (e.g. swimming pool) that can be used by the local communities



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Economic and Employment Evidence to Support the Local Plan and Economic Development Strategy

Appendix 3: Demand Analysis

Prepared for Epping Forest District Council

September 2015

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1 Introduction

1.1 Purpose

This background paper sets out the analysis to assess future employment sites and premises requirements in Epping Forest District over the Local Plan period 2011-33. The results will inform the wider Economic and Employment Evidence study to inform both the Epping Forest District Local Plan and Economic Development Strategy.

1.2 Overarching Principles

The assessment of future requirements contained within this report is not designed to be a detailed prediction of exactly what will happen in the future in Epping Forest District. Any exercise which includes an element of forecasting includes substantial risk and uncertainty. Therefore, the results of this exercise are not intended to be the basis of a 'predict and provide' policy response. Rather, the approach is designed to bring together available evidence in order that there is a clear basis on which to consider policy options, in conjunction with other complementary, or potentially competing evidence. In particular, the method has been designed in line with national policy and best practice guidance to help inform the development of the Epping Forest District Local Plan, specifically to inform policies around the provision of land for employment. Policies should be regularly reviewed in the light of new evidence and the passing of time as part of the on-going planning policy development and review process.

1.3 Geographic Designations

The analysis is focused on Epping Forest District. However, it is important that this is considered in the context of the functional economic market areas (FEMAs) in which the district is located. This aligns to the Planning Practice Guidance. FEMAs are discussed in more detail in Appendix 2.

FEMA analysis directly informed this work through the joint study that ran alongside the West Essex and East Herts Strategic Housing Market Assessment. This provides a sub-regional basis for the interpretation of the East of England Forecasting Model (EEFM) and scenario analysis.

2 Methodology

2.1 Overview and Official Guidance

The method employed to assess future requirements has been developed over many years and is aligned to the principles set out in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).

Paragraph 21 of the NPPF states that:

Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In drawing up Local Plans, local planning authorities should:

- *set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;*
- *set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- *support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;*
- *plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;*
- *identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and*
- *facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.*

The NPPG states that:

Need for all land uses should address ...the ... quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment.

Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

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

Plan makers should consider forecasts of quantitative and qualitative need (i.e. the number of units and amount of floorspace for other uses needed) but also its particular characteristics (eg footprint of economic uses and proximity to infrastructure). The key output is an estimate of the scale of future needs, broken down by economic sectors.

Local authorities should develop an idea of future needs based on a range of data which is current and robust. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.

Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Market segments should be identified within the employment property market so that need can be identified for the type of employment land advocated.

The available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified

Plan makers should consider:

- *sectoral and employment forecasts and projections (labour demand);*
- *demographically derived assessments of future employment needs (labour supply techniques);*
- *analyses based on the past take-up of employment land and property and/or future property market requirements;*
- *consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.*

The underlying principle is to acknowledge the range of available evidence and the inherent uncertainty. In so doing, various factors can be brought together to give a balanced view of future requirements. As a result, whilst there are elements of this approach which are quantitative and could be viewed as mechanistic, these must be balanced and adjusted in line with other available qualitative evidence to ensure the approach and the interpretation of the results are appropriate to the characteristics of the area of focus.

The key components of method employed are:

- A consideration of the likely pattern of economic growth in the area based on economic and employment forecasts giving an indication of labour demand and sectoral patterns of growth, set in the context of wider sub-regional and national growth trends;
- A consideration of the potential change in labour supply as a result of changes in the demographics of the area and likely changes in patterns of economic activity;
- A consideration of key economic policy ambitions, drivers and confirmed actions which may have an impact upon the future scale and pattern of economic change in the area;
- A consideration of the socio-economic characteristics of the area and the implications of this for future patterns of land and property use;
- A consideration of the commercial property market dynamics and characteristics of the area and the influence the development, occupier and investment markets will exert on future employment property and land use; and

- A consideration of historic patterns of employment property development and land use as a potential indicator of future trends.

2.2 Quantitative Assessment

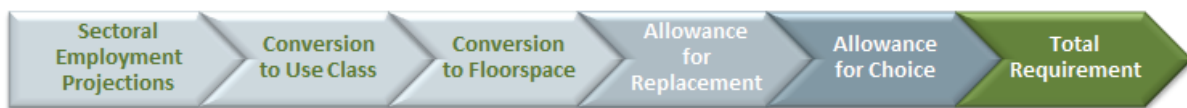
Slightly different methodologies are used for considering the land and floorspace implications of employment change within and outside the B Use Class. These result from the varying availability of robust evidence to inform assumptions and the level of maturity of assessment techniques.

The B Use Class includes business, industrial and storage/distribution uses. These have historically been viewed as the primary employment Use Classes, however, it is often the case that a minority of jobs are actually accommodated within sites and premises classified within the B Use Classes. Many jobs fall within other Use Classes including retail, customer services, hotels, leisure and catering, health, education and construction. Some jobs are entirely mobile and require no sites or premises base at all.

2.2.1 Employment within the B Use Classes

Within the balanced approach outlined above is a quantitative component which brings together available evidence within a quantitative model, designed to capture the key drivers of future requirements. This is summarised in the flow diagram (figure 1).

Figure 1: Methodology Diagram



The first part of the process considers the potential for additional requirements for employment land and property as a result of expansion in the economy. This is based on sectoral employment projections, which are then converted into projected employment change by Use Class using a conversion matrix presented at Appendix 1 to this report and then into property and land requirements using employment and development density assumptions.

The second stage then considers wider market factors. Particularly the need to recognise the churn in the economy and a need to replace and upgrade property stocks. For example, whilst the manufacturing sector as a whole has experienced well documented decline in its employment base, there has been a continued demand for new premises within which to operate. This demand can be driven by existing companies needing more/less space, a different location or a different type of premises. It can also be driven by new companies in the market, which may not find the right type of property available in the right location within the market. As a result, whilst overall a sector may be in decline (although this still applies to growing sectors too), there are changes beneath the surface which will continue to drive demand. This can be a particular issue where existing stocks are ageing or where vacant sites are no longer in the locations that are suitable to modern occupiers.

The third element of the model builds in an allowance for choice and flexibility. This element needs to take account of offering location choice as well as choice in terms of the type of property and setting.

Within the detailed assumptions employed as part of this model, local evidence has been used to ensure the approach is appropriate to Epping Forest District.

2.2.2 Employment within the A Use Classes

There is available information to make an assessment of net additional floorspace requirements using the employment density method for A Use Classes. However, there are also other more traditional methods for assessing future floorspace requirements, particularly for retail use. As a result, the assessment within this analysis is set out as indicative.

2.2.3 Employment outside the A and B Use Classes

Outside the A and B Use Classes the information available to allow the translation of jobs to floorspace is insufficient to complete a full and robust assessment of future requirements. There is a very wide range of activities within Use Classes with hugely varying sites and premises requirements and therefore other more qualitative approaches are required.

Sectoral employment projections are translated into Use Class using a detailed SIC-Use Class matrix which is also used for the A and B Use Classes. This can be found at Appendix 1. This is an important step in understanding the scale and nature of change of employment within each Use Class.

The scale of projected employment change is set out with associated commentary and indicative floorspace implications where appropriate.

2.3 Validation

The results of the quantitative assessment are tested against historic patterns of activity and other available evidence of a more qualitative nature to aid interpretation of the results and set the results in a wider context.

3 Economic Futures

A key element of considering future employment land and property requirements is an understanding of the likely pattern of economic and employment change in Epping Forest District. Forecasts for Epping Forest District and the wider FEMA were drawn from the East of England Forecasting Model (EEFM). The EEFM is an econometric model developed by Oxford Economics providing consistent forecasting information for the whole of the East of England region and its constituent areas. The EEFM 2014 model has been used to provide a baseline view of the economy as well as to test alternative scenarios¹. All data referred to in this chapter is drawn from the EEFM. These may not exactly mirror official published statistics, particularly as a result of the integration of agriculture within employment measures which are typically not well dealt with in the main official datasets.

Analysis of the EEFM was undertaken at the sub-regional level to ensure alignment with the SHMA². As part of this analysis an adjusted EEFM scenario, taking account of Stansted growth was developed³. This scenario, based on 1,895 jobs per annum (jpa) across the strategic housing market area, has been adopted as the basis for the analysis in this report. This is an increase from the EEFM baseline of 1,590 jpa. The details are set out in Table 1.

Table 1: HMA-wide Workplace Based Jobs Scenarios

	EEFM 2014 Baseline				Stansted Growth Scenario			
	2011	2033	2011-33	JPA	2011	2033	2011-33	JPA
East Herts	66,785	76,750	9,960	455	66,785	76,360	9,570	435
Uttlesford	43,390	50,465	7,080	320	43,390	58,205	14,815	675
Harlow	42,230	49,815	7,585	345	42,230	49,560	7,330	335
Epping Forest	57,545	67,880	10,335	470	57,545	67,545	10,000	455
HMA	209,955	244,915	34,965	1,590	209,955	251,665	41,715	1,895

Figures may not sum due to rounding

The sub-regional total was apportioned to each constituent authority area, with Epping Forest allocated⁴ a figure of 400 – 455 jpa across the 2011-33 plan period. This compares to the original EEFM 2014 Baseline of 470 jpa. The slight downward adjustment from 470 jpa to 455 jpa is as a result of growth at Stansted drawing labour and economic activity away from other parts of the sub-region. The reduction of 15 jpa is very modest⁵. The 400 jobs per annum scenario results from an alternative distribution of jobs across the housing market area based on the current (recent history) distribution of workplace based jobs. Sectoral employment projections for Epping Forest District

¹ The EEFM 2014 runs to 2031. The forecasts have been extended to 2033 by extrapolating the long term trends from the period 2028-31.

² Hardisty Jones Associates (July 2015) Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

³ The sub-regional report should be read for full details of scenario development and assumptions made. The baseline EEFM did not incorporate the scale of growth planned at Stansted. A Stansted scenario was developed taking account of evidence prepared by Manchester Airports Group.

⁴ The sub-regional report should be read for full details. The apportionment was based on (1) the EEFM forecast distribution of future employment growth and (2) the historic distribution of employment across the SHMA.

⁵ To set in context, the EEFM Baseline projects total workplace based employment growth of 0.75% per annum. The Stansted Scenario projects 0.73% per annum. The 400 jpa adjusted scenario projects growth of 0.65% per annum.

have been remodelled to take account of the two headline employment projections emerging from the sub-regional work. The following adjustments from the baseline have been made:

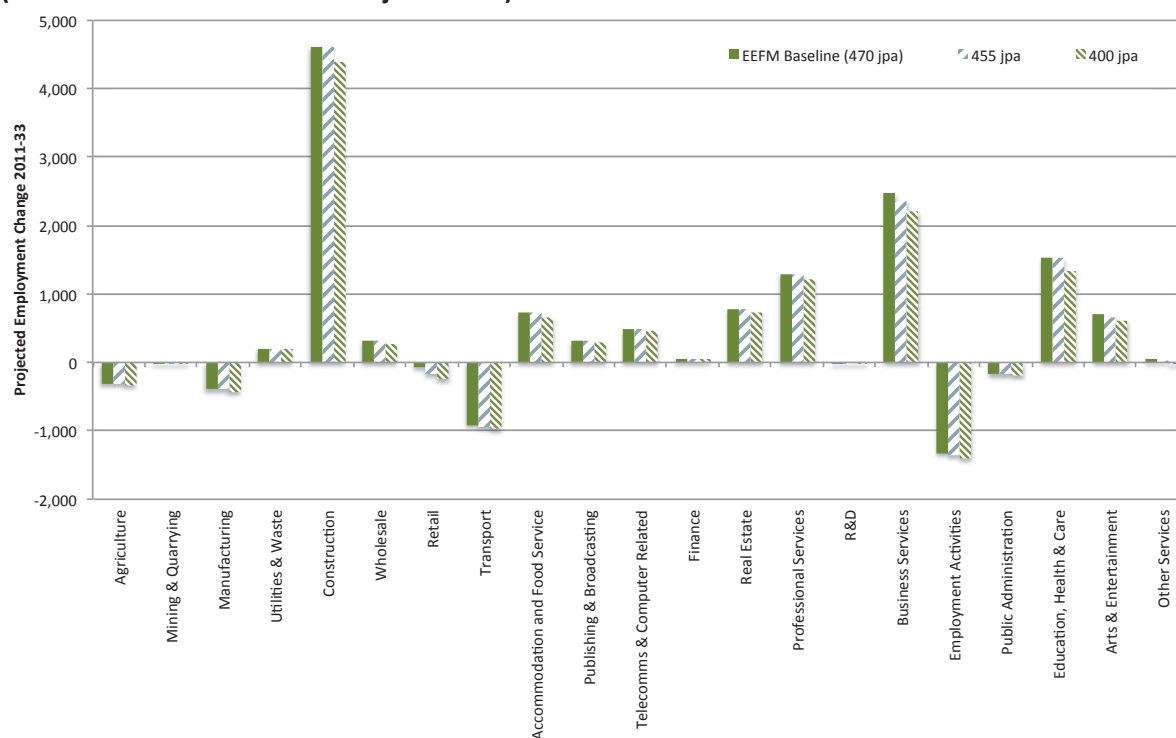
- 455 jpa scenario: 15 jpa reduction apportioned across sectors in line with commentary within technical evidence underpinning the Stansted Sustainable Development Plan 2015⁶. (30% retail, 10% land transport, 30% business services, 10% employment activities, 10% arts and entertainment and 10% other services).
- 400 jpa scenario: adjustment to all sectoral growth rates of 0.0815% per annum.

3.1 Sectoral Projections

Figure 2 shows the projected absolute change in employment by sector in Epping Forest District across the two scenarios. This shows that the greatest number of additional jobs is projected to be within the Construction sector, with 4,400 – 4,600 new jobs over the plan period. Around half of this growth is recovery of jobs lost through the recent downturn. Other sectors projected to grow substantially in absolute terms include Business Services, Education, Health & Care and Professional Services.

Employment decline is projected in a number of sectors, most notably Transport and Employment Activities but also Agriculture, Manufacturing, Public Administration and Retail. The decline in Agriculture may not fully reflect potential opportunities for growth in the glasshouse industry in Epping Forest District.

Figure 2: Projected employment change by sector in Epping Forest District 2011-33 (Source: EEFM 2014 and HJA adjustments)



⁶ Economic Impact of Stansted Scenarios, Oxford Economics, 2013, for London Stansted Corridor Consortium

3.2 Use Class Projections

Sectoral employment projections have been translated into employment change by Use Class, using the sector – Use Class matrix presented at Appendix 1 to this report.

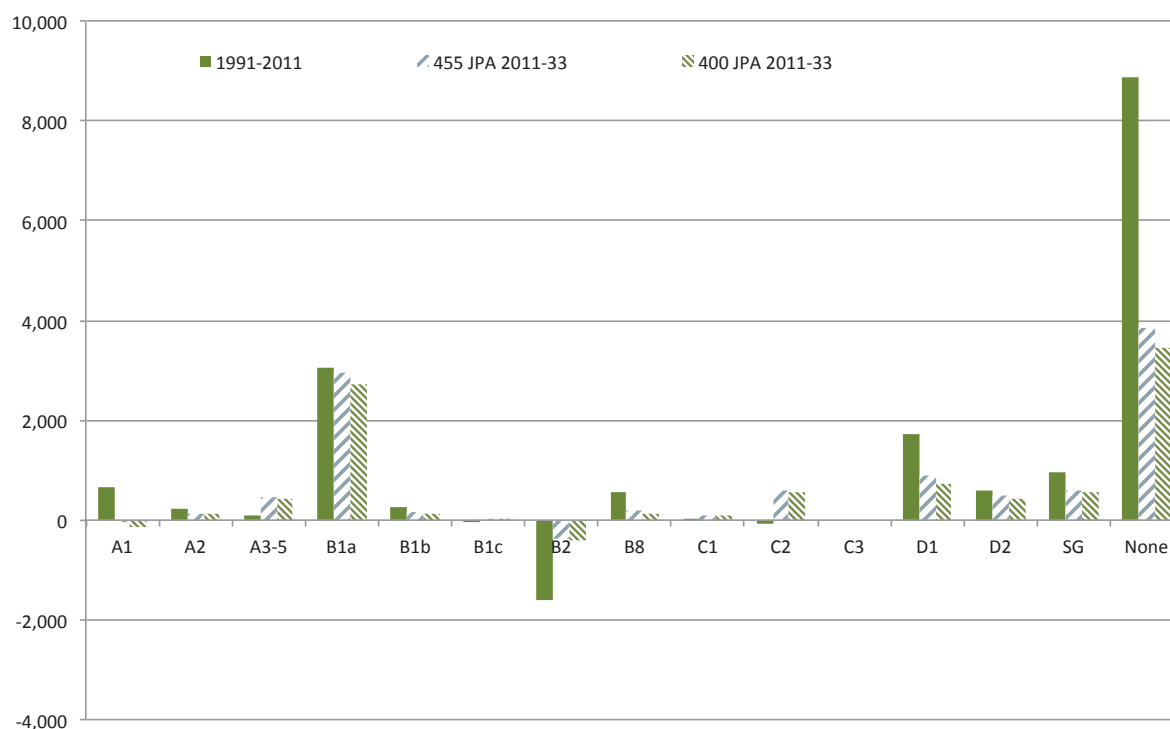
Figure 3 sets out these results. This sets the two forecast scenarios against historic employment change over the period 1991-2011. This shows the substantial projected growth of jobs with no direct sites and premises requirements. This is fuelled by projected growth in sectors including: Construction and cleaning (classified within the Business Services sector and a major employment sector in Epping Forest District).

B1a office employment is projected to grow strongly, fuelled by a range of sectors including elements of Real Estate, Computer Related Activity, Finance, Professional Services and Business Services. There is projected growth in B8 activities, although to a lesser extent than the historical period.

Growth is projected across the C and D Use Classes. In the case of the C Use Class this is greater than in the historical period. Growth in the D Use Classes is projected to be lower than the historical period. There is a projected growth in A3-5 Use Classes employment, much greater than the historical period as well as in employment within A2 and Sui Generis activities.

There is anticipated employment decline in the A1 Use Class, in contrast to growth in the historical period. There is a projected continued decline in B2 employment, but at a much more modest level than the decline experienced 1991-2011.

Figure 3: Employment change by Use Class in Epping Forest District (Source: HJA based on EEFM 2013 Baseline)



Appendix 2 sets out the detailed results broken down by five year time period.

4 Estimating Future Requirements

This chapter sets out the results of the quantitative assessment, undertaken in line with the method outlined in chapter two of this report. These results are then tested against other evidence on past take up and other qualitative evidence in the following chapter. Details of assumptions used to convert jobs to floorspace can be found at Appendix 1 to this report.

4.1 Net Additional Requirements

Figure 3 in the previous chapter set out employment changes by Use Class. This showed that around 50% of net additional employment is projected to be in activities that do not require sites and premises provision. 30% is projected to be within the B Use Classes which have traditionally been the focus of employment sites and premises provision. The remaining 20% falls across the A, C, D and Sui Generis Classes (-6% to -10% is projected within the A Use Classes, 7% in the C Use Classes, 13-14% in the D Use Classes and 6% classified as Sui Generis)⁷.

When considering the impact of net changes in employment upon future sites and premises requirements it is necessary to highlight the caveat that some employment change could be absorbed within current floorspace. That is, existing employers increasing employment with no need for additional floorspace and other employers reducing headcount without releasing floorspace to the market. The nature of the property market with lease structures and freehold ownership is such that floorspace requirements will not adjust in a perfect correlation with employment. Indeed, headcount is not the only or even primary driver of floorspace requirements in some Use Classes. Nevertheless, over the course of the entire Local Plan period there is likely to be scope for adjustments to be made to major shifts in business operations.

To ensure there is no artificial restriction on growth no allowance is made for increasing the intensity of occupation of existing stocks.

4.1.1 A1 Retail

Future retail floorspace requirements are traditionally assessed based on future expenditure patterns compared with current and planned capacity. The approach considered in this assessment is based on employment projections within the retail sector and therefore differs to the more traditional approach which is considered in other evidence prepared on behalf of Epping Forest District Council⁸.

The EEFM/HJA analysis indicates a slight decline of 30-130 jobs within the A1 Use Class over the plan period. The EEFM suggests retail employment reached its peak in 2006 in the district and then declined to 2012. The later part of this period reflecting the impact of the economic downturn. Projected change in employment is then fairly flat. This would suggest the decline has largely happened, but certainly no major retail growth is projected in the area. That is not to say there is not a need for a changing mix of retail provision and there will undoubtedly be churn in the retail

⁷ Figures may not sum due to rounding. Range depends on scenario used.

⁸ Roger Tym & Partners (2010) Epping Forest District Council Town Centres Study

sector. However, in order to assess the implications of this there will be a need for detailed retail sector and market research for the area.

Given the modest changes in employment the data would not suggest a major change in retail floorspace. However, guidance on floorspace per worker shows a substantial variation between high street and food superstore retail and other superstores or retail warehouses. The mix of retail requirements will therefore be a bigger determinant of future requirement and potential floorspace changes.

Given the differing nature of retail requirements, and the associated parking requirements for in-town and out of town locations, there will also be a broad range of development densities relating to such uses, with higher density development in town and district/local centres and much lower density development for food superstores and out of town retail warehouses. This creates challenges in converting outline floorspace estimates into land requirements. Any conversion would exaggerate the range of outcomes with both higher density of development and occupation in town centres and lower densities of both indicators out of town.

More detailed retail analysis will provide greater clarity on the nature of future retail requirements in the Epping Forest District area. The 2010 Epping Forest Town Centres Study considers future retail requirements using the more traditional method of expenditure forecasts. This suggested a retail requirement for 33,000 – 50,000 sq m over the period to 2031. These requirements are well in excess of the scale of retail growth projected using the employment forecast approach. However, the Town Centres study is now a little dated, particularly in terms of demographic evidence to inform future population growth scenarios. As the geographic area used as the focus for the Town Centres study does not map exactly to the district boundary it is not possible to make simple adjustments even for indicative purposes. However, one might reasonably conclude that the population growth scenarios which formed the basis for the retail study are higher than current evidence suggests is likely. On that basis the retail requirements may well be lower than indicated by that research.

4.1.2 A2 Financial & Professional Services

HJA analysis of the EEFM scenarios projects a growth of 120 -140 jobs within the A2 Use Class over the Local Plan period. A2 jobs are primarily accommodated within town centres and district/local centres. This generates an estimated requirement of 2,400 - 2,700 sq m of A2 floorspace over the plan period.

Conversion of floorspace to site area is reliant on assumed plot ratio/development density. Within town centres plot ratios will vary depending on provision of car parking and the number of storeys achieved. Plot ratios upwards of 0.7:1 or 70% might reasonably be considered a minimum and greater than 2:1 or 200% could be achieved. This would suggest a land requirement of up to 0.4 hectares.

4.1.3 A3 – A5 Food & Drink Uses

The A3-A5 Use Classes cover a range of settings including restaurants, cafes, pubs, bars and takeaways. HJA analysis of the EEFM scenarios projects an additional 410 - 460 jobs within the A3-A5 Use Classes over the Local Plan period.

On this basis future net additional requirements are estimated at 8,900 - 9,900 sq m over the plan period. The nature of likely requirements is likely to reflect the demographics of the area and changing trends in leisure behaviour. Given the range of settings it is very difficult to translate the indicative floorspace requirement into a land use figure. Some requirements will be town centre and district centre based with no associated car parking. Other requirements are likely to be at out of town locations with at least an element of car parking provision.

4.1.4 B1a Office

HJA analysis of the EEFM scenarios projects an additional 2,700 - 3,000 jobs within the B1a Use Class over the Local Plan period. This would suggest a net additional requirement of around 32,600 - 35,400 sq m in Epping Forest District over the Local Plan period.

The land requirement for this quantity of office development will depend on the type of developments coming forward. Where offices are developed within town centres, either as dedicated office developments or above retail uses plot ratios of 1:1 (100%) or above are potentially achievable. In edge of centre and out of town/business park developments a plot ratio of around 40% is more typical, reflecting the requirement for car parking and landscaping. In reality, a mix is likely to be achieved. At the two extremes the associated land requirement ranges from 3.3 – 8.8 hectares.

4.1.5 B1b/c Research, Development and Light Industry

HJA analysis of the EEFM scenarios projects an additional 140 - 150 jobs within the B1b Use Class and a very small (less than 50) increase in the level of employment within the B1c Use Class over the Local Plan period. This leads to a requirement of 4,600 - 5,000 sq m of B1b R&D floorspace over the plan period. The small projected increase in employment for B1c light industry is anticipated to require around 1,200 - 1,300 sq m of net additional floorspace. It is anticipated that B1b/c developments would be primarily based in business park type environments with development densities of around 40%. This would lead to a land requirement of 1.5 hectares combined.

4.1.6 B2 Industry

The EEFM scenarios forecast a decline of around 390 - 420 jobs within the B2 Use Class as a result of the continued decline in manufacturing employment. None of the manufacturing subsectors within the EEFM analysis are forecast to grow in employment terms over the Local Plan period. This might lead to a reduction in floorspace of 14,600 – 15,900 sq m. At a development density of 40% this equates to some 3.7 – 4.0 hectares of land. Further discussion of the potential for land release is set out below.

The decline in employment in the B2 Use Class is not projected to drive any expansion in the requirement for space⁹. The issue is whether there is a release of space to the market. As noted in chapter two, whilst there has been employment decline in the industrial sector for some time, there continues to be demand for new premises (see take up data presented at section 5.1). Issues around the need to upgrade the supply of employment premises are dealt with in the next section of

⁹ That does not mean there will be an absence of demand for new B2 premises as a result of churn in the market and changing occupier requirements. This is considered in following sections of the chapter.

this chapter. However, when reflecting on the employment reduction in the industrial Use Class the following issues should be considered:

- Whilst a business may shed some of its staff, it may not close in its entirety and it may not release any of its property holdings to the market. Due to the lumpy nature of the commercial property market, through both lease structures and freehold ownership there is not necessarily a direct relationship between employees and floorspace. The trends that hold true across the economy at large do not always apply evenly at the individual business level. There are indications of increasing space per worker measures in the industrial sector over recent years, which likely reflect the trend towards reduced employment and increasing capital intensity. As a result, one should not necessarily expect a direct release of floorspace in this instance.
- Where a business does close, there may well be a release of either property or indeed an entire site. In some instances these will be available for re-occupation and redevelopment through normal market mechanisms. In other cases, this may not happen within the plan period. There may be constraints upon the re-use of premises or land (such as ownership or contamination), or the site/property may be located unfavourably or be inappropriate for modern business occupiers. As a result, its continued use within the stock of employment land/property could be uncertain.

As a result of both of these issues it is not easy to assess the potential release of land and property as a result of the projected scaling back of the labour force. However, it does suggest there may be some windfall releases which could contribute to future supply. Potentially, windfalls of around 6 - 8 hectares could be seen, based on the entirety of projected employment declines. If it is assumed that 50% of space was released and made available for re-use within the Local Plan period a figure of around 2 hectares might be contributed to future supply. However, this is an outline estimate and should not be relied upon as anything more than indicative for detailed policy making.

4.1.7 B8 Storage & Distribution

The HJA analysis of the EEFM scenarios suggests a growth of around 120 - 180 jobs within the B8 Use Class. This equates to a net additional floorspace requirement of 9,400 – 13,300 sq m. In land terms, at a development density of 40% some 2.3 – 3.3 hectares of land could be required.

4.1.8 C Use Classes

The C Use Classes cover a broad range of activities including hotels, guest houses, care homes, boarding schools and colleges, hospitals, prisons and detention centres, and barracks. Some data is available within best practice guidance for hotels, showing varying levels of employment depending on the quality of the hotel. Typically hotel demand is assessed via other market driven assessments. The most recent Hotels Study for Essex was completed in 2009¹⁰ and so is now dated. Nevertheless, this did not suggest strong market drivers for significant hotel development within Epping Forest District.

The HJA analysis of the EEFM scenarios suggest less than 100 net additional jobs in the C1 (hotels) Use Class. Based on best practice guidance this might support growth of between 50 – 190 hotel rooms in Epping Forest District depending on the quality of hotel provision.

¹⁰ Essex Hotel Futures, Hotel Solutions (2009)

Growth of up to 600 jobs is projected within the C2 Use Class covering residential institutions. This will incorporate the care home sector. The requirement for care home provision is likely to be driven in part by demographic change as well as commercial market pressures. Demand for such facilities should not be assessed using employment forecasts alone.

4.1.9 D Use Classes

The EEFM scenarios suggest a range an additional 740 – 880 jobs within the D1 Use Class covering non residential institutions. This captures the projected growth in health and education employment. Requirements for floorspace for such uses are not particularly driven by employment change but rather by service delivery plans and demographic changes. Provision will need to be planned alongside future housing development and through discussion with key education and health stakeholders.

A growth in employment of around 440 - 480 jobs is projected within the D2 Use Class. This covers a range of leisure uses including cinemas, concert halls, bingo halls and casinos, dance halls, swimming pools, skating rinks, gyms and other sports grounds. Current employment in Epping Forest District in this Use Class is concentrated within sports and fitness facilities and clubs. On this basis the projected growth in employment would require around 30,000 - 33,000 sq m of net additional floorspace. At a development density of 40% this would equate to 7.5 – 8.2 hectares of land. However, this would be dependent on the nature of developments coming forward and should be treated as indicative.

4.1.10 Sui Generis

Sui Generis covers a range of activities that do not fall within the specified Use Classes order. These include theatres, amusement arcades, funfairs, laundrettes, sale and repair of motor vehicles and many other activities.

HJA analysis of the EEFM projections suggest some 550 - 600 additional jobs across activities that fall within the Sui Generis category. The range of activities is very broad. Current employment data suggests the largest employment activities are motor trades including renting and leasing of vehicles and machinery as well as sale and repair (50%) and waste and utilities (20%). The major sector growth projected in the EEFM which is driving Sui Generis growth is Business Services which includes vehicle hire and leasing activities and Arts and Entertainment. There are no robust assumptions to generate floorspace estimates for this category given the variance in activities.

4.1.11 Summary

The following table (table 2) summarises the results of analysis to estimate net additional future property and sites requirements for the various employment accommodating Use Classes.

This suggests some growth in A Use Class requirements which are likely to be located in town and district centres, but also feature out of town leisure and retail provision. More detailed sector research is required to understand trends in these markets, and it is likely any trends will fluctuate throughout the life of the plan.

The analysis of net changes within the B Use Class shows a continuation of the shift towards office based activities with a continued growth in employment within warehousing based activities. Whilst

manufacturing based employment is projected to decline the implications for floorspace requirements are uncertain.

There will be growth in employment within the C and D Use Classes. The health and education elements of this will be primarily driven by demographic changes and through new models of service delivery (particularly in health care).

Table 2: Summary –Net Additional Requirements for Epping Forest District 2011-33 (figures may not sum due to rounding)

Use Class	Projected Employment Change	Projected Net Additional Floorspace Requirement	Projected Net Additional Land Requirement
A1	-130 to -30	-3,000 to -700 sq m	Uncertain
A2	120 to 140	2,400 to 2,700 sq m	0.3 to 0.4 ha
A3-5	410 to 460	8,900 to 9,900 sq m	Uncertain
B1a	2,720 to 2,950	32,600 to 35,400 sq m	8.1 to 8.8 ha
B1b/c	160 to 170	5,800 to 6,300 sq m	1.5 ha
B2	-420 to -390	-15,900 to -14,600 sq m	-4.0 to -3.7 ha <i>Estimated 2 ha might be available for re-use</i>
B8	120 to 180	9,400 to 13,300 sq m	2.3 to 3.3 ha
C1	80 to 90	50 to 190 hotel rooms	Uncertain
C2	550 to 600	Uncertain	Uncertain
D1	740 to 880	Uncertain	Uncertain
D2	440 to 480	30,000 to 33,000 sq m	c 7.5 to 8.2 ha
Sui Generis	550 to 600	Non quantifiable	Non quantifiable

4.2 Churn and Replacement

The following analysis relates only to the B Use Classes. It is assumed that the majority of A, C and D Use Class redevelopment activity that would be required would take place at existing locations and no major new provision of sites is required to facilitate such replacement activity e.g. town centre redevelopment would take place at current town centres and not require a major town centre relocation. There has been no evidence presented to suggest that this is not the case.

The methodology employed for estimating the level of replacement demand assumes that a proportion of the total existing stock of employment property is replaced each year to ensure the overall stock of premises is appropriate to modern needs in terms of both building quality and site characteristics. This is particularly important for the manufacturing sector where ongoing development of industrial premises has been observed, despite a decline in employment in the sector over many years.

In Epping Forest District, the supply review suggests there is some aging stock, particularly in the Waltham Abbey and Oakwood Hill areas and although there are no huge pressures to bring redevelopment it is likely that there will be a need to upgrade some of the stock over the course of the Local Plan period as it becomes unfit for purpose. A significant amount of industrial stocks will be in excess of 70 years of age by the end of the plan period without redevelopment.

It has also been suggested by local agents that the permitted development rights (PDR) relating to office space will create a requirement to replace lost office stocks. The situation regarding PDRs is

somewhat uncertain, with speculation that the original temporary three year period for PDRs will be extended or made permanent and the potential for further employment Use Classes to be added. However, whilst consultation on such plans was undertaken by government, no policy has as yet been enacted. Data provided by Epping Forest District Council relating to the fiscal year 2014/15 indicated a loss of 9,356 sq m of office stock via PDRs, although it is not certain that all approvals have been enacted. This included a mix of small and large schemes¹¹ and equates to more than 8% of total office stock in the district. It is uncertain as to whether the pace of PDR conversion would be higher, lower or in line with that experienced over the 2014/15 period so it is not possible to make accurate projections. However, provision should be made to at least re-provide that which has been lost and the need to provide an additional buffer to off-set further losses should be borne in mind when shaping policy.

Based on what can be observed in the data, and what is known of the property market, it is assumed that provision should be made for 1% of commercial stock to be replaced each year. This is equivalent to the entire stock of employment property being replaced over a 100-year period. Further details relating to this assumption are contained in Appendix 1 to this report.

The stock based assumption set out above indicates a total level of replacement activity one might expect to observe in the property market. This is shown in Table 3 as 'Total Replacement'. However, this does not consider whether this replacement activity takes place on existing employment sites (replacing or refurbishing one building with another on the same plot of land) or whether currently unoccupied land needs to be made available. The evidence and market observation suggest there will be elements of both.

Given the density of development in the southern parts of the district it is likely that redevelopment will need to take place on existing sites whilst accepting there may be constraints (e.g. remediation, infrastructure, ownership) and some may not be attractive to the market for redevelopment or reoccupation. For the purposes of this analysis we assume that 50% of replacement activity requires appropriate supply to be made available through new allocations. This therefore equates to a need to accommodate 0.5% of stock each year, or 11% over the course of the 22 year Local Plan period. This is translated into land requirements assuming a development density of 40% for industrial development and a range of 40% - 100% for office development to highlight the range of development types.

Table 3 sets out the results of this analysis. This shows the total replacement requirement for offices at around 2.5 times the losses already recorded as a result of PDRs to date. If PDR for office to residential are extended then there may be a need to boost provision for potential office development. In land terms a requirement for 1.2 – 3.1 hectares is estimated for offices. A much greater figure for industrial replacement is estimated, at 13.7 hectares. This reflects the much larger industrial stock in the district at present and the need to ensure this remains fit for purpose.

¹¹ The largest of which include 5,000 sq m at Fyfield Business Park, Ongar comprising seven units. 1,630 sq m at Conquest House, Waltham Abbey and 1,278 sq m at Hillgrove Business Park, Nazeing. A further large application relating to 1,430 sq m of office space was withdrawn.

Table 3: Estimates of Requirements for Churn and Replacement

Use Class	Total Stock (2012)	Total Replacement (1% of stock per annum)		Requiring New Sites (50% of Total)		
		Total Replacement (1% per annum)	Plan Period (22 Years)	Per Annum	Plan period (22 Years)	Projected Net Additional Land Requirement
B1a	111,000 sq m	1,110 sq m	24,420 sq m	555 sq m	12,210 sq m	1.2 - 3.1 ha
B1b/c/B2/B8	498,000 sq m	4,980 sq m	109,560 sq m	2,490 sq m	54,780 sq m	13.7 ha

4.3 Choice and Flexibility

Two core components are added to take account of choice and flexibility. Firstly, a percentage uplift of the combined requirement for net additional and churn/replacement is applied to ensure an allowance for range and choice is incorporated. This uplift also builds in some additional flexibility to allow the normal frictional movement in the market. An uplift of 10% has been applied.

4.4 Combined Results

Table 4 draws together the results of the various components within the quantitative assessment to provide an indication of potential future requirements for Epping Forest District.

This sets out floorspace data across the Use Classes where it is possible to estimate future requirements. For the B Use Classes a more detailed assessment captures the need for replacement activity and converts to land requirements. This is split by office and industrial requirements.

No aggregate totals are provided given the different Use Classes.

Table 4: Results of Quantitative Assessment

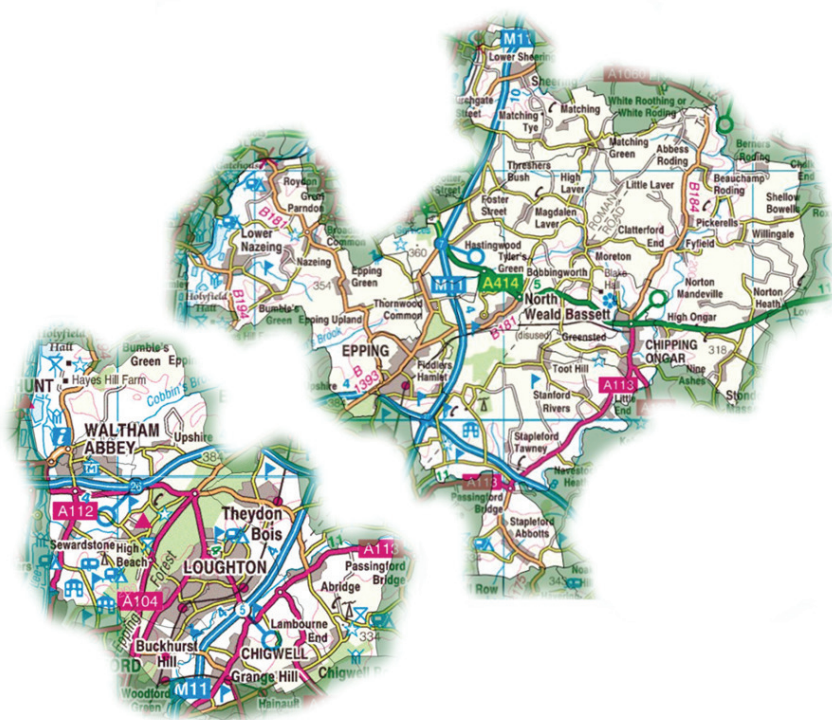
	Net Additional Floorspace (Sq m)	Net Additional Land (ha)	Replacement (ha)	Choice (ha)	Core Requirement
A1	-3,000 to -700 sq m	Uncertain	n/a		
A2	2,400 to 2,700 sq m	0.3 to 0.4 ha	n/a		0.3 to 0.4 ha
A3-5	8,900 to 9,900 sq m	Uncertain	n/a		
B1a	32,600 to 35,400 sq m	8.1 to 8.8 ha	1.2 to 3.1	0.9 to 1.2	10.2 to 13.1
B1b/c	5,800 to 6,300 sq m	1.5 ha	} 13.7	1.8 to 1.9	17.3 to 18.3 <i>Includes reduction of 2ha based on reduced overall requirement</i>
B2	-15,900 to -14,600 sq m	-4.0 to -3.7 ha <i>Estimated 2 ha might be available for re-use</i>			
B8	9,400 to 13,300	2.3 to 3.3 ha			
C1	50 to 190 hotel rooms	Uncertain	n/a		
C2	Uncertain	Uncertain	n/a		
D1	Uncertain	Uncertain	n/a		
D2	30,000 to 33,000 sq m	c 7.5 to 8.2 ha	n/a	0.8	8.3 to 9.0
Sui Generis	Non quantifiable	Non quantifiable	n/a		

4.5 Spatial Distribution

The figures presented above relate to the Epping Forest District as a whole. In order to consider how these requirements may be distributed spatially three primary factors are considered. Firstly, the current distribution of employment is used as a basis for an initial distribution of future requirements. Secondly, this is considered in the light of commercial market intelligence to make any required adjustment for property market drivers. Finally, account is taken of wider planned developments within the district (e.g. housing provision or infrastructure development) and potential development opportunities outside the district that may influence the future pattern of employment demand.

Two sub areas have been considered within the initial spatial allocation. The south and west area captures the more densely populated urban areas which form part of the north London fringe and are largely bounded by the M25. The exception is Waltham Abbey which lies just outside the M25. The north and east sub area includes much of the more rural parts of the district and the towns which lie within it, including Epping and Chipping Ongar. Figure 4 illustrates the two sub-areas.

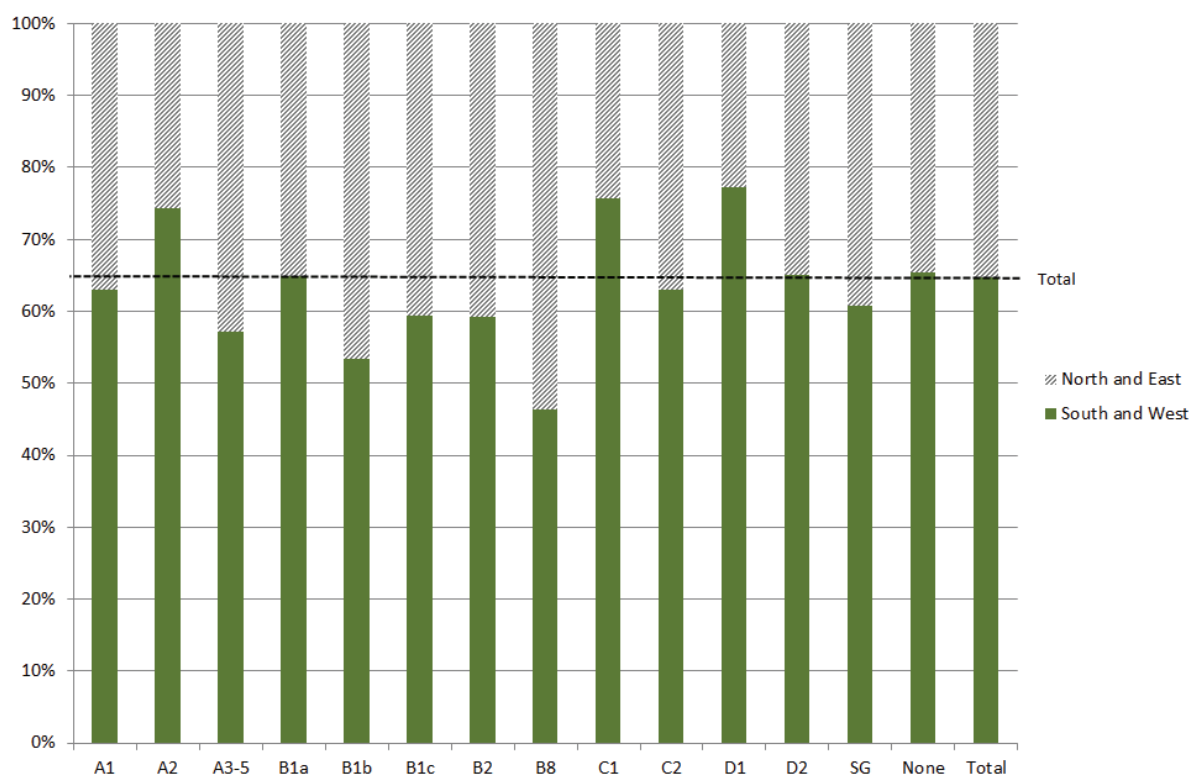
Figure 4: Sub Areas



Data from the 2009-2013 Business Register and Employment Survey is presented in Figure 5¹². This shows the distribution of employment by Use Class at the start of the Local Plan period. When considering total employment the split is broadly one third in the north and east sub area with two thirds in the south west sub-area. However, there are variations across the Use Classes. Most notably concentrations of A2, C1 and D1 activities in the south west sub-area and a greater than average share of A3-5, B1b/c, B2 and B8 activities in the north and east sub area.

¹² Average data over five years was used to smooth variations between years and over reliance on a single year of data.

Figure 5: Spatial Distribution of Employment by Sub Area (Source: BRES 2009-13, ONS)



Land requirements for the B Use Classes have been apportioned in line with these existing shares to provide a starting point in distributing future provision. This is summarised in Table 5 below. This takes no account of the supply of sites, potential infrastructure investments or other factors which may adjust the future distribution of employment from the current situation.

Table 5: Spatial Distribution 'Starting Point'

	South and West	North and East	Total
Office (B1a)	6.6 – 8.5	3.6 – 4.6	10.2 – 13.1
Industrial (B1b/c, B2 and B8)	9.0 – 9.5	8.3 – 8.5	17.3 – 18.3
Total	15.6 – 18.0	11.9 – 13.1	27.5 – 31.4

5 Testing the Results

5.1 Historic Take-Up and Market Context

Epping Forest DC monitors development through the Annual Monitoring Report (AMR), with records available from 2006-07 to 2014-15. The AMRs report take-up based on planning application approvals. As a result the data does not record development completions and given that a proportion of applications will not be implemented the figures as reported below are likely to be overstating actual completions.

The main focus is on the B Use Classes, with some data on A and D Use Classes available from 2007-08 and 2008-09 respectively. Data on the B Use Classes reflects the fact that many schemes incorporate a mix of B1, B2 and B8 elements. Therefore, it is not possible to accurately disaggregate the individual B Use Classes from the data that is available, although there is clear evidence of gains and losses in each of the Classes. The following analysis is based on the best available data following a data cleansing exercise with EFDC officers.

Gross gains¹³ in B Use Class development average approximately 21,000 sq m per annum. Gross losses¹⁴ of B Use Class premises are approximately 13,000 sq m per annum. The net change is therefore approximately +8,000 sq m per annum. This suggests a higher level of gross completions than is projected by the quantitative assessment set out above¹⁵.

Using the AMR data it is assessed that more than 61% of gross B Use Class gains result from change of use or direct on-site replacement. The corollary is that only 36% of total new development activity is taking place on land that was previously vacant.

Around 5% of gross development is assessed as extensions to existing premises. Therefore the level of development that appears to be on new development plots is approximately one third of total new B Use Class floorspace. This equates to around 7,000 sq m per annum.

The outputs of the quantitative analysis set out previously suggest a requirement for approximately 5,200 – 5,500 sq m per annum of development on new sites in the B Use Class (net additions plus replacement on new sites). This is some 25% below the level indicated by the historic data. The potential reasons for this include:

- Historic data based on applications rather than completions
- Uncertainty when forecasting
- Lower projected net employment growth in B Use Classes than historically – by a factor of 30% - 40%

On this basis there is no clear evidence to suggest any need for major adjustment to the figures emerging from the quantitative analysis, even though gross levels of activity appear greater. The

¹³ Data has been adjusted to remove applications for continued use or retrospective use. This therefore captures gross new floorspace. It does not take account of any losses of floorspace that are provided in the process of redevelopment.

¹⁴ This includes losses as part of redevelopment of B Use Class premises and losses to other Use Classes. It only measures losses recorded as part of a planning application.

¹⁵ To compare like with like the total estimate for replacement activity is added to the net additional requirement to create an estimate of gross completions. This creates a estimated level of future completions of 8,300 sq m – 8,700 sq m per annum in the quantitative assessment.

quantitative assessment also includes a 10% uplift for choice and to cover frictional movement which provides some additional flexibility.

5.2 Planned Developments in the Sub-Region

The scenarios tested in the quantitative assessment are based on the EEFM which adopts a 'business as usual' approach. The EEFM does not take account of major 'game changers'. In adjusting the EEFM baseline to take account of growth plans at Stansted there has been an element of adjustment. However, there are potential developments which need to be at least considered.

Within Epping Forest District the most significant potential game changer is an additional motorway junction on the M11 (junction 7A). This may open up new development land in the north of the district in close proximity to Harlow. However this remains a long term proposal.

The more significant employment generating developments influencing Epping Forest District, recent and planned, lie outside the district boundaries. For example:

- Retail – Westfield Stratford and Bluewater continue to provide significant comparison shopping destinations.
- Office – Stratford is becoming a significant office location and the Park Plaza developments within Broxbourne have the potential to provide a further significant employment location to the west of Epping Forest District.
- Industrial – Enfield is recognised as the major industrial location in the area.
- Harlow – has substantial growth ambition to the immediate north of the district with substantial employment development opportunity sites with Enterprise Zone status and improved connectivity via the Junction 7a proposals.
- London – there is no anticipated slow-down in the role of London as an economic hub. This will continue to provide a major economic growth pole to the immediate south of the district.

There is no strong policy aspiration to see substantive growth in Epping Forest District. However, there are growth opportunities elsewhere within the FEMA. The focus for Epping Forest District is to maintain a healthy economy delivering incremental growth. The development of Junction 7a may come forward later in the plan period and should be considered as part of any plan review. The economic aspiration and opportunity does not suggest a need for major revision to the assessment of future requirements.

5.3 Labour Market Capacity

The East Herts and West Essex SHMA¹⁶ sets out the demographic and housing evidence. HJA prepared economic evidence to inform the development of the SHMA to ensure alignment between the two topics. On a sub-regional (HMA/FEMA) basis the evidence has been developed to ensure the demand and supply of labour are broadly in balance given current available evidence.

¹⁶ Hardisty Jones Associates (2015) Economic Evidence to Support the Development of the OAHN for West Essex and East Herts

Appendix 1: Methodological Assumptions

Standard Industrial Classification (SIC) to Use Class Matrix

The proportion of employment in each category in this matrix is based upon the share of reported employment as recorded by the Business Register and Employment Survey (BRES) in different activities. This approach was applied to each of the sub-sectors in turn and with analysis going down to 4 digit SIC codes. The matrix therefore reflects the current structure of the Epping Forest District economy in detail.

	A1	A2	A3-5	B1a	B1b	B1c	B2	B8	C1	C2	C3	D1	D2	SG	None
AGRICULTURE	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
MINING & QUARRYING	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
MANUFACTURING															
- FOOD MANUFACTURING	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
- GENERAL MANUFACTURING	0%	0%	0%	0%	0%	3%	94%	0%	0%	0%	0%	0%	0%	0%	3%
- CHEMICALS	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
- PHARMACEUTICALS	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
- METALS MANUFACTURING	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
- ELECTRONICS	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
- TRANSPORT EQUIPMENT	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
UTILITIES	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%
WASTE & REMEDIATION	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%
CONSTRUCTION	0%	0%	0%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	90%
WHOLESALE	1%	0%	0%	2%	0%	0%	0%	75%	0%	0%	0%	0%	0%	20%	2%
RETAIL	95%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	2%	1%
LAND TRANSPORT	0%	0%	0%	29%	0%	0%	0%	8%	0%	0%	0%	0%	0%	3%	60%
WATER & AIR TRANSPORT	0%	0%	0%	0%	0%	0%	0%	25%	0%	0%	0%	0%	0%	0%	75%
ACCOMMODATION & FOOD SERVICES	12%	0%	63%	0%	0%	3%	0%	0%	13%	0%	0%	0%	0%	0%	10%
PUBLISHING & BROADCASTING	0%	0%	0%	75%	25%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TELECOMS	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
COMPUTER RELATED ACTIVITY	0%	0%	0%	96%	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%
FINANCE	0%	31%	0%	69%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
REAL ESTATE	0%	21%	0%	79%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
PROFESSIONAL SERVICES	0%	2%	0%	85%	5%	0%	0%	0%	0%	0%	0%	0%	0%	6%	1%
RESEARCH & DEVELOPMENT	0%	0%	0%	2%	98%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
BUSINESS SERVICES	1%	0%	0%	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	65%
EMPLOYMENT ACTIVITIES ¹⁷	0%	5%	0%	13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	82%
PUBLIC ADMINISTRATION	0%	0%	0%	72%	0%	0%	0%	0%	0%	0%	0%	28%	0%	0%	0%
EDUCATION	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
HEALTH & CARE	0%	0%	0%	6%	0%	0%	0%	0%	0%	60%	0%	34%	0%	0%	0%
ARTS & ENTERTAINMENT	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	11%	71%	16%	0%
OTHER SERVICES	43%	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%	20%	0%	15%	16%

¹⁷ The Employment Activities sector is one of the hardest to code given that temporary agency workers that are distributed throughout the economy are often recorded as employed by the agency within this sector. An allowance is therefore made for the administrative functions of employment agencies with the majority of employment assigned to no Use Class.

Floorspace per Worker

The table below sets out further details on assumptions in respect of average floorspace per worker.

Use Class	Assumption
Office (B1a)	The Employment Densities Guide (2010) provides estimates for a range of office functions ranging from 8 – 12 sq m per employee (Net Internal Area). The higher end of this range relates to ‘general office’ uses including HQ, Administration and ‘Client Facing’ office types. The lower end relates to call centres with Business Park and Serviced Office developments averaging 10 sq m. The Occupier Density Study (2013) indicates an average density of 9.4 sq m for the East of England region and a mean density for the UK of 10.9 sq m. On this basis, an assumption of 10 sq m per employee has been adopted, with a 20% uplift to provide Gross External Area (GEA). The utilised assumption is therefore 12 sq m per employee .
R&D B1b	The most recent (2010) best practice guidance does not include an employment density figure for R&D B1b premises. The average of B1a office and B1c light industrial equates to 29.5 sq m NIA (35.4 sq m GEA), this is broadly aligned to the first edition (2001) of the best practice guidance estimate for High Tech R&D of 29 sq m GIA (30.5 GEA) in non Science Park locations and 32 sq m GIA (33.6 sq m GEA) within Science Parks. A figure of 34 sq m (GEA) has been used within the analysis.
B1c	The most recent (2010) best practice guidance indicates a figure for B1(c) light industry at 47 sq m per employee (NIA). Allowances are made to align to GEA (+15% NIA to GIA, +5% GIA to GEA) with a final assumption of 57 sq m per employee (GEA) .
Other Business Space (B1b/c, B2)	B2 General is estimated at 36 sq m per employee (GIA). Allowances are made to align to GEA (+5% GIA to GEA) with a final assumption of 38 sq m per employee (GEA) .
Warehouse (B8)	Latest available estimates suggest 70 sq m per employee (GEA) for general warehousing and 80 sq m per employee (GEA) for large scale warehousing. There is the potential for a mix of both in Powys and the mid point has been adopted for this analysis, 75 sq m per employee .

Changing Densities over Time

Research publications setting out employment densities have indicated a trend towards increasing density of occupation of office space (i.e. reduced space per worker) over the last 20 years. Guidance published in 2001 indicated general office density of 19 sq m per worker (GIA) which had

reduced to 13.8 sq m per worker (GIA) within the 2012 2nd edition of the guidance. As a result of increasing density of occupation across the whole office stock it was possible for substantial increases in employment to be accommodated within existing stocks through the reconfiguration and modernisation of space.

However, the September 2013 Occupier Density Study published by the British Council for Offices suggests this trend might be levelling off, for various reasons. For the purposes of the quantitative assessment in this report it is assumed that there is no further substantive increase in the density of office occupation so as not to artificially restrict the provision of office space. However, when interpreting the results it should be considered that if the recent historic trend did continue there may be scope for a lower requirement for new office development than set out within this analysis.

Allowing for Replacement

An allowance for replacement has been included within the methodology to encapsulate the wider changes in the economy not picked up in the employment projections. Within sectors there is constant churn of businesses and employees. Working practices change, new technologies are adopted and the sites and premises used by firms need to adapt to these new ways of working. As a result, there will be a need for some existing employment stocks to be replaced. There will also be instances where existing buildings are so dilapidated that they require complete reconstruction.

Developing a methodology to estimate the scale of replacement activity is not straightforward. As a result, the experience of the team at Hardisty Jones Associates, working with clients over a number of years, particularly Hampshire County Council and the Partnership for Urban South Hampshire, to develop a methodology which is robust in terms of its underpinning logic and the evidence used to derive assumptions.

Typically within the property sector, development appraisals on new buildings consider a 25-30 year time horizon. As a result, one may expect that after this period, a building would be ripe for replacement. However, data on the age of commercial employment buildings indicates a very different picture.

Data from 2004 (no more recent data has been published) for Epping Forest District (shown in the table below) indicates that a notable proportion of the current stocks were built pre 1940 and around 60% pre 1970. This implies that the useful lifespan of some stocks is considerable.

	% built Pre 1940	% built 1940 - 1970	Total Pre 1970
Retail	25%	47%	72%
Office	24%	30%	54%
Factory	10%	64%	74%
Warehouse	10%	34%	44%
Total	15%	46%	61%

Source: CLG archive. Total floorspace by LAD and age. 2004.

If buildings were replaced every 30 years, one would expect around 3% of all commercial employment property stocks to be replaced each year. Due to the existence of a substantial stock of property aged pre 1970 (61%) this assumption is not supported by the evidence and is too strong.

As a result, for this analysis an assumption that 1% of existing stock is replaced each year. This effectively equates to a replacement of the entire commercial employment stock every 100 years (clearly there will be some property which is not replaced and other buildings which could be replaced more than once).

References:

Employment Densities: A Full Guide, 2001, Arup for English Partnerships

Employment Densities Guide, 2nd Edition, 2010, Drivers Jonas Deloitte for OffPAT and Homes & Communities Agency

Occupier Density Study, 2013, British Council for Offices

Appendix 2: Detailed Data Tables

Employment Projections by Use Class and Time Period

Table 1: Employment change by Use Class by time period – 400 jpa

Use Class	2011-2016	2016-21	2021-2026	2026-2033	Total
A1	-30	80	-70	-100	-130
A2	-40	60	40	60	120
A3-5	390	90	-20	-50	410
B1a	980	800	420	510	2,720
B1b	60	40	20	20	140
B1c	20	0	0	0	20
B2	150	-150	-180	-240	-420
B8	170	40	-30	-50	120
C1	80	20	0	-10	80
C2	460	-10	50	50	550
C3	0	0	0	0	0
D1	140	80	210	310	740
D2	-40	190	120	170	440
SG	270	150	60	70	550
None	200	1,310	790	1,160	3,460
Total	2,810	2,700	1,390	1,890	8,790

Table 2: Employment change by Use Class by time period – 455 jpa

Use Class	2011-2016	2016-21	2021-2026	2026-2033	Total
A1	-10	100	-50	-70	-30
A2	-40	70	50	60	140
A3-5	410	100	-10	-30	460
B1a	1,030	850	470	600	2,950
B1b	60	40	20	20	150
B1c	30	10	0	0	20
B2	160	-140	-170	-240	-390
B8	180	50	-20	-40	180
C1	80	20	0	-10	90
C2	470	10	60	70	600
C3	0	0	0	0	0
D1	170	110	240	360	880
D2	-40	200	130	180	480
SG	290	160	70	90	600
None	280	1,400	880	1,300	3,860
Total	3,060	2,970	1,670	2,300	10,000

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Economic and Employment Evidence to Support the Local Plan and Economic Development Strategy

Appendix 4: Sites and Premises

Prepared for Epping Forest District Council

September 2015

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Date:	September 2015

1 Introduction

1.1 Objective of this paper

In the PID for this study, we agreed:

We will start this stage of the work with a review of existing data and analysis on the local property market. In your brief you have identified that: an Employment Land Review (ELR) was undertaken by Atkins in 2010 jointly with Brentwood Council, a Town Centres Study was prepared in 2010 by Roger Tym & Partners, and a Strategic Land Availability Assessment has recently been prepared by Nathaniel Lichfield & Partners which assesses (among other things) employment land for suitability. These reviews will form the basis of the local property market analysis, and any primary research and analysis will be focused on updating and filling any emerging gaps in these studies.

Glenny LLP which is a well established local property advisory business forms part of our team. Where necessary, staff from Glenny will review and advise on local sites, including currently designated sites and sites that are being considered for allocation in the forthcoming Local Plan. Our work will consider the quality, quantity and location of the future land supply. The output of this stage will be a working paper on the local property market and future land supply. This will inform the next stage of the study and will form part of the final report.

1.2 Supply of employment land

This paper builds up a broad picture of the supply of available employment land and premises in Epping Forest District taking account of:

- The current scale of occupied employment land and premises in the District
- The scale of additional supply – both actual and potential
- Planning Use Class designation of this supply – albeit that there is limited information available on this
- The broad location of the supply

This assessment of the supply of additional employment land and premises in Epping Forest District will be considered alongside the analysis of demand, to identify the implications for the future allocation of employment land in the emerging Local Plan.

The additional supply can be considered within the following categories:

- Currently vacant land and premises i.e. ready to be occupied
- Currently planned development i.e. developments with planning approvals in place
- Further development opportunities which can be delivered within the current Local Plan (2006) policies
- Potential development opportunities which are outside current the current Local Plan (2006) policies

2 Assessment of the current market

2.1 Summary

The commercial and industrial property market in Epping Forest District, and the broader regional property market, is healthy with demand rising. The availability of stock is falling as vacant properties are becoming occupied, and there is little new-build property coming to the market.

Epping Forest District is not a high priority location for inward investors, and much of the demand is from local businesses. Owner-occupiers are particularly interested in local development opportunities. There are a number of strong industrial and office locations and major development areas around Epping Forest District, and it will not compete as a major strategic employment growth location.

2.2 General market overview

The figures below show regional property agent Glenny's latest 2015 overview of the local markets for industrial and office properties in Essex and North London & Hertfordshire. It is clear from these figures that demand for industrial and to a lesser extent office space is rising, set against a dwindling supply of available accommodation.

This market in-balance has gradually gained momentum as the UK economy recovers from recession, with an upward trend evident since late 2011.

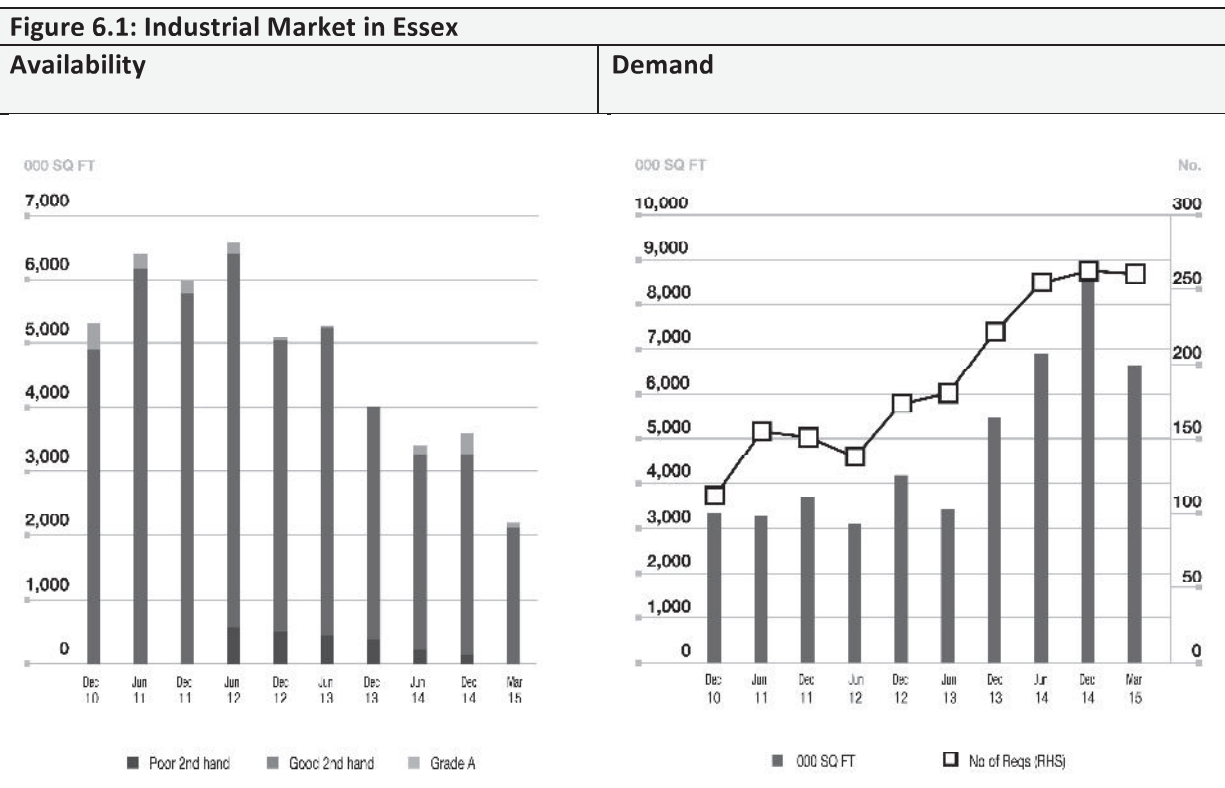


Figure 6.2: Office Market in Essex

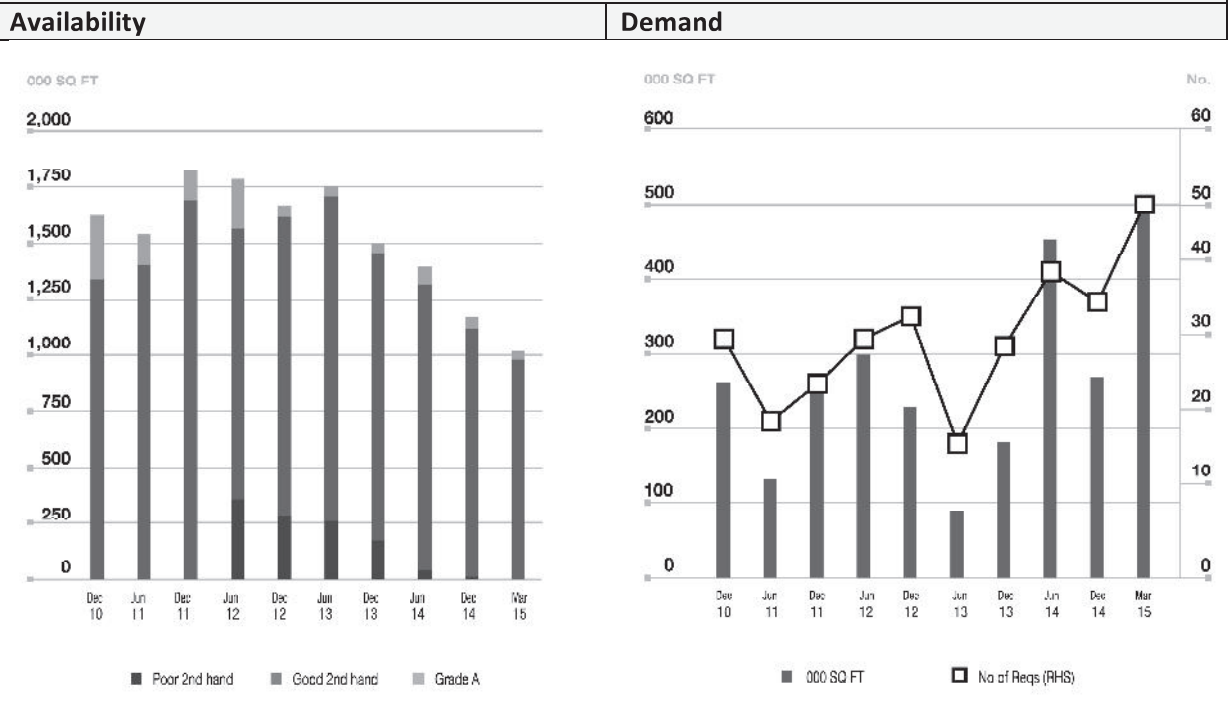


Figure 6.3: Industrial Market in North London and Hertfordshire

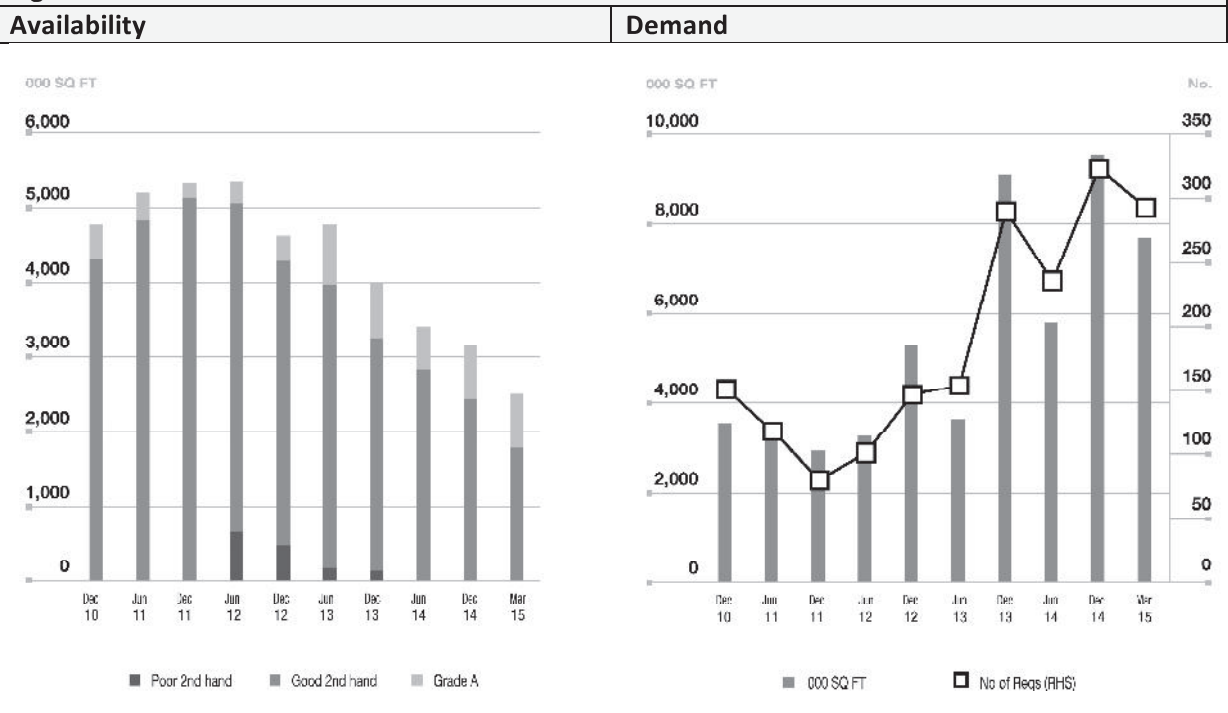
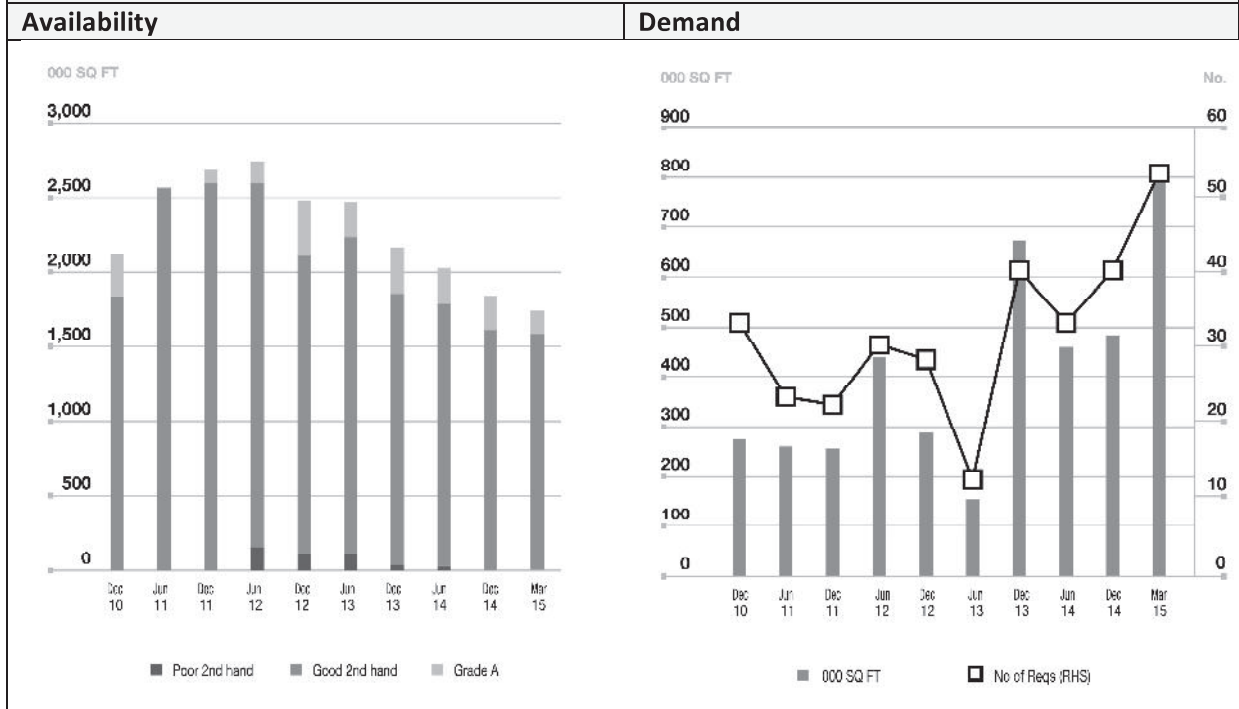


Figure 6.2: Office Market in North London and Hertfordshire



Source of all graphs: Glenny Databook, Q1 2015

The biggest constraint to take-up in the wider area is the lack of available stock. This is common to most of London and the South East. Little speculative development is taking place, and any such development is usually taken up quickly. The increasing take-up is reducing the amount of available stock. In much of the wider region, including Epping Forest, the limited amount of available land is restricting the amount of development that can take place.

Glenny believes that this excess of demand over supply will continue into the foreseeable future.

Inside the M25 there is strong competition for sites between commercial and industrial developers, owner-occupiers and residential developers, creating strong competition for sites that do become available. Outside the M25 there is less appetite from industrial developers, and land values are commensurately less.

Outside of established office locations, office demand in Epping Forest District has not been particularly strong in recent years, with limited pre-let development and speculative development. Gradual changes in working practices, with more people working in more flexible ways, may have helped to dampen the recent demand for offices. Although prime office rents have risen in the last couple of years, office rents across Epping Forest District have been fairly static, and the market has seen only a little effect from the recently revised Permitted Development Rights (PDR). Some lower quality office developments are being acquired, with a view to conversion to residential in the longer-term. This is leading to values, but not rents, rising hence lower investment yields. However, PDR is not yet having a large impact on the office occupier market as there has been an over-supply in recent years. The main office centres in the wider area are in Brentwood and

Stratford rather than Epping Forest District, and there is little sign of speculative development taking place outside these core areas.

2.3 The market in Epping Forest District

Most of the interest in Epping Forest District is from the service sector, with only a small level of interest from, mostly niche, manufacturers. There is little evidence of demand for warehousing and distribution in the Epping Forest area, largely because there are few sites that could accommodate this. However, the general lack of supply and increasing demand for warehousing and distribution sites in the wider area means that any good quality sites that are allocated are likely to be attractive to the market.

The main industrial areas in the District are Loughton and Waltham Abbey.

In Loughton there has been some recent activity in the employment land and property market. Langston Road has generally good quality employment premises. There are a number of car dealerships in the area, and a planning permission for a retail development. At Oakwood Hill, Epping Forest District Council holds many freeholds. The Council is not considering the development potential of this area, and is content to collect ground rent on the freeholds that it owns. The high level of ground rent and also the reducing long leasehold term make these sites unattractive to the development market, unless the Council looks to undertake a joint venture. There is potential for longer-term redevelopment here, with the right conditions and commitment from the Council and other landowners. The stock here is ageing and much dates back to the 1950s and 1960s. The stock is a mix of ages and specifications, and whilst some premises still have a good level of usefulness, others will be at or approaching the end of their practical life within 10 to 15 years.

Looking at where the employment land lies within the District, 'big box' distribution warehouses are not viable, and therefore smaller warehouse developments would be the preferred strategy for commercial developers. This type of development has consistently let and sold well within the locality, appealing to the local SME market. If a well located site, close to both public transport and good road links was available, there may be an argument for small scale office development. However, the caveat on this would be that it is ideally aimed at the owner-occupier market, so self-contained 'pavilion' style buildings would be more suitable than multi-occupied properties.

There is likely to be strong competition for the re-use of redundant industrial sites, particularly in places such as Loughton where demand to provide housing is greater. In less urbanised areas this pressure may be less, albeit given the generally affluent nature of the District, commercial pressures may lead to the loss of some rural employment sites.

The stock in Waltham Abbey is of varied quality, and it serves a mostly local market. The Abbey Mead Industrial Park at Brooker Road has good access to the M25.

There is little demand for employment property in Epping Forest District from major inward investors. Most of the demand for property in the District is from local businesses. As mentioned above, smaller self-contained buildings would be more attractive to local owner-occupiers than large multi-occupier buildings as there is strong demand for owner-occupied property. This is evidenced by the recent acquisition of the Clinton Cards site by the adjacent Mercedes franchise, paying more

than an industrial developer would be prepared to pay. Generally smaller product in a mix of sizes up to 3,000 sq m could work, assuming B1(c), B2, or B8 Use Class allocation. On Use Class B1(a) accommodation, local property agent Glennly would suggest no more than 500 sq m in a single building.

The main office locations in Epping Forest District are in Epping and Loughton. Outside these areas most offices are above retail rather than in dedicated premises.

Development opportunities in Epping Forest District include:

- North Weald Bassett and the North Weald Airfield, which could accommodate over 40,000 sq m of employment space, which would need to be delivered in phases. Improving the access to the site will be the main challenge in making it attractive to the market
- Debden Broadway (Loughton), where a development options study identified the potential for up to 8,000 sq m of mostly retail and leisure development
- Langston Road, which is discussed above
- Waltham Abbey, where there has been piecemeal small scale development from private developers around Brooker Road. This is likely to continue in modest form. The Council still owns a high proportion of the estate.
- Epping, St John's Road – potential for a mixed-use town centre development

2.4 The market around Epping Forest District

Supply and demand for industrial and commercial sites and premises in Epping Forest District are affected by the strength and attractiveness of the locations around it and their future development prospects. Compared to many surrounding areas, Epping Forest District is an attractive residential location with good links to stronger employment areas around it.

Significant development plans have been proposed for Brookfield Farm in Broxbourne, which is very close to Epping Forest District, and Waltham Abbey in particular. Already a well established district centre and strong retail location there are plans for further commercial and industrial development. Park Plaza North is another site that sits adjacent to the M25. The Council would like to see this developed as a high tech business park, but appetite for this kind of development in the area from both occupiers and commercial developers is weak. The site sits on the A10 and therefore would represent a good warehouse or industrial opportunity, but for this to happen the Council would need to change their policy approach to the site.

Brentwood is a strong office location, but there is limited land available for further development. Sites that do become available are attractive to residential developers, so there is strong competition for them.

Romford has a reasonably large commercial centre. There are some offices in the town centre and a large industrial estate at Harold Hill. There is not much development land available, and the local market is not very dynamic.

Walthamstow has little stock and land available. Green Belt designation places a constraint on significant further development in this area.

Stratford has seen significant development in recent years, especially in retail property. Stratford is only around 20 minutes from Epping Forest District by underground rail. It is developing into a strong office market with both pre-let and speculative developments taking place. Transport for London and the Financial Conduct Authority have taken 750,000 sq ft of offices in Stratford recently. It is starting to compete with Docklands and the City as a major office location.

Enfield is a well established industrial location, second only to Park Royal in London. It is a distribution base that serves the whole of London. There is significant developer interest here, and speculative development is taking place.

Harlow will draw in occupiers from the rural areas, Waltham Abbey, and potentially from Loughton, as Harlow could provide cost effective property solutions compared to those more expensive areas within the M25.

Chelmsford and Stansted are not competing with Epping Forest District as both are more regionally significant in nature, so are attracting different types of tenants.

3 Current stock of employment land

3.1 Employment land

The latest Employment Land Review for Epping Forest District (and Brentwood Borough) was published in 2010¹. This study was concerned only with B Class employment land. In 2010 some 42 sites were identified, of which 21 were in the urban areas of the District and 21 in the rural part of the District. These are mostly sites identified in the current Local Plan (2006). Of the 42 sites, 16 are allocated and 26 unallocated.

The review states that there were 536 premises at the 42 sites (where the premises of a business can include several buildings at the same site occupied by the same business). Around 4% of these premises were vacant. According to the review, the average size of premises in Epping Forest District is 344 sq m, which is considered as being small.

The review states that the 42 sites covered a total of 127 hectares of employment land. This comprised:

- 11.7 hectares of established office locations, with 82 premises
- 36.2 hectares of warehouse/distribution parks, with 141 premises
- 39.0 hectares of general industrial areas, with 164 premises
- 9.7 hectares of business incubator and SME cluster sites, with 59 premises
- One retail site of 24.4 hectares
- One site of 0.2 hectares for a specific occupier
- No high quality business parks, recycling/environmental industry sites or farm-based employment locations

21 of the sites were in the rural part of Epping Forest District. These sites accounted for 48% of the total employment land, and 182 of the premises. Five of these premises were vacant, and 8.9 hectares of the land was vacant or derelict. The urban area also accommodated 21 sites and 182 premises.

Within the five years prior to the report, 5% of the current “total site area of premises” had been developed, mainly at Oakwood Hill Industrial Estate (para 5.41, p.51).

According to the review, 29% of sites were of ‘good’ quality, 67% were ‘average’ and 3% were ‘poor’ based on the quality of their premises (Table 5.11, p.54).

In terms of accessibility by public transport, 15 sites were within 800m of a railway station and 19 sites were within 800m of a bus stop. 29 of the 42 sites had dedicated car parking.

3.2 Town centres

Roger Tym & Partners was commissioned to undertake a town centres study for Epping Forest District². This study looked at Epping, Loughton High Road, Waltham Abbey, Loughton (Debden)

¹ Atkins (2010) Epping Forest District and Brentwood Borough Employment Land Review

² Roger Tym & Partners (2010) Epping Forest District Council Town Centres Study: Final Report

Broadway, Chipping Ongar and Buckhurst Hill. Most of the fieldwork took place in 2009. Feasibility studies to look at the potential for development in Loughton High Road, Loughton Broadway and Buckhurst Hill were conducted in 1998, and these suggested traffic, parking and pedestrianisation improvements. A development options report for Debden Town Centre and Broadway (i.e. Loughton Broadway) was produced in 2009.

The study includes a health check of each of the settlement centres, carried out in 2009 so now five years old. The amount and distribution of premises and floorspace in the six main settlement centres as set out in the study is summarised in the table below.

	Epping	Loughton High Road	Waltham Abbey	Loughton Broadway	Chipping Ongar	Buckhurst Hill
Retail (Experian retail) including A2, misc. and vacant	150 units 24,560 sq m	194 units 32,220 sq m	61 units 9,785 sq m	62 units 10,080 sq m	57 units 7,309 sq m	83 units 9,654 sq m
B1 Business (Experian Goad)	19 units 7,280 sq m	14 units 3,840 sq m	1 unit 100 sq m	1 unit 140 sq m	4 units 567 sq m	2 units 290 sq m
Other (Experian Goad) including drinking establishments, vacant and sui generis	28 units 7,190 sq m	24 units 8,600 sq m	10 units 1,560 sq m	7 units 930 sq m	17 units 2,214 sq m	15 units 2,311 sq m
TOTAL	197 units 39,030 sq m	232 units 44,660 sq m	72 units 11,445 sq m	70 units 11,150 sq m	78 units 10,089 sq m	100 units 12,255 sq m

The study summarised the nature of each of the settlement centres:

- Epping is the principal settlement centre in the District. The quality of the centre is good. Its retail ranking had declined in the five years prior to the study. Its diversity of uses was in line with the national average. Vacancies were low, yields were constant and rental levels were increasing.
- Loughton High Road had a higher retail ranking than Epping. There were a low number of vacant units. Yields were low, and rents had been increasing in the previous few years. There were concerns about safety in the centre at night
- In Waltham Abbey the retail offer is local, other than a Tesco. The settlement has a pedestrianised core
- Loughton Broadway is a small retail centre with only a few multiple retailers. It has a high proportion of convenience retail floorspace
- Chipping Ongar has two small supermarkets. There are high traffic flow which affect the environmental quality of the centre
- Buckhurst Hill has only one multiple retailer

There is a limited amount of out-of-centre floorspace in Epping Forest District.

The Roger Tym & Partners' study recommends that the hierarchy of centres in Epping Forest District should comprise two levels: Epping and Loughton High Road are district centres; and Waltham Abbey, Loughton Broadway, Chipping Ongar and Buckhurst Hill are small district centres (Table 8.1, p.88).

4 Currently vacant land and premises

Within the premises surveyed for the Employment Land Review in 2009 there was 12,000 sq m of vacant space (Appendix D3) across 22 premises, but it is not clear what Planning Use Class this space was within. The Employment Land Review *Employment Sites Master Copy* database shows a total of 210,000 sq m of employment space. This would suggest a vacancy rate of 5.7% at the time of the survey. The main report states a vacancy rate of 4-6% (para 5.19 p.47). It is noted that vacancy levels were 'very low' in Epping Forest District (para 7.18, p.83).

There are a small number of sites with this vacant space:

- North Weald Extension (2) had 4,100 sq m
- The Maltings had 200 sq m
- Bower Hill had 2,000 sq m
- Hillgrove Business Park had 1,600 sq m
- Oakwood Hill Industrial Estate had 600 sq m
- Abbey Mead Industrial Park had 3,500 sq m

5 Currently planned development

The Employment Land Review identified two current employment sites with planning permission. The largest of these was Area A6 at the Royal Gunpowder Mills in Waltham Abbey. Together these sites comprised 1.4 hectares of land.

6 Potential future land supply

6.1 Strategic Land Availability Assessment

A strategic land availability assessment was carried out in 2012³ to assess the availability of sites for housing, employment or retail development, and updated in 2013 and 2014. In 2102, a total of 416 sites were identified. Of these, 344 were fully assessed. Of these sites:

- 20 were suitable within current policy, available and achievable. They were considered to be deliverable within five years
- 199 were suitable outside of current policy, available and achievable. They were considered to be deliverable within five years
- 30 were developable from five years onwards

The analysis does not exclude sites that do not conform with the existing Local Plan (2006) e.g. because they are situated in the Green Belt.

Appendix 4 to the SLAA sets out the list of sites that were assessed. By the 2014 version of the SLAA, some 37 sites were identified as employment sites for their primary use. Of these, eight were suitable for commercial development within current policy. Only three of these were identified as immediately deliverable (Hurricane Way Industrial Estate North Weald Bassett and two sites at Oakwood Hill Industrial Estate Loughton), and they amount to 5.2 hectares. The rest were suitable for development outside of current policy – mostly because they were within the Green Belt. Of these other sites:

- The five that are suitable for commercial development but may not be deliverable comprise 65 hectares which could accommodate around 39,000 sq m of development⁴
- Twelve sites that are deliverable but outside current policy (mostly in the Green Belt) comprise 68 hectares of land which could accommodate over 100,000 sq m of development plus further glasshouse developments⁴
- A further seven sites outside current policy are developable i.e. deliverable, but with some possible constraints or viability issues. These comprise 195 hectares which could accommodate nearly 200,000 sq m of development
- Ten sites outside current policy may not be deliverable. These comprise 63 hectares which could accommodate nearly 120,000 sq m of development⁴

47 sites were identified as employment sites for their secondary use. All but one of these were in the Green Belt; and the remaining one was in a Flood Zone.

Eight sites were identified for town centre use as their primary use. All of these were suitable within current policy. Two sites were identified for town centre use as their secondary use. Both were suitable within current policy. Of the primary twin centre sites:

³ Nathaniel Lichfield & Partners (2012) Epping Forest Strategic Land Availability Assessment,

⁴ Site areas and floorspace estimates are taken from the SLAA. Floorspace estimates should be considered as a minimum, and in some cases sites are proposed for a mix of uses, of which employment is only one

- Three are in Epping. All are considered as being within current policy and deliverable. They comprise 4 hectares of land, and could accommodate nearly 8,000 sq m of commercial development⁴
- Two are in Waltham Abbey. Both are within current policy, but only one is considered as deliverable. This site is just under one hectare, and could accommodate 1,700 sq m of commercial development⁴
- Three are in Loughton. Two of these are within current policy and are developable when their current occupiers are relocated. They could accommodate over 5,000 sq m of commercial development⁴

Two sites were identified for retail use as their secondary use. One was within current policy, and one was located in the Green Belt

6.2 Employment Land Review

The Employment Land Review looked at the development potential and constraints on each of the 42 sites that it considered. According to the review, nine of the existing employment sites had uses that were incompatible with neighbouring uses; 18 sites could be affected by the introduction of non-B Class uses on site; and 11 had the potential to support 24 hour working.

Each of the sites was assessed for its potential for change, either through the delivery of additional floorspace, or through upgrading the existing premises. Four of the 42 sites had potential for development in the short-term (one to three years), accounting for 3.8 hectares. Some 3.4 hectares of this is at Oakwood Hill Industrial Estate. The report is not clear about whether this is redevelopment of existing premises or development of currently vacant land. Thirteen of the 42 sites had potential for development in the medium to long-term (i.e. more than three years), accounting for 10.3 hectares of land. Within this total, the two largest parcels of land are at Oakwood Hill Industrial Estate (4.5 hectares) and North Weald (5.7 hectares).

At para 6.31 (p.75) it is stated that there are 16 sites in Epping Forest District with potential for change. Table 6.1 (p.77) sets out the potential floorspace capacity at existing sites. This suggest that there is 5.1 hectares of vacant land and 10.3 hectares of opportunity land. It is suggested that this land could accommodate 46,300 sq m of B1, B2 and B8 development.

6.3 Development potential outside current Local Plan policy

A number of employment developments have been proposed, that fall outside the current (1998/2006) Local Plan policy. These are summarised below.

6.3.1 North Weald Bassett and Airfield

EFDC has commissioned a masterplan for the future development of and investment in North Weald Bassett village, including North Weald Airfield⁵. This masterplan refers to a Deloitte study carried out in 2013 which considered different scenarios for the future development of the Airfield, and identified a preferred option of mixed-use development including continued aviation use, employment, leisure and 1,670 new homes. Employment accommodation was envisaged as hangars

⁵ Allies & Morrison (February 2014) North Weald Bassett: Stage 1 Draft Report

and dedicated employment premises. The Allies & Morrison report states that the Deloitte report suggested over 31,000 sq m of employment space. There is a local pressure group that wants to keep the Airfield operating.

The report states that the level of employment in the local resident population is higher than the national average, and the proportion that work full-time is higher than the national average. More people travel to work by car than the national average, and usage of the Underground to travel to work is high (in keeping with the District as a whole). Levels of deprivation are low in the local community.

The Allies & Morrison report states that the 2010 Employment Land Review for Epping Forest District identified two sites at North Weald Airfield for intensification, extension of redevelopment, which could deliver 13,139 sq m of B1 to B8 floorspace. The report also states that the SLAA identifies a potential yield of up to 42,000 sq m of commercial floorspace.

The Airfield is owned by Epping Forest District Council. It is currently used for historic and general aviation activities. Between 60% and 70% of airfield activity is at the weekend. Other commercial activities take place at the Airfield including a large weekend market, freight distribution, transport, logistics, driver training, and car driving experiences. The market provides the largest source of income to the Council, but it has been declining in recent years.

The Allies & Morrison report (Part 1, p.53), considers potential property development in North Weald Bassett, including the Airfield. This is summarised in the table below.

Activity	Allies & Morrison Commentary
Residential	Potential for development
Offices	Limited potential, but the site could accommodate a business park, and provide Grade A office space, for which there is demand
Industrial	Proximity to M11 and M25 would make this a good location for distribution and logistics. The site could also accommodate high quality industrial space, which it suggests is in short supply
Retail	The scale of the proposed development would support a supermarket
Education	The local primary school may need expansion to accommodate many more homes
Glasshouses	The site could accommodate glasshouse developments, but lower land values are likely to make this unattractive
Leisure	A new leisure centre could be accommodated, possibly as a replacement for the existing centre at Epping

The report states that residential development will be the main value driver at North Weald Bassett and Airfield.

It is acknowledged that transport improvements will be needed to support development at North Weald Bassett and Airfield, and that a new junction (7a) on the M11 will free up capacity at the current Junction 7. Opening the Epping-Ongar railway line for mainline services, and the provision of a park-and-ride facility at North Weald Airfield are considered in the report.

One of the aims established for the future development of North Weald Bassett and Airfield is to strengthen commercial and aviation activities in the area, and provide employment opportunities. The development principles set out in the Allies & Morrison Stage 2 report⁶ suggest that the operation of the Airfield for flying will continue. The report states that some 30 hectares of land could be released for development uses. Any development needs to allow the ongoing operation of the Airfield. The growth scenarios set out in the Stage 2 report suggest that development will take place to the east of the existing runway. None of the options presented in the report sets out the likely scale of employment development. The report implies that just under 43 hectares of mixed-use development could take place at North Weald Bassett and Airfield.

6.3.2 Debden Broadway

A development options study was undertaken in 2008 for Debden town centre and Broadway⁷. This looks at improving the quality of an existing retail area. This could create additional employment in retail and leisure outlets. A new transport interchange at Debden Station is also included in this proposal. The study suggests that offices could form part of the development in this area.

The study identifies that just under 8,000 sq m of commercial space (mostly retail and leisure) could be delivered in the regeneration. Presumably this is not net additional, as there may be loss of some space to allow this to be developed.

6.3.3 Langston Road

In 2012 outline planning permission for a site at Langston Road was awarded. Permission was granted for a 16,000 sq m retail park which is proposed to generate 200 jobs.

6.3.4 Waltham Abbey

In 2015, PBA prepared a town centre framework for Waltham Abbey⁸. This set out six economic priorities for Waltham Abbey:

- Working in partnership with businesses, local organisations and other public sector stakeholders
- Marketing and promotion of the centre
- Exploring tourism potential
- Improving retail, entertainment and leisure
- Maximising the contribution from employment and businesses
- Further work on transport and infrastructure

A number of opportunities for change were identified within the settlement centre:

- Development of the Market Square, possibly as a food and beverage quarter
- Creating a pedestrian and bus link from Tesco to the centre
- Revitalising the police station, museum and library area

Some secondary and tourism opportunities were also discussed.

⁶ Allies & Morrison (April 2014) North Weald Bassett: Stage 2 Draft Report

⁷ Urban Practitioners, Colin Buchanan and CBRE (2008) Debden Town Centre and Broadway Development Options: Final Report

⁸ Peter Brett Associates (Jan 2015) Waltham Abbey Town Centre Strategy Framework: Draft for Discussion

Also in January 2015, Colliers prepared a town centre report from Waltham Abbey⁹. This included a review of the centre and a SWOT analysis. This report suggested:

- Larger retail units are needed to attract national retailers
- There should not be further office development in Waltham Abbey centre
- There is demand for, but limited availability of, residential units in the centre

The study made a number of recommendations, including:

- Improving signage and way-finding, removing clutter, improving refuse facilities and introducing pop-up retail units
- Creating a single transport node
- Relocating existing retailers to form a cluster of retail
- Enhancing the garden entrances and water features
- Improving public realm in key areas, introducing a statue of King Harold, and creating a mosaic trail
- Creating a one-way traffic system
- Pursuing development opportunities on a number of identified sites

6.3.5 Epping

A development brief has been prepared for the St John's Road site in the centre of Epping¹⁰. Four options for the development of the site, with a range of different mixes of use have been considered. Retail and leisure appear to be the most significant sources of employment (other than in the construction of any new development), although there are some small office proposals included in some of the options, and community facilities may create a small number of jobs. Although a supermarket has been considered, it is unlikely that this will be acceptable.

Leisure uses may include a sports and leisure facility, or commercial leisure facility such as a cinema. Retail facilities could include food and drink outlets. Offices could be provided on the upper floors of any developments. A hotel could form part of the development.

No planning application has yet been submitted for the development of the site.

6.4 Future retail developments

In its assessment of need, the study only considers future retail needs. The study's assessment of future need for retail premises (Use Classes A1 to A5) is an additional:

- 23,400 sq m between 2009 and 16
- rising to 36,000 sq m by 2021
- rising to 62,300 sq m by 2031

These figures are cumulative and caution is expressed over the 2031 figure. Much of this demand will be derived from the 'claw back' of spend that currently leaks out of the District.

Town centre employment other than retail is not considered.

⁹ Colliers International (Jan 2015) Waltham Abbey Town Centre Report

¹⁰ Allies & Morrison (2012) St John's Road Epping: Design and Development Brief, Draft Report

Future development options for each of the settlement centres are discussed in the study. Two options for most centres were considered – no further development, and some modest development. In summary:

- The St Johns Road site in Epping is a 3 hectare site that has potential for redevelopment. In total there could be demand for up to 21,700 sq m of additional retail space in Epping to 2031
- Loughton High Road has limited space for new development, so redevelopment and intensification would be necessary for future development. In total there could be demand for up to 12,700 sq m of additional retail space in Loughton High Road to 2031
- Waltham Abbey has limited growth potential. It could support up to an additional 7,200 sq m of additional retail space by 2031
- Loughton Broadway (Debden) is seen as an area with significant growth potential , and could support up to 13,300 sq m of additional retail space by 2031. There are a series of potential development sites, including the Sainsburys site
- Chipping Ongar has limited scope for growth. It could support up to an additional 5,600 sq m of additional retail space by 2031
- Buckhurst Hill has limited scope for growth. It could support up to an additional 2,000 sq m of additional retail space by 2031

7 Critique of existing evidence base

The Planning Advisory Service (PAS) provided a critique of the ELR and the town centres study¹¹.

The ELR is criticised for a narrow focus on B Class employment land, to the exclusion of other land uses that accommodate employment, in particular Use Class A2 (financial and professional services) the retail sector and public services. The ELR is also criticised for the lack of detail that it provides, making it impossible to reconcile with the town centres study.

The town centres study is criticised for not looking at the wider uses of the town centre, although this was outside the scope of the study. There is no data on the employment aspects of future retail growth. There is no consideration in changes to way that people shop i.e. a move towards more internet-based retail, and the impact that this could have on town centre retailing.

¹¹ PAS (2012) EFDC Support Programme: Advice note on evidence relating to employment land and town centres

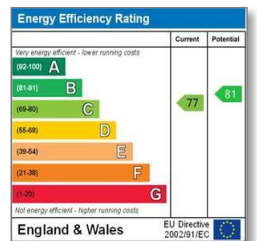
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West Essex and East Hertfordshire Strategic Housing Market Assessment

Report of Findings

September 2015





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1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was jointly commissioned by the local authorities of West Essex (Epping Forest, Harlow and Uttlesford) and East Hertfordshire to undertake a Strategic Housing Market Assessment to identify the functional Housing Market Area and establish the Objectively Assessed Need for housing.
- 1.2 The study adheres to the requirements of the National Planning Policy Framework published in 2012 and Planning Practice Guidance (March 2014). The methodology was also mindful of emerging good practice and outcomes from Examinations, as well as the technical advice note about Objectively Assessed Need and Housing Targets that was first published by the Planning Advisory Service (PAS) in June 2014 and an updated second edition was published in July 2015.
- 1.3 The purpose of the study is to support the local authorities in objectively assessing and evidencing the need for housing (both market and affordable) and to provide other evidence to inform local policies, plans and decision making.

Government Policy

- 1.4 The National Planning Policy Framework (NPPF) contains a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. Given that Regional Spatial Strategies are now revoked, the responsibility for establishing the level of future housing provision required rests with the local planning authority.

*At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*

Local planning authorities should positively seek opportunities to meet the development needs of their area.

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

National Planning Policy Framework (NPPF), paragraph 14

To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.

National Planning Policy Framework (NPPF), paragraph 47

- 1.5 Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

Local planning authorities should have a clear understanding of housing needs in their area.

They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.

The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- » *meets household and population projections, taking account of migration and demographic change;*
- » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- » *caters for housing demand and the scale of housing supply necessary to meet this demand;*

National Planning Policy Framework (NPPF), paragraph 159

- 1.6 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.
- 1.7 Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014. Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of PPG. In addition, it reflects emerging good practice and the PAS OAN technical advice notes.

Overview of the SHMA

- 1.8 The objective of this SHMA was to identify the functional HMA and establish the OAN for housing (both market and affordable), ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice.
- 1.9 The methodology was based on secondary data, and sought to:
- » Define the housing market area;
 - » Provide evidence of the need and demand for housing based on demographic projections;
 - » Consider market signals about the balance between demand for and supply of dwellings;
 - » Establish the Objectively Assessed Need for housing;
 - » Identify the appropriate balance between market and affordable housing; and
 - » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

- ^{1.10} It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Duty to Co-operate

- ^{1.11} The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- ^{1.12} The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “the homes and jobs needed in the area”.

*Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

National Planning Policy Framework (NPPF), paragraphs 178-179

- ^{1.13} This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be “a continuous process of engagement” from “thinking through to implementation”.

Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

National Planning Policy Framework (NPPF), paragraph 181

- ^{1.14} As previously noted, the SHMA was jointly commissioned by East Hertfordshire, Epping Forest, Harlow and Uttlesford to ensure that they shared a consistent evidence base for housing across their HMA. The emerging SHMA outputs have also been discussed with officers and members at neighbouring local authorities under the Duty to Co-operate, and their feedback has been taken into account.

2. Defining the Housing Market Area

An evidence base to identify functional housing markets

- 2.1 The NPPF refers to Local Plans meeting the “*full objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47, emphasis added).

Functional Housing Market Areas

- 2.2 The definition of a functional housing market area is well-established as being “*...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay*” (Maclennan et al, 1998)¹.

Planning Practice Guidance

- 2.3 Planning Practice Guidance (PPG)² on the Assessment of housing and economic development needs (March 2014) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

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

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

Planning Practice Guidance (March 2014), ID 2a-010

- 2.4 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:
- » House prices and rates of change in house prices
 - » Household migration and search patterns
 - » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)
- 2.5 These sources are consistent with those identified in the CLG advice note “*Identifying sub-regional housing market areas*” published in 2007³.

¹ Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

³ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

Geography of Housing Market Areas (NHPAU/CURDS)

2.6 CLG also published a report on the “*Geography of Housing Market Areas*” in 2010⁴ which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
- » **Tier 2:** local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage;
- » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.

2.7 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.

2.8 Advice published in the PAS OAN technical advice note⁵ also suggests that the main indicators will be migration and commuting (second edition, paragraph 5.4).

“The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting.”

2.9 The PAS OAN technical advice note also suggests that analysis reported in the CLG report “*Geography of Housing Market Areas*” (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 1). This suggests that the study areas simply form part of the London housing market area. Nevertheless, the PAS OAN technical advice note also notes (second edition, paragraph 5.9):

“for some areas, including many close to London, the single-tier silver standard geography looks unconvincing; in that plan-makers should look for guidance to other levels in the NHPAU analysis.”

2.10 Figure 2 illustrates the output for the proposed two-tier geography based on 50% migration containment within 77.5% commuting containment. This analysis also suggests that the study area sits within the London HMA, although the boundary for this area is fundamentally different to the London HMA shown on the “starting point” map. Four separate sub-areas are also identified based on migration patterns, each covering parts of the study area. However, on balance, these sub-areas also look “unconvincing”.

2.11 It is important to note that the analysis of migration and commuting for the “starting point” CLG study was based on data from the 2001 Census. Given this context, the PAS OAN technical advice note recognises that “*more recent data should always ‘trump’ this geography*” (first edition, paragraph 4.9). Due to the complexities of the geographies in this area, a more fundamental analysis of the data is needed.

⁴ Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

⁵ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvisenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

Figure 1: NHPAU Study - PAS OAN technical advice note "Starting Point"

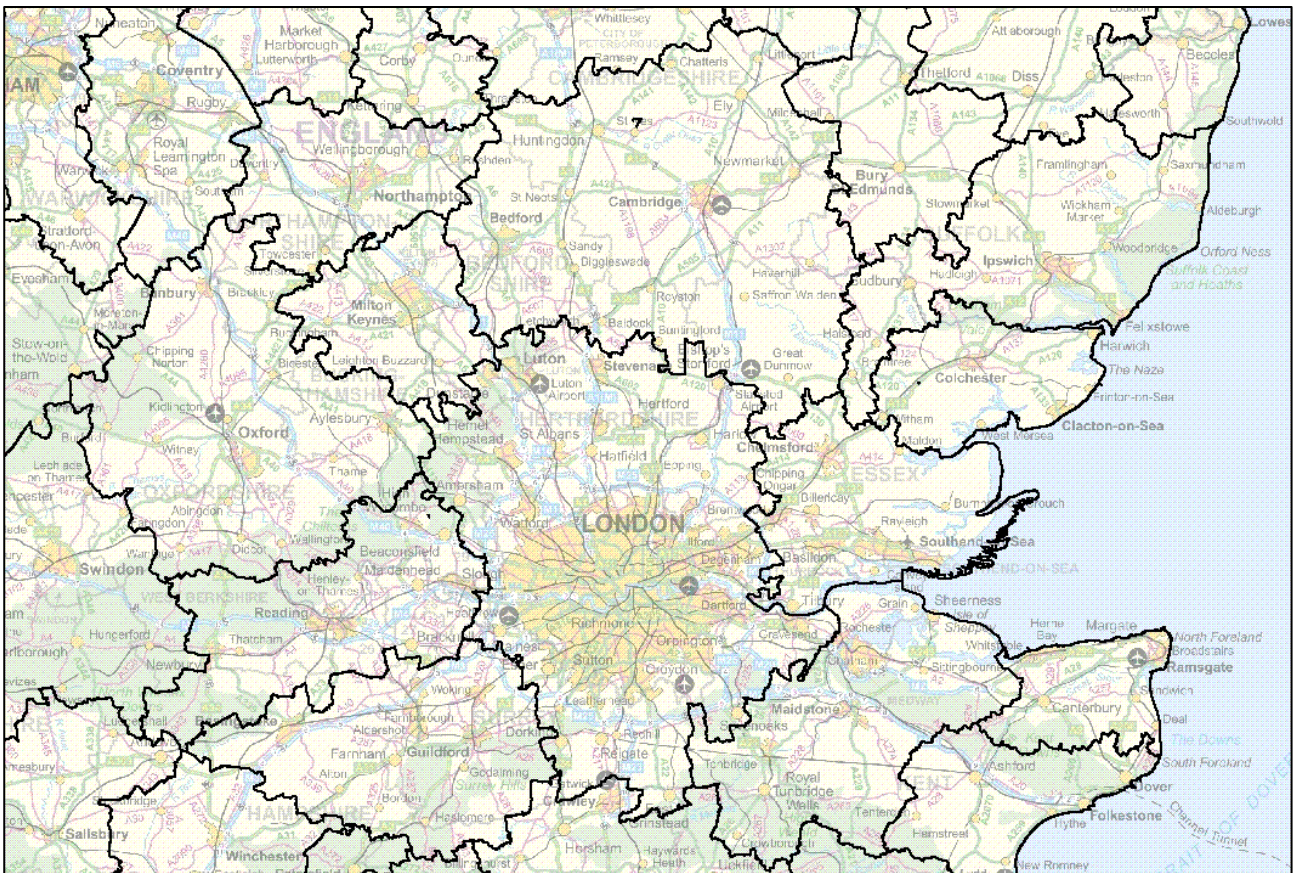
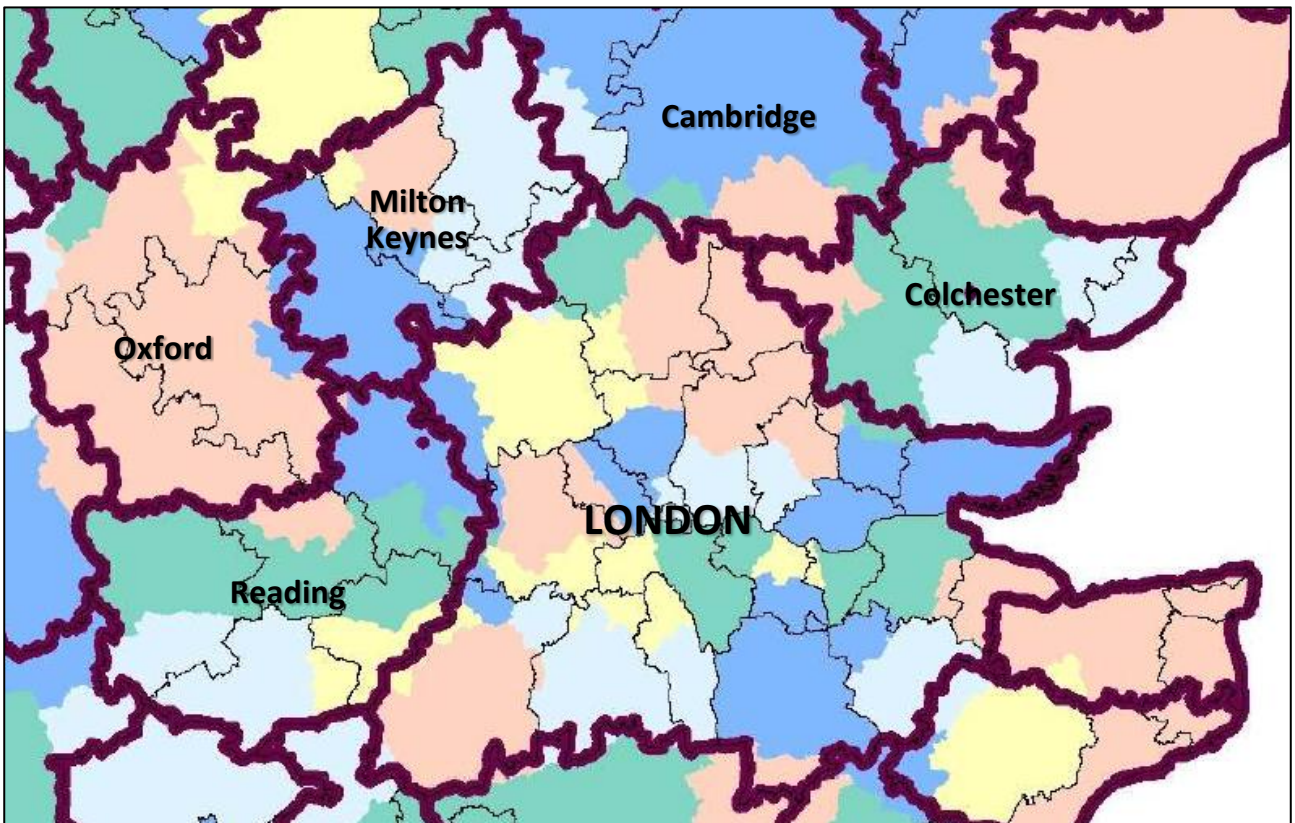


Figure 2: NHPAU Study - Lower tier based on migration (50%) within commuting-based upper tier (77.5%)



Identifying Travel to Work Areas

- 2.12 Housing market areas reflect “the key functional linkages between places where people live and work” (PPG March 2014, ID 2a-010) and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns. PPG states:

Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Planning Practice Guidance (March 2014), ID 2a-011

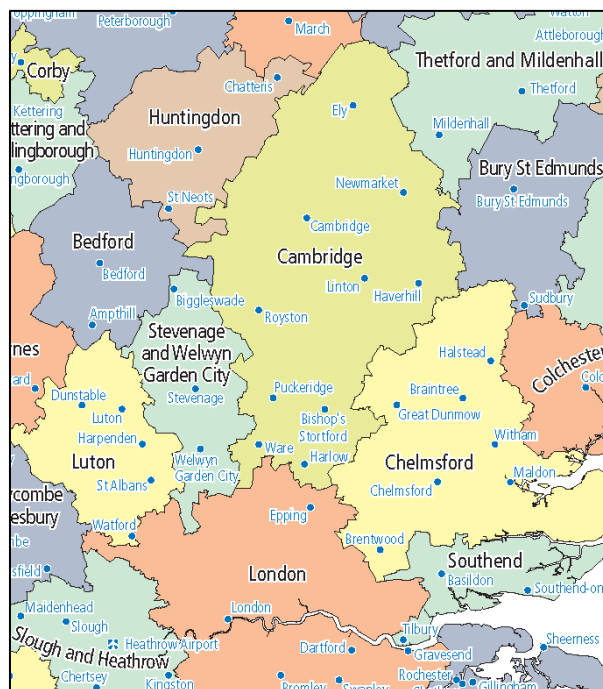
- 2.13 One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 3 shows the ONS TTWAs based on the origin-destination data from the 2001 Census (published in 2007) and TTWAs based on commuting flow data from the 2011 Census (published in 2015).
- 2.14 The TTWAs based on 2001 Census data identified a Travel to Work Area for Harlow & Bishop Stortford; with Cambridge to the North, Chelmsford & Braintree to the East, Stevenage to the West and London to the South.
- 2.15 Based on 2011 Census data, the former Harlow & Bishop Stortford TTWA did not have sufficient self-containment (in terms of the proportion of workers that both lived and worked in the area) mainly due to the number commuting to London. Nevertheless, despite the strong commuting relationship with London, the ONS analysis has reassigned most of this TTWA to the Cambridge TTWA. Once again, given the complexities of the geographies in this area, a more fundamental analysis of the data is needed.

Figure 3: ONS Travel To Work Areas (Source: ONS 2007; ONS 2015)

ONS TTWAs based on 2001 Census data



ONS TTWAs based on 2011 Census data



Commuting Flow Analysis Based on 2011 Census Data

- 2.16 The ONS has published detailed commuting flow data from the 2011 Census. This data enables us to further understand the relationships that exist between where people live and work, which is a key element of the housing market area definition. When defining housing market areas, it is important that functional housing markets are not constrained to local authority boundaries. Further, there is a need to use evidence to build up the housing market area from a lower level of geography; essentially, to use smaller geographic areas as the basic “building block”.
- 2.17 In considering HMAs for West Essex and East Hertfordshire, our initial analysis is based on commuting patterns across the geographic area from Corby in the north to Staines the south, and from Oxford in the west to Ipswich in the east. This approach ensures that functional relationships are properly identified without unduly focussing on the local planning authorities within the study area. Nevertheless, the analysis only seeks to identify the full extent of those HMAs situated entirely within this area; neighbouring areas will only be identified as far as is necessary to establish the most appropriate boundary between them and the HMAs being identified within the study area.
- 2.18 Given that our analysis initially focuses on commuting flows, the areas established will be travel to work areas rather than HMAs. Nevertheless, as previously outlined, the “*key functional linkages between places where people live and work*” is a critical part of the PPG definition of housing market areas and therefore travel to work areas will form an important part of the evidence needed for establishing the most appropriate functional HMAs.

Analysis Method and Framework

- 2.19 The key steps in the initial analysis are:
- » **Step 1:** Each Middle Layer Super Output Area (MSOA) within the geographic area was identified where all of the constituent Census Output Areas have been classified as being “urban” under the 2011 Rural Urban Classification⁶. The 2011 Rural Urban Classification is used to distinguish between rural and urban areas; an area is classified as rural if it falls outside of a settlement with more than 10,000 residents.
 - » **Step 2:** We grouped together any contiguous urban MSOAs and each formed a single seed point, except for the contiguous urban area for London (Figure 4). Note that the London urban area is excluded from step 2 as this would create a single seed point covering the whole of London at the outset of the analysis process. Whilst London will clearly be an important housing market, this cannot be based simply on it being a contiguous urban area. London MSOAs are introduced into the process from step 3 onwards.
 - » **Step 3:** MSOAs within the geographic area (including those in the London contiguous urban area) were identified where the commuting ratio that was less than 1.0; i.e. those MSOAs where the workplace population is larger than the resident population (Figure 5).
 - » **Step 4:** These MSOAs with concentrations of employment are associated with the existing seed point with which they have the strongest relationship. Where these MSOAs are not contiguous with an urban area (including all MSOAs in Greater London) and have only weak relationships with the existing seed points, employment MSOAs form a new independent seed point (Figure 6).

⁶ Department for Environment, Food and Rural Affairs, Rural Urban Classification ; www.gov.uk, 2014; paragraph 3.3

Figure 4: Urban Areas based on DEFRA Classification

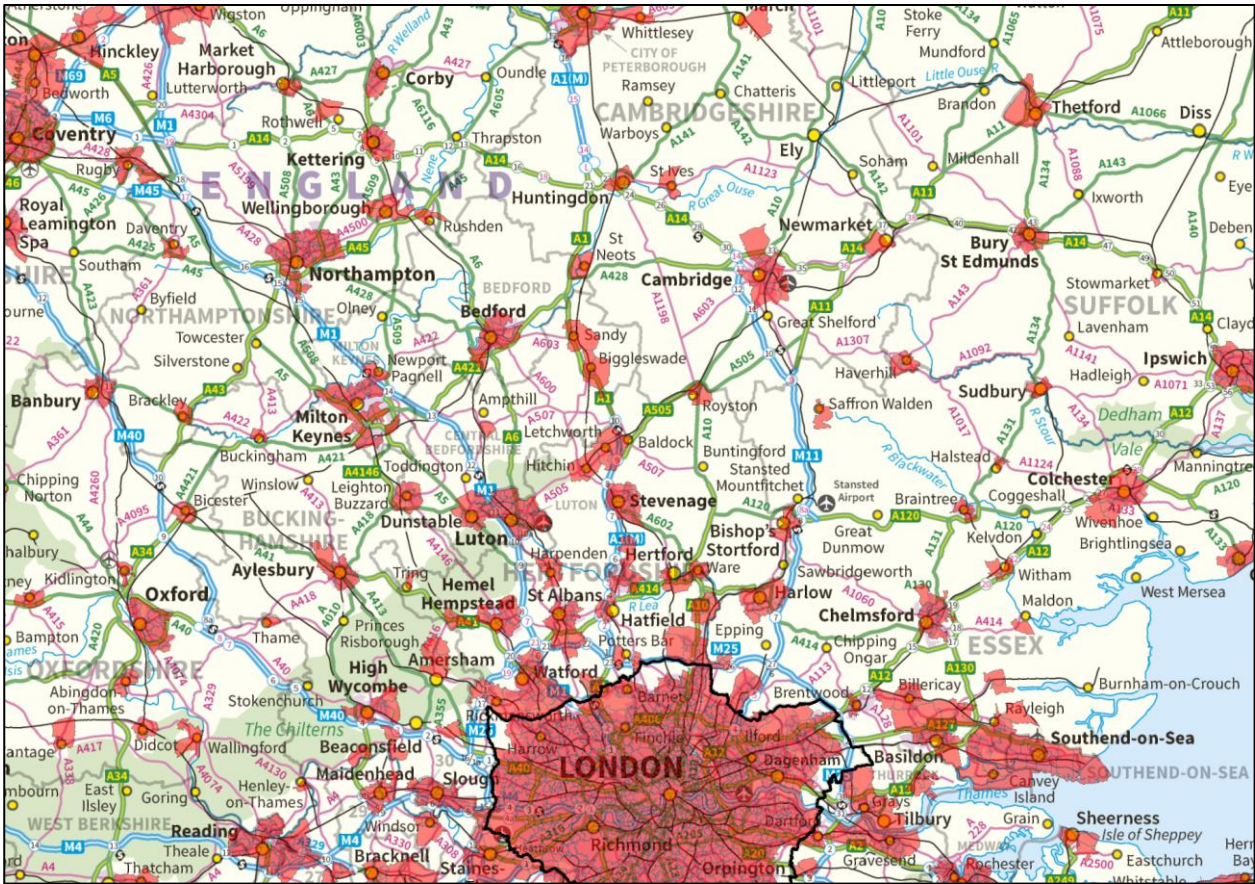


Figure 5: Areas with Commuting Ratio less than 1.0

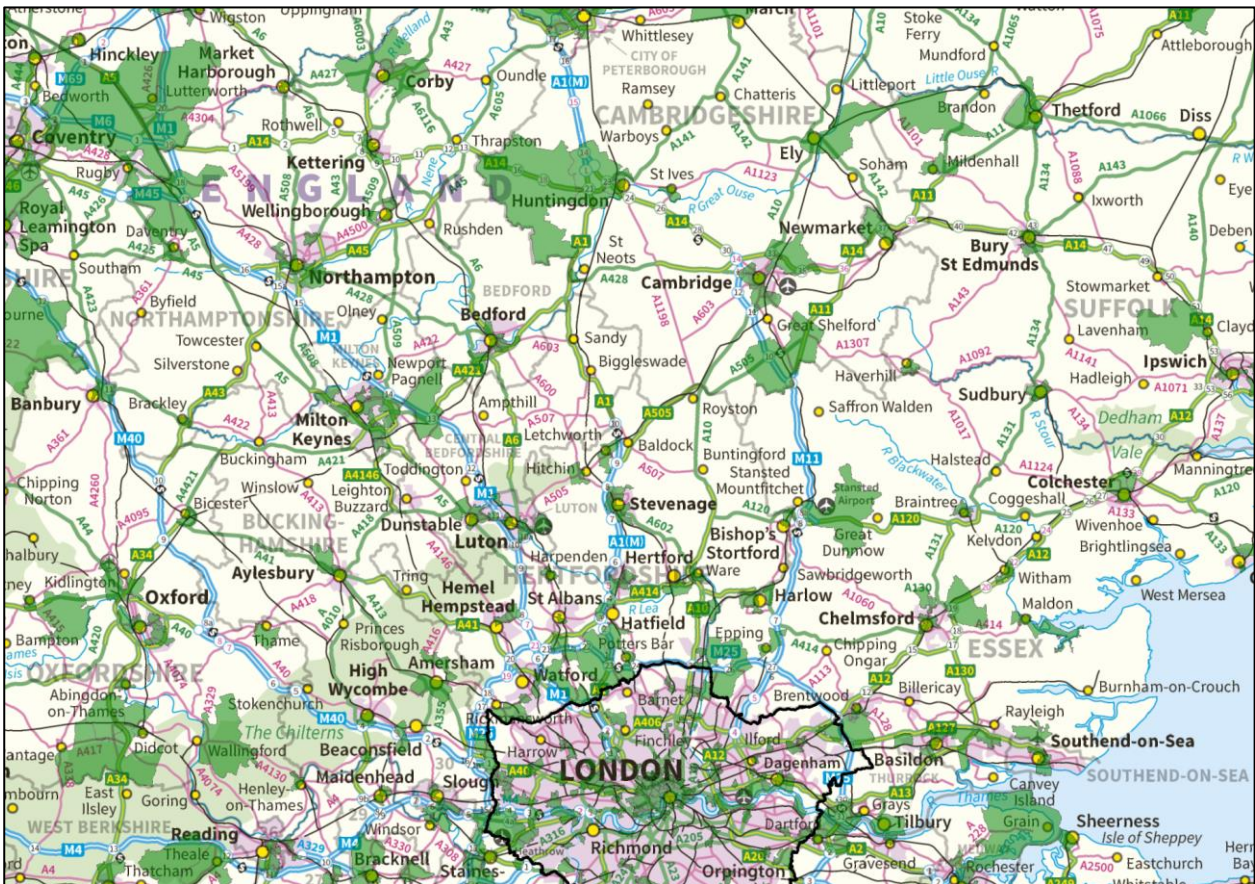


Figure 6: Urban Areas outside London and Employment Areas

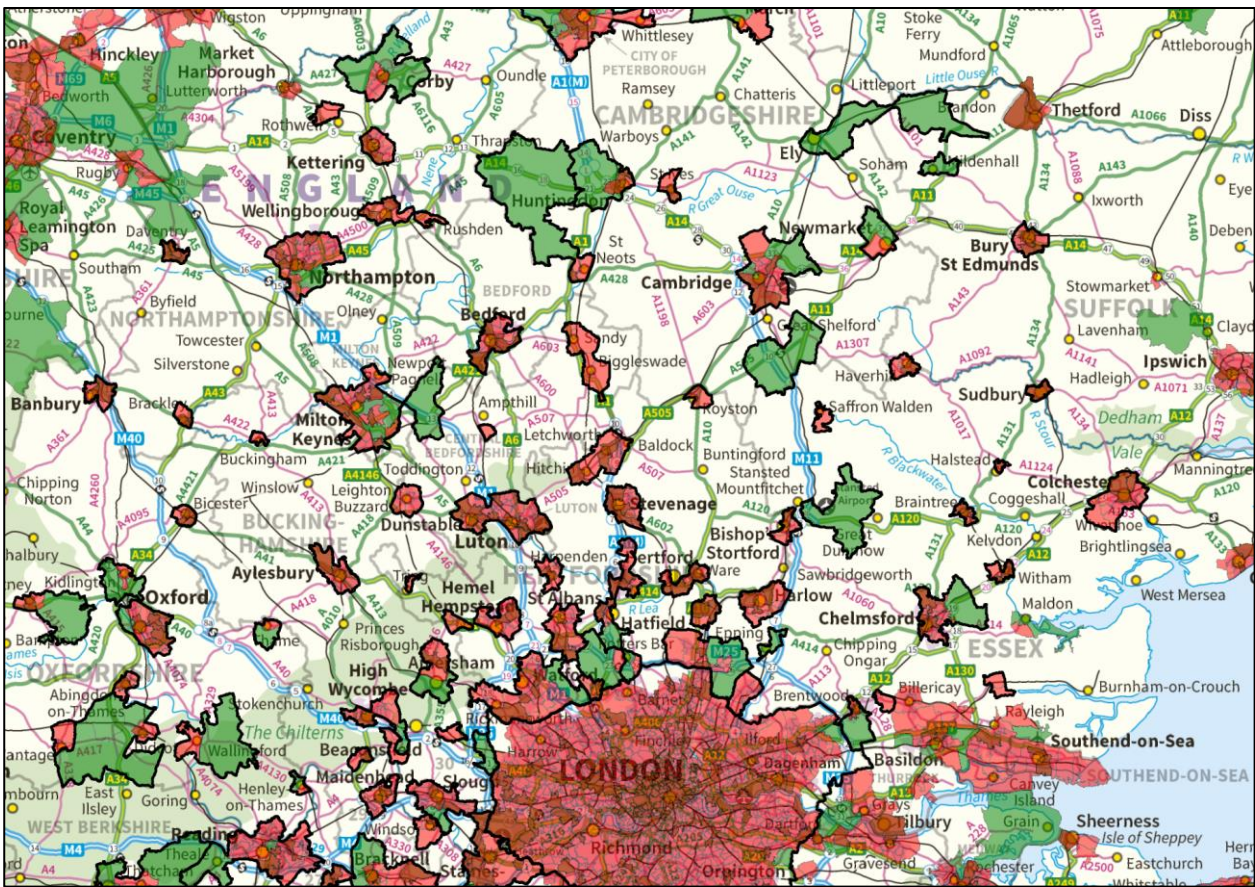
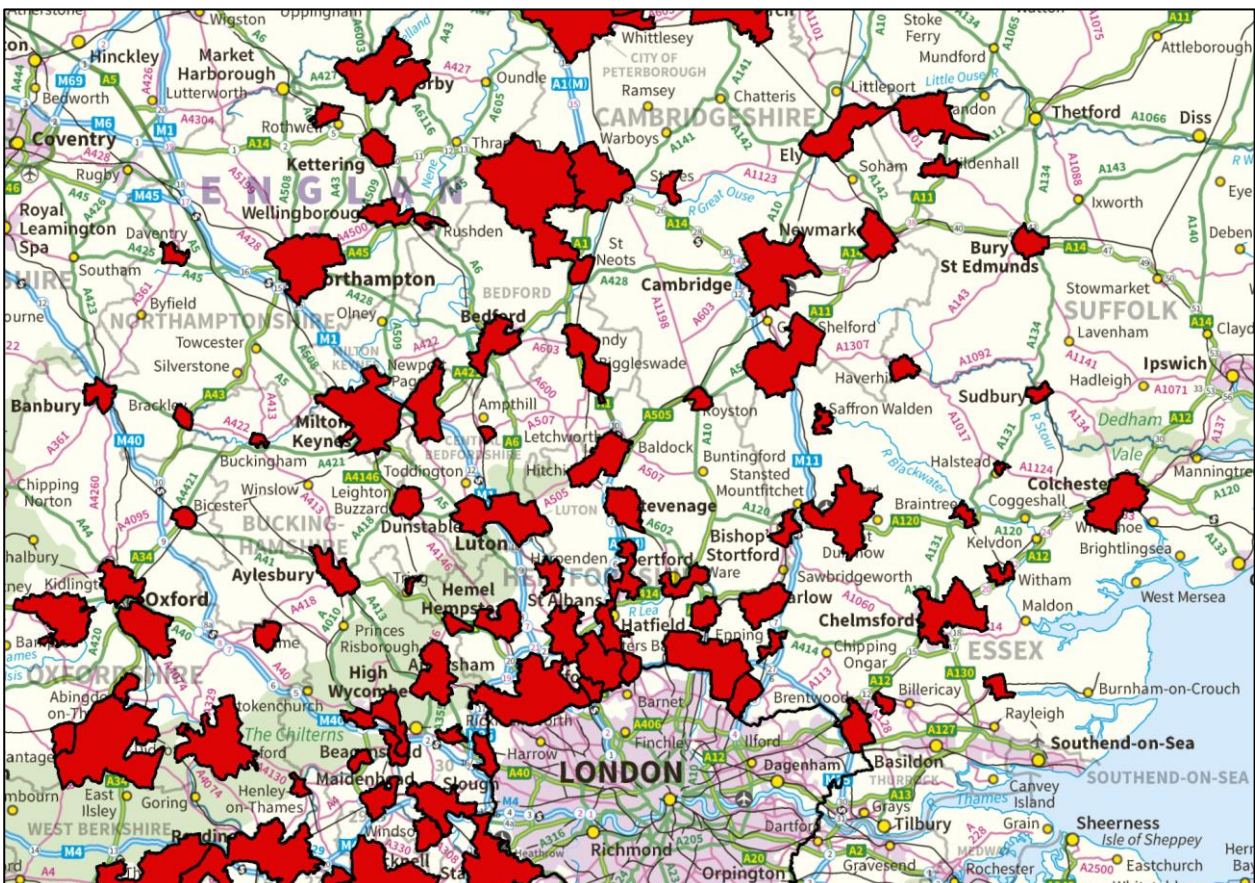


Figure 7: 'Seeds' for Housing Market Areas



2.20 Figure 7 shows the final seeds that were then used for the subsequent stages of the analysis process:

- » **Step 5:** For every MSOA in the geographic area, we associate it with the seed point (or seed point cluster) that has the largest number of workers resident in that MSOA.
- » **Step 6:** Based on the MSOAs associated with each seed point (or seed point cluster) at Step 5, we calculate the proportion of the resident population that work in the area and the proportion of the workplace population that live in the area to establish a self-containment ratio.
- » **Step 7:** If all seed points (or seed point clusters) had an acceptable self-containment ratio, the process stops; otherwise for the seed point with the lowest self-containment ratio, the seed point with which it has the strongest relationship (based on the commuting flows and distance between the two seed points) is identified and the two seed points are clustered together. Where the seed point with the lowest self-containment ratio is already formed of a cluster of seed points, the cluster is separated and the strongest relationship identified for each of the original seed points before new clusters are formed.

2.21 The process from Step 5 to Step 7 was then repeated to achieve increasing levels of self-containment across all seed points (or seed point clusters).

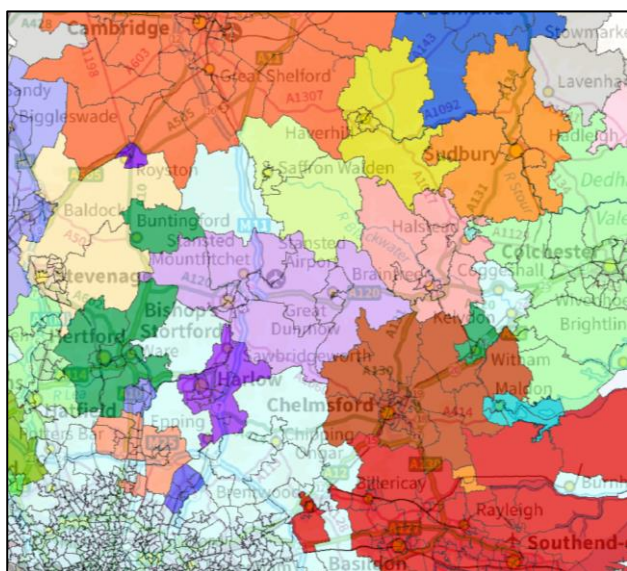
2.22 The final distribution of areas depends on the level at which the self-containment ratio is considered to be acceptable. The higher that the self-containment ratio is required to be, the larger (and more strategic) the identified areas will become – as smaller areas will tend to have lower levels of self-containment. The ONS have a **75% target for Travel to Work areas**, but it is worth noting that **their threshold is 66.7%** (for areas that have a working population in excess of 25,000 workers) and this provides a useful framework.

Analysis Outcomes based on 2011 Census Data

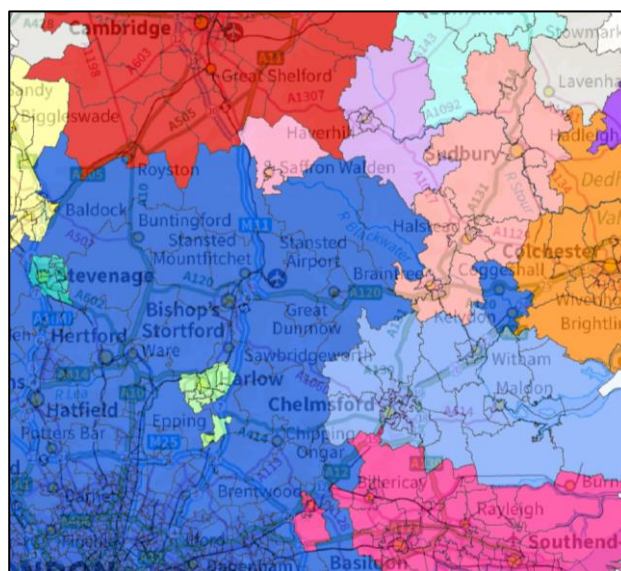
2.23 Figure 8 shows the outcome of this process at 40% and 50% self-containment. At the initial level of 40% self-containment, there are a large number of distinct areas visible; but at 50% self-containment, the number of distinct areas is substantially reduced as it starts to become apparent that the strongest link for many of the seeds (or seed point clusters) is to London.

Figure 8: Initial model outputs at 40% and 50% containment thresholds

40% Containment



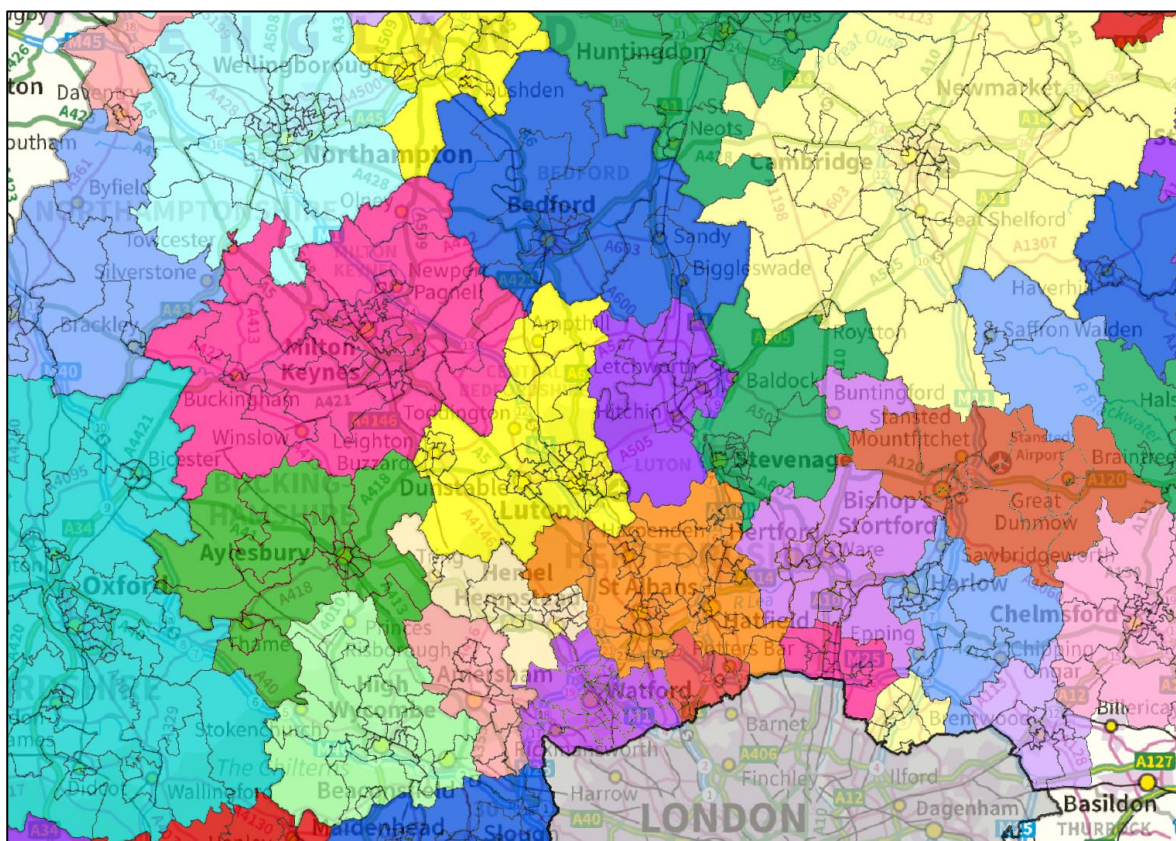
50% Containment



Further Modelling restricting the growth of Greater London

- 2.24 The importance of London must be recognised when considering housing markets areas across the wider South East, given the number of workers that commute to London and the number of people that move from London to these areas each year. However, it is also useful to gain an understanding of other housing market areas at a more local level. The PPG recognises that *“it might be the case that housing market areas overlap”*; so whilst acknowledging that London is an important housing market area, it is also possible that London overlaps with other housing market areas.
- 2.25 Given this context, the latter part of the analysis (steps 5-7) was repeated; however this time when the seed (or seed cluster point) with the weakest self-containment was joined to the seed to which it had the strongest links, seed point within the Greater London region were excluded from the process. In other words, London could not “grow”.
- 2.26 At 60% self-containment (Figure 9), various local travel to work areas are starting to emerge – including Bedford, Bishop’s Stortford, Brentwood, Cambridge, Chelmsford, Epping, Harlow, Hertford, Letchworth, Potters Bar, Saffron Walden, St Albans, Stevenage and Watford.

Figure 9: Model outputs with restricted growth of Greater London at 60% containment threshold



- 2.27 At 70% self-containment (Figure 10), a number of realignments have occurred where some of the smaller seeds have merged with other seeds to which they have the strongest link. Notably, Letchworth has now merged with Stevenage, the Epping and Stansted areas have merged with Harlow, and Potters Bar has joined with of St Albans and Hatfield.
- 2.28 At 72% self-containment (Figure 11), the smaller seeds have all merged with larger areas, and it is evident that some of these larger areas have merged too. For example, Aylesbury has merged with High Wycombe; Hemel Hempstead, Watford and St Albans have combined together; and Hertford has joined with Harlow.

Figure 10: Model outputs with restricted growth of Greater London at 70% containment threshold

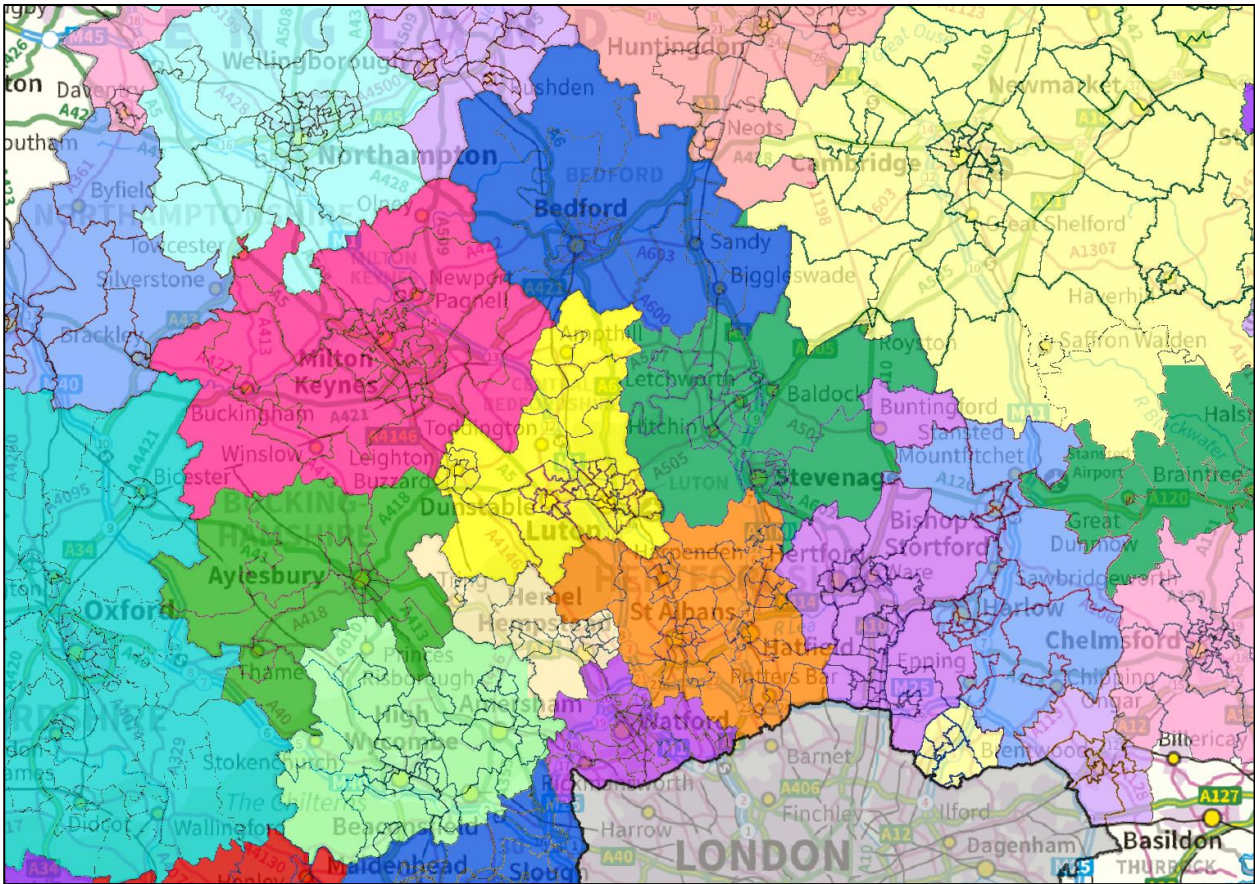
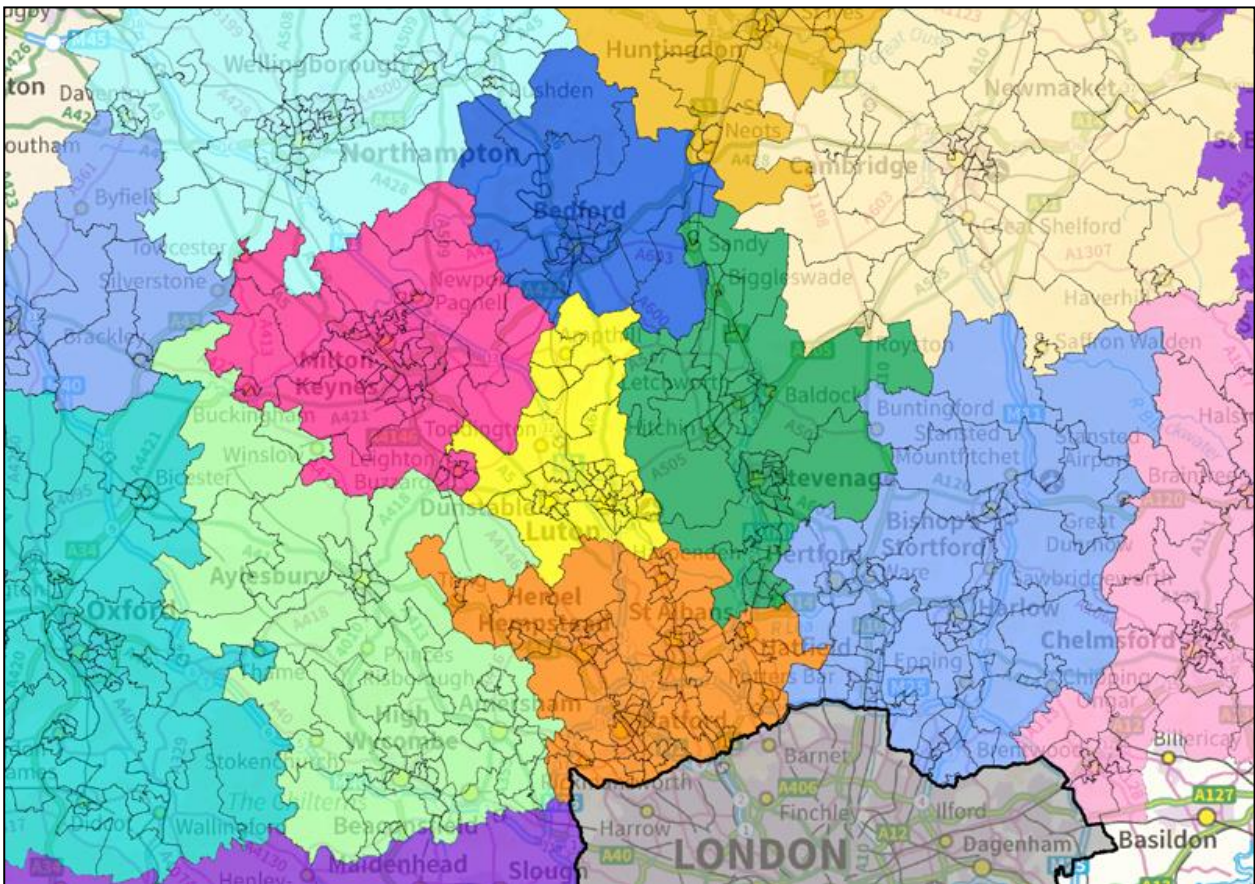


Figure 11: Model outputs with restricted growth of Greater London at 72% containment threshold



Further Modelling based on Finer Grain Geographies

- 2.29 The analysis to define the commuting zone clusters was developed using the MSOA statistical geography. Whilst these areas are smaller than local authority areas, they each cover a relatively large population: a minimum of 2,000 households and an average of 3,000 households in each MSOA. Therefore, some MSOAs cover relatively large geographic areas, in particular those outside urban centres. This means that the boundaries that have been identified for the commuting zones are likely to be relatively imprecise, especially in areas that are currently less populated.
- 2.30 To refine the identified boundaries, the modelling was re-run using Census Output Areas (COA): the smallest statistical geographies available, covering a minimum of 40 households with a target of 125 households in each COA. In considering this finer grained geography, the modelling is revised using COA based on the final seed clusters (excluding those smaller settlements that had been “unseeded”).
- 2.31 The following maps show the strongest relationship for each COA. Figure 12 shows the areas where an absolute majority of workers (that is over 50%) travel to or from the COA to the identified area. At 50% absolute self-containment, the “core” of each travel to work area can be identified.
- 2.32 Figure 13 shows the outcome of the same analysis based on a simple majority of workers (that is the largest number) excluding the flows to Greater London, whereas Figure 14 also shows those COAs where the greatest flow is to Greater London. There are clearly some parts of Epping Forest and Uttlesford where the largest flows are to Greater London.

Figure 12: COAs with absolute majorities (over 50%) of workers travelling to and from the area

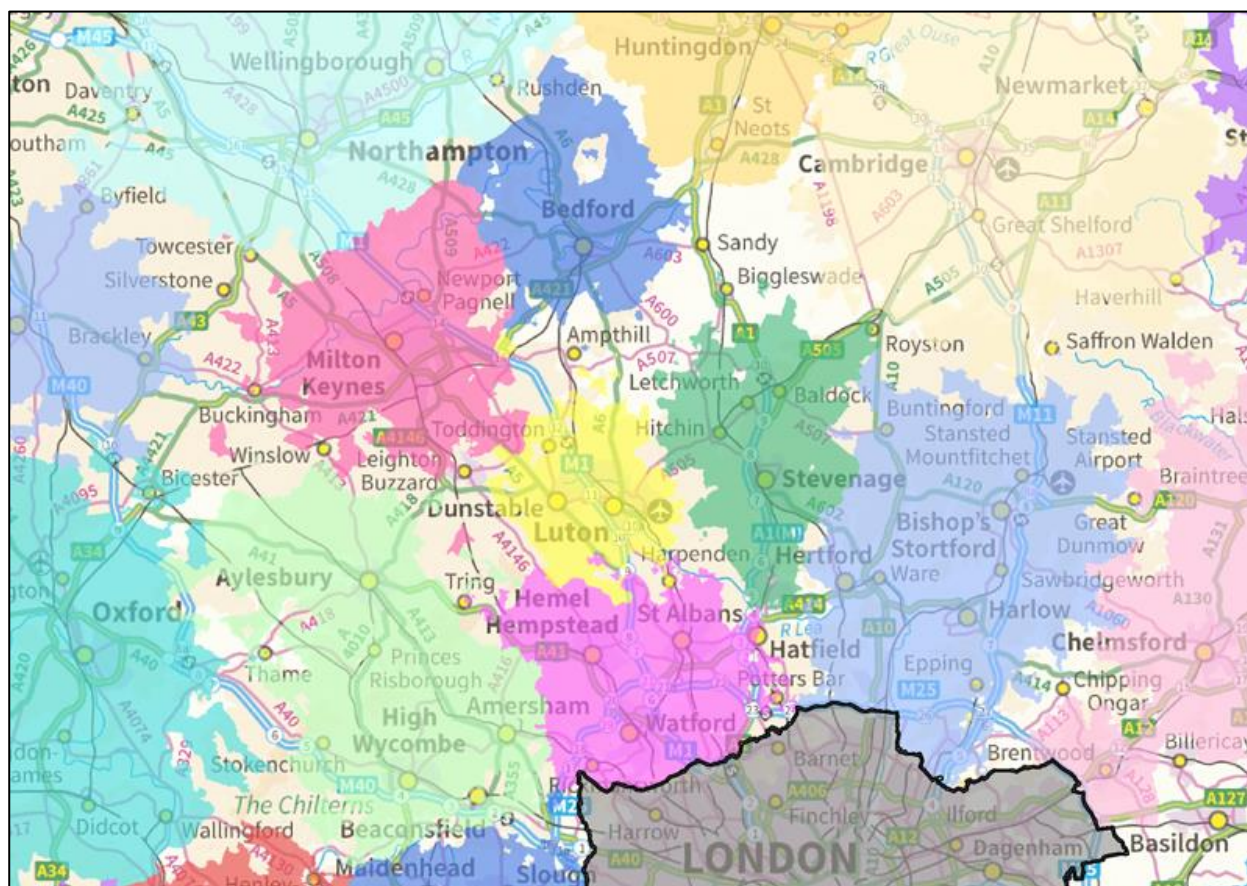


Figure 13: COAs based on simple majorities of workers travelling to or from the area

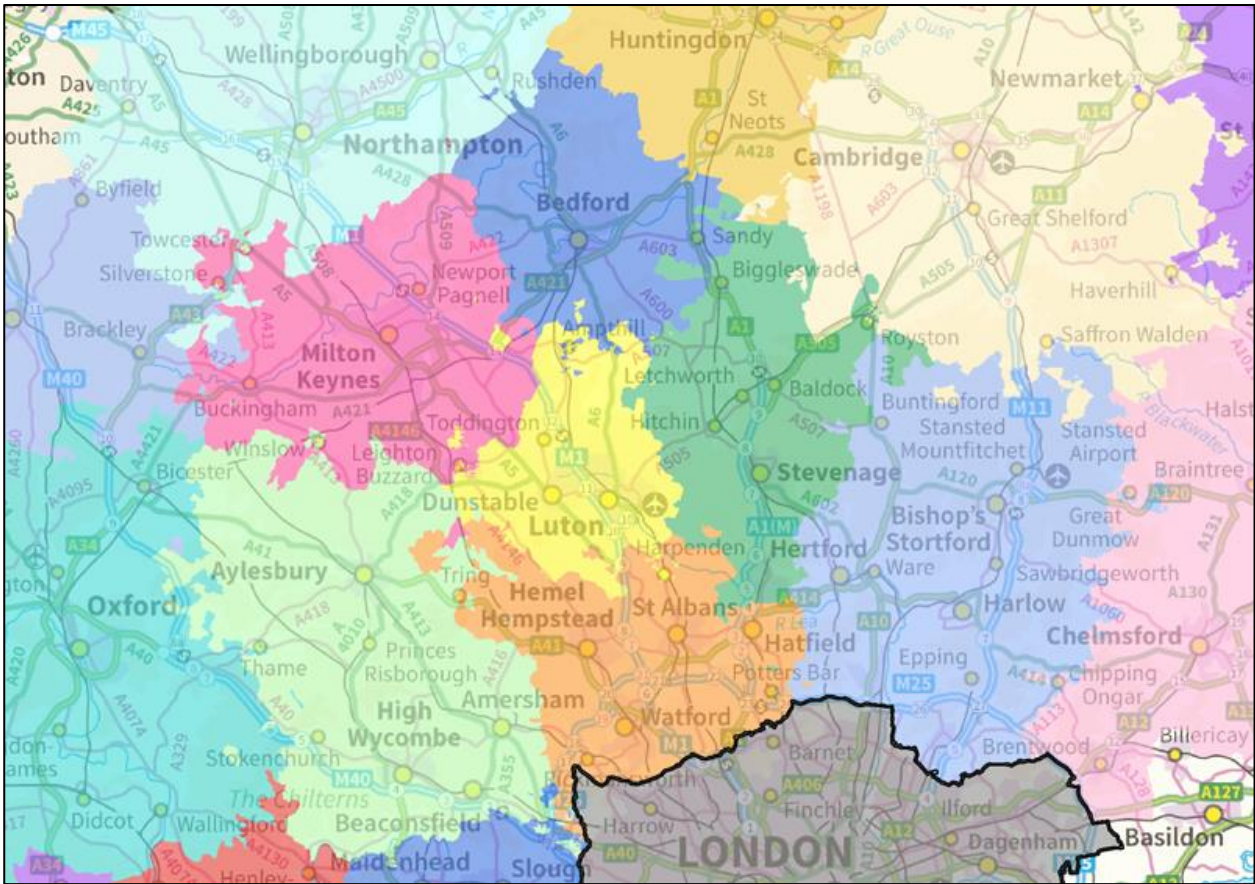
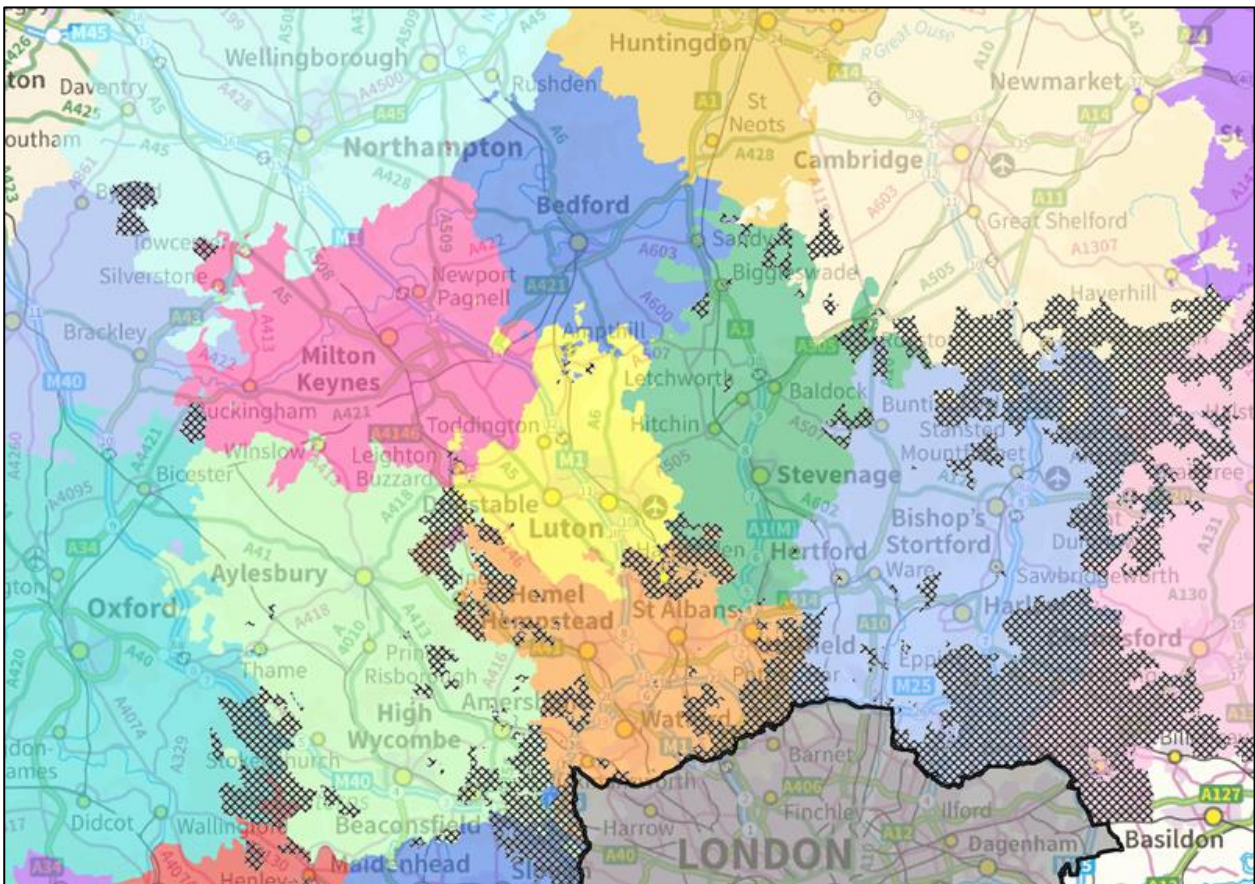


Figure 14: COAs based on simple majorities of workers travelling to or from the area, including Greater London (hatched)

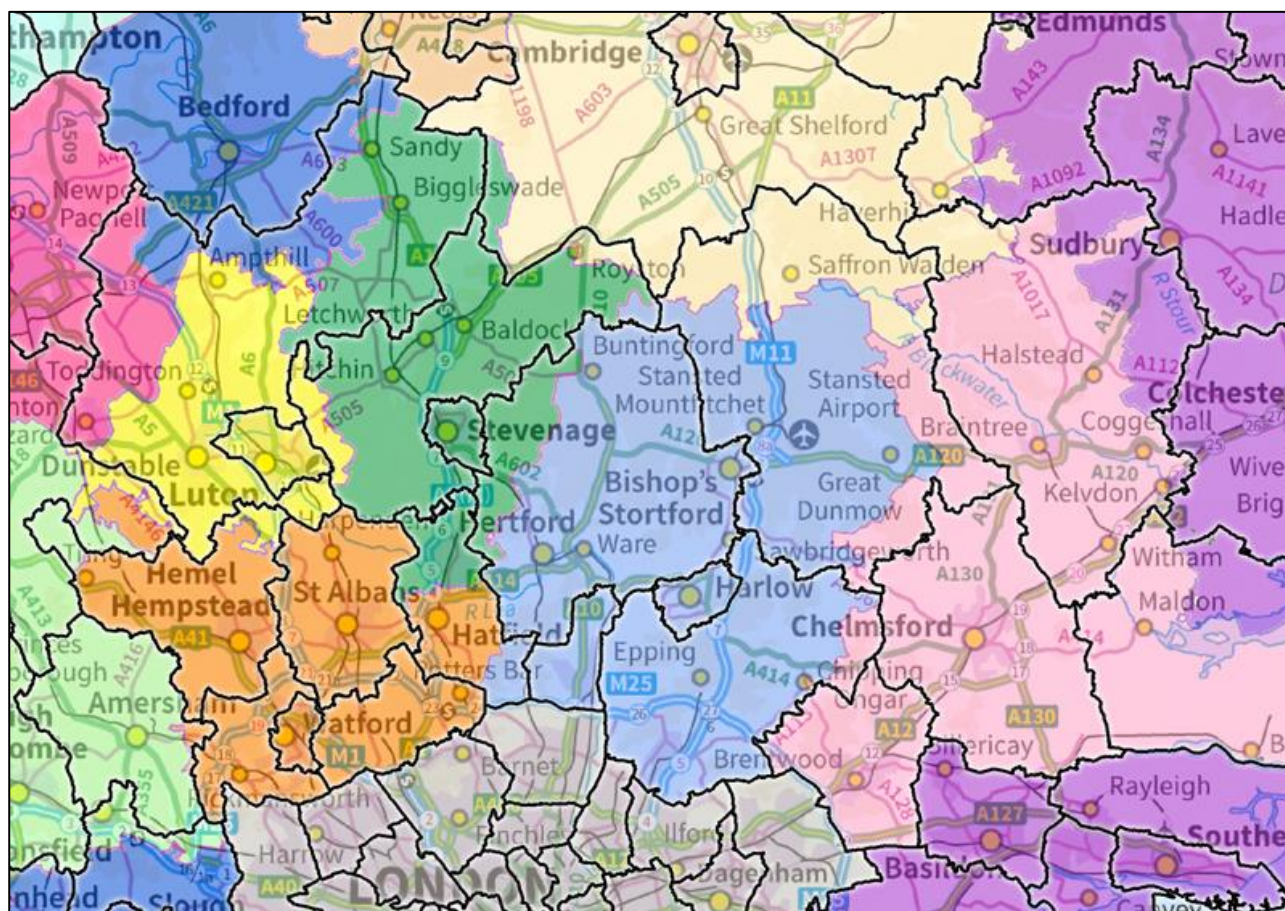


- 2.33 Greater London is evidently important when considering HMAs in this wider area. The modelling analysis has clearly shown that the commuting “pull” from Central London is often stronger than from more local employment centres, and it would be possible to define a Greater London travel to work area that included many areas outside the region boundary.
- 2.34 Whilst the functional relationships with London are important, the Mayor of London and the Greater London Authority are responsible for the London Plan and this is based on the administrative boundary for the region. Therefore, on balance, it is pragmatic and appropriate to define Greater London using the administrative boundary and then separately consider the commuting flows outside the region.
- 2.35 On this basis, our proposed commuting zones are based on the final iteration of the modelling analysis that excluded Greater London.

Proposed Commuting Zones

- 2.36 Figure 15 shows the proposed commuting zones together with the local authority administrative boundaries. While this study has clearly defined the boundaries for these commuting zones inside the study area, the boundaries outside of this area should be treated with caution given the geographic area that was included within the modelling analysis. This would not affect the boundaries or distribution within the area which is the focus of the study.

Figure 15: Proposed Commuting Zones showing Local Authority administrative boundaries



- 2.37 Figure 16 sets out the key statistics for these final commuting zones, presented in descending order of containment score. The table also shows the overall commuting flows (including flows to and from Greater London) and highlights those that reach the ONS target of 75% and the ONS threshold of 66.7% in green

(dark green and light green respectively), with the remaining flows (that fail to reach the ONS threshold of 66.7%) highlighted in red.

- 2.38 In terms of workplace population, the data shows that the commuting zone centred on Harlow has 72.9% of workers resident inside the HMA. The proportions for the resident population are lower due to the impact of a high number of people living in the area working in London, but if those residents who travel to work in London are excluded then 84.7% of residents in the HMA work inside of the area.

Figure 16: Statistics for Proposed Commuting Zones (Source: 2011 Census; Note: Dark green cells meet the ONS TTWA target of 75%; light green cells meet the ONS TTWA threshold of 66.7%, red cells do not meet the ONS TTWA threshold)

	Living and Working in area	Workplace Population		Resident Population				Containment Score	
		Total workers	% living in area	All workers		Exc. Central London		Overall	Exc. Central London
				Total workers	% working in area	Total workers	% working in area		
Cambridge	195,200	242,000	80.6%	235,300	83.0%	226,700	86.1%	81.8%	83.3%
Harlow	154,600	212,100	72.9%	245,200	63.0%	182,500	84.7%	67.6%	78.4%
Chelmsford	147,800	194,100	76.2%	223,900	66.0%	187,000	79.0%	70.7%	77.6%
Stevenage	111,900	153,400	72.9%	172,700	64.8%	154,100	72.6%	68.6%	72.8%

- 2.39 Figure 17 details the distribution of the resident population for these commuting zones by local authority area. It is evident that the Harlow commuting zones covers the entire population of Broxbourne and Harlow local authority areas, and the substantial majority of the population of Epping Forest (99.5%) and East Hertfordshire (93.9%).
- 2.40 The Uttlesford population is split between the Harlow, Cambridge and Chelmsford commuting zones; however more than half of the residents are in the Harlow commuting zone (58.9%) which is almost double the number in the Cambridge zone (32.9%) which has the next largest share. The Welwyn Hatfield population is also split between three commuting zones: Harlow, Stevenage and Watford. The largest proportion of residents live in the Stevenage zone (52.1%) however the proportion living in Watford is also substantial (42.9%) with only a small percentage in the Harlow commuting zone (5.1%).

Figure 17: Proposed Commuting Zones Resident Population by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Local Authority Area	Proposed Commuting Zone									
	Cambridge		Harlow		Chelmsford		Stevenage		Watford	
	N	%	N	%	N	%	N	%	N	%
Broxbourne	-	-	93,600	100.0%	-	-	-	-	-	-
East Hertfordshire	-	-	129,300	93.9%	-	-	8,400	6.1%	-	-
Epping Forest	-	-	124,000	99.5%	600	0.5%	-	-	-	-
Harlow	-	-	81,900	100.0%	-	-	-	-	-	-
Uttlesford	26,100	32.9%	46,800	58.9%	6,600	8.3%	-	-	-	-
Welwyn Hatfield	-	-	5,600	5.1%	-	-	57,600	52.1%	47,400	42.9%
Elsewhere	355,700	-	-	-	346,800	-	283,600	-	562,000	-
TOTAL	381,800	-	481,200	-	354,000	-	349,500	-	609,400	-

Migration

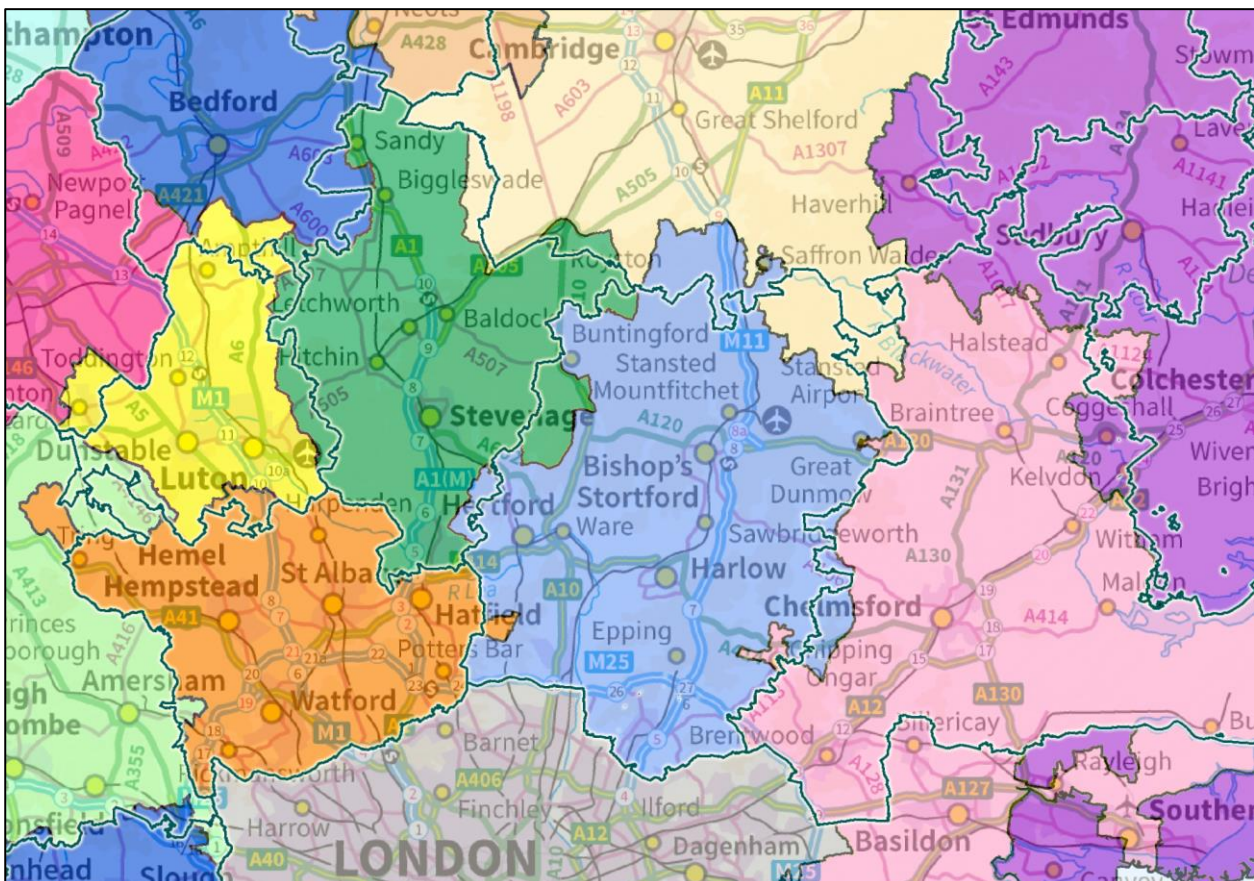
- 2.41 Whilst commuting flow data helps identify “the key functional linkages between places where people live and work”, PPG also suggests that migration patterns should be considered when defining functional housing market areas:

Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (eg those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Planning Practice Guidance (March 2014), ID 2a-011

- 2.42 Analysis of Census migration flow data shows the strongest relationships in terms of migration flows mirror exactly the strongest relationships in terms of commuting flow data.
- 2.43 Figure 18 shows the strongest relationships in terms of migration flows between each MSOA and the identified seed clusters. It is evident that the migration patterns largely reflect the travel to work patterns previously illustrated by the commuting zone analysis, although there are some notable differences. In particular, the Harlow migration zone extends into the south of the Cambridge commuting zone and includes Saffron Walden.

Figure 18: MSOAs with the strongest migration links to the final seed clusters, showing commuting zone boundaries



- 2.44 PPG identifies that a “relatively high proportion of household moves” will be contained within a housing market area, and suggests that this will be “typically 70%” or more; however this “excludes long-distance moves” (ID 2a-011).
- 2.45 As the PAS OAN technical advice note confirms, “what counts as a long-distance move is a matter of judgment” (second edition, paragraph 5.16). Data from the English Housing Survey 2013-14 household report⁷ (figure 6.4) shows that over 7 in every 8 moves in the UK involved distances of less than 50 miles, with almost 5 in every 6 involving distances of less than 20 miles. It would therefore seem appropriate for long-distance moves to include all moves of at least 50 miles, and for moves of 20 miles or more to also be considered.
- 2.46 Figure 19 illustrates the relevant catchment areas based on distances of both 50 miles and 20 miles beyond the Harlow migration zone. It is evident that the 20 mile zone covers most of Greater London together with other settlements in the surrounding area such as Basildon, Bedford, Cambridge, Chelmsford, Hemel Hempstead, Luton, Stevenage, Southend-on-Sea and Watford. The 50 mile zone covers most of the wider south east.

Figure 19: Catchment area for moves to and from Harlow migration zone, excluding long-distance moves (Note: Inner circle based on moves of up to 20 miles; outer circle based on moves of up to 50 miles)



⁷ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report>

- 2.47 The concept of excluding “*long-distance moves*” relates back to the early definition of a functional housing market area that was set out at the start of this chapter. That definition focused on “*those moving house without changing employment*”, and long-distance moves will generally involve a change of job or other change of lifestyle (such as retirement). On balance, it seems unlikely that many people would move more than 20 miles in this part of the country without a change of job; so it would seem reasonable to consider moves of over 20 miles as being “*long-distance*” in the context of this specific area.
- 2.48 Figure 20 sets out these key statistics for the Harlow migration zone based on the two migration containment ratios set out in the PAS OAN technical advice note (second edition, paragraph 5.15):

“Supply side (origin); moves within the area divided by all moves whose origin is in the area, excluding long-distance moves

Demand side (destination): moves within the area divided by all moves whose destination is in the area, excluding long-distance moves.”

Figure 20: Statistics for Harlow Migration Zone (Source: 2001 Census)

		Supply side (origin)	Demand side (destination)
Moved within area		25,550	25,550
Moved from elsewhere	Moves of up to 20 miles	6,003	9,451
	Moves of between 20 and 50 miles	4,271	3,342
	Moves of at least 50 miles	6,421	9,297
Total moves		42,245	47,670
Moves within area as...	% of all moves	60.5%	53.4%
	% of moves up to 50 miles	71.3%	66.6%
	% of moves up to 20 miles	81.0%	73.0%

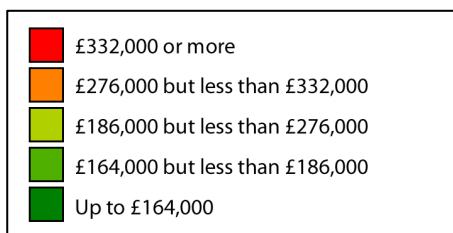
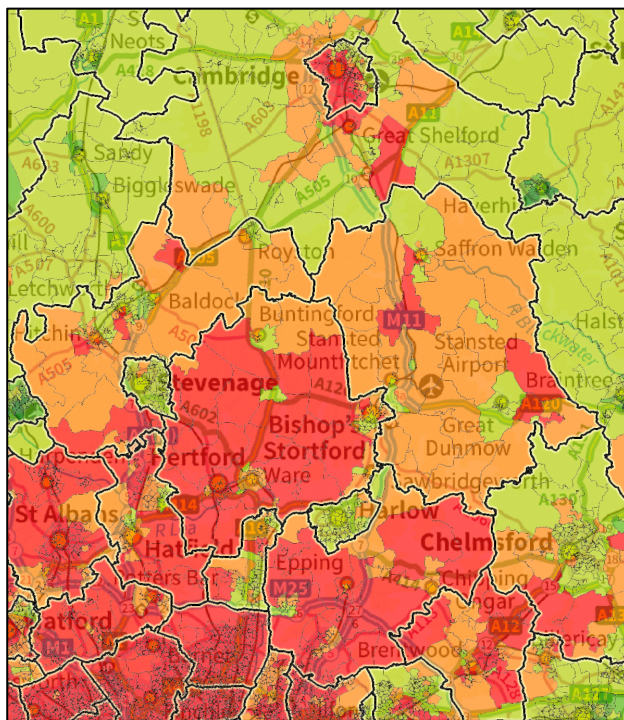
- 2.49 On the supply side (i.e. moves originating in the area); it is evident that more than 70% of migrants moving within wider south east England (moves of up to 50 miles) stayed within the identified area.
- 2.50 On the demand side (i.e. moves whose destination is in the area) the proportions are lower; however around two thirds (66.6%) of those moving within the wider south east (moves of up to 50 miles) and almost three quarters (73.0%) of those moving within a 20 mile catchment (covering most of Greater London and many other surrounding settlements) originated within the identified area.
- 2.51 Based on the statistics, it is reasonable to conclude that a “*relatively high proportion of household moves*” are contained within the migration zone identified for Harlow, and therefore this functional area meets the requirements of PPG in this regard.

House Prices

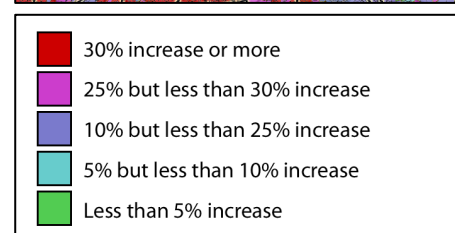
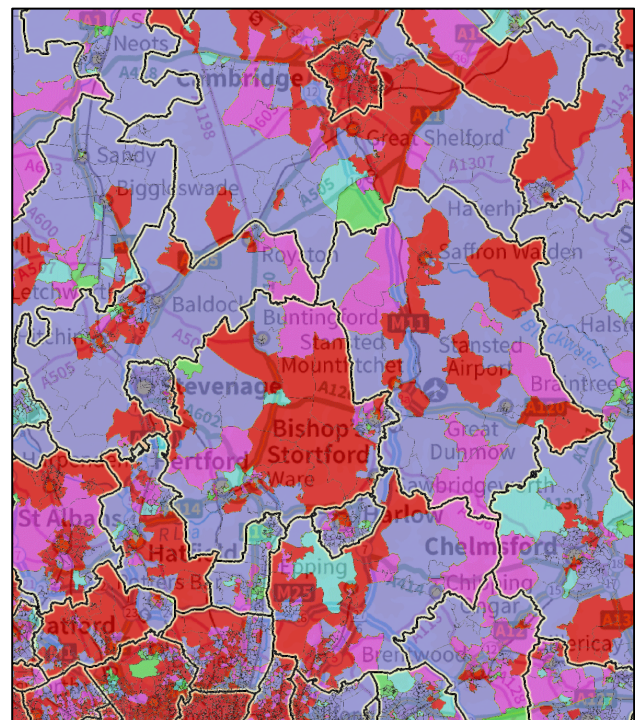
- 2.52 As previously noted, CLG research and the PAS OAN technical advice note have both suggested that house prices are less relevant when defining upper-tier housing market areas but can provide a useful context for identifying housing sub-markets. Figure 21 shows current shows mix-adjusted average house prices relative to the average for the overall area, alongside the relative change in average house prices over the last 10 years.
- 2.53 House prices are generally higher to the south and lower to the north of the area, but there are pockets of higher and lower prices in contrast to this trend.

Figure 21: Mix adjusted average house prices and 10-year change by MSOA (Source: HM Land Registry)

Current average house prices



10-year change in average house prices

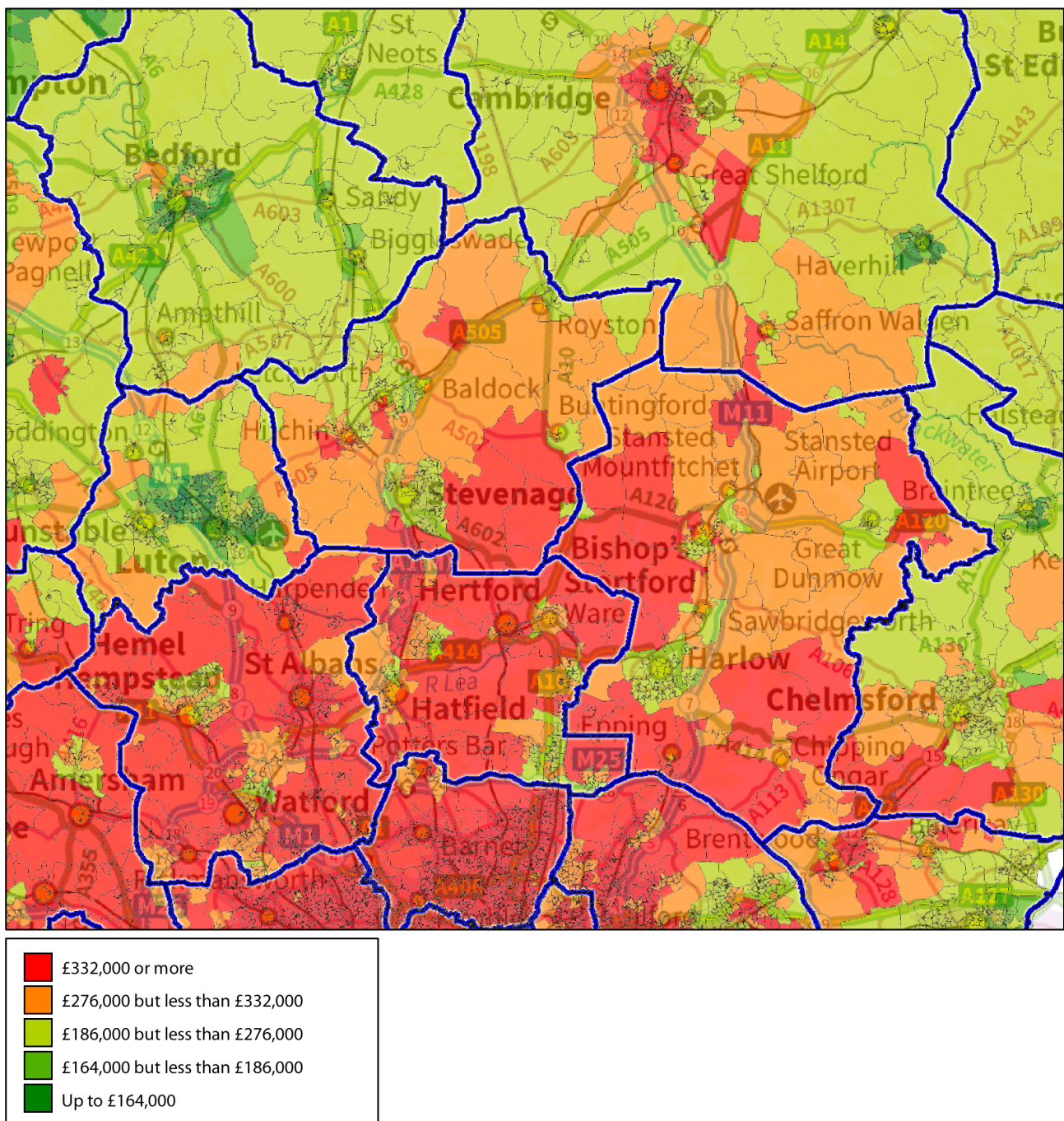


- 2.54 Neither the geographic spread of areas with higher and lower house prices nor the geographic spread of average house price changes would appear to provide a clear basis on which to define housing market areas. However, when this information is considered within the framework of the Valuation Office Agency (VOA) Broad Rental Market Area (BRMA) boundaries, some patterns do emerge (Figure 22).
- 2.55 BRMAs are the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA), the allowance paid to Housing Benefit applicants. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services.

2.56 Figure 22 clearly shows that mix-adjusted average house prices (and consequently market rents) are highest in and around North London:

- » South East Herts BRMA and South West Herts BRMA generally cover areas in the highest price band outside London, in particular those MSOAs covering areas outside the main urban centres;
- » There is a greater mix of areas in the top two bands covering Harlow & Stortford BRMA and Stevenage & North Herts BRMA;
- » Bedford BRMA and Luton BRMA generally cover areas with lower house prices; and
- » The situation in the Cambridge BRMA differs from the BRMAs surrounding London: the highest house prices tend to be in the main urban centre with most other areas in the middle price band.

Figure 22: Mix adjusted average house prices by MSOA with Valuation Office Agency Broad Rental Market Area Boundaries
(Source: HM Land Registry)



2.57 The Rent Officer Handbook: Broad Rental Market Areas (Local Reference Rent)⁸ identifies that:

“A BRMA (LRR) is an area: within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services

The BRMA (LRR) is subject to two conditions.

Firstly it must contain: residential premises of a variety of types, including such premises held on a variety of tenures.

Secondly, a BRMA (LRR) must contain sufficient privately rented residential premises, to ensure that, in the rent officer’s opinion, the local reference rents for tenancies in the area are representative of the rents that a landlord might reasonably be expected to obtain in that area.”

2.58 The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area. Housing Market Areas (HMAs) and Broad Rental Market Areas (BRMAs) therefore both define areas based on housing along with the need to travel for work or to access services.

2.59 Bringing this together, it can be seen that HMAs are defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work; while BRMAs are areas within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services. Given that BRMAs should include residential premises of a variety of types, including such premises held on a variety of tenures, it is evident that the two definitions will tend to identify similar geographic areas in that they will be large enough to contain sufficient properties to be a market area, but limited in size by the need to travel for work or to access services. Travel, either for work or to access services is a key element of both definitions.

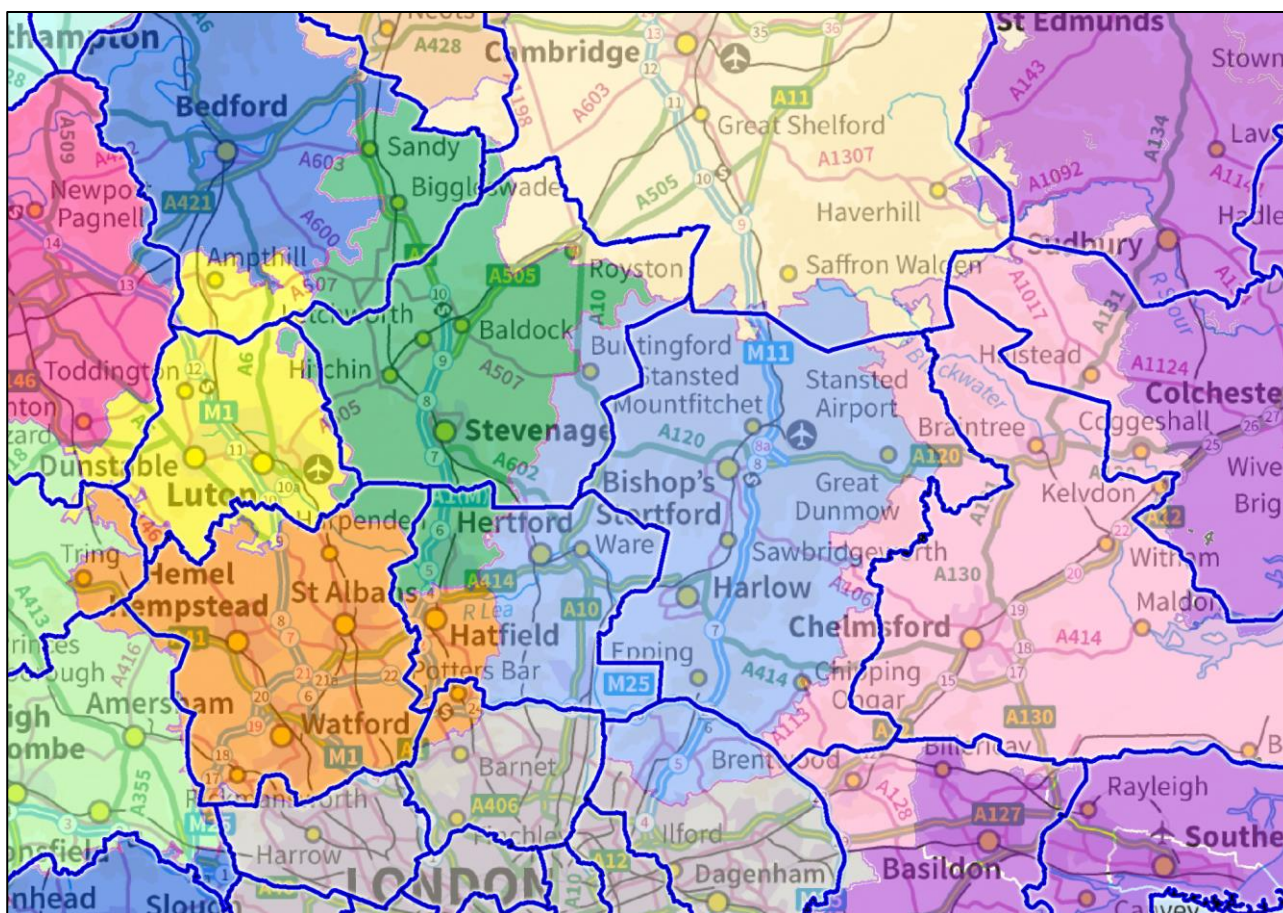
2.60 Both HMAs and BRMAs are based on *functional linkages* between where people live and work or where they live and access services. Places of work and services such as *health, education, recreation, personal banking and shopping* are predominantly based in larger settlements, becoming increasingly less common in smaller settlements and rural areas. Because of this, the definitions of HMAs and BRMAs in any area will tend to be centred around those urban centres, or on collections of settlements in rural areas without a major urban centre.

2.61 On this basis, it is helpful to review the previously identified commuting zones and migration zones (which both showed very similar patterns) with the BRMAs to understand the ways in which they are consistent and where they may differ.

2.62 Figure 23 shows the BRMA boundaries overlaid on the commuting zones previously identified. It is evident that there are many similarities between the two geographies. Whilst the precise boundaries may differ, each of the commuting zones generally corresponds with an equivalent BRMA: Bedford, Cambridge, Chelmsford, Harlow, Luton, Stevenage and Watford were all identified as commuting zones and there is a BRMA equivalent for each. Nevertheless, the South East Herts BRMA (covering Broxbourne, Hatfield, Hertford, and Welwyn Garden City) does not have an equivalent commuting zone

⁸ <http://manuals.voa.gov.uk/corporate/publications/Manuals/RentOfficerHandbook/HousingBenefitReferral/Determination/b-roh-broad-rental-market-areas-LRR.html>

Figure 23: Final commuting zones with VOA Broad Rental Market Area Boundaries



Administrative Boundaries and Housing Market Areas

- ^{2.63} The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note⁹ also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a “best fit” approximation to local authority areas for developing evidence and policy (paragraph 9):

“The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.”

- ^{2.64} This “best fit” approximation has also been suggested by the PAS OAN technical advice note, which suggests (second edition, paragraph 5.9):

“boundaries that straddle local authority areas are usually impractical, given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas.”

⁹ Identifying sub-regional housing market areas (CLG, March 2007)

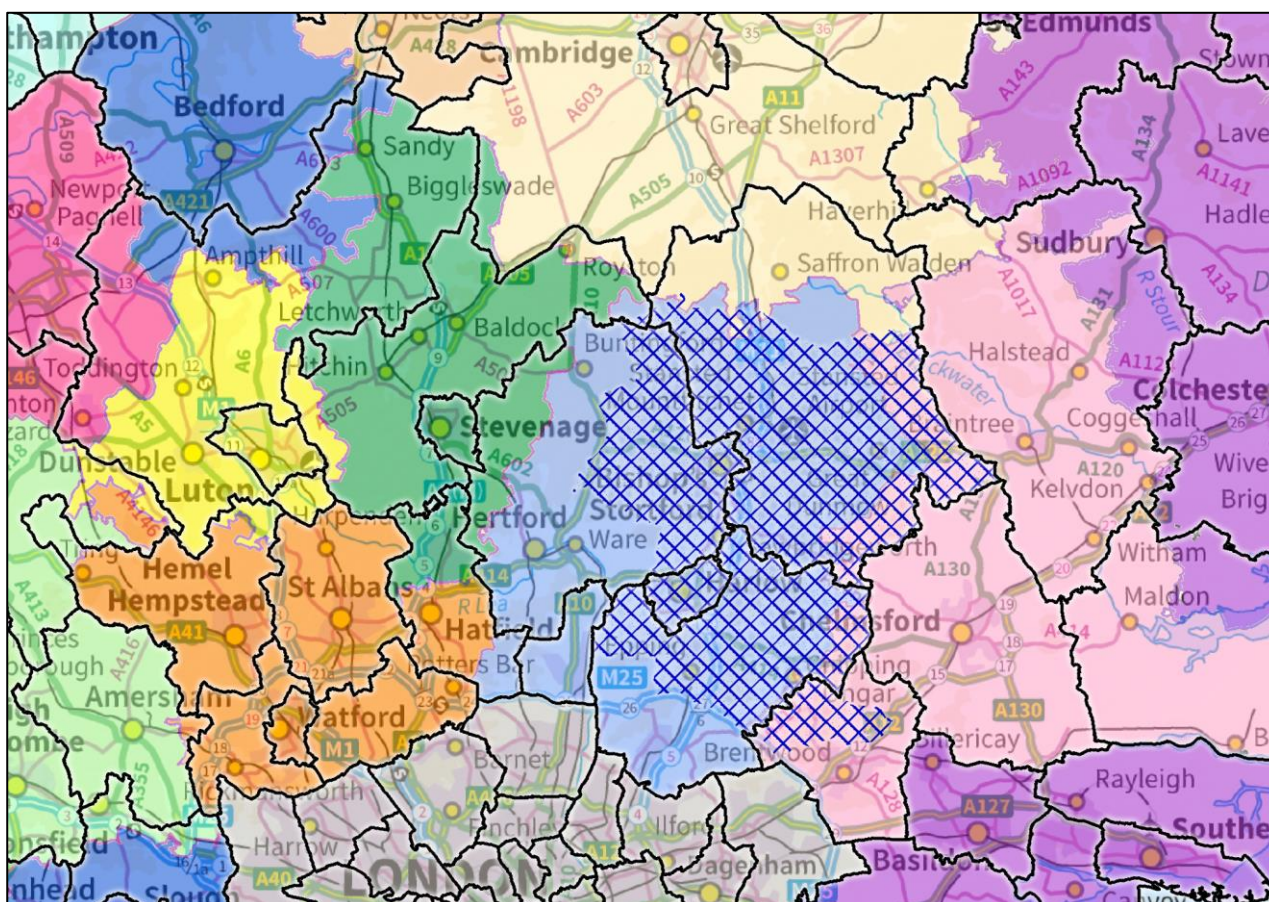
2.65 This means there is a need for balance in methodological approach:

- » On the one hand, it is important that the process of **analysis and identification of the functional housing market areas should not be constrained by local authority boundaries**. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).
- » On the other hand, and as suggested by the PAS OAN technical advice note (and the previous CLG advice note), **it is also necessary to identify a “best fit” for each functional housing market area that is based on local planning authority boundaries**. This “best fit” area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment.

2.66 **In summary, therefore, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements.**

2.67 In establishing the most appropriate functional housing market areas, it is necessary to consider all of the evidence based on commuting zones, migration zones and house prices (based on Broad Rental Market Areas). We have previously identified clear similarities between the commuting zones and migration zones; albeit that the direction of travel is reversed – net commuting flows tend to be towards London, whilst net migration flows tend to be away from London. Figure 24 illustrates how the final commuting zones and the Harlow & Stortford BRMA coordinate with local authority boundaries.

Figure 24: Final Commuting Zones and Harlow & Stortford BRMA with Local Authority Boundaries (Note: Coloured areas show commuting zones; hatched area denotes Harlow & Stortford BRMA)



- ^{2.68} It is evident that there is substantial overlap between the Harlow commuting zone and the Harlow & Stortford BRMA across East Hertfordshire, Epping Forest and Uttlesford, as well as Harlow. Whilst the Harlow migration zone extends into Broxbourne, this area is in the South East Herts BRMA (together with Welwyn Hatfield and part of East Hertfordshire). Conversely, the Harlow & Stortford BRMA extends into Brentwood whereas this area is part of the Chelmsford commuting zone. On balance, we would suggest that the starting point for determining the most appropriate functional housing market area is the intersection between the commuting zone and the BRMA.
- ^{2.69} Although commuting patterns suggest that Broxbourne should also be considered as part of the functional HMA, the Rent Officer has concluded that this area should be considered separately. Whilst this decision is based primarily on rental values, it also takes into account other factors such as public transport infrastructure and social and cultural networks, which are also relevant when considering housing market areas. Therefore, we would suggest that Broxbourne is not included as part of the functional HMA.
- ^{2.70} On the same basis, given that part of Brentwood is included in the Harlow & Stortford BRMA, it would be reasonable for this to also be included as part of the functional HMA. Nevertheless, whilst Broxbourne was entirely within the South East Hertfordshire BRMA, Brentwood is divided between the Harlow, South West Essex and Chelmsford BRMAs. The commuting zone and migration zone analysis both concluded that Brentwood should be included within the Chelmsford zone. The geography of housing markets in this area is evidently complex, but given that the borough is covered by three different BRMAs and the migration and commuting data both show stronger links with Chelmsford, on balance we would suggest that Brentwood is not included as part of the functional HMA.

Conclusions

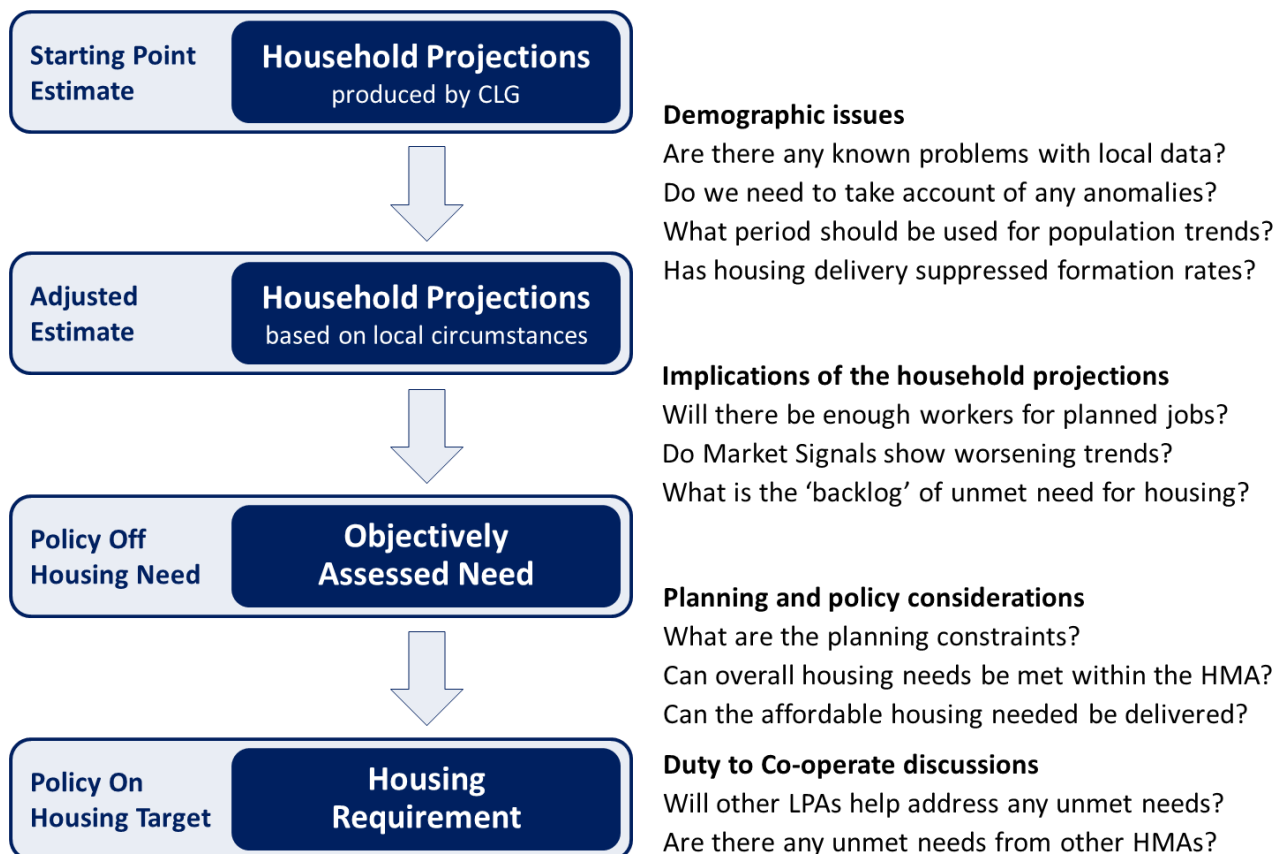
- ^{2.71} The area of West Essex and East Hertfordshire is strongly linked to London through commuting and migration patterns. Excluding the impact of London, it is possible to derive a commuting zone centred on Harlow, which also includes the local authority area of Broxbourne, along with most of East Hertfordshire and Epping Forest and Uttlesford. The equivalent migration zone confirms this conclusion, with a marginally larger proportion of Uttlesford residents included.
- ^{2.72} Data from the BRMAs derived by the VOA suggests Broxbourne is outside the area and can be seen to align more reasonably with Welwyn Hatfield. Whilst the VOA data also suggests that Brentwood should also be considered; this borough is covered by three different BRMAs and the migration and commuting data both show stronger links with Chelmsford.
- ^{2.73} Using all of the evidence available it is reasonable to conclude in line with PPG and PAS OAN technical advice note that the most appropriate functional housing market area should be based on Harlow, with most of East Hertfordshire, Epping Forest and Uttlesford. Based on a detailed analysis of the evidence, we would therefore recommend to the West Essex and East Hertfordshire councils that **East Hertfordshire, Epping Forest, Harlow and Uttlesford represent the most appropriate “best fit” for West Essex and East Hertfordshire HMA.**
- ^{2.74} These “best fit” groupings do not change the actual geography of the functional housing market areas that have been identified – they simply provides a pragmatic arrangement for the purposes of establishing the evidence required and developing local policies, as suggested by the CLG advice note and reaffirmed by the PAS technical advice note.
- ^{2.75} Whilst we believe that the proposed groupings for the West Essex and East Hertfordshire HMA provides the overall “best fit” for joint working arrangements on the basis of the available evidence, they are not the only arrangements possible given the complexities of the functional housing market areas in the region. Regardless of the final groupings, the more important issue will be the need for East Hertfordshire to maintain dialogue with Broxbourne, Welwyn Hatfield and other Hertfordshire authorities; for Epping Forest to also maintain dialogue with Broxbourne as well as Chelmsford and other Essex authorities; and for Uttlesford to also maintain dialogue with Chelmsford as well as Braintree, South Cambridgeshire and Cambridge. Furthermore, all four authorities will need to maintain dialogue with each other and the boroughs to the North and East of London, as well as with the Mayor of London through the Greater London Authority.

3. Demographic Projections

The starting point for Objectively Assessed Need

- 3.1 The Objective Assessment of Need identifies the quantity of housing needed (both market and affordable) in the Housing Market Area over future plan periods. This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).
- 3.2 Figure 25 sets out the process for establishing the housing number for the Housing Market Area. It starts with a demographic process to derive housing need from a consideration of population and household projections. This chapter therefore considers the most appropriate demographic projection on which to base future housing need.
- 3.3 To establish the Objectively Assessed Need (OAN), external market and macro-economic constraints are applied to the demographic projections ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings. Nevertheless, it is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors should subsequently be considered by the local planning authorities as part of the plan-making process in order to establish the appropriate Housing Requirement and planned housing number.

Figure 25: Process for establishing the housing number for the HMA (Source: ORS based on NPPF and PPG)



Official Household Projections

- 3.4 Planning Practice Guidance published in March 2014 places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections.

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.

Planning Practice Guidance (March 2014), ID 2a-015

The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.

Planning Practice Guidance (February 2015), ID 2a-016

- 3.5 Given this context, Figure 26 sets out the 2012-based **household** projections together with previous household projections that CLG has produced for the area. The projections have varied over time, with the most recent set of projections showing the highest projected rates of growth. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 26: CLG Household Projections for West Essex and East Hertfordshire: annual average growth (Source: CLG Household Projections. Note: Figures are rounded to the nearest 10 households)

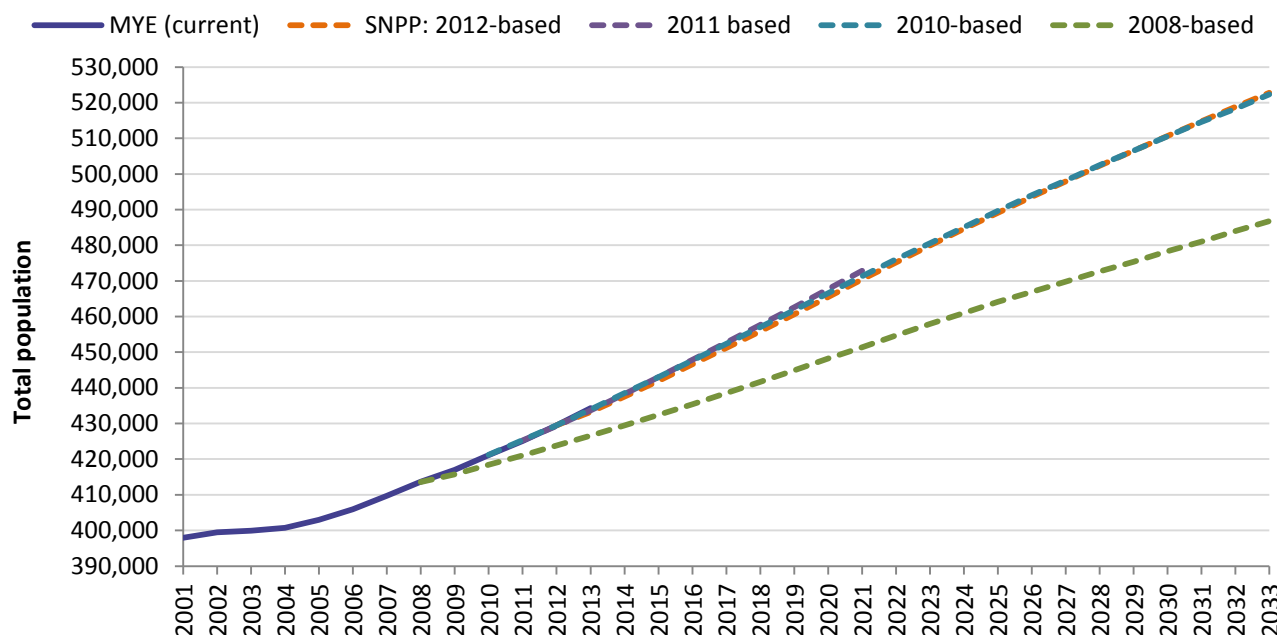
	2012-based		2011-based interim		2008-based	
	10 years 2012-22	25 years 2012-37	10 years 2011-21	25 years Not published	10 years 2008-18	25 years 2008-33
East Hertfordshire	820	770	770	-	700	640
Epping Forest	610	670	670	-	500	480
Harlow	310	340	320	-	200	240
Uttlesford	520	480	480	-	400	400
TOTAL	2,260	2,260	2,240	-	1,800	1,760

- 3.6 The CLG 2012-based household projections show an increase of 2,260 households each year over the 25-year period 2012-37, and the same rate of growth for the initial 10-year period. These figures project forward over the normal 25-year period and supersede both the 2008-based household projections (which projected a household growth of 1,760 per year from 2008-33) and the interim 2011-based household projections (which projected growth of 2,240 per year from 2011-21). The differences are largely due to changes in the ONS population projections (Figure 27) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).
- 3.7 Given that the 2012-based household projections show an increase from 175,189 to 224,827 households in West Essex and East Hertfordshire over the 22-year period 2011-33, we can establish that the “*starting point estimate of overall housing need*” for the Plan period should be based on an overall growth of 49,638 households, equivalent to an average of around 2,256 households per year (779 in East Hertfordshire, 653 in Epping Forest, 326 in Harlow and 498 in Uttlesford).

Official Population Projections

- 3.8 Figure 27 shows the outputs from the latest (2012-based) ONS Sub National **Population** Projections together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2012-based projections follow a similar trajectory to the 2010-based and 2011 based projections.

Figure 27: ONS Mid-Year Estimates and Sub-National Population Projections for West Essex and East Hertfordshire Study Area
(Source: ONS. Note: Household projections were not produced for the 2010-based SNPP)



- 3.9 Differences in the projected increase in population between the different projections are largely associated with the **assumed migration rates**, which are based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth. There were also methodological changes to the migration assumptions between the 2008-based and 2010-based figures.

Population Projections based on Local Circumstances

- 3.10 Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates ... Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance (March 2014), ID 2a-017

Components of Population Change

- 3.11 Changes in the population can be broadly classified into two categories:
- » Natural change in the population (in terms of births and deaths); and
 - » Changes due to migration, both in terms of international migration and also moves within the UK.
- 3.12 Figure 28 and Figure 29 illustrate the annual components of change data for each local authority area over the period since 1991. The trend-based data is based on the change in population recorded by the ONS Mid-Year Estimates (MYE) and the future data is based on the change in population projected by the SNPP data previously discussed.
- 3.13 Figure 28 shows natural growth (the number of births minus the number of deaths) and Figure 29 shows net migration and other changes (the number of people moving to the area minus the number of people moving away from the area). In both figures:
- » the bars show the annual data recorded by the MYE and the solid lines are based on a 10-year rolling average of this data;
 - » the dotted lines show the average annual change between the 2001 and 2011 Census; and
 - » the dashed lines show the change projected by the 2012-based SNPP.
- 3.14 It is evident that the MYE trends for natural growth (i.e. births and deaths) are relatively stable (Figure 28), with gradual changes from year-to-year in each area. The SNPP projections for natural growth are consistent with the MYE data, with the trends already established projected to continue into the future.
- 3.15 Nevertheless, the MYE data for net migration is more erratic from year-to-year (Figure 29). This is partly due to the migration flows actually fluctuating each year, but also due to difficulties associated with estimating the number of people moving in and out of local authority areas (especially migrants from overseas, where the estimates are largely based on the International Passenger Survey). The ONS recognise the difficulties associated with these estimates, and the data is revised following the Census.

Unattributable Population Change

- 3.16 Given that the ONS consider the population estimates in 2001 and 2011 to be more robust than the component of change data from year-to-year, an “accountancy” adjustment is factored in to the components of change to correct this data and ensure that it reconciles with the population estimates for the two Census years. Therefore, in addition to the known population flows, an element of “**Unattributable Population Change**” (UPC) is included in these figures.
- 3.17 The MYE component of change data for the period 2001-02 to 2010-11 has been corrected by the ONS following the 2011 Census, and this correction is incorporated into the estimates for “net migration and other changes”. Overall, the ONS concluded that the original component of change data for West Essex and East Hertfordshire overestimated population growth by almost 2,000 persons over the period 2001-11. The correction means that the data for these years is far more reliable than data for more recent years, which will not be validated until after the 2021 Census.
- 3.18 Nevertheless, over half of the adjustment for West Essex and East Hertfordshire was applied to estimates for the final three years of the period (2008-11), with almost quarter of the total correction (486 persons) being applied in the final year – so the original component of change data for the most recent years was the least reliable across the area as a whole.

Figure 28: ONS Mid-Year Estimates and Sub-National Population Projections by LA: Natural Growth (Note: Solid line shows MYE 10-yr rolling average, dotted line shows change between 2001 and 2011 Census, dashed line shows future projection)

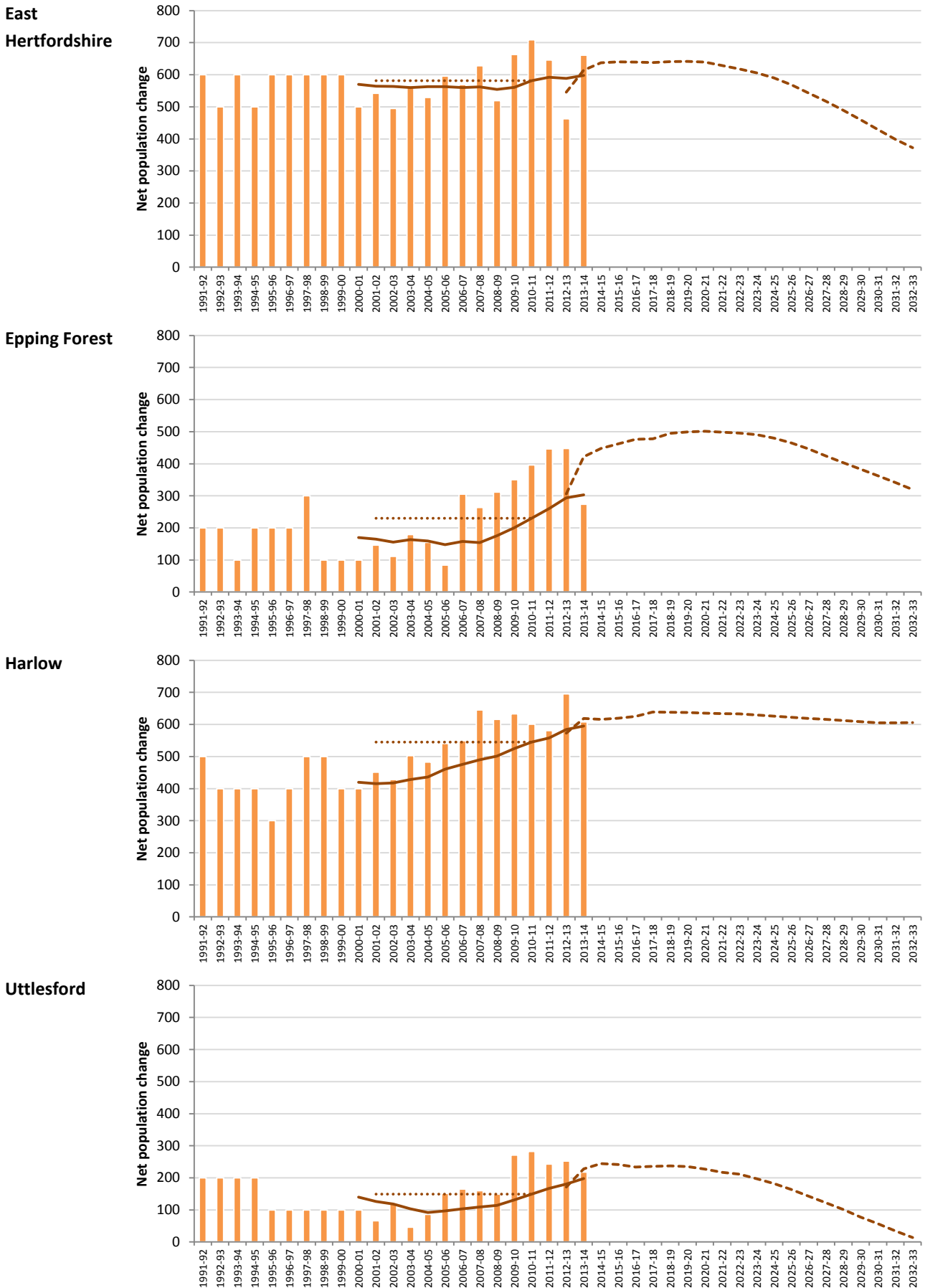
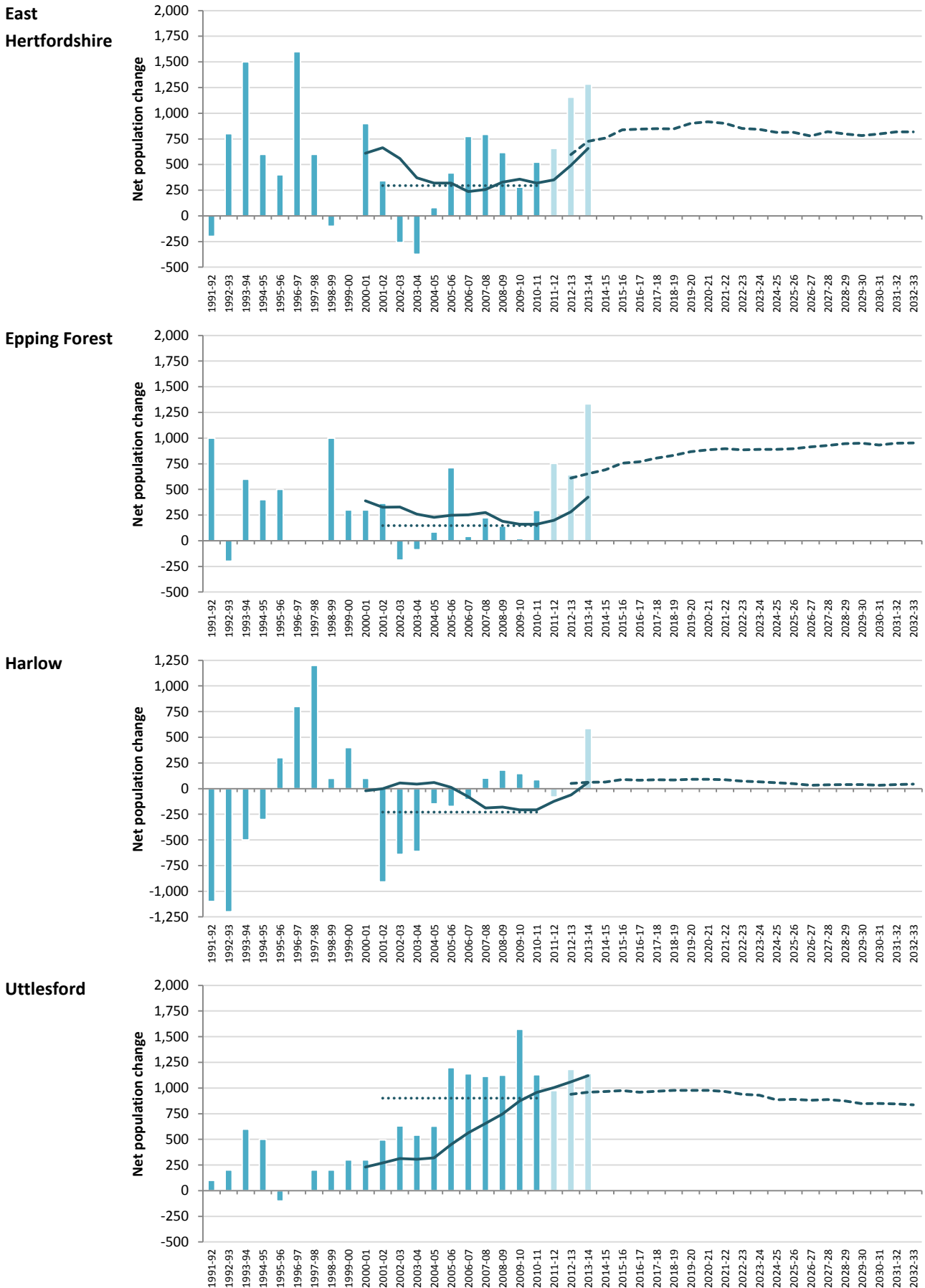


Figure 29: ONS Mid-Year Estimates and Sub-National Population Projections by LA: Net Migration (Note: Solid line shows MYE 10-yr rolling average, dotted line shows change between 2001 and 2011 Census, dashed line shows future projection)



- 3.19 Whilst the SNPP projections for natural growth are consistent with past trends, there is more variability when we consider the projections for net migration:
- » East Hertfordshire gained 3,000 migrants between the 2001 and 2011 Census (an average of 300 per year), however the 2012-based SNPP project a net gain of 600 migrants in 2012-13 climbing to 920 by 2020-21, with an average gain of 810 each year over the 25-year projection period;
 - » Epping Forest gained 1,500 migrants between the 2001 and 2011 Census (an average of 150 per year), however the 2012-based SNPP project a net gain of 600 migrants in 2012-13 climbing to 970 by 2032-33, with an average gain of 870 each year over the 25-year projection period;
 - » Harlow had a net outflow of 2,300 migrants between the 2001 and 2011 Census (an average loss of 230 per year), however the 2012-based SNPP project an average gain of 60 migrants each year over the 25-year projection period; and
 - » Uttlesford gained 9,000 migrants between the 2001 and 2011 Census (an average of 900 per year), which is consistent with the 2012-based SNPP which also project an average gain of 900 migrants each year over the 25-year projection period.
- 3.20 The differences between the reliable long-term trends in migration based on Census data and the future levels of migration that are projected are significant. As previously noted, this is partly due to the ONS SNPP projecting UK migration based on relatively short-term trends but also partly due to the projections not taking account of the corrections that ONS make to reconcile the MYE component of change data with the Census.

Considering Alternative Population Projections

- 3.21 Whilst the ONS SNPP provides a useful benchmark, having reviewed the data for this area it is appropriate to also consider other demographic projections based on different assumptions. The Essex Planning Officers Association commissioned Edge Analytics to review the available evidence and establish appropriate assumptions for future demographic projections that can inform a wide range of policy areas, including planning for housing.
- 3.22 Edge Analytics derived a range of potential population projections based upon different scenarios which adopt both standard and bespoke inputs that have been derived as part of the analysis as set out below;
- » **'PG-5Yr'**: Internal and international migration assumptions are based on the last 5 years of historical evidence (2007/08 to 2011/12).
 - » **'PG-10Yr'**: internal and international migration assumptions are based on the last 10 years of historical evidence (2002/03 to 2011/12).
 - » **'Natural Change'**: internal and international migration flows are set to zero.
 - » **'Net Nil'**: internal and international in- and out-migration are maintained, but the net migration balance is set at zero.
 - » **'Jobs'**: demographic change is constrained to the growth in total employment.
 - » **'Employed people'**: demographic change is constrained to the growth in the number of workplace employed people.

- 3.23 It is important to recognise that no one scenario will provide a definitive assessment of the future population; but taken collectively the different scenarios can help determine the most likely range of projections. SHMA Practice Guidance recognises that a variety of approaches to deliver a robust SHMA are possible and so is not prescriptive as to the methodology to be followed and the data to be used:

There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need.

Planning Practice Guidance (March 2014), ID 2a-005

- 3.24 Clearly some of the scenarios derived by Edge Analytics (such as natural Change and Net Nil migration) are not designed to derive OAN. However, there is clearly the potential to consider a range of migration or jobs led scenarios which can be used to help derived the OAN figure. Migration-led scenarios represent the most stable and accurate projections and jobs-led scenarios can subsequently be used to consistency check migration-led scenarios.
- 3.25 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

“To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. ... The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward.”

- 3.26 This issue has also been reinforced in PAS advice to Local Authorities¹⁰, where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

“For migration the base period is only five years:

- *Makes the official projections very unstable*
- *And recent projections lock in the recession”*

- 3.27 The second edition of the PAS OAN technical advice note (July 2015)¹¹ has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

“In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.”

¹⁰ “SHLAA, SHMA and OAN aka ‘Pobody’s Nerfect’”, PAS presentation at Urban Design London (July 2015)

<http://learningspace.urbandesignlondon.com/course/view.php?id=339>

¹¹ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvisenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

- 3.28 The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in *Town and Country Planning* (April 2015)¹².

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

- 3.29 The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)¹³:

“3.6 Migration. The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS’ Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing.”

- 3.30 On balance, we consider that:

- » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
- » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using 10-year migration trends as the basis for our analysis.**

- 3.31 The EPOA 10-year migration trend scenario is based on MYE data for the period 2002-12 and the analysis takes account of the ONS correction applied to the first nine years of this period; so this provides a useful basis for considering the likely population change over the next 10-20 years as a basis for understanding likely future housing needs. However, whilst the EPOA data provides a useful framework for considering the range of population growth scenarios, the SHMA has further reviewed the migration assumptions that have informed this scenario.

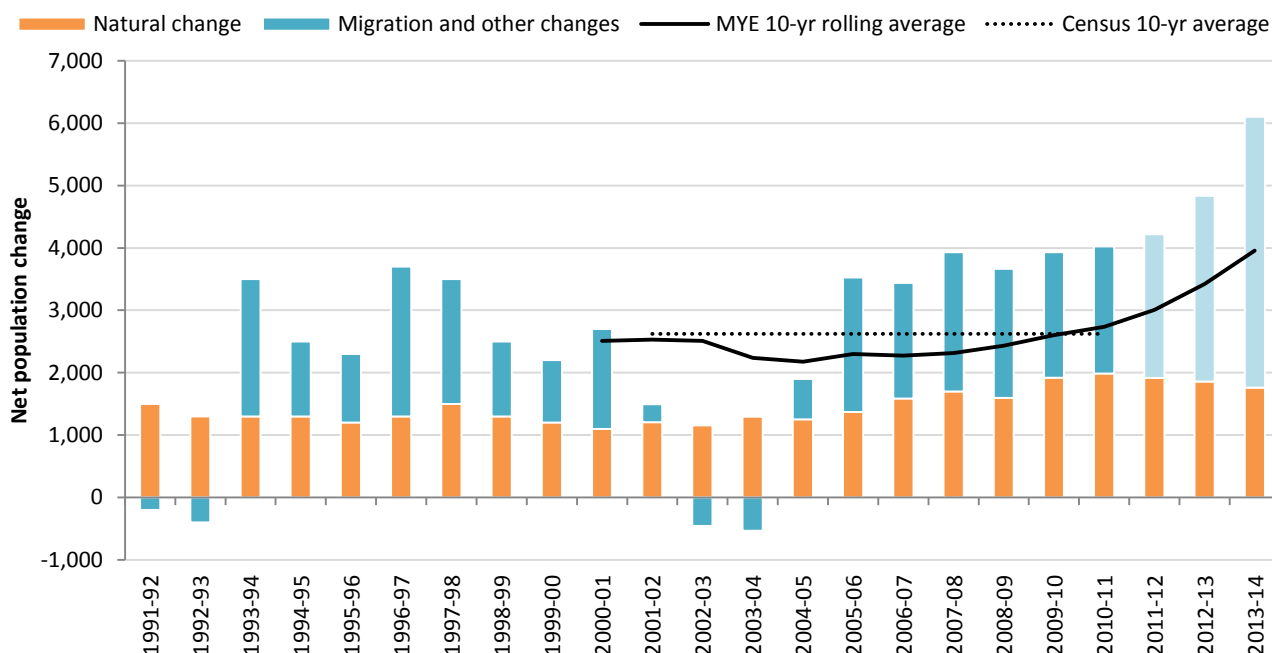
¹² “Making sense of the new English household projections”, *Town and Country Planning* (April 2015)

¹³ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

Considering Migration Assumptions

3.32 Figure 30 considers the trends across the West Essex and East Hertfordshire area as a whole. Whilst the level of migration recorded still fluctuates from year-to-year, it is evident that 10-year trends (illustrated by the solid line on the chart) remained relatively stable for the periods 1991-2001 through to 2001-2011. These were also broadly consistent with the average rate of growth based on the routinely more reliable Census data for the period 2001-2011 (illustrated by the dotted line). Nevertheless, it is important to recognise that the trends for the most recent 10-year periods are higher than previously recorded, mainly due to the component of change data for the last three years being higher than recorded in previous years. However, this more recent data is based exclusively on the estimated components of population change, whereas data for previous years is also informed by Census data.

Figure 30: ONS Mid-Year Estimates and Sub-National Population Projections for West Essex and East Hertfordshire (Note: Solid line shows MYE 10-yr rolling average, dotted line shows change between 2001 and 2011 Census. Note: Migration and other changes for data from 2011-12 onwards has not been reconciled to Census data; ONS will reissue this data following the next Census)



3.33 As previously noted (para 3.18), the component of change data for the period 2008-11 was the least reliable of the intercensal period, and these years accounted for half of the ONS correction for the decade. Given that there have been no changes to the way in which the ONS estimates migration since 2011, any systematic problems in the methodology for capturing recent migration trends are likely to persist and such problems would also affect the accuracy of the population estimates for the period 2011-14. Therefore, whilst there has been a moderate increase in long-term trends from an average annual growth of 2,200 persons over the period 1995-2005 to an average of 2,600 persons over the period 2001-2011, it is unlikely that the average growth was actually 4,000 persons each year over the period 2004-2014 – there are likely to be data quality issues.

3.34 On balance, data for the most recent intercensal period provides the most reliable basis for future population projections. Whilst the data suggests that migration rates may have recently increased, given the consistency in population growth recorded between 1991-2001 and 2001-2011 (both periods based on population estimates which take full account of Census data), the data suggests that these rates represent long-term norms.

3.35 The SHMA has therefore produced independent population projections based on 10-year migration trends using Census data for the most recent inter-censal period: 2001-11. This is consistent with our standard approach when establishing OAN which recognises that Census data is inherently more reliable than any other population estimates at a local level, a view echoed by the Public Administration Select Committee¹⁴:

“The International Passenger Survey does not provide accurate estimates of international migration in local areas. The Census provides the most accurate data on the number and characteristics of migrants at the local level... As the only reliable source of data on migrant populations in local areas, the potential loss of the Census is a concern.”

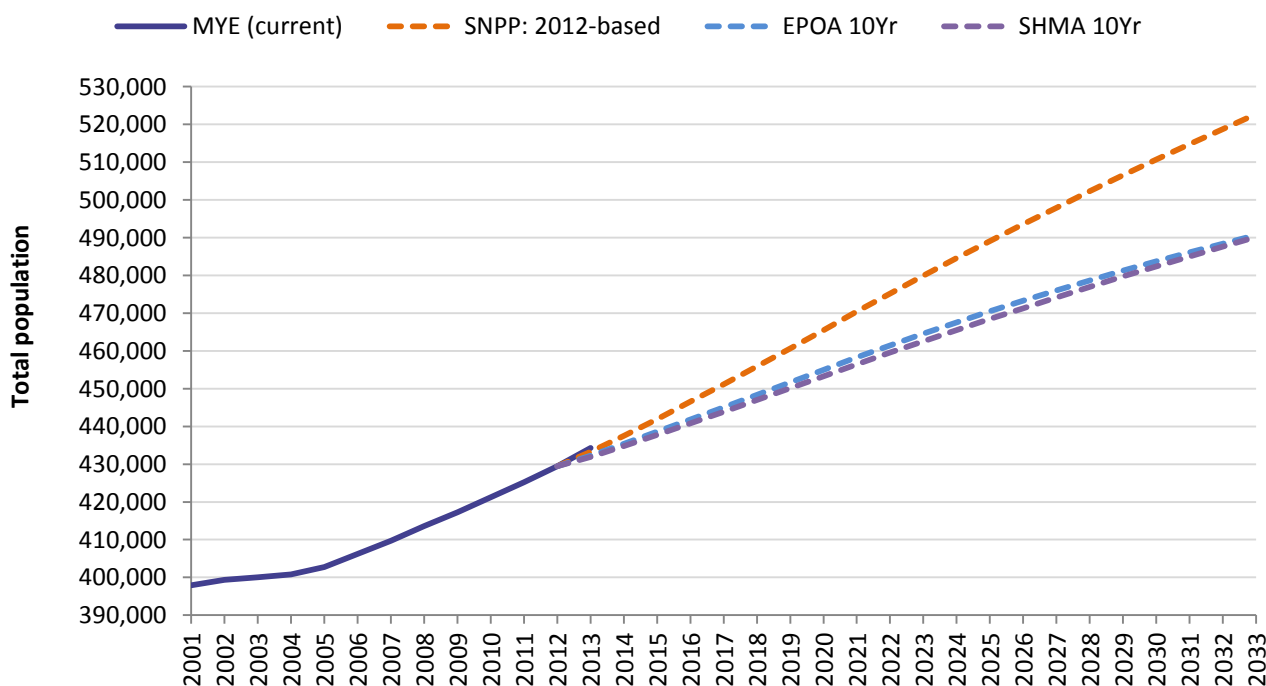
3.36 We have adopted this approach systematically across all assessments that we have undertaken since the publication of the NPPF, and the approach was supported by the Inspector examining the Core Strategy for Bath and North East Somerset. His report¹⁵ concluded (paragraphs 42-43):

“Given the uncertainties inherent in some of the data, particularly for flows of migrants internationally, a 10 year period is a reasonable approach ... The inter-censal period provides a readily understandable and robust check on the reasonableness of the average of about 550 per year for migration and other change used in the ORS model. Thus I consider that the ORS mid-trend population projection is a reasonable demographic projection.”

3.37 We have therefore considered the EPOA 10-year migration trend scenario alongside the separate SHMA population projections as a basis for establishing demographic projections based on local circumstances.

3.38 Figure 31 compares the 2012-based SNPP with the two separate population projections based on 10-year migration trends – the EPOA scenario based on migration trends from MYE data for the period 2002-12 and the SHMA projection based on migration trends from Census data for the period 2001-11.

Figure 31: Projected Population Growth for West Essex and East Hertfordshire based on SNPP and 10 year Trend Migration Scenarios (Source: ONS, Edge Analytics, SHMA)



¹⁴ House of Commons Public Administration Select Committee Migration Statistics (HC 523, July 2013)

¹⁵ Report on the Examination into Bath and North East Somerset Council’s Core Strategy (June 2014)

3.39 Whilst the 2012-based SNPP suggest that the population is likely to increase to almost 523,000 persons by 2033, both projections based on 10-year migration trends suggest that the overall population for the study area will increase to around 490,000 persons over the same period (over 30,000 fewer people). Nevertheless, there are notable differences between the figures for each local authority (Figure 32). It is clear that the period adopted for migration trends has a significant impact on the likely future population. However, the 10-year migration trend scenario provides a realistic starting point for projecting the future population growth in the study areas than shorter term migration scenarios which are subject to volatility.

Figure 32: Population projections for West Essex and East Hertfordshire by LA (Source: ONS, Edge Analytics, SHMA)

	East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
Total Change 2011-33					
2012-based Sub-National Population Projections	30,276	28,297	14,811	24,120	97,504
EPOA 10-year migration trend scenario (MYE 2002-12)	20,016	16,534	9,899	18,977	65,425
SHMA 10-year migration trend (Census 2001-11)	20,483	14,540	8,770	21,157	64,950
Annual Average					
2012-based Sub-National Population Projections	1,376	1,286	673	1,096	4,432
EPOA 10-year migration trend scenario (MYE 2002-12)	910	752	450	863	2,974
SHMA 10-year migration trend (Census 2001-11)	931	661	399	962	2,952

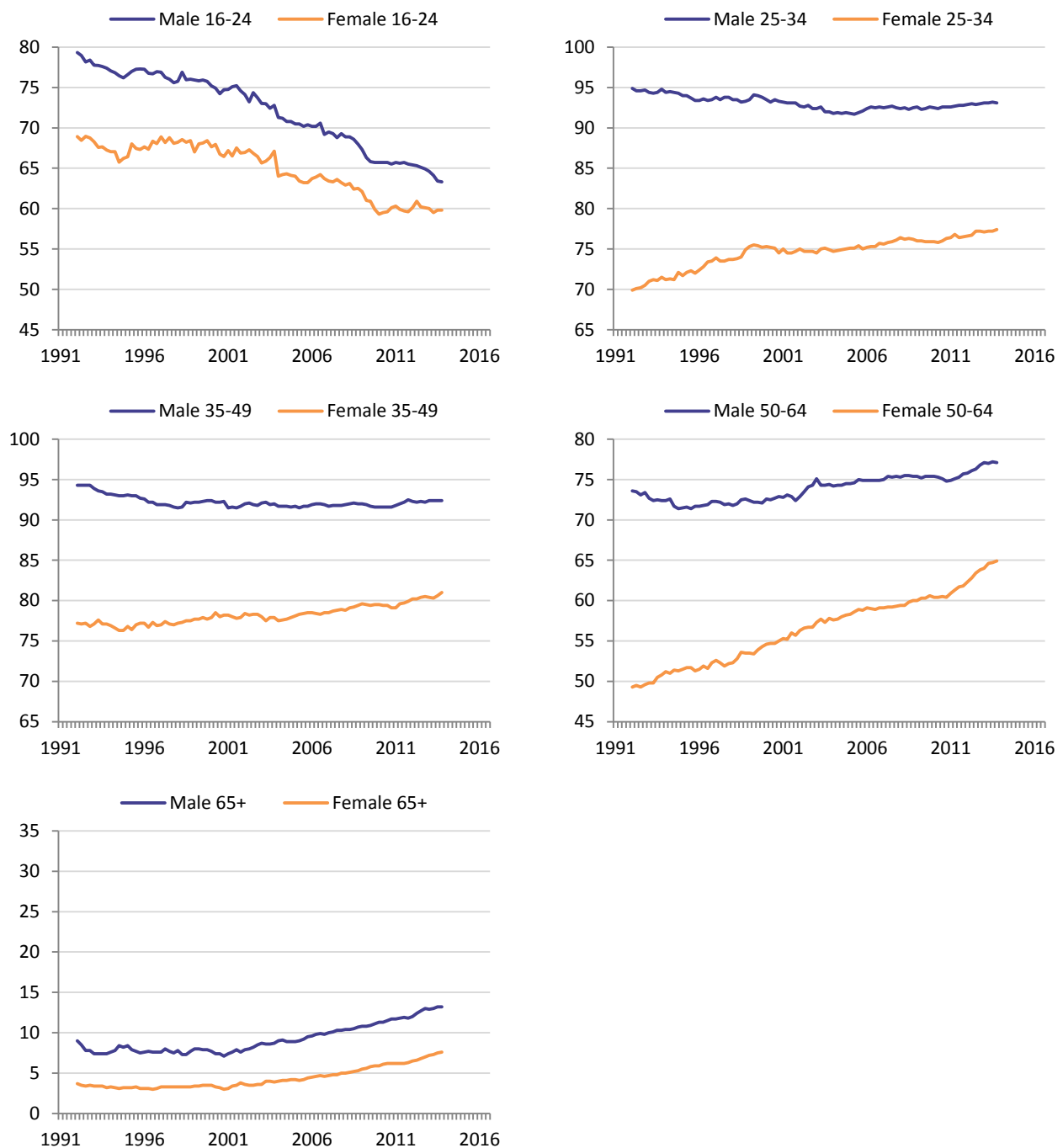
Figure 33: Population projections 2011-33 for West Essex and East Hertfordshire by gender and 5-year age cohort based on SNPP and 10-year migration trends

Age	2011			2033					
	M	F	Total	2012-based SNPP			SHMA 10-year migration trend (Census 2001-11)		
				M	F	Total	M	F	Total
Aged 0-4	13,644	12,888	26,532	15,241	14,435	29,676	13,958	13,210	27,168
Aged 5-9	12,807	12,277	25,084	16,361	15,443	31,804	15,090	14,214	29,304
Aged 10-14	13,568	12,810	26,378	17,002	16,080	33,082	15,850	14,941	30,791
Aged 15-19	13,611	12,903	26,514	15,745	14,601	30,346	14,831	13,682	28,513
Aged 20-24	10,896	10,877	21,773	11,562	11,130	22,692	10,750	10,218	20,968
Aged 25-29	11,528	12,030	23,558	13,161	13,065	26,226	12,181	11,923	24,104
Aged 30-34	12,891	13,545	26,436	13,620	13,887	27,507	12,552	12,644	25,195
Aged 35-39	14,069	15,045	29,114	16,191	16,373	32,564	14,894	14,942	29,836
Aged 40-44	16,263	17,391	33,654	17,622	18,135	35,757	16,286	16,665	32,951
Aged 45-49	16,948	17,562	34,510	17,036	18,009	35,045	15,827	16,730	32,558
Aged 50-54	14,828	15,213	30,041	16,651	17,502	34,153	15,618	16,491	32,108
Aged 55-59	12,684	12,655	25,339	14,998	15,367	30,365	14,181	14,631	28,812
Aged 60-64	12,778	13,170	25,948	15,402	16,318	31,720	14,716	15,654	30,370
Aged 65-69	9,915	10,556	20,471	15,252	16,300	31,552	14,644	15,688	30,332
Aged 70-74	7,364	8,354	15,718	13,066	14,131	27,197	12,605	13,655	26,260
Aged 75-79	6,199	7,546	13,745	10,189	11,293	21,482	9,871	10,947	20,818
Aged 80-84	4,512	6,102	10,614	7,930	9,407	17,337	7,698	9,128	16,825
Aged 85+	3,236	6,579	9,815	9,908	14,331	24,239	9,540	13,741	23,281
Total	207,741	217,503	425,244	256,937	265,807	522,744	241,092	249,102	490,194

Economic Activity

- 3.40 Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.
- 3.41 The **Labour Force Survey (LFS)** is a continuous survey of the employment circumstances of the nation’s population: it provides the official measures of employment and unemployment. Figure 34 shows economic activity rates (EAR) by age and gender for the UK since 1991, based on LFS data. It is evident that EAR rates are unlikely to remain constant in future as illustrated by past trends.

Figure 34: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



3.42 There are a number of notable trends evident:

- » Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;
- » Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and
- » Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

3.43 These changes in participation identified by the Labour Force Survey have been confirmed by Census data, which also shows that national trends are typically reflected at a local level.

3.44 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020¹⁶; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends¹⁷.

Labour Market Participation Projections

3.45 The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

“We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period.”

3.46 Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;
- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and
- » **Young people;** economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

¹⁶ Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

¹⁷ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

3.47 Recent increases in State Pension age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London¹⁸ concluded that:

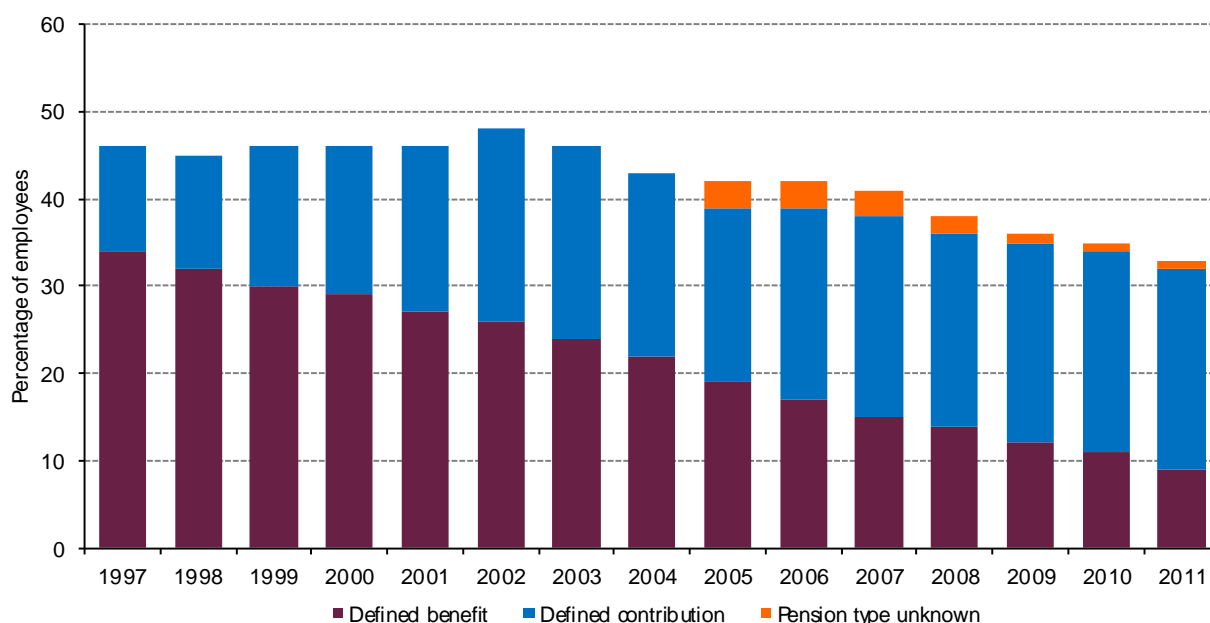
“Future increases in the state pension age will lead to a substantial increase in employment”.

3.48 However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health:** longer, healthier lives mean people spend longer in employment;
- » **Education:** higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;
- » **Family circumstances:** evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;
- » **Financial considerations:** expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and
- » **Compulsory retirement age:** the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don’t set a compulsory retirement age for their employees¹⁹.

3.49 Nevertheless, financial drivers are particularly important in the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes (Figure 35) will inevitably lead to higher economic activity rates amongst the older population.

Figure 35: National membership of private sector defined benefit and defined contribution schemes (Source: NAO)

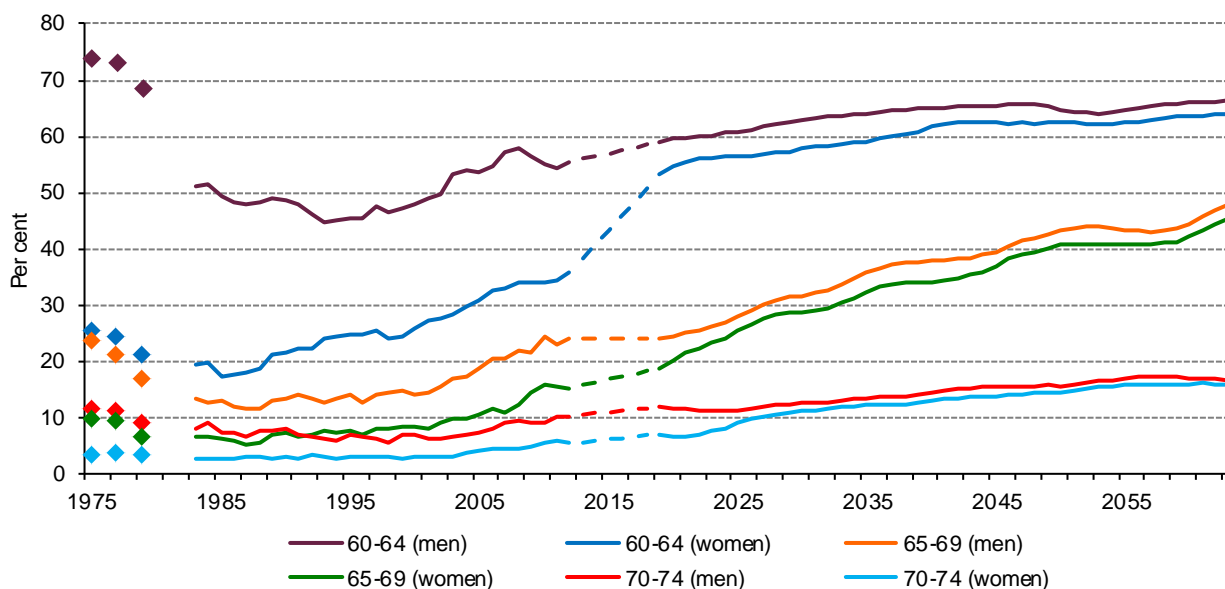


¹⁸ http://www.ifs.org.uk/pr/spa_pr_0313.pdf

¹⁹ <https://www.gov.uk/retirement-age>

^{3.50} Figure 36 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 36: National employment rates for 60-74 yr olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)



^{3.51} In summary, for those:

- » **Aged 60-64:** employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;
- » **Aged 65-69:** the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and
- » **Aged 70-74:** the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

^{3.52} Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:

- » **Childbirth:** decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);
- » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;
- » **Support services for women in work:** an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

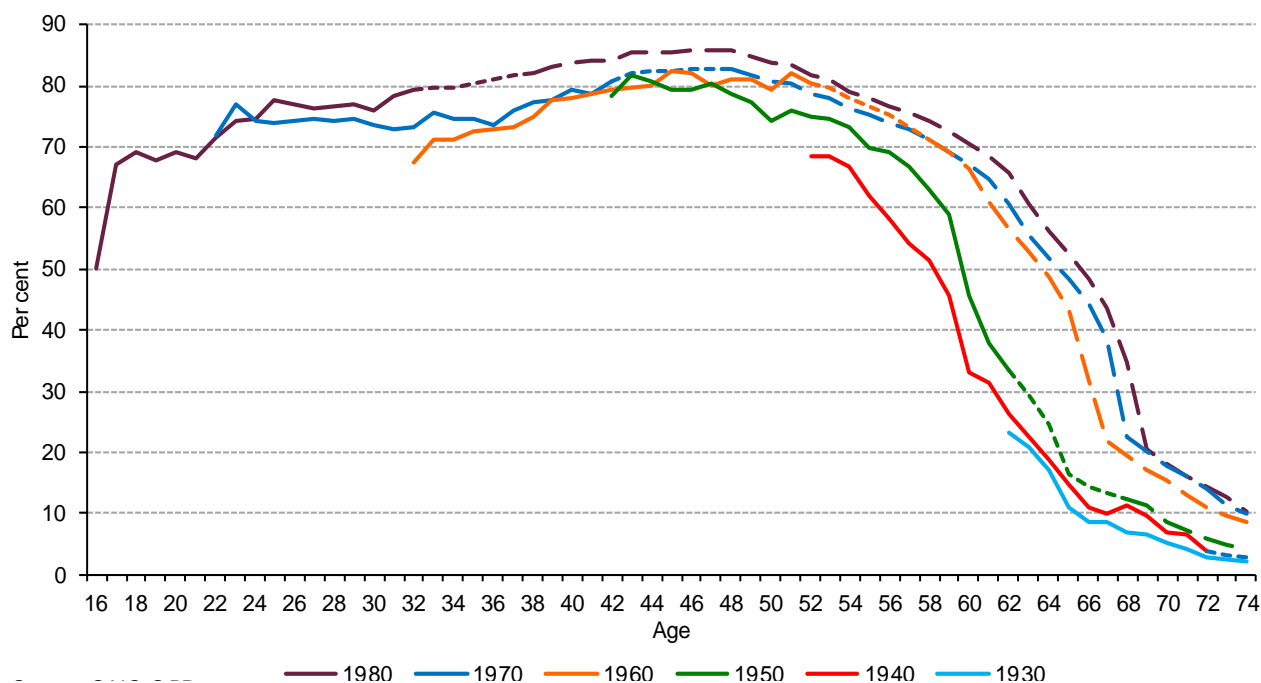
- » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

3.53 National policy still aspires to encourage more women into work. The Government is seeking to “*incentivise as many women as possible to remain in the labour market*”²⁰ and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women. The July 2015 Budget expanded free childcare for working families with 3 and 4 year old children from 15 hours to 30 hours from September 2017.

3.54 Historic data clearly shows that women born in the 1950s (who are now approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.

3.55 Figure 37 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Figure 37: National female participation rates by Cohort (Source: ONS, OBR)



²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

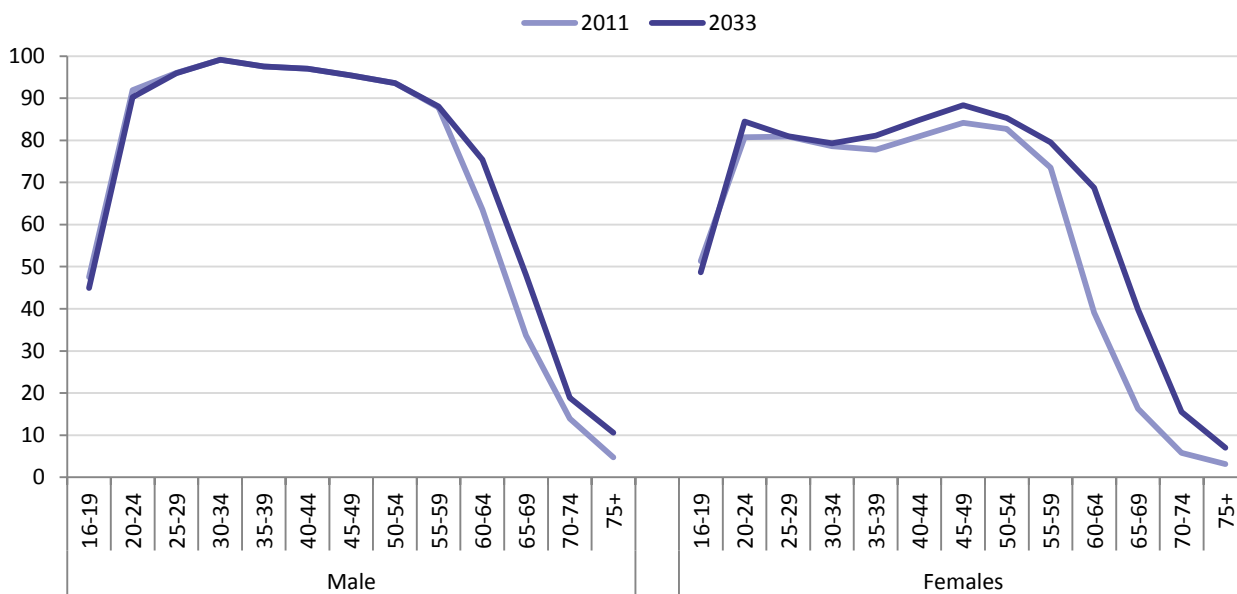
Young People

- 3.56 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education²¹. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 3.57 National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education²².
- 3.58 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

Projecting Future Economic Activity for West Essex and East Hertfordshire

- 3.59 Figure 38 shows the estimated economic activity rates for 2011 and the projected rates for 2033 based on Census data for East Hertfordshire, Epping Forest, Harlow and Uttlesford, and the OBR labour market participation projections.

Figure 38: Economic activity rates in 2011 and 2033 for West Essex and East Hertfordshire by age and gender based on OBR Labour Market Participation Projections



- 3.60 Participation rates for men under 60 are not projected to change, except for a very small decline in activity for those aged 16-19. There is increased in participation projected for men aged 60 and over, but these changes are only relatively marginal.

²¹ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

²² <http://www.bbc.co.uk/news/education-25236341>

- 3.61 Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 35 are relatively stable (as there is no increased participation assumed for women born after the 1980s), but there are increased participation rates projected for all older age groups.
- 3.62 Figure 39 shows the estimated economically active population for the West Essex and East Hertfordshire HMA in 2011 and the projected economically active population in 2033 based on the population projections previously produced based on 10-year migration trends.

Figure 39: Projected economically active population 2011-33 for West Essex and East Hertfordshire (Note: All figures presented unrounded for transparency)

Age	2011			2033			Net change 2011-33		
	M	F	Total	M	F	Total	M	F	Total
Aged 16-19	5,138	5,207	10,345	5,215	5,178	10,394	+78	-29	+49
Aged 20-24	10,013	8,783	18,796	9,706	8,629	18,335	-308	-154	-462
Aged 25-29	11,068	9,733	20,802	11,692	9,655	21,347	+624	-78	+545
Aged 30-34	12,781	10,652	23,433	12,447	10,030	22,478	-334	-622	-955
Aged 35-39	13,721	11,703	25,424	14,528	12,124	26,652	+807	+421	+1,228
Aged 40-44	15,776	14,079	29,856	15,805	14,146	29,952	+29	+67	+96
Aged 45-49	16,177	14,777	30,953	15,110	14,785	29,894	-1,067	+8	-1,059
Aged 50-54	13,874	12,588	26,462	14,614	14,067	28,681	+739	+1,479	+2,218
Aged 55-59	11,142	9,304	20,446	12,487	11,642	24,128	+1,345	+2,337	+3,682
Aged 60-64	8,122	5,152	13,273	11,104	10,763	21,867	+2,983	+5,611	+8,594
Aged 65-69	3,341	1,722	5,063	7,039	6,247	13,287	+3,699	+4,525	+8,224
Aged 70-74	1,023	481	1,505	2,374	2,122	4,496	+1,350	+1,641	+2,991
Aged 75+	294	234	528	1,046	770	1,816	+752	+536	+1,288
Total	122,471	104,415	226,886	133,167	120,158	253,325	+10,697	+15,743	+26,439

- 3.63 The economically active population is projected to increase by around 26,400 people over the 22-year period 2011-33, equivalent to an average increase of 1,200 additional workers each year.

Establishing Household Projections for West Essex and East Hertfordshire

Household Population and Communal Establishment Population

- ^{3.64} Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments (institutional population). The methodology used by the SHMA is consistent with the CLG approach²³ (page 12):

“For the household projections, the assumption is made that the institutional population stays constant at 2011 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s. The rationale here is that ageing population will lead to greater level of population aged over 75 in residential care homes that would not be picked up if levels were held fixed but holding the ratio fixed will.”

- ^{3.65} The 2011 Census identified 4,502 persons living in Communal Establishments in the study area (1,925 in East Hertfordshire, 1,036 in Epping Forest, 393 in Harlow and 1,148 in Uttlesford). This is broadly consistent with the 4,548 persons identified by the CLG 2012-based household projections for 2011. Figure 40 shows the breakdown between the household and institutional population.

Figure 40: Population projections 2011-33 for West Essex and East Hertfordshire by gender and 5-year age cohort
(Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2011			2033			Net change 2011-33		
	HH	CE	Total	HH	CE	Total	HH	CE	Total
Aged 0-4	26,514	18	26,532	27,150	18	27,168	+636	0	+636
Aged 5-9	25,065	19	25,084	29,285	19	29,304	+4,220	0	+4,220
Aged 10-14	26,096	282	26,378	30,509	282	30,791	+4,413	0	+4,413
Aged 15-19	25,584	930	26,514	27,583	930	28,513	+1,999	0	+1,999
Aged 20-24	21,522	251	21,773	20,717	251	20,968	-805	0	-805
Aged 25-29	23,394	164	23,558	23,940	164	24,104	+546	0	+546
Aged 30-34	26,311	125	26,436	25,070	125	25,195	-1,241	0	-1,241
Aged 35-39	29,023	91	29,114	29,745	91	29,836	+722	0	+722
Aged 40-44	33,555	99	33,654	32,852	99	32,951	-703	0	-703
Aged 45-49	34,422	88	34,510	32,470	88	32,558	-1,952	0	-1,952
Aged 50-54	29,967	74	30,041	32,034	74	32,108	+2,067	0	+2,067
Aged 55-59	25,247	92	25,339	28,720	92	28,812	+3,473	0	+3,473
Aged 60-64	25,853	95	25,948	30,275	95	30,370	+4,422	0	+4,422
Aged 65-69	20,382	89	20,471	30,243	89	30,332	+9,861	0	+9,861
Aged 70-74	15,573	145	15,718	26,115	145	26,260	+10,542	0	+10,542
Aged 75-79	13,539	206	13,745	20,490	327	20,818	+6,951	+121	+7,073
Aged 80-84	10,207	407	10,614	16,230	595	16,825	+6,023	+188	+6,211
Aged 85+	8,442	1,373	9,815	20,443	2,837	23,281	+12,002	+1,464	+13,466
Total	420,696	4,548	425,244	483,873	6,322	490,194	+63,177	+1,773	+64,950
East Herts	136,215	1,940	138,155	156,169	2,469	158,638	+19,954	+529	+20,483
Epping Forest	123,833	1,047	124,880	137,839	1,582	139,420	+14,006	+535	+14,540
Harlow	81,780	397	82,177	90,382	565	90,947	+8,602	+168	+8,770
Uttlesford	78,868	1,164	80,032	99,483	1,706	101,189	+20,615	+542	+21,157

²³ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- 3.66 It will be important to recognise the projected growth of population aged 75 or over living in communal establishments when establishing the overall housing requirement.
- 3.67 Given that the population projections have already established the total population aged 75 or over, a consequence of the assumed increase in institutional population for these age groups is fewer older people being counted in the household population. This affects the projected household growth for the area. It is therefore necessary to plan for the increase in institutional population, as this will be additional to the projected household growth; although the councils will need to consider the most appropriate types of housing in the context of future plans for delivering care and support for older people.

Household Representative Rates

- 3.68 Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as “household representatives” or “heads of household”. The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.
- 3.69 The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

“Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census ... this can only be truly assessed once the 2011 Census results are available.”

- 3.70 The CLG 2012 based household projections technical document confirmed the findings (page 24):

“At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census.”

- 3.71 Whilst Inspectors have been keen to avoid perpetuating any possible “recessionary impact” associated with the lower formation rates suggested by the interim 2011-based data, the CLG household projections are based on much longer-term trends. Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) recently considered the CLG households projections in an article published in Town and Country Planning (December 2014):

“Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011.”

- 3.72 The 2012-based household projections published in February 2015 incorporate far more data from the 2011 Census than was available for the interim 2011-based household projections, and these projections provide data for the 25-year period 2012-37 based on long-term demographic trends. The household

representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

3.73 The second edition of the PAS OAN technical advice note confirms (paragraph 6.39-43):

“The CLG 2012 projection provides a new set of HRRs, which are generally higher than the interim 2011 rates, though still below the 2008 rates. ... Housing needs studies should now use as a starting point the CLG 2012 HRRs, leaving aside earlier scenarios. ... Indexed and return-to-trend projections, which previously attempted to do this, have been rendered out of date by the CLG 2012 projection.”

3.74 It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the 2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

3.75 The 2012-based projections supersede both the 2008-based household projections and the interim 2011-based household projections. The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

3.76 Using the CLG 2012-based household representative rates, we can establish the projected number of additional households. The projected increase in households across the West Essex and East Hertfordshire HMA is summarised in Figure 41.

3.77 Figure 41 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes based on the proportion of dwellings without a usually resident household identified by the 2011 Census. This identified a rate of 3.0% for East Hertfordshire, 4.5% for Epping Forest, 3.2% for Harlow and 4.7% for Uttlesford. The rate was 3.8% across the West Essex and East Hertfordshire HMA as a whole.

Figure 41: Projected households and dwellings over the 22-year period 2011-33 for West Essex and East Hertfordshire
(Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census. Data may not sum due to rounding)

Scenario	Households				Dwellings			
	2011	2033	Net change 2011-33	Average annual change	2011	2033	Net change 2011-33	Average annual change
East Hertfordshire	56,813	70,086	13,272	603	58,600	72,290	13,690	622
Epping Forest	52,093	61,089	8,996	409	54,540	63,958	9,418	428
Harlow	34,701	39,455	4,754	216	35,835	40,745	4,910	223
Uttlesford	31,579	41,456	9,877	449	33,138	43,503	10,365	471
TOTAL	175,186	212,086	36,899	1,677	182,113	220,495	38,382	1,745

Conclusions

- 3.78 PPG identifies that the starting point for estimating housing need is the CLG 2012-based household projections. For the 22-year period 2011-33, these projections suggest an increase of 49,638 households across the West Essex and East Hertfordshire HMA: an average growth of 2,256 households each year, comprised of 779 in East Hertfordshire, 653 in Epping Forest, 326 in Harlow and 498 in Uttlesford.
- 3.79 However, the future projections are particularly sensitive to the period on which migration trends are based, and PAS advice to Local Authorities suggests that the official projections are “*very unstable*” and it is more appropriate to adopt a longer base period to establish robust migration trends. This view is echoed by academics and has been promoted by Planning Inspectors at numerous Local Plan Examinations. Furthermore, the Public Administration Select Committee has identified the Census as “*the only reliable source of data on migrant populations in local areas*”.
- 3.80 Given this context, the SHMA has developed independent household projections using a 10-year migration trend based on Census data. The specific method used has been supported previously at Examination²⁴, where it was noted that “*a 10 year period is a reasonable approach*” and “*the inter-censal period provides a readily understandable and robust check on the reasonableness of the average*”.
- 3.81 Figure 41 shows that the population projection based on 10-year migration trends identifies an increase of 36,899 households across the HMA for the 22-year period 2011-33 (603 households in East Hertfordshire, 409 in Epping Forest, 216 in Harlow and 449 in Uttlesford), an average growth of 1,677 each year.
- 3.82 Whilst these figures are lower than the CLG 2012-based projections for the same period, the SHMA analysis reflects good practice and provides a stable projection based on the most reliable data. The lower increase in household numbers is due to the underlying population projections – long-term migration trends show lower migration rates than recent years. These lower migration rates are partly due to errors in the population estimates over the last 10 years (corrected following the 2011 Census), but it is also important to recognise that short-term trends are unlikely to be sustained for the full 22-year period 2011-33.
- 3.83 The long-term migration trends based on the intercensal period provide the most robust and reliable basis for projecting the future population, and therefore **the projected household growth of 1,677 households each year (1,745 dwellings) provides the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing.**

²⁴ Report on the Examination into Bath and North East Somerset Council’s Core Strategy (June 2014)

4. Housing Mix and Tenure

Establishing the need for market and affordable housing

- 4.1 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.
- 4.2 PPG notes that affordable housing need is based on households “*who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*” (paragraph 22) and identifies a number of different types of household which may be included:

What types of households are considered in housing need?

The types of households to be considered in housing need are:

- » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
- » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
- » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
- » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*

Planning Practice Guidance (March 2014), ID 2a-023

- 4.3 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
 - » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.
- 4.4 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- 4.5 In West Essex and East Hertfordshire, there was a downward trend in the number of households accepted as being homeless and in priority need over the last decade (Figure 42). There were 218 such households in the first quarter of 2002 which reduced to 59 households by the first quarter of 2011, a net reduction of 159 households.
- 4.6 There has also been a downward trend in households living in temporary accommodation. There were 619 such households in 2002, including 38 in bed and breakfast accommodation and a further 76 in hostels; this had reduced to 229 in 2011, a net reduction of 390 households (Figure 43).

Figure 42: West Essex and East Hertfordshire households accepted as homeless and in priority need and households in temporary accommodation 2001-2015 (Source: CLG P1E returns)

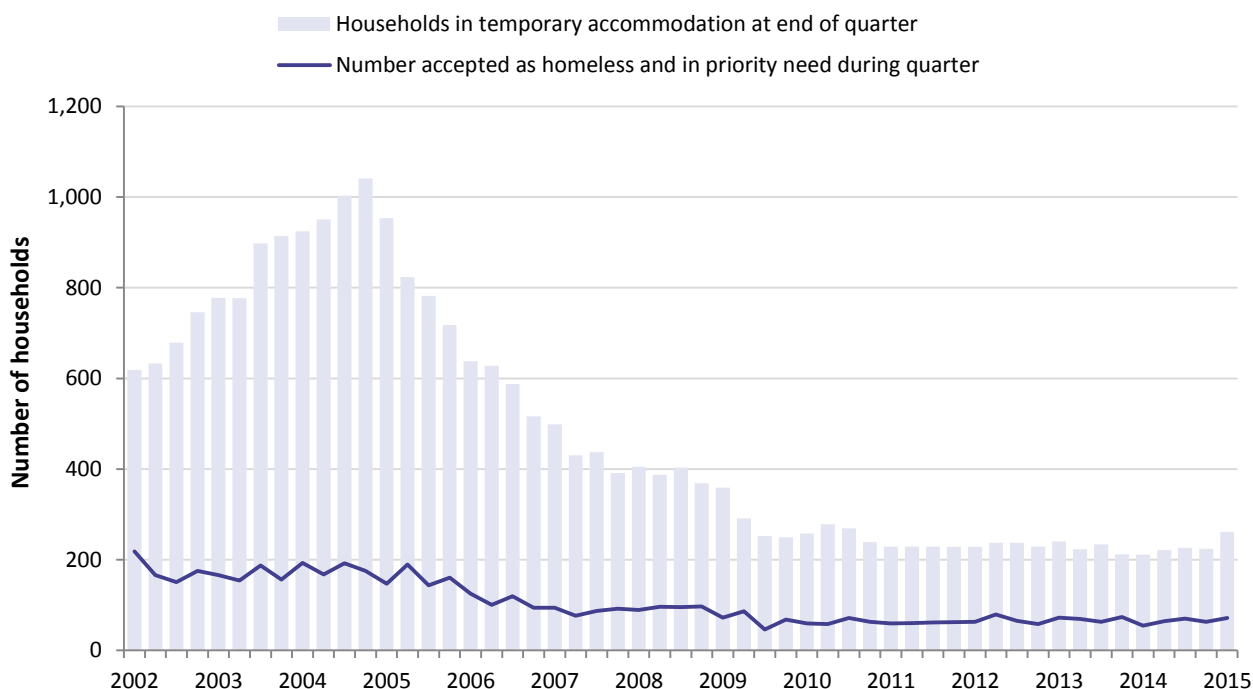


Figure 43: Households in temporary accommodation in West Essex and East Hertfordshire (Source: CLG P1E returns for March 2002 and March 2011. Note: Figures were not available for all of the study area in the 2001 data)

		West Essex and East Hertfordshire			England 2011
		2002	2011	Net change 2002-11	
Households in temporary accommodation	Bed and breakfast	38	6	-32	-
	Hostels	76	57	-19	-
	Local Authority or RSL stock	500	87	-413	-
	Private sector leased (by LA or RSL)	3	12	9	-
	Other (including private landlord)	2	67	65	-
	TOTAL	619	229	-390	-
	<i>Rate per 1,000 households</i>	3.8	1.3	-2.5	2.2
Households accepted as homeless but without temporary accommodation provided			3	3	0

- 4.7 It is evident that statutory homelessness has not become significantly worse in West Essex and East Hertfordshire over the period since 2002, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however many households facing homelessness are now offered private rented housing.
- 4.8 Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

- 4.9 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their “host” household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

- 4.10 The number of **concealed families** living with households in West Essex and East Hertfordshire increased from 961 to 1,695 over the 10-year period 2001-11 (Figure 44), an increase of 734 families (76%).

Figure 44: Concealed families in West Essex and East Hertfordshire by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	113	368	+255
Aged 25 to 34	318	539	+221
Aged 35 to 44	152	163	+11
Aged 45 to 54	59	147	+88
Sub-total aged under 55	642	1,217	+575
Aged 55 to 64	64	130	+66
Aged 65 to 74	151	203	+52
Aged 75 or over	104	145	+41
Sub-total aged 55 or over	319	478	+159
All Concealed Families	961	1,695	+734

- 4.11 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of

734 families over the period 2001-11, almost 8-in-10 (78%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Sharing Households

- 4.12 The number of **sharing households** fell from 232 to 43 over the 10-year period 2001-11 (Figure 45), a decrease of 189 households (81%).

Figure 45: Shared Dwellings and Sharing Households in West Essex and East Hertfordshire (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	206	20	-186
Number of household spaces in shared dwellings	232	87	-145
All Sharing Households	232	43	-189
Household spaces in shared dwellings with no usual residents	0	44	44

- 4.13 Figure 46 shows that the number of **multi-adult households** living in the area increased from 5,407 to 6,590 households over the same period, an increase of 1,183 (22%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group** and **individuals with lodgers**.

Figure 46: Multi-adult Households in West Essex and East Hertfordshire (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	3,334	3,806	472
Private rented	1,351	1,985	634
Social rented	722	799	77
All Households	5,407	6,590	1,183

- 4.14 The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 634 households (an increase from 1,351 to 1,985 households over the period) and this represents over half (54%) of the total increase in multi-adult households living in the area.
- 4.15 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 4.16 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

4.17 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."

4.18 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

- » A one person household is assumed to require three rooms (two common rooms and a bedroom); and
- » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).

4.19 For West Essex and East Hertfordshire, overcrowding increased from 8,899 to 11,583 households (an increase of 2,684) over the 10-year period 2001-11 (Figure 47). This represents a growth of 30%, which is higher than the national increase for England (23%). When considered by tenure, overcrowding has increased by 44 households in the owner occupied sector, increased by 906 households in the social rented sector with the largest growth in the private rented sector where the number has increased from 1,690 to 3,424, a growth of 1,734 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also had the biggest increase from 11.0% to 14.7% (a growth of 33%).

4.20 Considering the individual authorities in the study area:

- » **East Hertfordshire** has seen the most significant increase (+31%), particularly in social rent (+26%) and private rent (24%);
- » **Epping Forest** has seen a more modest increase (+18%) including a reduction in owned (-8%), but with a larger increase in private rent (+30%) and social rent (+29%);
- » **Harlow** has seen a more modest increase (+21%) including a reduction in owned (-4%), but with a larger increase in private rent (+38%); and
- » **Uttlesford** has also seen an increase of 20% with a relatively small rise in owned (+2%) and larger increases in private rent (+33%) and social rent (+24%).

Figure 47: Proportion of overcrowded households 2011 for West Essex and East Hertfordshire and change 2001-11 by tenure
 (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
East Hertfordshire								
Owned	920	2.3%	1,048	2.6%	128	+11%	509	1.2%
Private rented	673	12.4%	1,281	15.6%	608	+26%	409	5.0%
Social rented	864	12.9%	1,154	16.1%	290	+24%	527	7.3%
All Households	2,457	4.7%	3,483	6.2%	1,026	+31%	1,445	2.6%
Epping Forest								
Owned	1,149	3.0%	1,058	2.8%	-91	-8%	698	1.8%
Private rented	511	11.1%	927	14.5%	416	+30%	346	5.4%
Social rented	1,094	13.4%	1,357	17.4%	263	+29%	650	8.3%
All Households	2,754	5.4%	3,342	6.4%	588	+18%	1,694	3.3%
Harlow								
Owned	871	4.4%	834	4.2%	-37	-4%	567	2.9%
Private rented	278	14.8%	825	20.3%	547	+38%	413	10.2%
Social rented	1,589	13.8%	1,804	16.7%	215	+21%	950	8.8%
All Households	2,738	8.3%	3,463	10.0%	725	+21%	1,930	5.6%
Uttlesford								
Owned	337	1.6%	381	1.7%	44	+2%	269	1.2%
Private rented	228	6.7%	391	8.5%	163	+27%	154	3.3%
Social rented	385	10.8%	523	13.2%	138	+22%	268	6.8%
All Households	950	3.5%	1,295	4.1%	345	+20%	691	2.2%
WEST ESSEX AND EAST HERTFORDSHIRE								
Owned	3,277	2.8%	3,321	2.7%	44	-1%	2,043	1.7%
Private rented	1,690	11.0%	3,424	14.7%	1,734	+33%	1,322	5.7%
Social rented	3,932	13.1%	4,838	16.3%	906	+24%	2,395	8.0%
All Households	8,899	5.5%	11,583	6.6%	2,684	+22%	5,760	3.3%
All Households								
ENGLAND	-	7.1%	-	8.7%	-	+23%	-	4.6%
South West Essex	-	5.9%	-	7.7%	-	+31%	-	4.3%
Stevenage & Northern Herts	-	5.5%	-	6.6%	-	+20%	-	3.2%
Crawley & Reigate	-	5.2%	-	6.5%	-	+26%	-	3.2%
Greater London	-	17.3%	-	21.7%	-	+25%	-	11.3%

English Housing Survey Data

Overcrowding

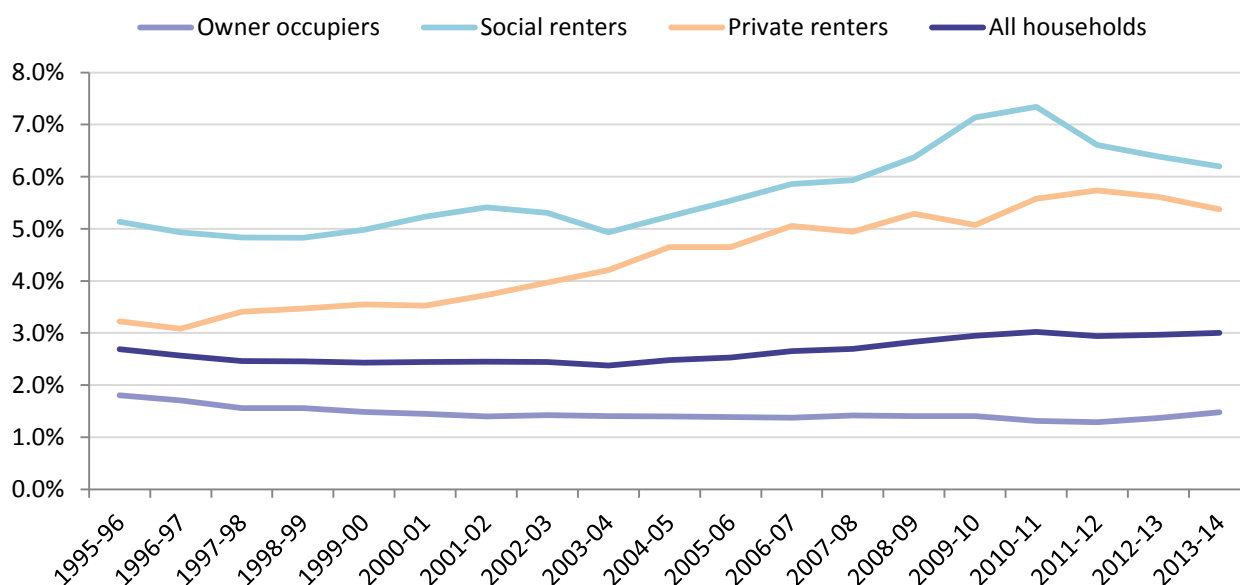
- 4.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.
- 4.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach²⁵ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 4.23 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 48: Trend in overcrowding rates for England by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



²⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

- 4.24 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance²⁶ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).
- 4.25 This Guidance, “Allocation of accommodation: Guidance for local housing authorities in England”, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

“4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple*
- adult aged 21 years or more*
- pair of adolescents aged 10-20 years of the same sex*
- pair of children aged under 10 years regardless of sex”*

- 4.26 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for West Essex and East Hertfordshire, we can estimate overcrowding using the bedroom standard. Figure 49 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **1,098 owner occupied, 709 private rented and 1,904 social rented households were overcrowded** in the West Essex and East Hertfordshire HMA in 2011. Student households have been excluded from this calculation given that their needs are assumed to be transient.

Figure 49: Estimate of the number of overcrowded households in West Essex & East Hertfordshire HMA by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

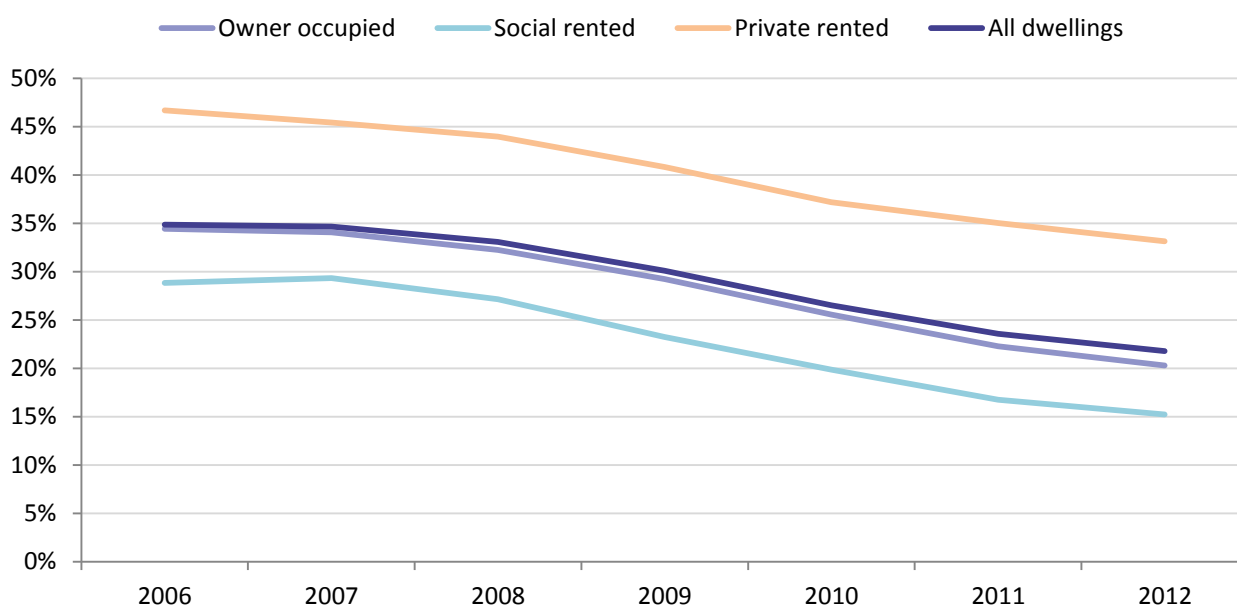
	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011						
Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
WEST ESSEX & EAST HERTFORDSHIRE HMA						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	2,043	3,321	1,322	3,424	2,395	4,838
Full-time student households [E]	306	306	359	564	207	204
Overcrowded households (excluding students) [F = D - E]	1,737	3,015	963	2,860	2,188	4,634
Estimate of overcrowded households based on the bedroom standard [G = C × F]	990	1,206	616	801	1,816	1,993
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	1,098		709		1,904	

²⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Housing Condition and Disrepair

- 4.27 The EHS also provides useful information about **housing disrepair**. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.
- 4.28 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:
- » Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
 - » Be in a reasonable state of repair; and
 - » Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
 - » Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).
- 4.29 If a dwelling fails any one of these criteria, it is considered to be “non-decent”. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation” June 2006.
- 4.30 Figure 50 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a third of the private rented sector (33.1%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 50: Trend in non-decent homes in England by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)



Housing Register Data

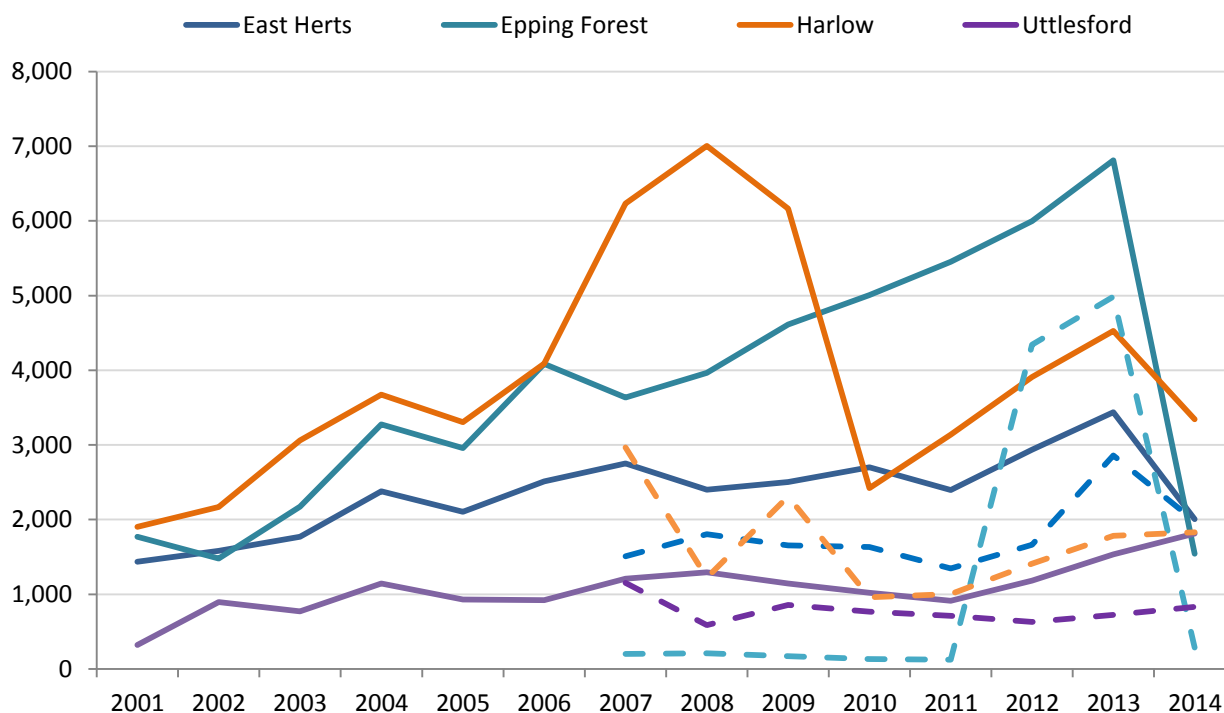
4.31 The local authority **housing register** and **transfer lists** are managed through individual HomeChoice local Choice Based Lettings schemes managed by each of the four local authorities in West Essex and East Hertfordshire. Households apply for a move via the scheme and 'bid' for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

4.32 Figure 51 shows the trend in households on the housing register over the period since 2001:

- » **East Hertfordshire** households on the housing register rose from 1,400 to 2,000 over the period 2001-14;
- » **Epping Forest** households on the housing register fell from 1,800 to 1,500 over the period 2001-14, but with much sharper rises in the interim period;
- » **Harlow**: household on the housing register rose from 1,900 to 3,300 over the period 2001-14; and
- » **Uttlesford**: household numbers on the housing register rose from 300 in 2001 to 1,800 in 2014.

4.33 Overall, the trends show that the number of households registering for affordable housing has increased by around 60% over the last decade. Nevertheless, the criteria for joining the housing registers in all areas have recently changed as a result of policy changes following the Localism Act. Only people with a local connection now qualify for the housing register, and people with adequate financial resources (including owner occupiers) are no longer included – so the trends discussed above have to be understood in this context and number on the registers are falling.

Figure 51: Number of households on LA housing registers 2001-14 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)



4.34 Figure 51 also show the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires “reasonable preference” for housing to be given to people who are:

- » Legally homeless;
- » Living in unsatisfactory housing (as defined by the Housing Act 2004);
- » Need to move on medical/welfare grounds; or
- » Need to move to a particular area to avoid hardship.

4.35 Figure 52 provides further detailed information for the last 2 years. The number of households in **reasonable preference categories** has also been subject to variation from year-to-year, although these have not always followed the trends in the overall number of households on the register. The number of households with a reasonable preference in 2014 was 4,930 which was less than half the figure in 2013 (10,351) reflecting recent revisions to the system as part of the Localism agenda.

Figure 52: Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG. Note: “*” denotes that the data was unavailable)

	East Herts		Epping Forest		Harlow		Uttlesford		West Essex & East Herts	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Total households on the housing waiting list	3,438	2,005	6,811	1,544	4,527	3,344	1,536	1,813	16,312	8,706
Total households in a reasonable preference category	2,859	1,980	4,984	286	1,782	1,831	726	833	10,351	4,930
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	14	10	35	0	*	77	17	15	*	102
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	14	23	203	0	107	*	58	73	382	*
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	977	554	0	0	1,165	655	168	572	2,310	1,781
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,242	780	1,165	286	235	312	453	378	3,095	1,756
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	52	34	0	0	*	0	30	8	*	42

- 4.36 The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with the local authority data about homelessness.
- 4.37 Nevertheless, we previously estimated that there were around 3,711 overcrowded households in the West Essex and East Hertfordshire HMA, based on the bedroom standard (Figure 49) – but only 1,781 people were recorded by the housing registers in 2014 as currently “*occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions*”. Therefore, there are likely to be many households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.
- 4.38 When considering the types of household to be considered in housing need, the PPG also identified “*households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*” and “*households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*”. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category. Nevertheless, there were 1,756 people registered “*who need to move on medical or welfare grounds, including grounds relating to a disability*” and a further 42 “*who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)*”.

Households Unable to Afford their Housing Costs

- 4.39 The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

Plan makers ... will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (ID 2a-022, emphasis added)

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (ID 2a-024, emphasis added)

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (ID 2a-025, emphasis added)

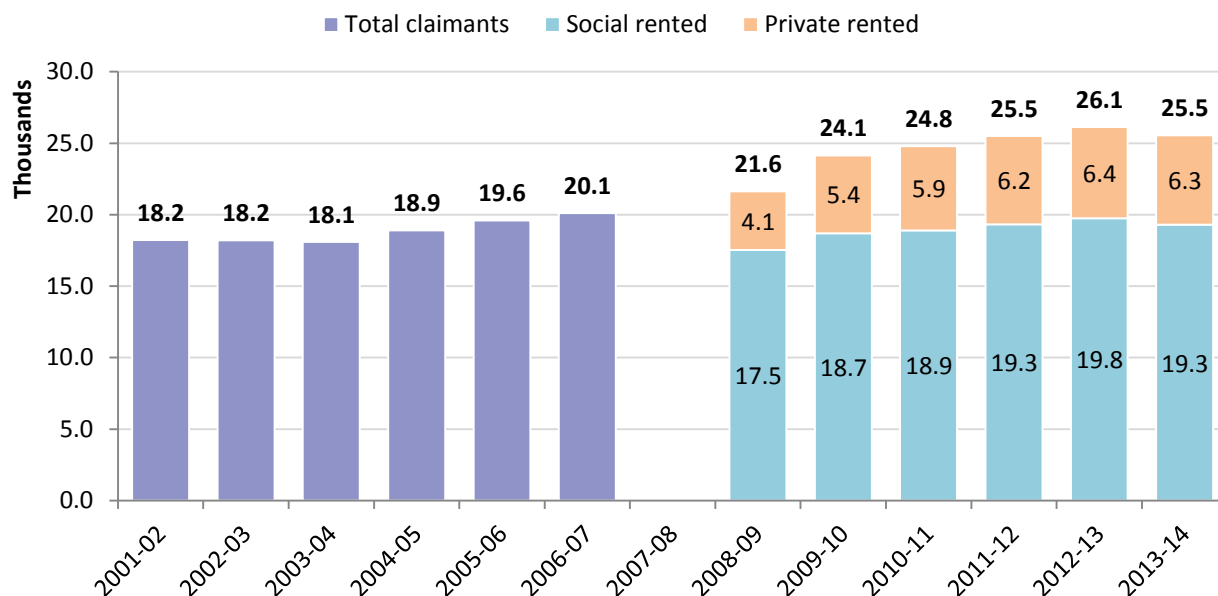
Planning Practice Guidance (March 2014)

- 4.40 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in West Essex & East Hertfordshire HMA

4.41 Figure 53 shows the trend in the number of housing benefit claimants in West Essex & East Hertfordshire HMA.

Figure 53: Number of claimants in receipt of housing benefit in West Essex & East Hertfordshire by tenure (Source: DWP)



4.42 The number of housing benefit claimants in West Essex & East Hertfordshire HMA increased from 18,227 to 20,100 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 375 families. The number of claimants reached 26,134 in 2012-13, therefore a much faster growth of around 1,000 families each year on average over the period from 2006-07. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by about 2,500 families.

4.43 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from around 17,500 to 19,800 over the period 2008-09 to 2012-13 – an increase of 2,200 families (13%); however over the same period the number of claimants in private rented housing increased from 4,100 to 6,400 families – an increase of 2,300 families (55%).

4.44 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in West Essex and East Hertfordshire. Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so not all will necessarily need affordable housing, though many may prefer this type of housing if it were available.

4.45 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

- 4.46 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- 4.47 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

- 4.48 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (March 2014), ID 2a-024

- 4.49 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on a reference point of March 2011). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

- 4.50 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 4.51 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2011.
- 4.52 Only around 40% of households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.
- 4.53 Our analysis counts the needs of all households living in overcrowded rented housing when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Unlike other low-income households, students are not eligible for welfare payments (such as housing benefit) and would not be allocated affordable housing; therefore student households are also excluded from the assessment of affordable housing need. Of course, the needs of student households are properly included within the assessment of overall housing needs.
- 4.54 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.
- 4.55 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).
- 4.56 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 4.57 The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

4.58 Figure 54 sets out the assessment of current affordable housing need for the West Essex & East Hertfordshire HMA.

Figure 54: Assessing current unmet gross need for affordable housing for West Essex and East Hertfordshire (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 43)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	63		63
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	79		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	87	87	
Households accepted as homeless but without temporary accommodation provided	3		3
Concealed households (see Figure 44)			
Growth in concealed families with family representatives aged under 55	575		575
Overcrowding based on the bedroom standard (see Figure 49)			
Households living in overcrowded private rented housing	709		
Households living in overcrowded social rented housing	1,904	1,904	
Other households living in unsuitable housing that cannot afford their own home (see Figure 52)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,756	112	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	42	3	
TOTAL	5,218	2,106	641

4.59 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are **5,218 households currently in affordable housing need in the West Essex and East Hertfordshire HMA who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

4.60 Of these households, 2,106 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 3,112 households** (5,218 less 2,106 = 3,112) **who currently need affordable housing and do not currently occupy affordable housing in the West Essex and East Hertfordshire HMA** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

4.61 This number includes 641 households that would not be counted by the household projections. **There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.**

4.62 Providing the net additional affordable housing needed will **release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 2,471 households** (5,218 less 2,106 + 641) **that are currently in affordable housing need who are unable to afford their own housing.**

Projected Future Affordable Housing Need

- 4.63 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 4.64 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.65 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 4.66 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 4.67 PPG identifies that “*projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need*” (paragraph 25); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.68 The affordability percentages in Figure 55 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:

- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
- » Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
- » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 55: Assessing affordability for West Essex and East Hertfordshire by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
EAST HERTFORDSHIRE:						
Percentage unable to afford market housing						
Single person household	33%	12%	17%	20%	21%	26%
Couple family with no dependent children	12%	4%	5%	8%	7%	12%
Couple family with 1 or more dependent children	71%	26%	10%	6%	9%	9%
Lone parent family with 1 or more dependent children	89%	84%	47%	30%	33%	49%
Other household type	17%	12%	24%	20%	16%	12%
EPPING FOREST:						
Percentage unable to afford market housing						
Single person household	35%	16%	24%	26%	27%	28%
Couple family with no dependent children	10%	4%	7%	9%	7%	10%
Couple family with 1 or more dependent children	60%	26%	12%	9%	11%	22%
Lone parent family with 1 or more dependent children	90%	78%	55%	39%	29%	57%
Other household type	22%	25%	24%	20%	14%	11%
HARLOW:						
Percentage unable to afford market housing						
Single person household	60%	26%	38%	48%	45%	47%
Couple family with no dependent children	27%	8%	15%	20%	20%	26%
Couple family with 1 or more dependent children	83%	41%	25%	22%	23%	34%
Lone parent family with 1 or more dependent children	96%	86%	65%	57%	51%	90%
Other household type	42%	41%	33%	38%	33%	30%
UTTLESFORD:						
Percentage unable to afford market housing						
Single person household	22%	11%	17%	19%	25%	31%
Couple family with no dependent children	14%	5%	6%	7%	7%	12%
Couple family with 1 or more dependent children	46%	21%	9%	6%	6%	16%
Lone parent family with 1 or more dependent children	92%	75%	50%	39%	27%	29%
Other household type	29%	21%	21%	16%	17%	13%

Components of Projected Household Growth

- 4.69 PPG identifies that the CLG household projections “*should provide the starting point estimate for overall housing need*” (paragraph 15) and that “*the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth*” (paragraph 16). **However, when considering the number of newly arising households likely to be in affordable housing need**, the PPG recommends a “*gross annual estimate*” (paragraph 25) suggesting that “*the total need for affordable housing should be converted into annual flows*” (paragraph 29).
- 4.70 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.
- 4.71 Figure 56 shows the individual components of annual household growth over a 25 year period, with the first period containing 5 years.

Figure 56: Components of average annual household growth for West Essex and East Hertfordshire by 5-year projection period
(Source: ORS Housing Model. Note; Figures may not sum due to rounding)

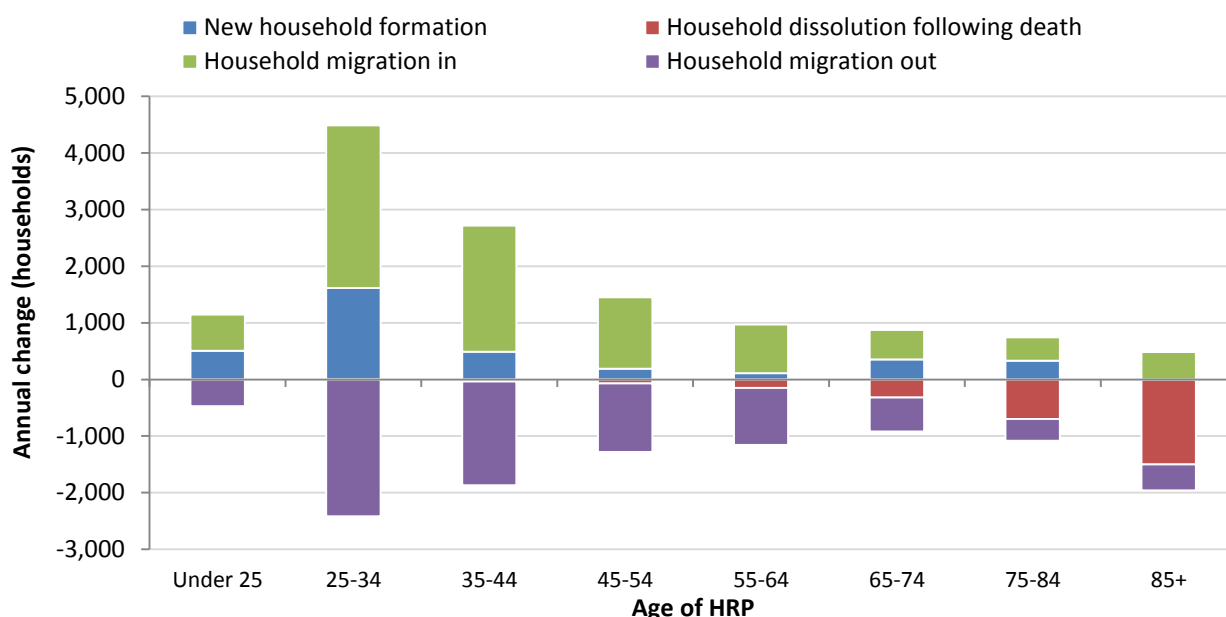
	Annual average for 5-year periods					Annual average 2011-33
	2011-16	2016-21	2021-26	2026-31	2031-36	
New household formation	3,521	3,493	3,453	3,553	3,706	3,523
Household dissolution following death	2,611	2,614	2,700	2,871	3,119	2,737
Net household growth within the HMA	+910	+880	+752	+683	+587	+786
Household migration in	8,830	8,999	9,226	9,514	9,840	9,206
Household migration out	7,986	8,201	8,361	8,523	8,783	8,315
Net household migration	+844	+798	+866	+991	+1,056	+891
Total household growth	+1,754	+1,677	+1,618	+1,673	+1,643	+1,677

- 4.72 Over the initial 5-year period (2011-16) the model shows that:
- » There are projected to be 3,521 new household formations each year; but this is offset against 2,611 household dissolutions following death – so there is an **average net household growth of 910 households** locally in West Essex and East Hertfordshire HMA;
 - » There are also projected to be 8,830 households migrating to West Essex and East Hertfordshire HMA offset against 7,986 households migrating away from the area – which yields an **increase of 845 households attributable to net migration**;
 - » The total household growth is therefore **projected to be 1,754** (910 plus 844 = 1,754) **households each year** over the initial 5-year period of the projection.
- 4.73 During the course of the full projection period, net household growth within West Essex and East Hertfordshire HMA is projected to be higher in the early part of the projection period than in the later years. This is despite gross household formation and net in-migration being projected to increase, due to a larger number of households projected to dissolve over the projection period.
- 4.74 Over the 22-year period 2011-33, total **household growth averages 1,677 households** each year with an average annual net growth of 786 households within the HMA and a net gain of 891 households based on migration.

Change in Household Numbers by Age Cohort

- 4.75 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 3,521 new households projected to form in West Essex and East Hertfordshire each year over the period 2011-16 (Figure 56) alongside the detailed information about household affordability (Figure 55).
- 4.76 Figure 57 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 57: Annual change in household numbers in each age cohort for West Essex and East Hertfordshire by age of HRP
(Source: ORS Housing Model)



- 4.77 Together with information on household type, this provides a framework for the Model to establish the **proportion of households who are unable to afford their housing costs**.
- 4.78 The Model identifies that 27% of all newly forming households are unable to afford their housing costs, which represents 939 households each year (Figure 58). The Model shows that a lower proportion of households migrating to the area are unable to afford (22%), but this still represents 1,975 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 2,914 new households each year who are unable to afford their housing costs.**

Figure 58: Affordability of new households for West Essex and East Hertfordshire over the initial 5-year period 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,521	2,582	939	27%
Households migrating in to the area	8,830	6,855	1,975	22%
All new households	12,351	9,437	2,914	24%

- 4.79 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “*total available stock from total gross need*” (paragraph 29), **but this over-simplifies what is a very complex system.**
- 4.80 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:
- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
 - » Similarly, not all households that are unable to afford housing are allocated affordable housing;
 - » Some will choose to move to another housing market area and will therefore no longer require affordable housing.
- 4.81 **In these cases, and others, the gross need will need adjusting.** The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.
- 4.82 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **2,611 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 24% are unable to afford market housing: most living in affordable housing.
- 4.83 When considering **households moving away** from the West Essex and East Hertfordshire HMA, the Model identifies that an average of 7,986 households will leave the area each year. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted.
- 4.84 Figure 59 summarises the total household growth. This includes the 2,914 new households on average each year who are unable to afford their housing costs, but offsets this against the 2,425 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in the West Essex and East Hertfordshire HMA (as they have moved to live elsewhere).

Figure 59: Components of average annual household growth for West Essex and East Hertfordshire 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,521	2,582	939	27%
Households migrating in to the area	8,830	6,855	1,975	22%
All new households	12,351	9,437	2,914	24%
Household dissolutions following death	2,611	1,973	638	24%
Households migrating out of the area	7,986	6,199	1,787	22%
All households no longer present	10,597	8,172	2,425	23%
Average annual household growth 2011-16	1,754	1,265	489	28%

- 4.85 **Overall, the Model projects that household growth will yield a net increase of 489 households on average each year (over the period 2011-16) who are unable to afford their housing, which represents 28% of the 1,754 total household growth for this period.**

Projecting Future Needs of Existing Households

- 4.86 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-025). Whilst established households that continue to live in the West Essex and East Hertfordshire HMA will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 634 established households fall into need each year** in the West Essex and East Hertfordshire HMA. This represents a rate of 3.6 per 1,000 household falling in to need each year.
- 4.87 Finally, whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households’ circumstances can improve**. For example:
- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 55 showed that 33% of single person households aged under 25 in East Hertfordshire could not afford housing, compared to 12% of couples of the same age; and for those aged 25 to 34, the proportions were 12% and 4% respectively.
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 55 showed that 26% of couple families with dependent children aged 25 to 34 in Epping Forest could not afford housing, compared to 12% of such households aged 35 to 44.
- 4.88 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **726 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 3.9 per 1,000 household climbing out of need each year.
- 4.89 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 92 households (634 less 726 = -92) needing affordable housing each year.**

Projecting Future Affordable Housing Need (average annual estimate)

4.90 Figure 60 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 60: Components of future affordable housing need for West Essex and East Hertfordshire 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,521	2,582	939	27%
Households migrating in to the area	8,830	6,855	1,975	22%
All new households	12,351	9,437	2,914	24%
Household dissolutions following death	2,611	1,973	638	24%
Households migrating out of the area	7,986	6,199	1,787	22%
All households no longer present	10,597	8,172	2,425	23%
Average annual household growth 2011-16	+1,754	+1,265	+489	28%
Existing households falling into need	-	-634	+634	100%
Existing households climbing out of need	-	+726	-726	0%
Change in existing households	-	92	-92	-
Average annual future need for market and affordable housing 2011-16	+1,754	+1,357	+397	23%

4.91 Overall, there is a projected need from **2,914 new households who are unable to afford their housing costs** (939 newly forming households and 1,975 households migrating to the area) each year; however, **2,425 households will either vacate existing affordable housing or will no longer need affordable housing** in the West Essex and East Hertfordshire HMA (as they have moved to live elsewhere) **thereby reducing the new need to a net total of 489 households.**

4.92 Considering the needs of existing households, there are 634 households expected to fall into need each year (a rate of 3.6 per 1000 households) but this is offset against 726 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 92 existing households that need affordable housing each year.**

4.93 Based on the needs of new households and existing households, there is a **projected increase of 397 households each year on average for the initial period 2011-16 who will need affordable housing** (489 less 92 = 397).

4.94 Using the approach outlined above for the initial 5-year period of the projection, the Model also considers the need for affordable housing over the 22-year period 2011-33. The Model identifies that **the number of households in need of affordable housing will increase by 13,291 households over the period 2011-33**, equivalent to an annual average of 604 households per year. This represents 35.1% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

4.95 Figure 61 brings together the information on assessing the unmet need for affordable housing in 2011, and the future affordable housing need arising over the 22-year period 2011-33.

Figure 61: Assessing total need for market and affordable housing in West Essex and East Hertfordshire (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2011 (see Figure 54)			
Total unmet need for affordable housing	-	5,218	5,218
Supply of housing vacated	2,381	2,106	4,487
Overall impact of current affordable housing need	-2,381	+3,112	+641
Projected future housing need 2011-33			
Newly forming households	55,927	21,584	77,511
Household dissolutions following death	45,508	14,709	60,217
Net household growth within West Essex and East Hertfordshire HMA	10,419	6,874	17,293
Impact of existing households falling into need	-15,426	15,426	-
Impact of existing households climbing out of need	16,899	-16,899	-
Impact of households migrating to/from the area	14,828	4,778	19,606
Future need for market and affordable housing 2011-33	26,720	10,179	36,899
Total need for market and affordable housing			
Projected impact of affordable housing need in 2011	-2,381	3,112	641
Future need for market and affordable housing 2011-33	26,720	10,179	36,899
Total need for market and affordable housing	24,339	13,291	37,540
Average annual need for housing	1,106	604	1,706
Proportion of need for market and affordable housing	64.8%	35.2%	100.0%

4.96 Figure 54 estimated there to be **5,218 households in need of affordable housing in 2011**. However, as 2,106 of these already occupied an affordable home, our previous conclusion was therefore a net need from 3,112 households (5,218 less 2,106 = 3,112) who need affordable housing and do not currently occupy affordable housing in the West Essex and East Hertfordshire HMA.

4.97 The 22-year projection period 2011-33 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 10,179 households over the period 2011-33**, alongside an increase of 26,720 households able to afford market housing.

4.98 Overall, there will be a **need to provide additional affordable housing for 13,291 households** over the period 2011-33. This is equivalent to an average of **604 households per year**.

4.99 Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Need by Local Authority Area

^{4.100} Figure 62 sets out the current unmet need for affordable housing and projected future affordable housing need for the 22-year period 2011-33 for each of the four local authority areas.

Figure 62: Assessing affordable housing need for West Essex and East Hertfordshire by local authority (Source: ORS Housing Model)

	Affordable Housing Need (households)				
	East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
Unmet need for affordable housing in 2011					
Total unmet need for affordable housing	1,632	1,171	1,597	818	5,218
Supply of housing vacated	471	544	849	242	2,106
Overall impact of current affordable housing need	1,161	627	748	576	3,112
Future need for affordable housing 2011-33	2,967	2,525	2,541	2,148	10,179
Total need for affordable housing 2011-33	4,128	3,152	3,289	2,724	13,291
Percentage of overall housing need	31%	34%	67%	27%	35%

^{4.101} The highest level of affordable housing need is in East Hertfordshire (4,128 households) compared to 3,152 in Epping Forest, 3,289 in Harlow and 2,724 in Uttlesford. However, whilst the proportion of affordable housing need is 34% in Epping Forest, 31% in East Hertfordshire and 27% in Uttlesford, the percentage in Harlow is markedly higher at 67%.

^{4.102} Figure 63 sets out the housing mix in terms of property type, size and affordable housing tenure in each of the local authority areas.

Figure 63: Assessing affordable housing mix for West Essex and East Hertfordshire by local authority (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

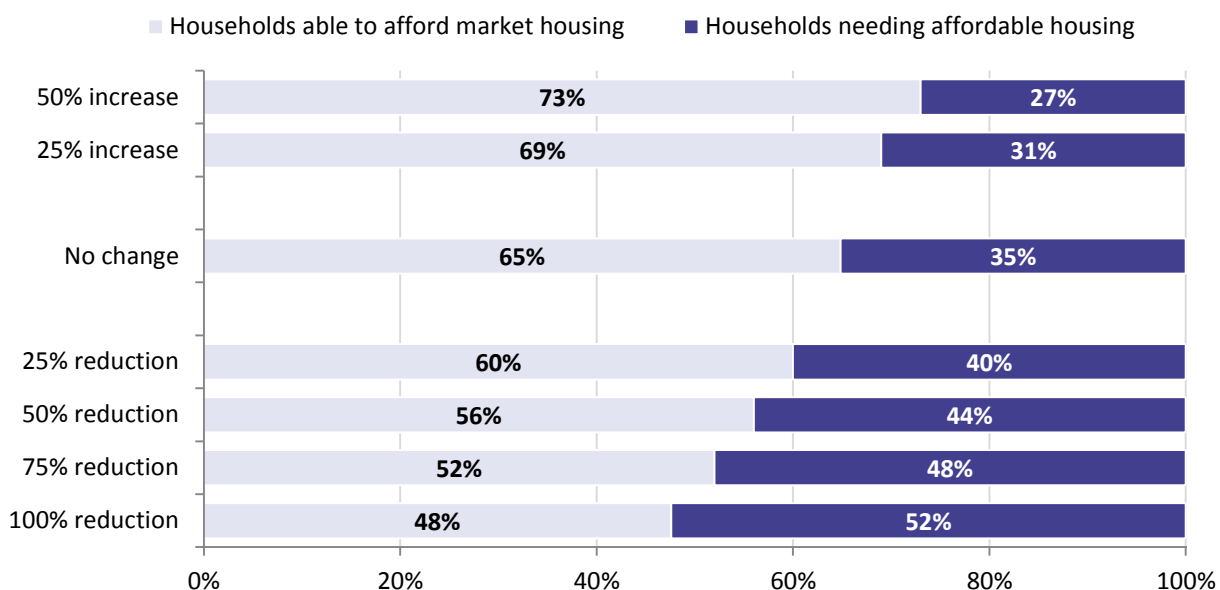
		East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
AFFORDABLE RENT						
Flat	1 bedroom	720	520	90	290	1,600
	2+ bedrooms	400	350	460	230	1,400
House	2 bedrooms	1,020	550	790	580	2,900
	3 bedrooms	1,130	950	1,200	720	4,000
	4+ bedrooms	270	280	320	180	1,000
Sub-total		3,500	2,600	2,900	2,000	11,000
% of affordable housing		84%	82%	85%	72%	81%
INTERMEDIATE AFFORDABLE HOUSING						
Flat	1 bedroom	100	50	10	30	200
	2+ bedrooms	70	100	90	100	400
House	2 bedrooms	190	160	150	270	800
	3 bedrooms	280	230	200	340	1,000
	4+ bedrooms	40	30	40	40	100
Sub-total		700	600	500	800	2,600
% of affordable housing		16%	18%	15%	28%	19%
TOTAL DWELLINGS		4,200	3,200	3,400	2,800	13,600

- 4.103 Across the West Essex and East Hertfordshire HMA, around a quarter of the affordable housing need is a need for flats and three quarters for houses (27% 2-bedroom and 37% 3-bedroom). The balance between flats and houses suggested by the Model is based on the future mix of households (by type and age) and housing currently occupied by each of these groups in each area. Therefore, it may be necessary to take a judgement on this balance where the Model identifies a particularly high (or particularly low) proportion of flats (or houses).
- 4.104 Whilst the need for affordable housing with four or more bedrooms is less than 10% of the overall need, this still represents a need for over 1,000 large affordable homes that need to be provided over the 22-year period 2011-33. Much of this need will be from existing households living in overcrowded accommodation.
- 4.105 When considering the need by affordable housing tenure, just over four-fifths (81%) of households in need of affordable housing need rented affordable housing (either social rent or affordable rent) and many would need housing benefit to pay their rent. Nevertheless, 19% could afford intermediate affordable housing products, such as shared equity or other forms of low cost home ownership. Marginally higher proportions of need for 2-3 bedroom properties (20-21%) is for intermediate affordable housing, but very few households that need 1 bedroom flats and houses with 4 or more bedrooms could afford the cost of intermediate affordable housing (11% and 13% respectively).

Future Policy on Housing Benefit in the Private Rented Sector

- 4.106 The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a national policy decision which is not in the control of the Councils. The Summer 2015 Budget introduced a four-year freeze to local housing allowance rates together with changes to the benefit cap, however this typically affects the amount of housing benefit paid rather than the number of households (although there were eligibility changes for those aged under 21).
- 4.107 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.108 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.109 To sensitivity test this position, Figure 64 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If households are no longer able to afford to live in private rented housing (or the supply of such housing reduces) then there is likely to be an increased demand for affordable housing, as illustrated by the chart.
- 4.110 If no households were to receive housing benefit support in the private rented sector, more than half (52%) of the growth in household numbers would need affordable housing. This would need a total of 19,700 affordable homes to be provided over the 22-year period 2011-33.

Figure 64: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2011-33 and associated number of affordable dwellings for West Essex and East Hertfordshire



Conclusions

- ^{4.111} Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 641 households to take account of concealed families and homeless households that would not be captured by the household projections.
- ^{4.112} **The housing mix analysis identified a need to provide additional affordable housing for 13,291 households over the 22-year period 2011-33 (an average of 604 per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.
- ^{4.113} Providing sufficient affordable housing for all of these households would increase the need to 19,700 affordable homes over the Plan period (895 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

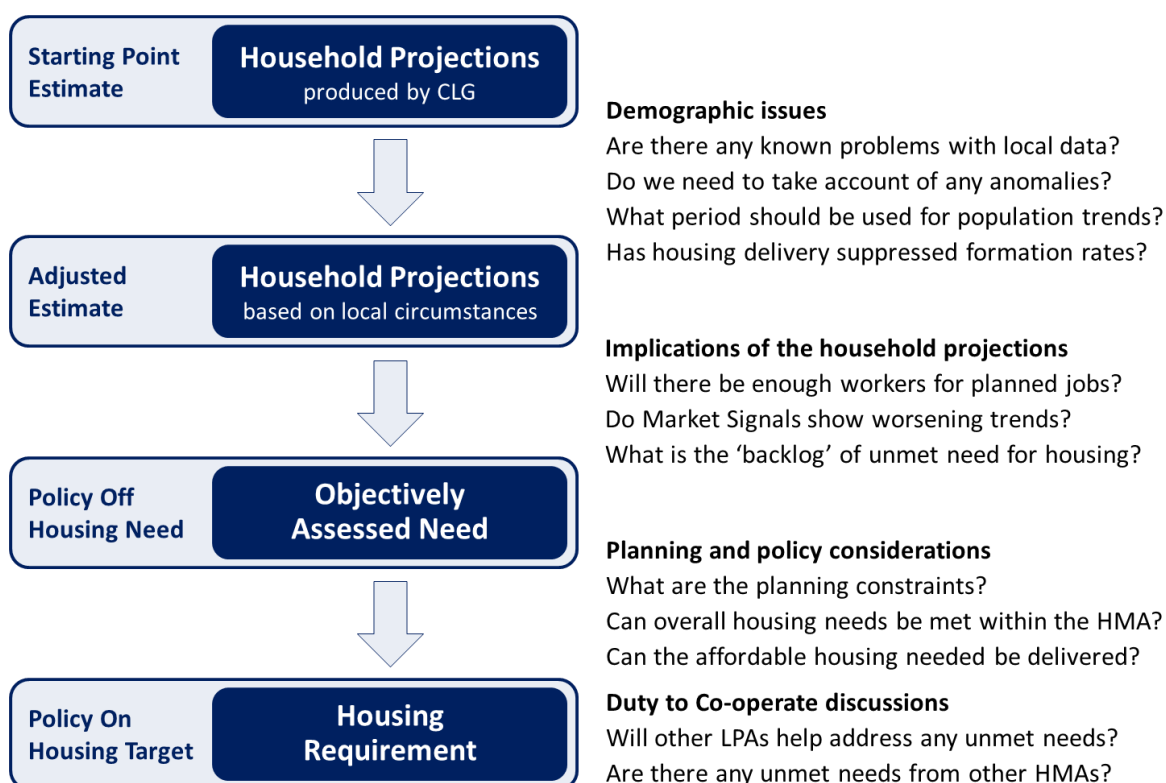
- 5.1 A key objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area (HMA) over the future plan period. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the local planning authorities before establishing the final Housing Requirement.

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

Planning Practice Guidance (PPG), ID 2a-004

- 5.2 Figure 65 sets out the process for establishing the housing number for the HMA. It starts with a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings.

Figure 65: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 5.3 The NPPF requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159).
- 5.4 PPG further identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need ... The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth” (paragraphs 15-16).

Household Growth

- 5.5 The 2012-based CLG household projections show that the number of households in England will increase from 22.3 million to 27.5 million over the period 2012 to 2037. This represents a growth of 5.2 million households over 25 years, equivalent to an annual average of 210,000 households each year, and this provides the starting point estimate of overall housing need for England.
- 5.6 It should be noted that the annual average of 210,000 households is already much higher than current housing delivery: CLG data for April 2013 to March 2014 identifies that construction started on 133,900 dwellings and 112,400 dwellings were completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by 57% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

- 5.7 The 2012-based CLG household projections are based on the ONS 2012-based sub-national population projections. These projections identify an average net gain of around 151,600 persons each year due to international migration, and a net loss of around 6,400 persons each year from England to other parts of the UK. Therefore, the 2012-based projections are based on net migration averaging around 145,100 persons each year.
- 5.8 However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be around 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2012-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth.
- 5.9 As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS routinely consider migration based on trends for the 10-year period 2001-11. On this basis, our trends are based on a period when net migration to England averaged 211,200 persons each year: 66,100 persons higher than assumed by the 2012-based SNPP, which represents an additional 29,000 households each year based on CLG average household sizes. Therefore, the approach taken for establishing migration based on longer-term trends would increase household growth for England from 210,000 households to around 239,000 households each year on average.

Market Signals

- 5.10 The NPPF also sets out that “Plans should take account of market signals, such as land prices and housing affordability” (paragraph 17) and PPG identifies that “the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals” (ID 2a-019).
- 5.11 The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators “demonstrate un-met need for housing” and that “longer term increase in the number of such households may be a signal to consider increasing planned housing numbers” (ID 2a-019).
- 5.12 The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.
- 5.13 Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.
- 5.14 Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2012-37 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of around 242,500 each year.

Converting to Dwellings

- 5.15 Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was around 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 242,500 households would require the provision of **253,400 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2012-37 and represents a 1.1% increase in the dwelling stock each year.
- 5.16 This takes account of household growth based on CLG 2012-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

- 5.17 Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 253,400 dwellings requires current housebuilding rates to increase by 89%** (based on dwelling starts in 2013-14).
- 5.18 Development industry campaigners (such as Homes for Britain²⁷) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)²⁸. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families exceeds this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for West Essex and East Herts

- 5.19 The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for the study area. Our approach for this section follows the format of the earlier section, albeit with specific reference to West Essex and East Hertfordshire. Essentially, therefore, this section is concerned with:
- » CLG 2012-based household projections (the starting point);
 - » Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates and correct for errors in previous population estimates);
 - » Market signals, including an uplift for concealed families;
 - » Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.
- 5.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

- 5.21 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 49,600 over the 22-year period 2011-33, an average of 2,260 per year.
- 5.22 However, the notes accompanying the CLG Household Projections explicitly state that:
- The 2012-based household projections are linked to the Office for National Statistics 2012-based sub-national population projections. **They are not an assessment of housing need** or do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends**.*
- 5.23 The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. PAS advice to Local Authorities suggests that the official projections are “very unstable” and it is more appropriate to adopt a longer base period to establish robust migration trends.

²⁷ <http://www.homesforbritain.org.uk>

²⁸ http://webarchive.nationalarchives.gov.uk/+/http://www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Adjustments for Local Demographic Factors

- 5.24 The SHMA has developed independent household projections based on local circumstances. These adopt longer-term migration trends; with a baseline projection based on migration trends for the 10-year period 2001-2011. The projections take full account of errors in the trend-based data which were identified by the 2011 Census; and avoid relying on data which may continue to be affected by systematic problems.
- 5.25 This is consistent with our standard approach when establishing OAN which recognises that Census data is inherently more reliable than any other population estimates at a local level. The specific method used has been supported previously at Examination, where it was noted that *“a 10 year period is a reasonable approach”* and *“the inter-censal period provides a readily understandable and robust check on the reasonableness of the average”*.
- 5.26 On the basis of 10-year migration trends for the period 2001-11 based on Census data, **household numbers across the study area are projected to increase by 36,899 households over the 22-year period 2011-33, an average of 1,677 per year. Providing for an annual increase of 1,677 households yields a housing need of 1,745 dwellings each year.**
- 5.27 Whilst this projection is lower than the CLG 2012-based household projection (2,260 p.a.) , the SHMA analysis reflects good practice and provides a stable projection based on the most reliable data. The lower increase in household numbers is due to the underlying population projections – long-term migration trends show lower migration rates than recent years. These lower migration rates are partly due to errors in previous population estimates (that were corrected following the 2011 Census), but it is also important to recognise that short-term trends are unlikely to be sustained for the full 22-year period 2011-33.

Affordable Housing Need

- 5.28 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that **overall housing need should be increased by 641 households** to take account of **concealed families** and **homeless households** that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established an overall need from 5,218 households in need of affordable housing in 2011.
- 5.29 Nevertheless, 2,106 of these households already occupy an affordable home (albeit unsuitable for their current needs) – so the home that will be vacated when their needs are resolved must be offset against the overall need to establish the unmet need. **There is an unmet need from 3,112 households (5,218 less 2,106 = 3,112) who will need affordable housing at the start of the period 2011-33 and do not already occupy affordable housing in the West Essex and East Hertfordshire HMA.**
- 5.30 Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. The analysis identifies that **the number of households in need of affordable housing will increase by 10,179 households over the period 2011-33**, alongside an increase of 26,720 households able to afford market housing.
- 5.31 Overall, there will be a **need to provide additional affordable housing for 13,291 households over the 22-year period 2011-33 (an average of 604 per year)**. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Employment Trends

- 5.32 While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.

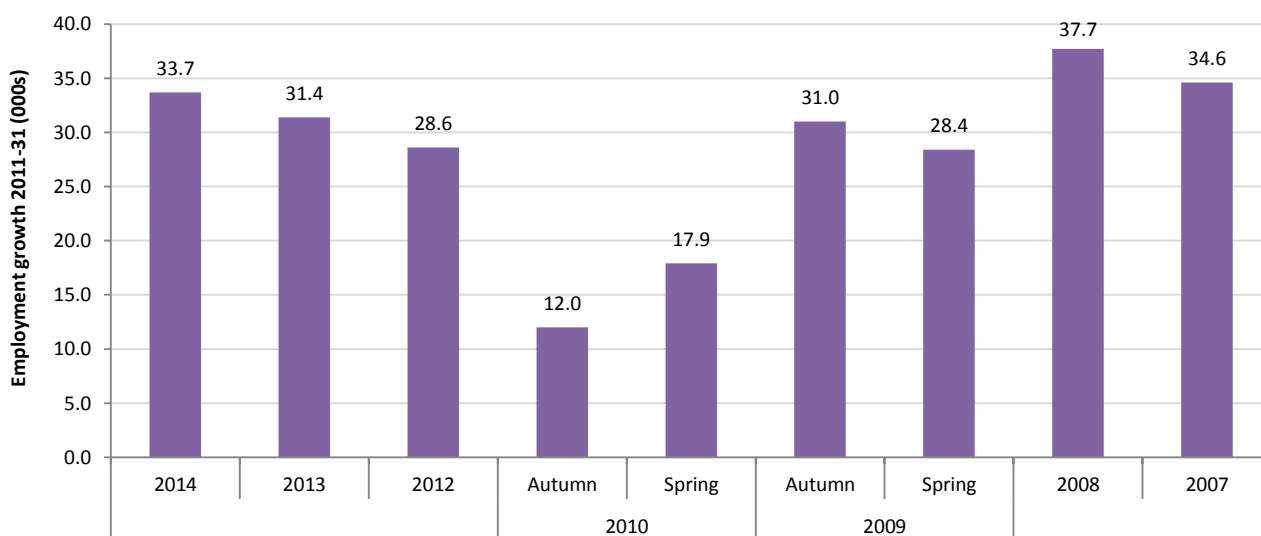
Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.

Planning Practice Guidance 2014, paragraph 18

East of England Forecasting Model (EEFM)

- 5.33 Forecasts of jobs growth have been regularly produced for each local authority in the East of England from the East of England Forecasting Model (EEFM). The EEFM was developed by Oxford Economics to project economic, demographic and housing trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The model provides data at regional and sub-regional level, including counties, unitaries and district authorities.
- 5.34 The most recent outputs (EEFM 2014) were published in January 2015 and the baseline forecast suggested that total employment in West Essex and East Hertfordshire would increase from 210,000 in 2011 to 243,700 in 2031. When we consider previous forecasts from the EEFM model, it is evident that the forecasts have varied, but the latest data appears reasonable in the context of the full range of outputs:

Figure 66: Employment growth forecasts for West Essex and East Hertfordshire 2011-31 (Source: EEFM)



- 5.35 This EEFM forecast assumed that the population would increase from 425,200 to 488,400 people (an increase of 63,200 people), the number of households would increase from 176,900 to 207,700 (an increase of 30,800 households) and the number of dwellings would increase from 181,300 to 212,900 (an

increase of around 31,500 dwellings); all over the same 20-year period (2011-31). These assumptions are lower than the SHMA household projection based on 10-year migration trends, which suggests an increase of 38,400 dwellings over the 22-year period 2011-33 (an annual average that is 11% higher than assumed by the EEFM).

- 5.36 Based on the EEFM outputs, further economic evidence prepared by Hardisty Jones Associates has concluded that the growth of Stansted Airport is likely to yield further jobs growth, with a total of 41,700 jobs likely to be created over the 22-year period 2011-33; so it is appropriate that we balance future workers against these extra jobs.
- 5.37 As previously noted, the demographic analysis (based on 10-year migration trends) identified that the economically active population in the West Essex and East Hertfordshire HMA would increase by around 26,400 people over the 22-year period 2011-33 (around 1,200 per year on average). In addition, the number of unemployment benefit claimants recorded by DWP reduced by around 3,700 over the period March 2011 to March 2015, which also increases the number of available workers.
- 5.38 Taken together, these figures suggest that the number of available workers will increase by around 30,100 over the 22-year period 2011-33 (without any further reduction in unemployment), equivalent to an average of around 1,370 additional workers each year. However, there are a number of factors which should be considered when relating jobs to workers, particularly the issue of commuting:
- » **Out-commuting:** Based on 2011 Census commuting flows, 61.7% of working residents in the West Essex and East Hertfordshire HMA are also employed in the local area. This implies that 38.3% commute to jobs outside the area. Therefore, of the additional 30,100 workers, we would expect around 18,600 (61.7%) to work locally and around 11,500 (38.3%) would commute outside of the area (assuming no change in commuting patterns). On this basis, we have assumed that the number of workers that out-commute from West Essex and East Hertfordshire will increase by around 11,500 over the 22-year period 2011-33.
 - » **In-commuting:** at the time of the 2011 Census, 28.7% of jobs in the HMA were filled by people travelling in from other authorities. Therefore, a jobs growth of 41,700 over the period 2011-33 is likely to draw in around 12,000 (28.7%) additional in-commuters; leaving around 29,700 extra jobs that need to be filled by workers living in the area (again assuming no change in commuting patterns). There is therefore assumed to be a small increase in net in-commuting of around 500 workers, mainly as a consequence of the expansion of Stansted Airport.
- 5.39 It is also important to recognise that the jobs forecast by the EEFM include full-time and part-time work, and some workers may have more than one job. Whilst the EEFM model identified 210,000 jobs in the HMA in 2011, the number of workplace employed people was 185,900. Given that the jobs number was 12.9% higher than the number of workers, we can conclude that 12.9% of workers were “double jobbing”. If we assume this ratio of people holding more than one job continues (as is currently forecast), providing sufficient people for 29,700 additional jobs would need around an extra 26,400 workers living in West Essex and East Hertfordshire.
- 5.40 When these factors are properly considered, we can conclude that the demographic projections (without any uplift for market signals) would provide around 18,600 extra workers locally whereas 26,400 extra workers would be needed. **There is therefore a shortfall of around 7,800 workers based on the increase in jobs that is currently forecast.**

Conclusions on Jobs and Workers

- 5.41 While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers.
- 5.42 Based on the EEFM outputs, further economic evidence prepared by Hardisty Jones Associates has concluded that the overall increase in employment (taking account of the growth of Stansted Airport) is likely to yield 41,700 extra jobs in the West Essex and East Hertfordshire HMA over the 22-year period 2011-33; so it is appropriate that we balance future workers against these extra jobs.
- 5.43 Taking account of existing commuting patterns and changes to unemployment recorded over the period 2011-15, the demographic projections (without any uplift for market signals) would provide around 18,600 extra workers locally whereas 26,400 extra workers would be needed. **Therefore, there is need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area.**
- 5.44 An extra 7,800 workers would need a further 5,600 dwellings to be provided over the 22-year period 2011-33, increasing the housing need from 38,400 dwellings to 44,000 dwellings (equivalent to an uplift of 14.6%). Of course, any uplift to the overall housing need in response to market signals or uplift to the housing requirement to help to deliver affordable housing is also likely to draw in additional population, which would increase the number of workers; so it will be important to consider the cumulative impact of any uplifts that are applied.

Market Signals

- 5.45 While demographic trends are key to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (Paragraph 019)

A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (Paragraph 020)

Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

- 5.46 The Market Signals include:
- » Land and house prices;
 - » Rents and affordability;
 - » Rate of development; and
 - » Overcrowding.
- 5.47 Furthermore, there are other issues that should be considered, for example the macro-economic climate. Further, there are wider market trends and drivers to consider. A full range of market signals are considered and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

- 5.48 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally.

Planning Practice Guidance (March 2014), ID 2a-020

- 5.49 To identify areas with similar demographic and economic characteristics to West Essex and East Herts, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. This analysis showed that the following areas had similar characteristics to the HMA:

- » **South West Essex** (Basildon, Brentwood and Thurrock);
- » **Stevenage** (with North Hertfordshire); and
- » **Crawley** (with Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge).

- 5.50 Therefore, in considering market signals, we have considered these council areas as appropriate comparators and compared them against West Essex and East Herts. We have also compared the indicators with **Greater London** as well as the national data for **England**.

House Prices

- 5.51 House prices in England and Wales have been relatively volatile in the past 15 years. House prices have increased by 6.4% in the 12 months to April 2014; the fastest rises were in London (17.0%), the East of England (6.6%) and the South East (6.1%). The average UK house price in 2014 was £172,000 compared to the high of £181,500 in 2007. Average house price trends 2008-2014 (Source: ONS) show the price divergence between London and the rest of the UK.

Figure 67: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

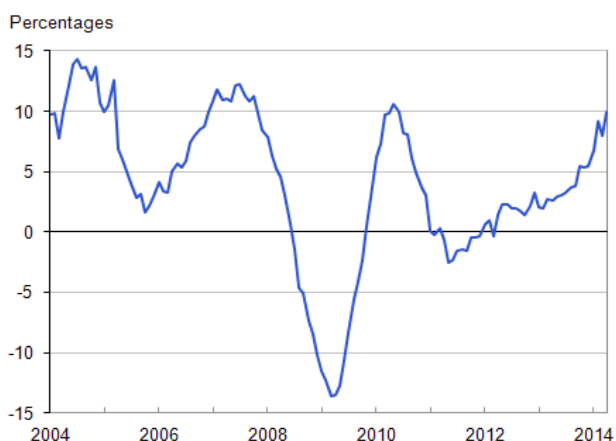
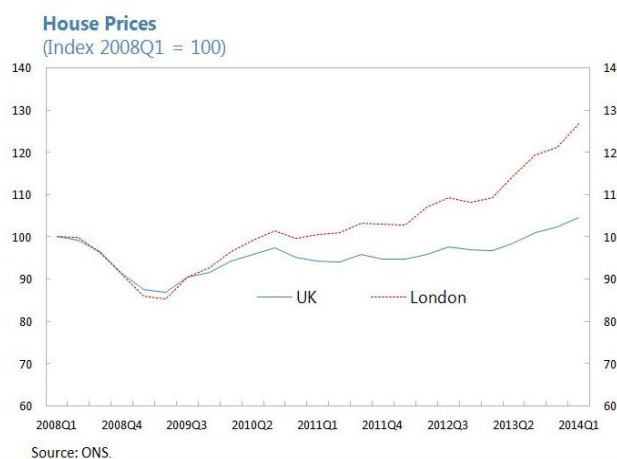


Figure 68: UK and London House Price Index 2008-2014 (Source: ONS)



- 5.52 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

"The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can't tackle directly. Since we are not able to build a single house, I welcome the Chancellor's announcement tonight of measures to increase housing supply.

To be clear, the Bank does not target asset price inflation in general or house prices in particular.

It is indebtedness that concerns us.

This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion's share of UK banks' domestic lending.

It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole."

- 5.53 The International Monetary Fund (IMF) has also highlighted concerns about these risks and especially the high borrowings of households relative to income, especially in London:

"The increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks."

- 5.54 However, the surge in prices appears to be cooling; the Council of Mortgage Lenders (CML) latest Credit Conditions Survey (Summer 2014) suggests

"This source of stimulus may now be drying up, amid signs that lenders may be approaching the limits of their risk appetite with respect to maximum loan-to-value (LTV) and income multiples."

- 5.55 The Government has strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

- 5.56 The future for the housing market is difficult to predict, although long term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the Bank of England, indicate that action may be taken to contain any housing price 'bubble'. Interest rates seem likely to rise in the medium term, and this could expose risk of those borrowing high LTV at low interest rates.

Local House Prices

5.57 House price trends (2000-2013) are shown in Figure 69 and Figure 70 shows lower quartile house prices adjusted for the impact of inflation. Therefore, the prices reflect real changes which have occurred since 2001 when removing the impact of background inflation.

Figure 69: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables. Note: HMA figure derived using population weighted average of Local Authority data)

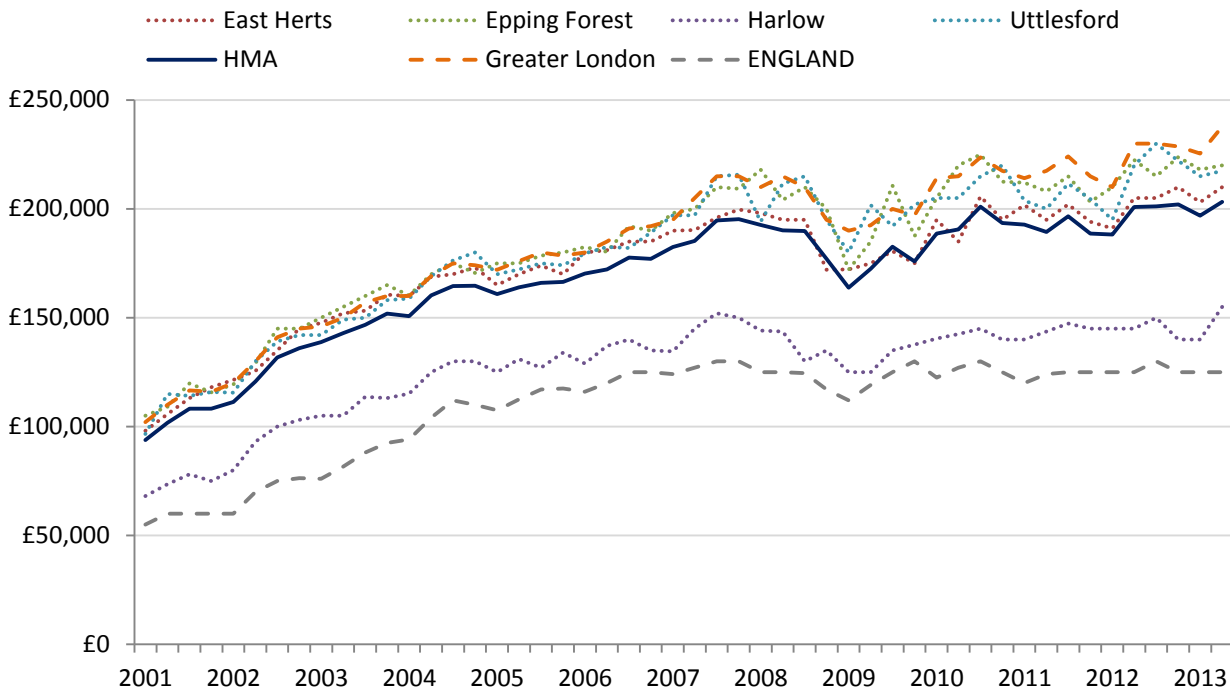
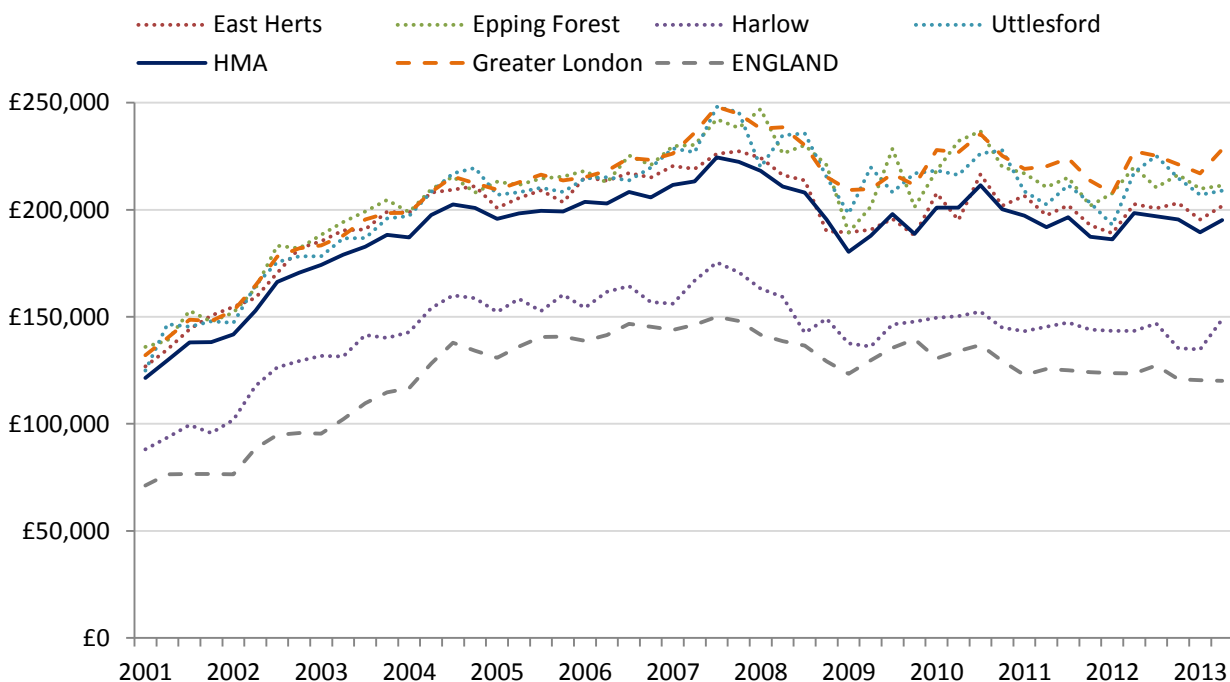


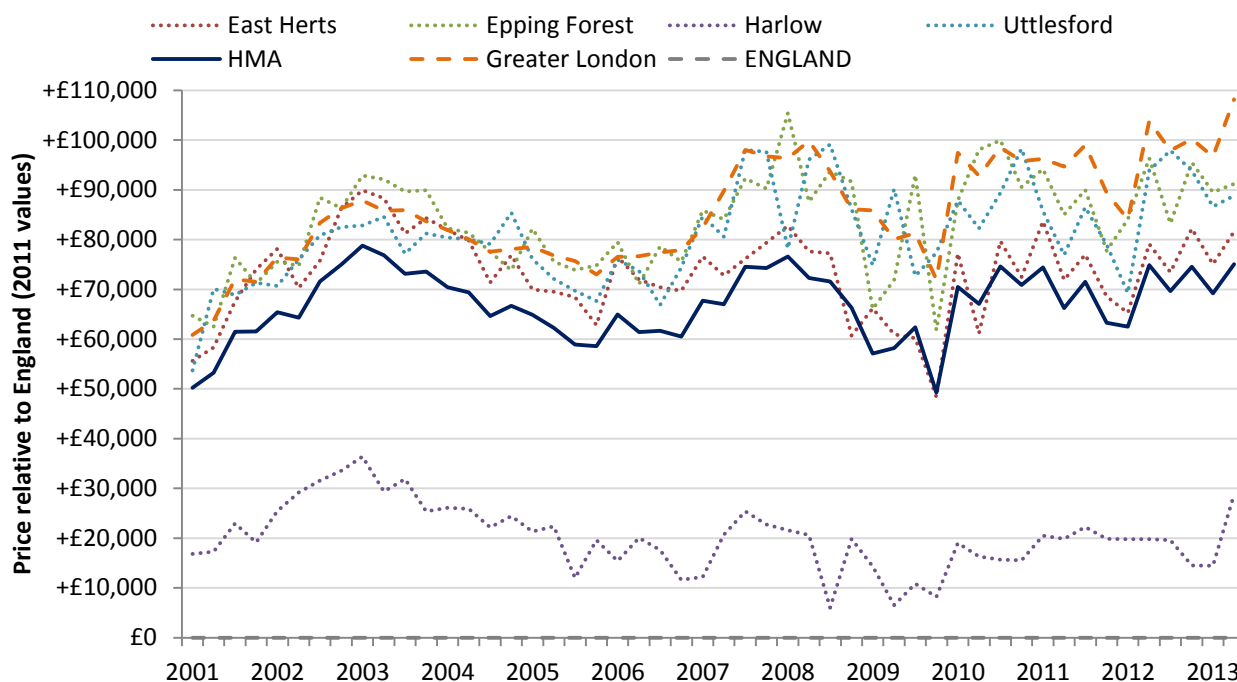
Figure 70: Real House Price Trends: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)



5.58 It is clear that real house prices in the HMA increased substantially in the period 2001-2004 (from £121,400 to £202,500 at 2011 values, a real increase of 67%) and peaked in 2007 at £224,500; but they have progressively reduced since that time with real prices at around £195,100 in mid-2013 (at 2011 values) which is 13% below their peak.

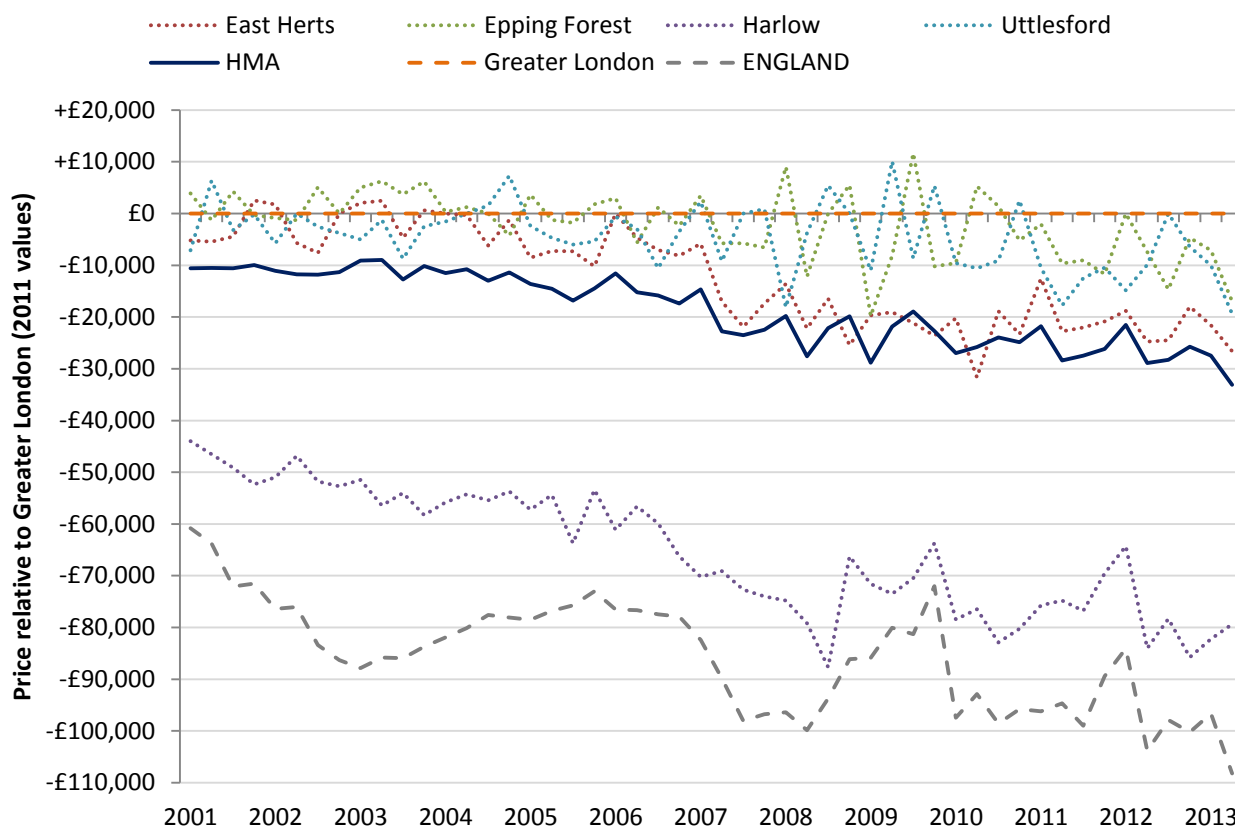
5.59 Figure 71 shows how real house prices in the HMA have varied when compared with England. This shows that house prices in the HMA have been around £75,000 higher than England (in real terms) since 2010.

Figure 71: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)



5.60 Nevertheless, it is evident that house prices in the HMA have tended to track Greater London prices and Figure 72 shows how real house prices in the HMA have varied when compared with Greater London. This shows that prices in Epping Forest and Uttlesford have typically been very similar to London prices; however whilst prices in East Hertfordshire used to be comparable to London, the gap has been larger since 2007. House prices in Harlow are evidently very different to London, being much closer to the England norm.

Figure 72: Real House Price Trends relative to Greater London: Lower Quartile Prices adjusted to 2011 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)



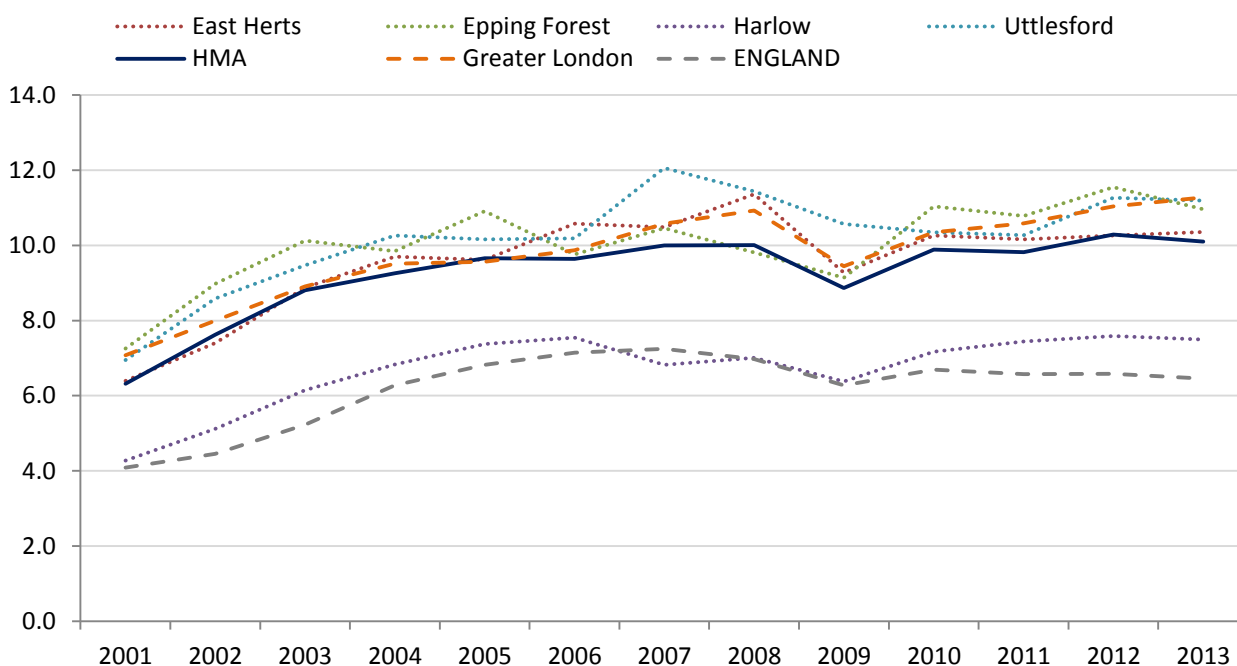
^{5.61} It is interesting to note that the gap between London prices and house prices across the HMA has increased in real terms from around £10,000 in 2001 to over £30,000 in 2013 (both at 2011 values). Therefore, despite house prices increasing substantially since 2001, the area offers housing that is increasingly more affordable than housing in London.

^{5.62} The planned step-change in housing supply in Greater London should help to reduce some of the housing market pressure currently experienced in the region, and if housing delivery rates successfully increase to meet the targets that have been established it would be reasonable to expect house prices to stabilise and affordability to improve. This would probably lead to the gap between Greater London house prices and prices in the HMA reducing, and if London prices reduce (in real terms) then it is likely that prices would also reduce in West Essex and East Hertfordshire.

Affordability

- 5.63 Figure 73 below shows the ratio of lower quartile house price to lower quartile earnings in the HMA between 2001 and 2013. This long term trend for the HMA shows that the lower quartile affordability multiplier increased from 6.3 in 2001 to 8.8 in 2003 (due to the increase in real house prices) however it has remained relatively stable at around 10.0 over the period since 2005. Whilst this ratio is notably higher than the ratio for England, it is lower than the multiplier for Greater London which has increased from 9.4 in 2009 to 11.3 in 2013.
- 5.64 Of course, it is important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

Figure 73: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: HMA figure derived using population weighted average of Local Authority data)



Overcrowding

- 5.65 Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard we estimated that 3,711 households were overcrowded in the HMA (Figure 49), including 1,098 owner occupiers, 709 households renting privately and 1,904 households in the social rented sector.
- 5.66 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing:

Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.

Planning Practice Guidance (March 2014), ID 2a-019

5.67 These were also considered when establishing the need for affordable housing, and the overall housing number was increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

Summary of Market Signals

5.68 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 74: Summary of Market Signals for West Essex and East Herts and selected comparator areas

		West Essex & East Herts	South West Essex	Stevenage with North Herts	Crawley with Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge	Greater London	England
INDICATORS RELATIING TO PRICE							
House prices							
Lower quartile house price	2012- 13 value	£200,600	£155,300	£161,400	£207,500	£230,200	£126,300
	Relative to England	+59%	+23%	+28%	+64%	+82%	-
	2007-08 value	£192,100	£157,700	£164,300	£203,900	£215,000	£127,500
	5-year change	+4%	-2%	-2%	+2%	+7%	-1%
Rents							
Average monthly rent	2013- 14 value	£911	£825	£751	£994	£1,461	£720
	Relative to England	+27%	+15%	+4%	+38%	+103%	-
	2008 value	£627	£596	£539	£630	£775	£500
	5-year change	+45%	+38%	+39%	+58%	+88%	+43%
Affordability							
Lower quartile house price to earnings	2013 ratio	10.1	7.6	7.9	10.5	11.3	6.5
	Relative to England	+57%	+18%	+22%	+62%	+53%	-
	2008 ratio	10.0	8.4	8.8	10.4	10.9	7.0
	5-year change	+1%	-9%	-10%	+1%	+4%	-7%
INDICATORS RELATIING TO QUANTITY							
Overcrowding							
Overcrowded households	2011 proportion	6.6%	7.7%	6.6%	6.5%	21.7%	8.7%
	Relative to England	-24%	-12%	-24%	-26%	+148%	-
	2001 proportion	5.5%	5.9%	5.5%	5.2%	17.3%	7.1%
	10-year change	+22%	+31%	+20%	+26%	+25%	+23%
Rate of development							
Increase in stock	2001-11 change	+8%	+6%	+9%	+8%	+9%	+8%
	Relative to England	-1%	-25%	+7%	+2%	+4%	-

5.69 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

- » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £200,600, higher than England's £126,300 but lower than Greater London's £230,200

(based on 2012-13). House prices in the HMA are higher than both South West Essex and Stevenage, but lower than Crawley. Over the last 5-years, prices have remained relatively constant in all of these areas, despite increasing in Greater London;

- » **Rents:** for average private sector rents in 2013-14, the study area is higher than England (£911 cf. £720 pcm) but considerably lower than Greater London (£1,461 pcm). While rents in Crawley are higher than in the study area, rents in South West Essex and Stevenage are lower; consistent with house prices in those areas. Over the last 5 years, average rents have increased less in the study area than in Greater London and Crawley, but more than the other comparator areas;
- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in the study area than across England as a whole (10.1x cf. 6.5), and the rate is also worse than in South West Essex and Stevenage, although not as 'bad' as either Crawley or Greater London. Furthermore, whilst national affordability ratios have improved since 2008, the ratio has not improved in the study area;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 6.6% of households in the study area are overcrowded based on an objective measure, which is lower than England (8.7%) and much lower than Greater London (21.7%). The proportion of overcrowded households has increased over the last 10 years at a rate comparable to England (+22% cf. +23%);
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development has been relatively similar to England (both around 8%). This rate is also similar to comparator areas. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

^{5.70} As previously noted, PPG suggests that *"household projections should be adjusted to reflect appropriate market signals"* where there is a *"worsening trend in any of these indicators"* (paragraphs 19-20). Whilst house prices and affordability have remained relatively stable, these are notably higher than the rates for England (although lower than the rates for Greater London). Furthermore, rents have also increased and there are higher levels of overcrowding than recorded in 2001 (although overcrowding continues to be below the England average, and considerably lower than overcrowding rates in Greater London).

^{5.71} On the basis of the Market Signals, we can conclude that conditions across the HMA suggest that the level of **Objectively Assessed Need for the HMA should be higher than suggested by household projections** in isolation. However as previously noted, there is no definitive guidance on what level of uplift is appropriate.

^{5.72} The analysis of overcrowding for the SHMA Update has already identified that the overall housing need should be increased by 641 households to take account of **concealed families and homeless households** that would not be captured by the household projections. This specific adjustment should be incorporated as a response to market signals to take account of the identified un-met need for housing, representing an uplift of 1.7% on the household projections; nevertheless, given the market signals context, it is probably appropriate to increase this uplift.

Conclusions on Market Signals

^{5.73} There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

“It is very difficult to judge the appropriate scale of such an uplift ... Exploration of an uplift of, say, 10% would be compatible with the “modest” pressure of market signals recognised in the SHMA itself.”

5.74 On this basis, it is helpful to compare the Market Signals for West Essex and East Hertfordshire with those for Eastleigh and its wider HMA (which we have based on Southampton with Eastleigh and the New Forest). In summary:

- » **House prices** in West Essex and East Hertfordshire are higher than in Eastleigh and its wider HMA (£200,600 cf. £166,900 and £156,000 respectively at the lowest quartile);
- » **Market rents** in West Essex and East Hertfordshire (£911 pcm) are also higher than in Eastleigh and its wider HMA (£798 pcm and £782 pcm respectively);
- » **Affordability** is worse in West Essex and East Hertfordshire (10.1x) than in Eastleigh and its wider HMA (8.4x and 8.1x respectively);
- » **Overcrowding** in West Essex and East Hertfordshire is higher than in Eastleigh (7% cf. 5%), but lower than its wider HMA (9%); and
- » **Rates of development** over the last decade were marginally lower in West Essex and East Hertfordshire than in Eastleigh’s wider HMA (8% cf. 9%).

5.75 The indicators for the West Essex and East Hertfordshire HMA identify greater housing pressure than in Eastleigh (and its wider HMA), so it would seem reasonable for 10% to be considered a minimum response to Market Signals in this area. **On balance we would recommend an overall uplift of 20% of the housing need identified based on the household projections as a response to Market Signals for West Essex and East Hertfordshire.**

5.76 The household projections previously identified an increase of 36,899 households (38,382 dwellings); so **the proposed market signals uplift represents an additional 7,676 dwellings over the 22-year period 2011-33, which provides an appropriate response to market signals.** This is consistent with the views of the Eastleigh Inspector in the context of the indicators for the two areas.

5.77 The previous analysis already identified that the overall housing need should be increased by a specific uplift of 641 households (667 dwellings) to take account of **concealed families** and **homeless households** that would not be captured by the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing; however it is appropriate for it to be considered as part of the response to market signals. **An additional increase of 7,009 dwellings is therefore needed to deliver the overall uplift of 7,676 dwellings identified in response to market signals.**

Housing Backlog

5.78 The Planning Advisory Service Good Plan Making Guide²⁹ identifies that the SHMA should “re-set the clock” and provide a new baseline assessment of all housing need. However, the SHMA must take account of ‘backlog’: any unmet need for housing that exists at the start of the plan period.

“Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes

²⁹ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

account of 'backlog' which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope." (page 49)

- 5.79 This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that existed in 2011. Furthermore, given that the SHMA also identifies all new housing need from the baseline date of 2011, all needs arising over the 22-year period 2011-33 have been identified and there will be no additional unmet need for housing to be counted for Plans with this base date.

Conclusions

- 5.80 The "starting point" estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 49,638 over the 22-year period 2011-33, an average of 2,256 per year. However, the future projections are particularly sensitive to the period on which migration trends are based, and PAS advice to Local Authorities suggests that the official projections are "very unstable" and it is more appropriate to adopt a longer base period to establish robust migration trends. This view is echoed by academics and has been promoted by Planning Inspectors at numerous Local Plan Examinations. Furthermore, the Public Administration Select Committee has identified the Census as "the only reliable source of data on migrant populations in local areas".
- 5.81 Given this context, the SHMA has developed independent household projections using a 10-year migration trend based on Census data. The specific method used has been supported previously at Examination, where it was noted that "a 10 year period is a reasonable approach" and "the inter-censal period provides a readily understandable and robust check on the reasonableness of the average". On the basis of 10-year migration trends, **household numbers across the study area are projected to increase by 36,899 households over the 22-year period 2011-33, an average of 1,677 per year.**
- 5.82 We have identified that the baseline household projections should be increased by 641 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 37,540 households over the 22-year period 2011-33. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 37,540 households yields a baseline housing need of 39,049 dwellings over the 22-year period 2011-33, equivalent to an average of 1,775 dwellings per year.**
- 5.83 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market problems. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.
- 5.84 **The evidence from planned jobs and workers identifies a need to increase housing delivery by 5,600 dwellings to provide enough workers for the likely increase in jobs in the area** (taking account of the likely expansion of Stansted Airport).

- 5.85 **An uplift of 7,676 dwellings is proposed as an appropriate response to the market signal indicators.** The overall housing need has already been increased by 667 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 7,009 dwellings is needed to deliver the overall uplift of 7,676 dwellings that has been identified.
- 5.86 As the SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at 2011 and identified all needs arising over the 22-year period 2011-33, **there will be no ‘backlog’ of additional unmet need for housing to be counted at the start of new Plan periods that start in 2011.**
- 5.87 On this basis, the baseline housing need of 39,049 dwellings is increased by 7,009 dwellings based on the additional uplift needed in response to market signals. This will also provide sufficient housing to balance future jobs and workers. **This yields an overall total of 46,058 dwellings over the 22-year period 2011-33.** This represents an uplift of 20.0% on the baseline household projections.
- 5.88 Figure 75 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 75: Full Objectively Assessed Need for Housing across West Essex and East Hertfordshire HMA 2011-33

Stage		Households	Dwellings
Demographic starting point CLG household projections 2011-33		49,638	-
Adjustment for long-term migration trends 10-year migration trend 2001-11		-12,739	-
Baseline household projections taking account of local circumstances		36,899	38,382
Adjustment for suppressed household formation rates Concealed families and homeless households		+641	+667
Baseline housing need based on demographic projections		37,540	39,049
Further adjustments needed...	In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	+5,600
	In response to market signals 7,009 dwellings needed (in addition to the 667 dwellings for concealed families and homeless households) to deliver the overall uplift of 7,676 dwellings proposed	-	+7,009
Combined impact of the identified adjustments		-	+7,009
Full Objectively Assessed Need for Housing 2011-33		-	46,058

- 5.89 Of course, it is important to remember that *“establishing future need for housing is not an exact science”* (PPG paragraph 14). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.
- 5.90 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in West Essex and East Hertfordshire to be 46,100 dwellings over the 22-year period 2011-33, equivalent to an average of 2,095 dwellings per year. This includes the Objectively Assessed Need of Affordable Housing for 13,600 dwellings (based on 13,291 households) over the same period, equivalent to an average of 618 per year.**

- 5.91 Considering the needs in each local authority, the SHMA concludes that the Objectively Assessed Need for Housing over the 22-year period as being:
- » 16,400 dwellings in East Hertfordshire (745 per year);
 - » 11,300 dwellings in Epping Forest (514 per year);
 - » 5,900 dwellings in Harlow (268 per year); and
 - » 12,500 dwellings in Uttlesford (568 per year).
- 5.92 This is the average number of dwellings needed every year over the period 2011-33 and represents a 1.1% increase in the dwelling stock each year across the study area (consistent with the 1.1% growth required across England to deliver 253,600 dwellings annually).
- 5.93 Figure 76 sets out the mix of market and affordable housing need by dwelling type and size. Most of the market housing need is for housing (29,700 dwellings over the 22-year period) with a need for 2,800 flats also identified (around 9%). The need for affordable housing is also predominantly for housing (around 10,000 dwellings) with a need for around 3,600 flats (around 26%).
- 5.94 Of course, the spatial distribution of housing provision will be determined through the planning process; which will also consider the most appropriate location for market and affordable housing, and the type and size of properties to be provided in different areas.

Figure 76: Market and affordable housing mix by LA (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
MARKET HOUSING						
Flat	1 bedroom	710	430	170	140	1,400
	2+ bedrooms	810	450	30	80	1,400
House	2 bedrooms	1,510	1,020	610	690	3,800
	3 bedrooms	5,640	4,090	1,690	4,290	15,700
	4 bedrooms	2,740	1,580	50	3,110	7,500
	5+ bedrooms	770	510	-	1,410	2,700
Total Market Housing		12,200	8,100	2,500	9,700	32,500
AFFORDABLE HOUSING						
Flat	1 bedroom	820	570	100	320	1,800
	2+ bedrooms	470	450	550	330	1,800
House	2 bedrooms	1,210	710	940	850	3,700
	3 bedrooms	1,410	1,180	1,400	1,060	5,100
	4+ bedrooms	310	310	360	220	1,000
Total Affordable Housing		4,200	3,200	3,400	2,800	13,600
TOTAL DWELLINGS		16,400	11,300	5,900	12,500	46,100

6. Housing Requirements

Considering the policy response to identified housing need

6.1 The SHMA has established the Full Objectively Assessed Need for Housing in the West Essex and East Hertfordshire HMA to be 46,100 dwellings over the 22-year period 2011-33, however this figure will need to be tested through the statutory Plan-making process. Until it is tested at examination, the OAN must not be portrayed as a new housing requirement for planning purposes: existing adopted Plans for each Local Authority will continue to fulfil this role.

6.2 This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that *“housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply”* (paragraph 30). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

“Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.

“However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.

“Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council’s approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments.”

6.3 The individual local authorities are currently in the process of preparing Local Plans. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of new Plan periods starting in 2011; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the Local Plans will be the mechanism through which the SHMA evidence will be assessed against environmental and policy constraints, such as Green Belt, to identify a sustainable and deliverable plan requirement.

6.4 The Local Plans will also consider the spatial distribution of the OAN across the functional housing market area for West Essex and East Hertfordshire, considering the full geographic area identified in Chapter 2.

Affordable Housing Need

- 6.5 The SHMA has identified a substantial need for additional affordable housing: a total of 13,600 dwellings across the West Essex and East Hertfordshire HMA over the 22-year period 2011-33, which includes 5,218 households in need of affordable housing in 2011. The analysis also identified that a number of households unable to afford their housing costs are likely to move away from the area, and some might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available.
- 6.6 Given the overall level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments throughout the 22-year period. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.
- 6.7 As part of their strategic planning and housing enabling functions, the Councils will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Councils should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 6.8 PPG identifies that Councils should also consider “an increase in the total housing figure” where this could “help deliver the required number of affordable homes”; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

The total affordable housing need should then 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.

Planning Practice Guidance (March 2014), ID 2a-029

- 6.9 It will therefore be important for the Councils to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings³⁰ (paragraphs 3.20-21):

*“National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*

Any uplift on the demographic starting point ... would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified.”

- 6.10 Given that the identified OAN already incorporates an uplift of more than 20% on the baseline household projections, this will contribute to increasing the supply of affordable homes through market housing led developments. The Councils will need to consider whether there is sufficient justification for any further

³⁰ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

increase in the total housing figures included in the local plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

6.11 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

- » **Affordable Homes Programme:** the flagship HCA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England
- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
- » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes programme**
- » **Estate Regeneration Programme:** often creating mixed tenure communities
- » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

6.12 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agency have also signalled concerns.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development.</p>	<p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

- 6.13 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.
- 6.14 A Government task force was established in 2013 to encourage and support build-to-let investment³¹. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale³², particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes³³. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.
- 6.15 National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.
- 6.16 Whilst the SHMA has identified an affordable housing need of 13,600 dwellings over the 22-year period 2011-33, this is based on the level of housing benefit support provided to households living in the private rented sector remaining constant. Without this support, a total of 19,700 affordable homes would need to be provided over the same period.
- 6.17 **Given the substantial need for affordable housing identified across West Essex and East Hertfordshire, the Councils will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Councils to consider all of the options available to help deliver more affordable homes in the area.**

³¹ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

³² <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

³³ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

Older People

- 6.18 Planning Practice Guidance for Housing and Economic Land Availability Assessment states the following in relation to housing for older people:

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance (March 2015), ID 3-037

- 6.19 On this basis, the Councils will need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.
- 6.20 **It is important to recognise that the identified OAN of 46,100 dwellings does not include the projected increase of institutional population, which represents a growth of 1,773 persons over the 22-year period 2011-33.** This increase in institutional population is a consequence of the CLG approach to establishing the household population³⁴, which assumes “that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s” on the basis that “ageing population will lead to greater level of population aged over 75 in residential care homes”.
- 6.21 **On this basis, if bedspaces in residential institutions in Use Class C2 are counted within the housing supply then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN).** If these bedspaces are not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.
- 6.22 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, future policies may lead to a decline in the number of care homes and nursing homes, as people are supported to continue living in their own homes for longer.
- 6.23 Although the institutional population is projected to increase by 1,773 persons over the Plan period (based on the CLG assumption that there will be a “greater level of population aged over 75 in residential care homes”), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.
- 6.24 **As a consequence, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.**

³⁴ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Households with Specific Needs

- 6.25 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future.

The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.

Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

Planning Practice Guidance (March 2015), ID 2a-021

- 6.26 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have “*other, more severe, walking difficulty*” above the Lower Mobility Component (which is for supervision outdoors).
- 6.27 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill.
- 6.28 Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as “*not all of the people included within these counts will require adaptations in the home*”.
- 6.29 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:
- » Widening doors and installing ramps;
 - » Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;
 - » Providing a heating system suitable for needs; and
 - » Adapting heating or lighting controls to make them easier to use.
- 6.30 Local data about DFGs was published by CLG in Live Table 314³⁵, and this indicated that 192 DFGs were funded in the study area in 2010/11 at an average cost of £7,260. This represents around 10% of the overall annual housing need identified, however PPG notes that whilst patterns of DFG applications “*provide an indication of expressed need*” it cautions that this could “*underestimate need*”. Of course, it is

³⁵ Table 314 has now been discontinued by CLG

also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

6.31 As previously noted, the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)³⁶. This introduces three categories of dwellings:

- » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
- » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

6.32 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance (March 2015), ID 56-007

6.33 The demographic projections from the housing needs assessment (chapter 3) show that the population of West Essex and East Hertfordshire is likely to increase by around 65,000 persons over the 22-year period 2011-33. The number of people aged 65 or over is projected to increase by around 47,200 persons, almost three-quarters (73%) of the overall growth. This includes 23,300 persons aged 85 or over, more than a third (36%) of the total increase. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing. **Given this context, the evidence supports the need for all dwellings to meet Category 2 requirements, providing that this does not compromise viability.** This approach has been adopted in Local Plans elsewhere.

6.34 The CLG guide to available disability data³⁷ (referenced by PPG) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). It is also important to recognise that these proportions are likely to increase over the period to 2033 in the context of the larger numbers of older people projected to be living in the area. **The evidence therefore supports the need for 10% of market housing and 15% of affordable housing to meet Category 3 requirements.** This recognises the changing demographics of the area and also provides an element of choice for households that need wheelchair user dwellings now as well as those households considering how their needs may change in future.

³⁶ <http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1>

³⁷ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

People Wishing to Build their Own Homes

- 6.35 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

People wishing to build their own homes

The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.

Planning Practice Guidance (March 2015), ID 2a-021

- 6.36 Over half of the population (53%) say that they would consider building their own home³⁸ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 6.37 The attractiveness of self-build is primarily reduced costs; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 6.38 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)³⁹ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 6.39 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act⁴⁰ 2015 has now placed a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
 - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.
- 6.40 Government funding⁴¹ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced

³⁸ Building Societies Association Survey of 2,051 UK consumers 2011

³⁹ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

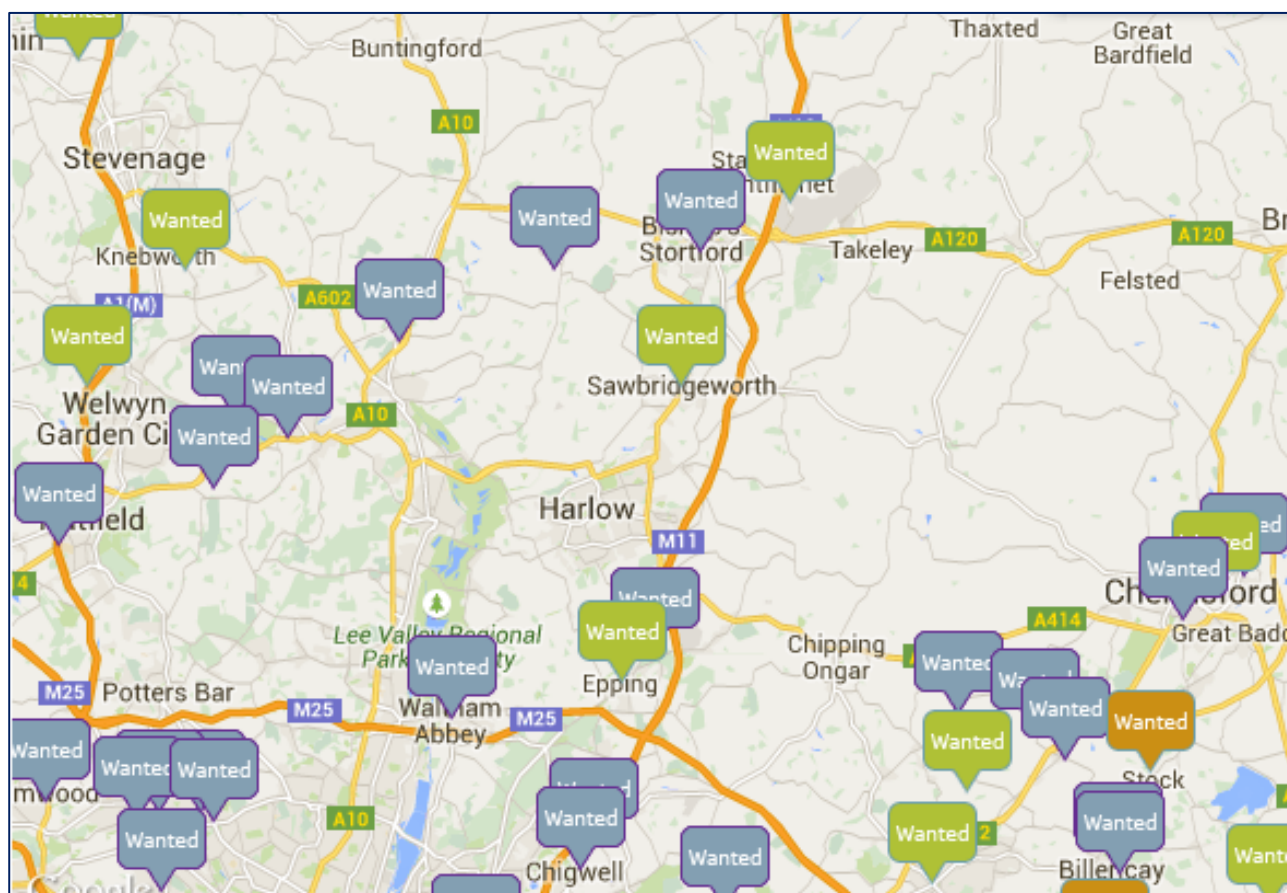
⁴⁰ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁴¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission.

- 6.41 In May 2012 a Self-Build Portal⁴² run by the National Custom and Self Build Association (NCaSBA) was launched. Figure 77 shows the current registrations from groups and individuals looking for land in the HMA on the 'Need-a-Plot' section of the portal. Whilst there is clearly some interest in self-build across the area, this represents only a very small proportion of the overall housing need identified each year.

Figure 77: Group and Individual Registrations currently looking for land in and around West Essex and East Hertfordshire on the 'Need-a-Plot' Portal (Source: NCaSBA, July 2015. Note: Green flags represent solo plots wanted, brown flags represent group plots wanted and blue flags represent group or solo plots wanted)



- 6.42 Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will make a significant contribution locally to meeting housing need in its current form. Nevertheless, the Councils should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act (if they have not already done so).
- 6.43 A survey to ascertain levels of demand for self-build could be undertaken in future; however it would be important to ensure that appropriate questions are designed that can effectively separate aspiration from effective market demand.

⁴² <http://www.selfbuildportal.org.uk/>

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