Blackpool Council

Towards an objective assessment of housing need in Blackpool

Analysis of economic and housing forecasts

May 2014

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Reviewed and approved by: Signature(s):	*G.P.Russell*	
Name(s):	Graham Russell	
Job Title(s):	Partner Director	
Date:	May 2014	

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1 Introduction

1.1 Overview

1.1.1 This report sets out the results of further work undertaken to inform an objective assessment of housing need for Blackpool. It is a continuation of the analysis set out in the Fylde Coast Strategic Housing Market Assessment[1] (SHMA) which was published in February 2014. In particular, the SHMA noted (page 198, paragraph 12.35) that, in relation to Blackpool:

> *"Modelling of a number of scenarios, and consideration against specified strategic assessment criteria indicates that there is an objectively assessed need for between 250 and 400 dwellings per annum. In considering the appropriate assessment of need in this range, it is recommended that reference is made to the further work being undertaken that continues to examine the local economy, including the labour market, as this will evidently have an important bearing on the assessment of housing needs in Blackpool".*

1.1.2 This further work focuses on the jobs or employment-led housing need scenarios and sensitivity tests modelled using the POPGROUP model as part of the SHMA. The purpose of this additional analysis was to:

- verify if the two employment forecasts (one produced by Experian and the other by Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;

- consider whether, given Blackpool's local labour market conditions, reasonable assumptions were used in producing the Core and Sensitivity Scenarios set out in the SHMA; and

- recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions.

1.1.3 This work is recognised in the SHMA as being important to underpin Blackpool's objective assessment of housing need, given the distinct and complex challenges regarding its housing market and the dynamics of its local economy.

1.1.4 The report covers the period from 2012 to 2027 in order to coincide with the Blackpool Core Strategy Plan Period. It uses the same projections used to inform the SHMA for 2011 to 2030 and applies this to the plan period of 2012 to 2027.

1.2 Context

1.2.1 Blackpool's new Local Plan will guide planning matters in Blackpool and will eventually replace the current Blackpool Local Plan 2001-2016 which was adopted in June 2006. One part of the Local Plan will be the Core Strategy which will be a key planning document for Blackpool. It will set out where new development (including housing, as well as employment, retail and leisure) should be located to meet Blackpool's future needs to 2027.

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[1] Turley Associates, December 2013

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The Core Strategy will be used to determine planning applications and priorities for the town over the 15 year Plan period.

1.2.2   The SHMA was prepared to update the evidence base of housing needs and demand across the Fylde Coast. It incorporates and enables a greater understanding of the dynamics and drivers of the sub-regional housing market, and allows the identification of actions that will help to deliver better housing and socio-economic outcomes for those living in Blackpool, Fylde and Wyre. It includes population and household projections based on natural change, sub-national population projections, migration-led and employment-led scenarios.

1.2.3   The economic projections incorporated into the SHMA were provided by two forecasting organisations, Experian and Oxford Economics. Across Blackpool and the Fylde Coast as a whole there is some divergence in the forecasts to 2027. In addition, a range of population and household projections are presented in the SHMA which have been built using the POPGROUP software owned by the Local Government Association and developed by Edge Analytics Ltd.

1.3   Structure

1.3.1   This report continues in four sections as follows:

- **Section 2** - analyses the economic forecasts prepared by Experian and Oxford Economics for Blackpool and the Fylde Coast Sub-Region;

- **Section 3** – assesses Blackpool's labour market conditions and recent trends;

- **Section 4** - reviews the demographic and housing forecasts set out in the SHMA; and

- **Section 5** - summarises the results and recommendations of our report.

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2 Economic forecasts

2.1 Introduction

2.1.1 This section provides summary details of the employment growth forecasts for Blackpool and the Fylde Coast. It covers the period from 2012 to 2027. The forecasts reviewed form the basis for the SHMA employment-led housing need forecasts and were obtained from:

- Experian (April 2013)[2]; and

- Oxford Economics.

2.1.2 The Experian forecasts were procured to inform the SHMA. Oxford Economics were commissioned by Lancashire Local Enterprise Partnerships (LEP) to produce an employment forecast with a baseline of March 2013. The latter forecast was sourced directly from the LEP and also used in the SHMA.

2.1.3 In relation to national economic forecasts, HM Treasury, in its 'Forecasts for the UK Economy – A Comparison of Independent Forecasts' (November 2013) identified, using an average across all forecasts, an average forecast UK Gross Domestic Product (GDP) growth of 1.4% in 2013, rising to 2.3% in 2014 and 2.4% in 2015 and 2016, before a fall to 2.2% in 2017. Over the period 2013 to 2017, claimant count unemployment is forecast to fall from 1.46 million to 1.07 million. After an extended period of relatively poor economic performance, this more positive outlook provided the latest context for the local economic forecasts used in the SHMA.

2.2 Methodologies

2.2.1 The methodologies used by the different forecasting models are as follows:

- **Experian** – Experian produce quarterly forecasts, updated to reflect the latest national and regional economic performance and updated historic datasets. The overall forecasting approach is based on a methodology that combines long-term supply and demand influences with short-term demand side factors. In each case Experian forecast shares of the corresponding UK variable, from their national forecasts, for the region and local area. Population projections are a key driver in the regional and local forecasts. These help to determine hours worked, which feed into output, compensation, employment in all its forms, income and finally spending.

- **Oxford Economics** – this is based on the Oxford Economics Local Authority District Forecasting Model and takes into consideration global and national factors (such as developments in the Eurozone and UK Government fiscal policy) and their potential impact at local authority level. It also factors in historical trends in the area. The variables taken into consideration in the model are:

    - employment – both residence-based and workplace-based;

    - population, migration and households;

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[2] The SHMA notes (page 77, para 5.68) that the Experian figures for the Fylde are based on the September 2013 release which produced more positive feedback for Fylde, with net job creation. The SHMA notes that it was therefore decided to remodel the Fylde demographic, household and housing need forecasts using the September 2013 Experian data. The updated forecasts for Blackpool and Wyre broadly aligned with the previous data and therefore these authorities were not remodelled.

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- wages – both residence-based and workplace-based;
- unemployment and inactivity;
- house prices;
- commuting by occupation; and
- Gross Value Added.

2.3 Employment forecasts

2.3.1 Total employment

2.3.1.1 Table 2.1 sets out summaries of the employment forecasts for Blackpool and the Fylde Coast for the period 2012 to 2027.

Table 2.1: Overall forecasts for employment change for Blackpool and the Fylde Coast, 2012 to 2027				
Blackpool				
Experian	**2012**	**2017**	**2022**	**2027**
Total employment (thousand)	61.210	60.080	60.790	61.940
Total employment growth to 2027 (thousand)[1]	0.730	1.860	1.150	n/a
Total percentage growth to 2027[1]	1.2%	3.1%	1.9%	n/a
Oxford Economics	**2012**	**2017**	**2022**	**2027**
Total employment (thousand)	64.993	64.023	64.301	64.073
Total employment growth to 2027 (thousand)[1]	-0.920	0.050	-0.228	n/a
Total percentage growth to 2027[1]	-1.4%	0.1%	-0.4%	n/a
Fylde Coast				
Experian	**2012**	**2017**	**2022**	**2027**
Total employment (thousand)	142.110	141.210	141.780	142.820
Total employment growth to 2027 (thousand)[1]	0.710	1.610	1.040	n/a
Total percentage growth to 2027[1]	0.5%	1.1%	0.7%	n/a
Oxford Economics	**2012**	**2017**	**2022**	**2027**
Total employment (thousand)	148.315	148.030	150.031	150.861
Total employment growth to 2027 (thousand)[1]	2.546	2.831	0.830	n/a
Total percentage growth to 2027[1]	1.7%	1.9%	0.6%	n/a

[1] Note: Change from column year to 2027. Figures do not add up precisely due to rounding

2.3.1.2 Both forecasts project that there will be relatively little change in employment in Blackpool and across the Fylde Coast between 2012 and 2027.

2.3.1.3 The forecasts for Blackpool vary with Oxford Economics forecasting a fall in employment of 1.4% over the period from 2012 to 2027 and Experian forecasting an increase in employment of 1.2%. However, Oxford Economics, despite forecasting a decrease in employment, have the highest overall employment figure in 2027, with the fall being attributable to the relatively high figure for employment in 2012, which is significantly higher than the Experian figures. Both forecasts estimate that employment will fall between 2012 and 2017 and then increase.

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2.3.1.4 The forecasts for the Fylde Coast as a whole also vary, with Oxford Economics having significantly higher employment figures than Experian in each year. Both forecasts have relatively low growth rates between 2012 and 2027.

2.3.1.5 Both Blackpool and the Fylde Coast as a whole have relatively low compound annual growth rates[3] (CAGR). Oxford Economics' forecasts identify Blackpool as having a negative CAGR of -0.09% over the period from 2012 to 2027, whereas the Fylde Coast has a rate of 0.11%, below the UK rate of 0.51%. Experian's forecasts have CAGRs of 0.08% for Blackpool and 0.03% for the Fylde Coast area as a whole over the period.

2.3.2   Sectoral employment

Blackpool

2.3.2.1 The forecasts produced by Oxford Economics identify employment by sector (less detailed sectoral data was provided for the Experian forecasts in the SHMA covering the period 2011 to 2030 and this is reviewed in Paragraph 2.3.2.5). Table 2.2 shows employment by sector in Blackpool in 2012 as well as the location quotient[4], which indicates the extent to which employment is more or less concentrated in a sector locally compared in this case to the national level.

Table 2.2: Employment by sector in Blackpool, 2012 (Oxford Economics)		
Sector	**Employment**	**Location Quotient**
Agriculture, forestry and fishing	97	0.1
Manufacturing	3,861	0.7
Electricity, gas, steam and air conditioning supply	59	0.2
Water, sewerage, waste and remediation	159	0.4
Construction	3,275	0.8
Wholesale and retail	10,118	1.0
Transportation and storage	2,094	0.7
Accommodation and food service activities	9,139	2.1
Information and communication	462	0.2
Financial and insurance activities	741	0.3
Real estate activities	691	0.8
Professional, scientific and technical activities	2,482	0.5
Administrative and support services	2,113	0.4
Public administration and defence	6,396	2.0
Education	5,653	1.1
Health and social work	11,799	1.4
Arts, entertainment and recreation	4,195	2.3
Other service activities[5]	1,660	0.9

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[3] CAGR measures steady state growth on an annually compounded basis

[4] Location quotients give an indication of the importance of a sector locally compared to nationally. They are calculated by dividing the proportion of total employment in local area accounted for by the sector in question by the national proportion. A location quotient greater than one indicates that a sector is more important locally than it is nationally, whereas a location quotient of less than one indicates that a sector is less significant locally.

[5] 'Other service activities' include activities of membership organisations (including trade unions and religious organisations), the repair of computers and personal and household goods, as well as a variety of personal services activities such as hairdressing, dry-cleaning, funeral activities and pet care activities.

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2.3.2.2 Table 2.2 shows that Blackpool's main employment sectors are health and social work, wholesale and retail, accommodation and food services and the public sector. The sectors in which Blackpool have proportionally high employment compared to the UK as a whole, that is sectors with location quotients above one, are: arts, entertainment and recreation; accommodation and food services; health and social work; public administration and defence; and education.

2.3.2.3 Table 2.3 below shows how sectoral employment in Blackpool is forecast to change over the period 2012 to 2027.

| Table 2.3: Employment by sector in Blackpool – change 2012 to 2027 (Oxford Economics)				
Sector	**2012**	**2027**	**Change**	**% change**
Agriculture, forestry and fishing	97	80	-16	-16.9%
Manufacturing	3,861	3,155	-706	-18.3%
Electricity, gas, steam and air conditioning supply	59	49	-10	-16.9%
Water, sewerage, waste and remediation	159	128	-32	-19.9%
Construction	3,275	3,425	150	4.6%
Wholesale and retail	10,118	10,575	458	4.5%
Transportation and storage	2,094	2,122	28	1.3%
Accommodation and food service activities	9,139	9,313	174	1.9%
Information and communication	462	391	-71	-15.3%
Financial and insurance activities	741	641	-100	-13.5%
Real estate activities	691	773	81	11.8%
Professional, scientific and technical activities	2,482	2,614	132	5.3%
Administrative and support services	2,113	2,409	296	14.0%
Public administration and defence	6,396	5,152	-1,245	-19.5%
Education	5,653	5,285	-367	-6.5%
Health and social work	11,799	11,370	-429	-3.6%
Arts, entertainment and recreation	4,195	4,690	495	11.8%
Other service activities	1,660	1,902	242	14.6%
Total	**64,994**	**64,074**	-920	-1.4%

2.3.2.4 Oxford Economics forecast employment growth in a number of sectors, including notably: arts, entertainment and recreation; wholesale and retail; administrative and support services; other service activities and accommodation and food services. Growth in these sectors would appear to be reasonable for Blackpool as they align with current local strategies to strengthen the visitor economy, secure town centre investment and encourage sustainable investment to reduce reliance on the public sector. Significant decline is forecast in: public services; manufacturing; health services and social work; and education.

2.3.2.5 The sectoral data forecast by Experian presented in the SHMA shows the largest change in employment by sector over the period from 2011 to 2030 are professional and other private services (+1,400 jobs), manufacturing (-1,000 jobs), construction (+700 jobs), public services (+600 jobs) and wholesale and retail (-600 jobs). The key difference is that Experian are more optimistic about employment in the public services in Blackpool than Oxford Economics (forecasting an increase of 600 jobs over the period from 2011 to 2030) and the number of jobs in wholesale and retail is forecast to decline by 600. Optimistic job growth in

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public services does not fit particularly well with current government policy or local policy expectations towards public sector employment. A report prepared for Blackpool Council relating to public sector employment[6] forecast that some 7,400 public sector jobs would be lost across the Fylde Coast between March 2010 and March 2015. In terms of the retail sector, a decline in employment is less consistent with local policy towards retail growth.

2.3.2.6 Figure 2.1 combines location quotients and growth rates for Blackpool's employment sectors, with the location quotient on the X axis and the growth rate on the Y axis. It shows that only wholesale and retail, accommodation and food service, and arts, entertainment and recreation have a location quotient greater than one and positive forecast employment growth.

Figure 2.1: Blackpool's growth sectors (based on Oxford Economics forecasts)
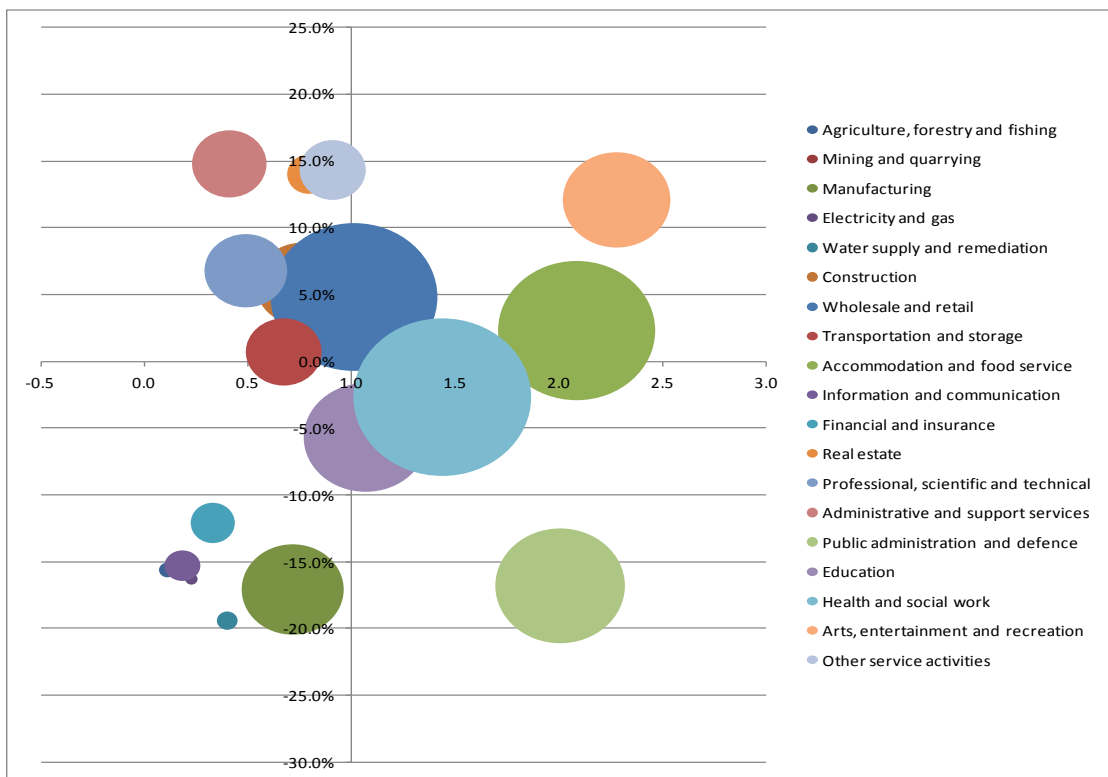
2.3.2.7 A shift-share analysis at the Blackpool level has been undertaken for each of the sectors for the period 2012 to 2027. Shift-share analysis identifies three components of employment change in a local area or a region. These are:

- the national share – this is a calculation of the rate of change in employment in a sector in the local area which is attributable to national growth across all sectors;

- the industry mix – this is a calculation of the change in employment in a sector at the local level which is attributable to the growth or decline of that sector nationally compared to the growth or decline of all sectors nationally; and

- the local shift – this represents the employment change at the local level which is attributable to the difference between the growth rate of the sector in question at the

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[6] Public Sector Employment on the Fylde – Blackpool Bay Area Company, September 2012

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local level and the growth rate of the sector at the national level. A negative local shift indicates that the local economy is less competitive than the national economy.

The forecasts used in the shift-share analysis reflect current government policy towards economic growth and proposals for government expenditure.

2.3.2.8 Table 2.4 below provides details of the shift-share analysis for sectors in Blackpool over the period 2012 to 2027.

Table 2.4: Shift-share analysis at the Blackpool level (Oxford Economics)	2012 employment	2027 employment	2012 to 2027 employment change in Blackpool	National Share	Industry mix	Local shift
Agriculture, forestry and fishing	97	80	-16	8	-20	-4
Manufacturing	3,861	3,155	-706	304	-914	-96
Electricity, gas, steam and air conditioning supply	59	49	-10	5	-14	-1
Water, sewerage, waste and remediation	159	128	-32	13	-37	-7
Construction	3,275	3,425	150	258	248	-357
Wholesale and retail	10,118	10,575	458	798	282	-622
Transportation and storage	2,094	2,122	28	165	54	-192
Accommodation and food service activities	9,139	9,313	174	721	285	-832
Information and communication	462	391	-71	36	21	-128
Financial and insurance activities	741	641	-100	58	-43	-115
Real estate activities	691	773	81	55	115	-89
Professional, scientific and technical activities	2,482	2,614	132	196	481	-545
Administrative and support services	2,113	2,409	296	167	339	-209
Public administration and defence	6,396	5,152	-1,245	504	-1,188	-561
Education	5,653	5,285	-367	446	-687	-126
Health and social work	11,799	11,370	-429	930	-528	-832
Arts, entertainment and recreation	4,195	4,690	495	331	627	-463
Other service activities	1,660	1,902	242	131	142	-31
Total	**64,994**	**64,074**	**-920**	**5,125**	**-835**	**-5,209**

2.3.2.9 The shift-share analysis shows that:

- the forecast decrease in job numbers of 920 between 2012 and 2027 is expected to be mainly due to poor competitiveness of the local economy (a negative local shift of 5,209 jobs). The negative local shift is countered to a large extent by a significantly positive national share; and

- each individual sector is forecast to be less competitive than the national average, even those which are forecast to see employment increase (each has a negative local shift).

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The Fylde Coast

2.3.2.10 Table 2.5 shows employment by sector in the Fylde Coast in 2012 as well as the location quotient forecast by Oxford Economics.

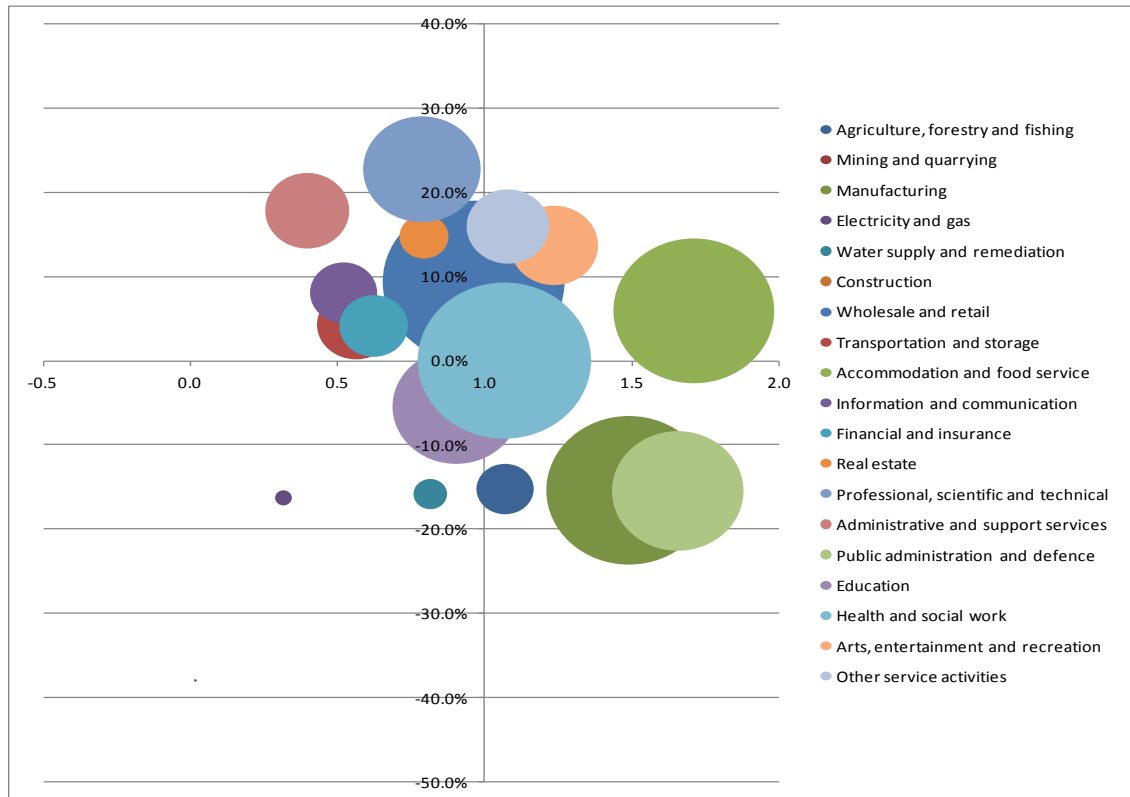| Table 2.5: Employment by sector in the Fylde Coast, 2012 (Oxford Economics)		
Sector	**Employment**	**Location Quotient**
Agriculture, forestry and fishing	2,124	1.1
Mining and quarrying	4	0.0
Manufacturing	18,316	1.5
Electricity, gas, steam and air conditioning supply	185	0.3
Water, sewerage, waste and remediation	737	0.8
Construction	9,904	1.0
Wholesale and retail	21,932	1.0
Transportation and storage	4,002	0.6
Accommodation and food service activities	17,092	1.7
Information and communication	2,970	0.5
Financial and insurance activities	3,179	0.6
Real estate activities	1,578	0.8
Professional, scientific and technical activities	9,088	0.8
Administrative and support services	4,653	0.4
Public administration and defence	12,032	1.7
Education	10,862	0.9
Health and social work	19,968	1.1
Arts, entertainment and recreation	5,194	1.2
Other service activities	4,496	1.1

2.3.2.11 Table 2.5 shows that the Fylde Coast's main employment sectors are wholesale and retail, health and social work, manufacturing, accommodation and food services and public administration and defence. The sectors in which the area has proportionally higher employment compared to the UK as a whole (i.e.those sectors with location quotients above one) are: accommodation and food services; public administration and defence; manufacturing; arts; entertainment and recreation; agriculture, forestry and fishing; health and social work; and other service activities.

2.3.2.12 Table 2.6 shows how sectoral employment in the area is forecast to change over the period 2012 to 2027.

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Table 2.6: Employment by sector in the Fylde Coast – change 2012 to 2027 (Oxford Economics)		
Sector	Change	% change
Agriculture, forestry and fishing	-352	-16.6%
Mining and quarrying	-2	-40.5%
Manufacturing	-3,017	-16.5%
Electricity, gas, steam and air conditioning supply	-31	-16.9%
Water, sewerage, waste and remediation	-119	-16.2%
Construction	1,120	11.3%
Wholesale and retail	1,942	8.9%
Transportation and storage	187	4.7%
Accommodation and food service activities	925	5.4%
Information and communication	287	9.7%
Financial and insurance activities	114	3.6%
Real estate activities	206	13.1%
Professional, scientific and technical activities	2,087	23.0%
Administrative and support services	815	17.5%
Public administration and defence	-2,177	-18.1%
Education	-682	-6.3%
Health and social work	-159	-0.8%
Arts, entertainment and recreation	692	13.3%
Other service activities	708	15.7%
Total	2,546	1.7%

2.3.2.13 Oxford Economics data shows that the Fylde Coast area is forecast to have employment growth in a number of sectors, notably: professional, scientific & technical activities; construction; wholesale and retail; and accommodation and food service. Significant decline is forecast in: manufacturing; public administration and defence; and education.

2.3.2.14 In comparison, the sectoral data forecast by Experian presented in the SHMA shows the largest change in employment by sector over the period from 2011 to 2030 in the Fylde Coast area is manufacturing (-3,900 jobs), professional and other private services (+3,100 jobs), construction (+1,900 jobs) and accommodation and food services (+1,300 jobs).

2.3.2.15 Figure 2.2 combines location quotients and growth rates for the Fylde Coast's employment sectors, with the location quotient on the X axis and the growth rate on the Y axis. It shows that only construction, wholesale and retail, accommodation and food service, arts, entertainment and recreation, and other services have a location quotient of one or more and positive forecast employment growth.

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Figure 2.2: Fylde Coast's growth sectors (based on Oxford Economics forecasts)

2.3.2.16 Table 2.7 summarises the results of a shift-share analysis at the Fylde Coast level for each of the sectors for the period 2012 to 2027.

Table 2.7: Shift-share analysis at the Fylde Coast level (Oxford Economics)						
	2012 employment	2027 employment	2012 to 2027 employment change in the Fylde Coast	National Share	Industry mix	Local shift
Agriculture, forestry and fishing	2,124	1,772	-352	167	-440	-79
Mining and quarrying	4	2	-2	0	-2	2
Manufacturing	18,316	15,299	-3,017	1,444	-4,337	-123
Electricity, gas, steam and air conditioning supply	185	154	-31	15	-43	-3
Water, sewerage, waste and remediation	737	618	-119	58	-172	-6
Construction	9,904	11,024	1,120	781	751	-412
Wholesale and retail	21,932	23,874	1,942	1,729	612	-399
Transportation and storage	4,002	4,189	187	316	104	-232
Accommodation and food service activities	17,092	18,017	925	1,348	534	-956
Information and communication	2,970	3,257	287	234	136	-83
Financial and insurance activities	3,179	3,293	114	251	-184	48
Real estate activities	1,578	1,784	206	124	264	-182

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Professional, scientific and technical activities	9,088	11,175	2,087	717	1,761	-390
Administrative and support services	4,653	5,468	815	367	746	-298
Public administration and defence	12,032	9,855	-2,177	949	-2,235	-890
Education	10,862	10,180	-682	856	-1,320	-219
Health and social work	19,968	19,809	-159	1,574	-893	-840
Arts, entertainment and recreation	5,194	5,886	692	410	777	-494
Other service activities	4,496	5,204	708	355	386	-32
Total	**148,316**	**150,862**	**2,546**	**11,695**	**-3,558**	**-5,588**

2.3.2.17   The shift-share analysis shows that:

- the forecast increase in job numbers of 2,546 between 2012 and 2027 is projected to be mainly due to national economic conditions (a national share of 11,695 jobs);

- the local economy is expected to be uncompetitive (a negative local shift of 5,588 jobs); and

- only finance and insurance and mining and quarrying are forecast to be more competitive than the national average (a positive local shift). However, mining and quarrying is only forecast to grow a very small rate.

2.3.3   *Working age population*

2.3.3.1   In addition to employment change, the economic forecasting models include forecast changes in the working age population. These are not used in the POPGROUP housing forecast model, which uses alternative demographic forecasts (as discussed in Section 4 below), but are important since each of the economic forecasts balances local labour supply and demand by adjusting variables including unemployment, commuting rates, activity rates and employment. Table 2.8 shows the forecast changes in working age population within the Experian and Oxford Economics economic forecasts for the period from 2012 to 2027.

Table 2.8: Overall forecasts for working age population for Blackpool and the Fylde Coast				
Blackpool				
Experian	**2012**	**2017**	**2022**	**2027**
Working age population (thousand)	83.3	87.3	89.1	89.7
Working age population growth to 2027 (thousand)[1]	6.4	2.4	0.6	n/a
Total percentage growth to 2027[1]	8%	3%	1%	n/a
Oxford Economics	**2012**	**2017**	**2022**	**2027**
Working age population (thousand)	85.3	85.4	85.8	84.1
Working age population growth to 2027 (thousand)[1]	-1.2	-1.3	-1.7	n/a
Total percentage growth to 2027[1]	-1%	-1%	-2%	n/a
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Experian	**2012**	**2017**	**2022**	**2027**
Working age population (thousand)	189.7	200.1	205.2	205.9

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Working age population growth to 2027 (thousand)[1]	16.2	5.9	0.7	n/a
Total percentage growth to 2027[1]	9%	3%	0%	n/a
Oxford Economics	**2012**	**2017**	**2022**	**2027**
Working age population (thousand)	188.6	189.1	190.8	187.5
Working age population growth to 2027 (thousand)[1]	-1.1	-1.6	-3.3	n/a
Total percentage growth to 2027[1]	-1%	-1%	-2%	n/a

Source: Experian, 2013, Oxford Economics 2013
[1] Note: Change from column year to 2030

2.3.3.2 The forecasts for Blackpool vary significantly, with Experian forecasting a significant positive change but Oxford Economics forecasting a small decline. At the Fylde Coast level, Experian project significant growth of over 16,000 between 2012 and 2027, whereas Oxford Economics forecast a decline. This variation is because the Experian forecasts are based on the Sub-National Population Projections (SNPP) 2010 data whereas Oxford Economics bases its forecasts on its own demographic model.

2.3.3.3 Whilst the two forecasts have differing figures for the 2012 baseline, they are not too dissimilar to the figure provided by Nomis through the midyear population estimates for Blackpool (84,100), although they are more optimistic than the Nomis figure for the Fylde Coast (185,500). Comparing the two forecasts historically to Nomis figures show only marginal differences, varying from 0% to 3.1% annually between 1997 and 2012.

2.4   Assessment of employment forecasts

2.4.1   The forecasts have been assessed using the following two criteria:

- were they up-to-date at the time of the SHMA – based on the forecast publication date; and

- are they realistic and representative – use of an established and recognised forecasting model, comparison with other medium-term economic forecasts; baseline (2012) employment data; total employment growth; rate of employment growth (compound annual growth rate); and sectoral variations

2.4.2   Table 2.9 summarises the analysis of whether or not the forecasts are up-to-date. In the case of Experian, the SHMA did explicitly consider whether the forecasts were the most recent. In relation to the Oxford Economics forecasts, the SHMA used the recent forecasts sourced by the Lancashire LEP with a baseline of March 2013.

Table 2.9: Up-to-date criteria		
Criteria for assessment	**Experian**	**Oxford Economics**
Forecast publication date	April 2013	March 2013
Was this the most recent at the local level	No – but the SHMA did explicitly consider the September 2013 Experian forecasts and noted that for Blackpool the forecasts broadly align	The SHMA used the most up-to-date forecasts sourced by the Lancashire LEP

2.4.3   A summary of the data used to assess the extent to which the forecasts are considered to be realistic and representative is set out in Table 2.10.

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Table 2.10: Realistic and representative		
	Experian	**Oxford Economics**
Methodology	Experian forecasting model	LAD forecasting model
Comparison of national forecast with other medium-term economic forecasts	Average	High end
Blackpool		
Baseline employment (2012)	61,210	64,993
Total employment growth (2012 to 2027)	730	-920
Growth rate (2012 to 2027) – CAGR (%)	0.08%	-0.09%
Sectoral variations	**Increasing notably (from SHMA, 2011 to 2030):** Professional and other private services Construction Public services **Decreasing notably:** Manufacturing Wholesale and retail	**Increasing notably:** Arts, entertainment and recreation Administrative and support services Wholesale and retail Accommodation and food service activities **Decreasing notably:** Manufacturing Public administration and defence Education Health and social work
The Fylde Coast		
Baseline employment (2012)	142,110	148,315
Total employment growth (2012 to 2027)	710	2,546
Growth rate (2012 to 2027) – CAGR (%)	0.03%	0.11%
Sectoral variations	**Increasing notably (from SHMA, 2011 to 2030):** Professional and other private services Construction Accommodation and food services **Decreasing notably:** Manufacturing	**Increasing notably:** Construction Accommodation and food service activities Wholesale and retail Professional, scientific & technical Arts, entertainment and recreation Administrative and support services **Decreasing notably:** Manufacturing Public administration and defence Education

Note: The sectors in the table are forecast to experience notable total change rather than % change. That is, the sectors highlighted are those with the biggest change in the actual number of jobs rather than those with the highest percentage change, as some sectors with a high percentage change have very low employment numbers.

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2.4.4   Each of the forecasts has been produced using an established forecasting model. At the national level, the HM Treasury comparison of independent forecasts' (November 2013) indicates that GDP was forecast to grow by 1.3% in 2013, rising to 2.2% in 2014 and 2.4% in 2015 and 2016, before a fall to 2.3% in 2017. The Experian national forecasts for 2016 and 2017 were the same as these independent forecast averages, with those for 2013 and 2014 being lower at 2.1% for each year. In comparison, the national Oxford Economics forecasts were higher than the average for four of the five years, at 1.4% in 2013, 2.5% in 2014, 2.4% in 2015, and 2.6% in 2016 and 2017. However, both are considered to be credible sets of national forecasts.

2.4.5   Both the baseline 2012 and historic data vary significantly between Experian and Oxford Economics. It is not clear why this is the case, although such discrepancies between the forecasts are not uncommon[7] and are also evident in data for preceding years. The variance in 2012 baseline employment is also reflected when comparing historic data for the two forecasts (see paragraph 2.4.9 below).

2.4.6   Oxford Economics' CAGR figures for the period 2012 to 2027 for Blackpool are high compared to historic growth figures from the forecast data. For example, analysis of the CAGR for every 15 year period from 1997 – 2012 to 2012 – 2027 shows that, for Blackpool, only the 15 year period from 2010 to 2025 has a higher CAGR than the 2012 to 2027 period, and for the Fylde Coast as a whole, only the 15 year period from 2011 to 2026 has a higher CAGR. The same analysis using the same time periods has also been carried out on the CAGR figures derived from the Experian data. This shows that the period from 2012 to 2027 has a higher CAGR than any other 15 year period from 1997 for Blackpool and that only the period from 2011 to 2026 has a higher CAGR at the Fylde Coast level. Both forecasts suggest that Blackpool could perform relatively better in the future than it has in the past and could thus be considered to be consistent in that regard, although the Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved over the last 17 years.

2.4.7   The sectors which are forecast to grow by Oxford Economics are considered to be reasonable on the whole, as they align with current local strategies to strengthen the visitor economy, secure town centre investment and encourage sustainable investment to reduce reliance on the public sector. Forecast job growth figures for the Fylde Coast are also felt to be reasonable in that they reflect current local strategies for overall job creation supporting a stronger, more resilient and diversified economy. However, the forecast growth in public sector jobs and decline in retail employment under the Experian forecasts are considered to be less consistent with national and local policy expectations.

2.4.8   Both of the forecasts are similar in their estimates of employment decline in Blackpool between 2002 and 2012, with both estimating a decrease of some 10%, as shown in Table 2.11. However, the two forecasts do have very different baseline figures for 2002. Experian also estimate that there was a decline in employment across the whole Fylde Coast, whereas Oxford Economics estimate that there was a small increase. Oxford Economics estimate that professional, scientific and technical activities grew significantly over the period, as did health, accommodation and food services and administrative and support services.

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[7] For example, see AMION Consulting (January 2014), South Worcestershire Development Plan – Objective Assessment of Housing Need

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Table 2.11: Historic employment change (000s) 2002 to 2012					
Experian	**2002**	**2007**	**2012**	**Change 2002 to 2012**	**% change**
Blackpool	68.060	65.220	61.210	-6.850	-10.1%
The Fylde Coast	149.540	150.270	142.110	-7.430	-5.0%
Main growth sectors – Not available					
Oxford Economics	**2002**	**2007**	**2012**	**Change 2002 to 2012**	**% change**
Blackpool	72.367	67.862	64.993	-7.374	-10.2%
Main growth sectors – Blackpool					
Accommodation and food services	8,442	8,320	9,139	697	8.3%
Administrative and support services	1,591	2,320	2,113	522	32.8%
Education	5,372	5,664	5,653	281	5.2%
Health and social work	10,869	10,717	11,799	930	8.6%
Other service activities	1,445	1,264	1,660	215	14.8%
The Fylde Coast	145.645	156.412	148.315	2.670	1.8%
Main growth sectors – Fylde Coast					
Professional, scientific and technical activities	5.935	6.547	9.088	3.153	53.1%
Health and social work	16.788	18.647	19.968	3.180	18.9%
Accommodation and food services	14.863	14.527	17.092	2.229	15.0%
Administrative and support services	3.578	5.789	4.653	1.074	30.0%

2.4.9   In terms of historic growth, while the published statistics indicate a decline in employment of 6.8% between 2009 and 2012, the Oxford Economics forecast indicates a decline of 6.0%, with Experian indicating a decline of 4.5%.Table 2.12 shows how the actual number of jobs (as determined by the Business Register and Employment Survey (BRES)) for each year between 2009 and 2012 compares with the baseline figures for those years provided in the two forecasts as well as the percentage change on the previous year. It also sets out the percentage difference between the forecasts and the published statistics. The results show that each forecast has a higher baseline figure than the BRES figure for each year within this period. Oxford Economics starts from a higher baseline in 2009 and so when compared to BRES figures it has a greater variance each year, although it is generally closer aligned to BRES when comparing the percentage change on the previous year.

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Table 2.12: Employment forecasts – variances with BRES								
Blackpool								
	2009		**2010**		**2011**		**2012**	
Total employment								
BRES	60,812		57,067		56,923		57,213	
% change on previous year	N/A		-6.2%		-0.3%		0.5%	
Oxford Economics	68,877		64,675		65,129		64,993	
% change on previous year	N/A		-6.1%		0.7%		-0.2%	
Experian	64,190		62,700		60,920		61,100	
% change on previous year	N/A		-2.3%		-2.8%		0.3%	
Variances								
	2009		**2010**		**2011**		**2012**	
	Total	**% var.**	**Total**	**% var.**	**Total**	**% var.**	**Total**	**% var.**
Oxford V BRES	8,065	13.3%	7,608	13.3%	8,206	14.4%	7,780	13.6%
Experian V BRES	3,378	5.6%	5,633	9.9%	3,997	7.0%	3,887	6.8%
Fylde Coast								
	2009		**2010**		**2011**		**2012**	
Total employment								
BRES	137,964		136,383		129,269		128,531	
% change on previous year	N/A		-1.1%		-5.2%		-0.6%	
Oxford Economics	157,710		157,120		147,804		148,315	
% change on previous year	N/A		-0.4%		-5.9%		0.3%	
Experian	148,600		144,670		141,000		141,880	
% change on previous year	N/A		-2.7%		-2.5%		0.6%	
Variances								
	2009		**2010**		**2011**		**2012**	
	Total	**% var.**	**Total**	**% var.**	**Total**	**% var.**	**Total**	**% var.**
Oxford V BRES	19,746	14.3%	20,737	15.2%	18,535	14.3%	19,784	15.4%
Experian V BRES	10,636	7.7%	8,287	6.1%	11,731	9.1%	13,349	10.4%

2.4.10   In conclusion, despite Oxford Economics forecasting a decline and Experian forecasting growth in employment in Blackpool, the level of change anticipated in each case is relatively small. In addition, there are also a number of variances between the forecasts and between them and published data.   However, both forecasts are based on an established and recognised economic forecasting model. Consequently, at the Blackpool and Fylde Coast levels, both projections are considered to provide representative and realistic forecasts for planning purposes. The Oxford Economics forecasts do though appear to be more consistent in terms of its sectoral outcomes with national and local expectations. In addition, they are

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closer to national published data in terms of historic change between 2009 and 2012[8] and the Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved over the last 17 years.

2.5   Key issues

2.5.1   In terms of Blackpool, the key issues emerging from the review of the economic forecasts are as follows:

- Oxford Economics forecast a fall in employment of 1.4% over the period 2012 to 2027. In contrast, Experian forecast a small increase of 1.2% over the same period;

- Blackpool is forecast by Oxford Economics to see employment growth in a number of sectors, including notably: arts, entertainment and recreation; wholesale and retail; administrative and support services; other service activities and accommodation and food services. This would seem to be reasonable based on Blackpool's strengths and would fit with current local strategies. The decline in public sector employment is also in line with government policies and local expectations in terms of substantial loses of public sector jobs. Notable sectoral declines are expected in manufacturing, public administration and defence, and education. In contrast, the Experian sectoral forecasts indicate a growth in public sector employment, along with a decline in retailing employment. The Oxford Economics forecasts could therefore be considered to be more consistent with national and local policy expectations.

- the working age population forecasts within the Experian and Oxford Economics forecasts vary significantly for Blackpool. Experian forecast significant positive change between 2012 and 2027, but Oxford Economics forecast a small decline;

- both Experian and Oxford Economics forecasts expect Blackpool to perform better in terms of employment change than it has done over previous 15 year periods. The Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved over the last 17 years

- in terms of historic growth, published statistics indicate a decline in employment of 6.8% between 2009 and 2012. In comparison, the Oxford Economics forecasts indicate a decline of 6.0%, with Experian indicating a decline of 4.5%; and

- In conclusion, despite their variances, both sets of projections are considered to provide representative and realistic forecasts for planning purposes. However, the Oxford Economics forecasts do appear to be more consistent in terms of national and local policy expectations. In addition, they are closer to national published data in terms of percentage change between 2009 and 2012 and the Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved in Blackpool over the last 17 years.

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[8] Note: BRES data is available between 2009 and 2012

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3   Labour market conditions

3.1   Overview

3.1.1   This section assesses historic changes in labour market conditions in Blackpool and considers whether reasonable assumptions were made in producing the housing need forecasts set out in the SHMA.   In particular, it considers whether there are specific differences in Blackpool which mean that alternative assumptions should be modelled.

3.1.2   The POPGROUP model was used in the SHMA to *"… evaluate the impact of a particular jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of its labour force and the size of its resident population. Economic activity rates control the relationship between the size of the population and the size of the labour force. The unemployment rate and the commuting ratio determine the relationship between the size of the labour force and the number of jobs available. If there is an 'imbalance' between the target number of new jobs and the resident population, then migration is used to redress the imbalance".* (SHMA, page 102, paragraph 7.22 and 7.23)

3.1.3   The SHMA made the following assumptions in relation to economic activity rates, unemployment rates and the commuting ratio (SHMA, Appendix 3):

- *Economic activity rates* – these were derived from a combination of the 2001 Census statistics and the latest evidence from the Labour Force Survey (via NOMIS). In addition, specific adjustments were made to the labour force participation rates in the older age groups to reflect proposed changes to state age pension. From 2020 economic activity rates were kept constant. In relation to Blackpool an alternative scenario was also modelled so that the levels of economic activity for ages 25 to 54 converge with those found in Lancashire in 2011 by 2031;

- **Unemployment rates** – the core scenarios in the SHMA use the 5 year average unemployment rate for the 16+ age group, which is assumed to remain constant throughout the projection period. The 5 year average rate for Blackpool was 8.2%. An alternative 9 year average was also modelled as an alternative scenario (7.2% in Blackpool); and

- **Commuting ratio** – this was derived using 2011 statistics from the Annual Population Survey and reflects the balance between the size of the resident labour force and the number of jobs available in the local authority. In relation to Blackpool the ratio was calculated to be 0.99.

3.1.4   The remainder of this Section explores historic changes in economic activity rates and employment rates in Blackpool, as well as unemployment, skills and commuting, to understand the implications of past trends on future labour market dynamics.

3.2   Economic activity rates

3.2.1   Blackpool has relatively low economic activity rates[9]. Table 3.1 shows that Blackpool's economic activity rates over the period from 2009 to 2013 have, generally, been below regional and national averages.

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[9]   The economic activity rate refers to the percentage of people aged 16 to 64 who are either employed or unemployed and looking for work

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Table 3.1: Economic activity rates 2009 to 2013 (%)					
	2009	**2010**	**2011**	**2012**	**2013**
Blackpool	74.9	74.6	73.1	74.6	74.4
Fylde Coast	75.2	76.5	76.6	73.3	74.9
Lancashire	74.2	76.1	76.4	76.5	73.9
North West	74.5	74.9	74.7	75.4	75.0
United Kingdom	76.5	76.1	76.2	76.8	77.3

Source: annual population survey, Nomis (January to December for each year)

3.2.2   Labour markets are invariably complex in nature and minor changes in incentive frameworks can result in significant adjustments to decisions such as participation. All manner of characteristics and conditions make people decide to be active or inactive. Some of these are personal to individuals and their lifestyles, others reflect structural change in the labour market due to policy or legislative change and some simply reflect the business cycle which attracts people to consider work as opportunities expand or discourages people from seeking work as opportunities decline.

3.2.3   Figure 3.1 illustrates annual average activity rates in Blackpool between 2005 and 2012. While there is year-on-year variation, over the period activity rates for the 16-24 age-band declined by 2% points (with decline concentrated in the 16-19 band), remained broadly stable for the 25-49 band, increased by 4% points for the 50-64 band and increased by 2% points for the 65+ band.

Figure 3.1: Blackpool Activity Rates 2005-2012 (%)
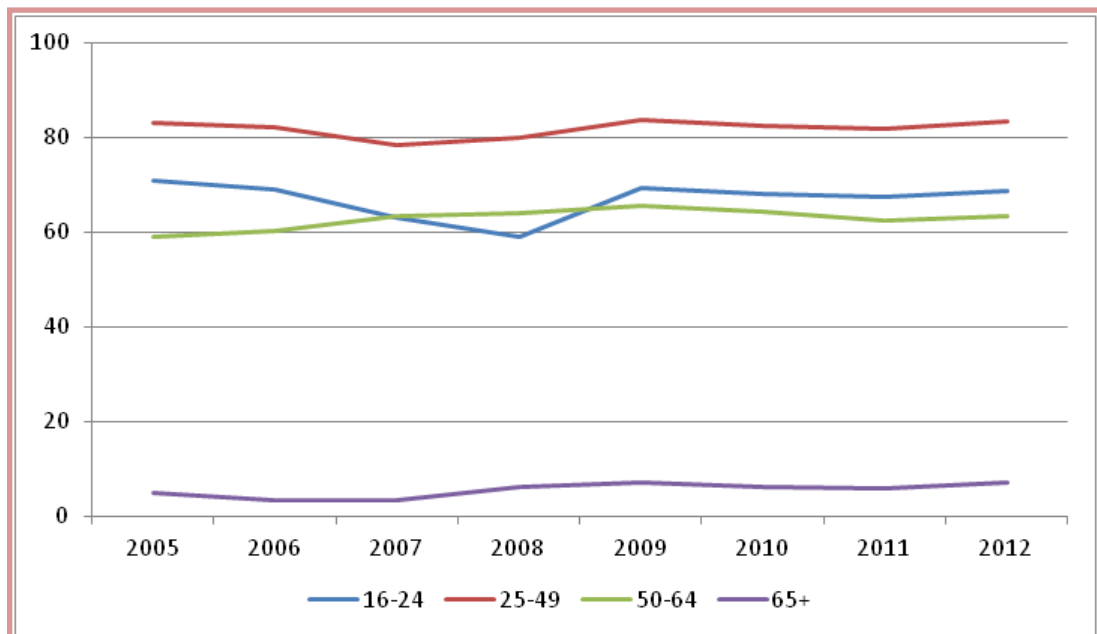
3.2.4   Recent research evidence points to the fact that the UK is undergoing a period of structural change in labour markets. It is evident that activity rates have fallen markedly among the young and have risen among older groups[10]. Blackpool also displays these patterns. At the
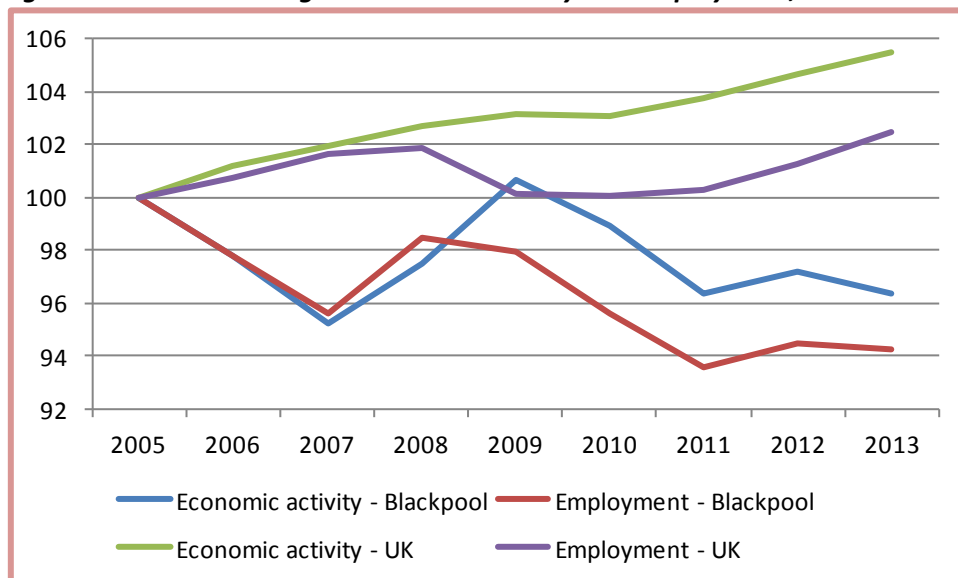
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[10]   BEQB (2011), Volume 51 No. 1: Benito, A & Bunn, P, 'Understanding labour force participation in the United Kingdom'

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younger end, annual average rates for the 16-19 years group have fallen by 6% points since 2005 while rates for the 50+ band have increased by 3% points. Changes in the availability of defined occupational pension structures, less generous retirement provisions, increasing life expectancy and adjustments to state pension age may all have contributed to increasing participation among older cohorts.

3.2.5 The core scenarios in the SHMA make allowance for certain structural changes in the labour market by adjusting for modifications in pension age, but they make no further adjustments for other potential structural or cyclical changes. As Blackpool's structural changes are not markedly different than patterns displayed by wider labour markets, any such changes are likely to affect each Fylde Coast district to varying degrees and therefore it is not considered reasonable to propose specific adjustments in relation to Blackpool. Furthermore, there is no justification to adjust activity rates based on cyclical changes, given that this would also affect each Fylde Coast district and the absence of any policy exceptions to support significant job growth. However, the alternative scenario presented in the SHMA - with increasing activity rates amongst the 25 to 54 age groups - does provide an interesting indication of what might happen if the local activity rates were to increase due to either structural or cyclical factors.

3.2.6 In 2005, there were 63,400 economically active people in Blackpool, a figure which had declined to 61,100 in 2013. Over the same period, the number of people in employment fell from 59,400 to 56,000. Between 2005 and 2013, the number of people economically active and also the number of people in employment both increased nationally. Figure 3.2 shows the indexed change in the numbers of economically active people and the number in employment over the period from 2005 to 2013. For both Blackpool and the UK, the change in the number of people in employment and economically active follow broadly similar patterns of change by area. However, before 2008 the indexed changes in the two indicators were comparable for each area, but these have diverged since then. In terms of Blackpool, the decline in employment has been at a greater rate than that of activity rates.

Figure 3.2: Indexed change in economic activity and employment, 2005 to 2013

Source: annual population survey, Nomis

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3.3   Employment Rates

3.3.1   Blackpool also has relatively low employment rates[11] compared to the Fylde Coast as a whole and to the wider Lancashire LEP area, region and United Kingdom averages, as shown in Table 3.2 below.

Table 3.2: Employment rates 2009 to 2013 (%)					
	2009	**2010**	**2011**	**2012**	**2013**
Blackpool	68.4	67.6	66.5	68.0	68.1
Fylde Coast	71.0	70.7	70.7	67.6	69.4
Lancashire	68.8	71.2	71.1	70.2	69.1
North West	68.0	68.8	68.3	68.8	68.9
United Kingdom	70.5	70.1	70.0	70.6	71.3

Source: annual population survey, Nomis (January to December for each year)

3.4   Unemployment

3.4.1   The unemployed are a subset of the economically active and represent the stock of potential workers not currently in work but seeking work. The higher the stock of unemployed, given existing labour demand, economic activity rates and the suitability of the local unemployed to satisfy employer need, the less likely in-commuting and in-migration will be required to balance labour market accounts. If the skills of the local unemployed are not a 'match' for employer need then a high unemployed stock may still require in-commuting and migration to balance demand and supply. The issue of skills is considered further in Section 3.5 below.

3.4.2   During the period from January 2013 to December 2013, 8.2% of the economically active population of Blackpool aged 16+ were unemployed. This compares to 6.4% for the Lancashire LEP area and 7.5% for the United Kingdom as a whole during the same period. The seasonal nature of tourism in Blackpool leads to relatively high rates of unemployment in the local authority, particularly in the winter months. Even at the height of the tourism season (which extends into October because of the illuminations) the unemployment rate in Blackpool is usually above the county and national averages.

3.4.3   Blackpool has a relatively high unemployment rate, both in terms of the Jobcentre Plus claimant count[12] and the International Labour Office (ILO)[13] measure compared to the Fylde Coast as a whole and to the wider Lancashire LEP area, region and United Kingdom averages. In November 2013, the claimant count in Blackpool stood at 5.2%, above the Fylde Coast (3.5%), LEP (2.8%), regional (3.4%) and United Kingdom (3.0%) averages.

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[11]   The employment rate refers to the number of people aged 16 to 64 who are in employment expressed as a percentage of the total population aged 16 to 64.

[12]   The claimant count refers to the number of people claiming Jobseekers Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. The percentage figures express the number of claimants resident in an area as a percentage of the population aged 16-64 resident in that area.

[13]   The ILO unemployment rate refers to the number of unemployed people in an area as a percentage of the economically active population.

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3.4.4   In terms of historical trends, Blackpool's ILO unemployment rate has, over recent years, been above that of the LEP, the region and the country as a whole, as shown in Figure 3.3.

Figure 3.3: Unemployment rates, 2005 to 2013 (%)
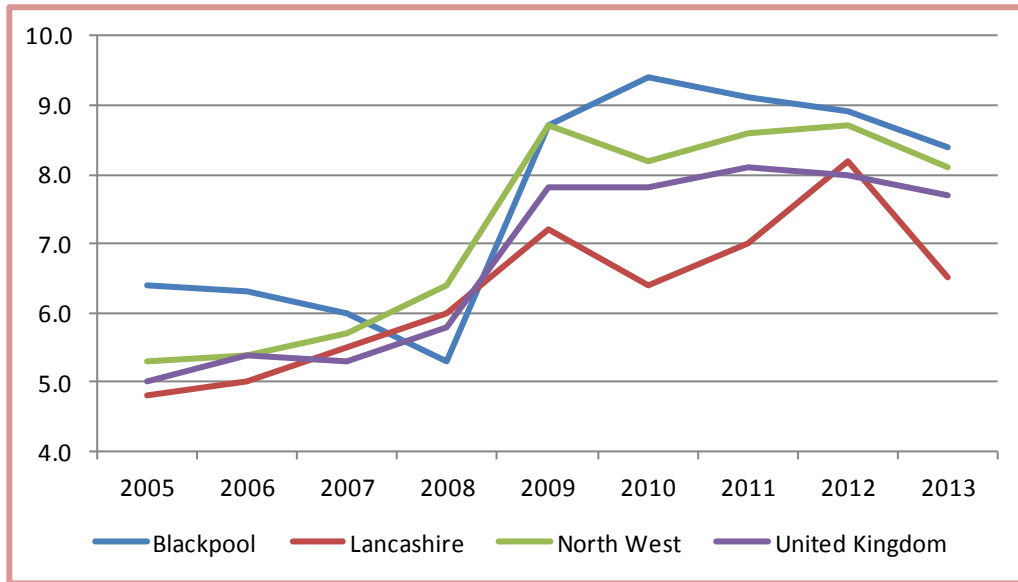
Source: annual population survey, Nomis

3.4.5   Maintaining a constant unemployment rate over the forecast period, as is assumed in the POPGROUP model, represents a very significant simplification, since rates will inevitably vary over time. They cover the recession period during which unemployment rates in Blackpool increased substantially. However, the projections do reflect average past performance and whilst the figures are higher they display similar patterns compared to wider trends. It would not be reasonable to assume that any change or adjustment to the approach would be specific only to Blackpool. On this basis, it is again not suggested that alternative assumptions are modelled. However, the 9 year average unemployment rate sensitivity scenario provides evidence of what might happen if unemployment were to reduce further.
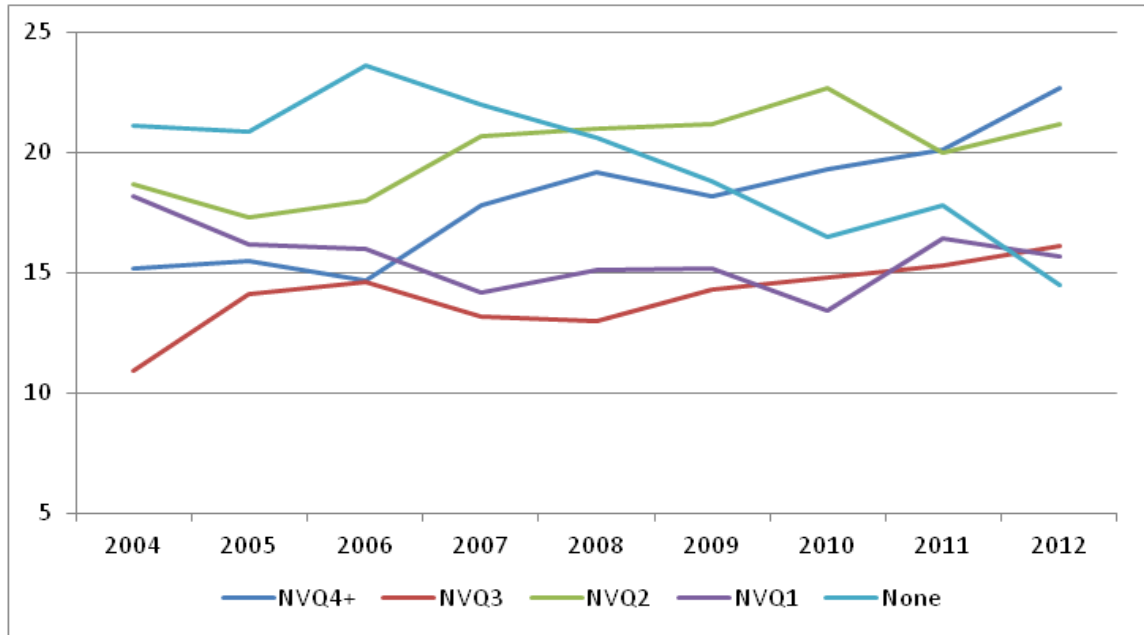
3.5   Skills

3.5.1   The issue of skills compatibility is likely to be a prime determinant of structural unemployment. Skills are also likely to play a prominent role in determining the likelihood of flows between inactivity and activity and determining whether future employment opportunities are likely to be 'open' or 'closed' to local residents. In this way, skills compatibility is another element that contributes to the likelihood of flow adjustments (in-commuting and in-migration) to balance labour market stocks.

3.5.2   Figure 3.4 illustrates the profile of residence skills between 2004 and 2012 and shows significant change[14]. Over the period, the proportion of residents with NVQ4+ level skills increased by 7.5 percentage points with figures of 5.2% and 2.5% for Level 3 and 2, respectively. These were balanced by declines for Level 1 of 2.5% and 6.6% for no qualifications. Such changes partly reflect natural cohort effects as older members of the workforce are replaced by younger individuals with more certificated skills as well as specific programmes and interventions designed to upskill resident.

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[14]   Data is sourced from the APS.

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Figure 3.4: Blackpool NVQ Skill Profiles (16-64) 2004-2012 (%)

3.5.3   Contrasting the pattern of improvement with the UK as a whole (Table 3.3) suggests that Blackpool has maintained relative parity. While the proportion of Level 4+ skills has increased marginally slower than in the UK, increases in proportions of Level 3 and 2 qualifications have been higher with more extensive decline in the share of residents with no skills.

Table 3.3: The changing share of qualifications 2005 / 2012 (%)		
Age-Band	Blackpool	UK
NVQ4+	+7.5%	+8.2%
NVQ3	+5.2%	+2.5%
NVQ2	+2.5%	+1.5%
NVQ1	-2.5%	-2.2%
None	-6.6%	-5.5%

Source: annual population survey (Nomis)

3.5.4   Further analysis shows that economically active residents are generally better skilled than the resident base as a whole. They have a higher proportion of high and medium level skills and a lower proportion of low or no skills and employed residents have a marginally better profile of skills than the economically active.

3.5.5   The clear message from these observations is that both general labour market participation and employment are positively related to skills attainment and that interventions seeking to support skills progression are likely to be a key feature of efforts to improve employment prospects for residents. There is an improving skills profile within the Blackpool resident base with evidence of successful employment and skills programmes having been delivered, which is likely to extend into the future. Blackpool Council is working with its partners, such as Blackpool and the Fylde College, to ensure that local people have the skills necessary to access future jobs.

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3.5.6   All of the evidence that exists shows substantial change in the skills intensity of employment. The UK Commission for Employment and Skills (UKCES) reports that, between 2000 and 2010, the share of UK employment with Level 4+ skills increased by 9 percentage points with the bulk of this increase balanced by decline in the share of no or low (below NVQ2) skills. This trend of increasing skills requirements is expected to continue. However, the sectors that are forecast to grow in Blackpool (notably: arts, entertainment and recreation; administrative and support services; and accommodation and food services) are more likely to generate jobs that are accessible to the unemployed and will often require lower skills. These sectors are consistent with a number of the major projects that are being brought forward in the town, such as, the Leisure Quarter site, which is to be the location for a major new leisure development.

3.5.7   Blackpool's skills profile, with its above average proportion of lower skilled residents and relatively low proportion of higher skilled residents is consistent with the area's occupational profile, which shows a historic trend towards low skilled employment as opposed to higher skilled positions. This is demonstrated in Table 3.4, which shows the occupational profile by Standard Occupational Classification (SOC).

Table 3.4: Blackpool's occupational profile (% of employment)					
	2005	**2007**	**2009**	**2011**	**2013**
Blackpool					
SOC Groups 1 to 3	27.4	29.2	30.8	29.2	33.9
SOC Groups 4 and 5	28.4	26.0	25.7	26.4	21.1
SOC Groups 6 and 7	22.0	21.3	22.4	22.4	20.9
SOC Groups 8 and 9	21.9	23.4	20.7	21.3	24.0
UK					
SOC Groups 1 to 3	39.8	41.1	41.9	42.9	43.7
SOC Groups 4 and 5	24.9	23.8	23.0	22.0	21.5
SOC Groups 6 and 7	16.4	16.5	16.9	17.2	17.0
SOC Groups 8 and 9	18.5	18.2	17.7	17.5	17.0

Source: annual population survey, Nomis

Note: SOC Groups 1 to 3 include managerial and professional positions. SOC Groups 4 and 5 are skilled and administrative positions. SOC Groups 6 and 7 are caring, leisure and customer service occupations. SOC Groups 8 and 9 are elementary and unskilled occupations.

3.5.8   Skills compatibility is an important determinant of structural unemployment. Targeted local training and employment programmes can help to reduce the level of local unemployment and it is understood the Council will continue its efforts to improve the skills profile of Blackpool's residents and encourage the population to engage in the labour market. However, whilst improving unemployment rates may be achievable, there is no specific Blackpool evidence which would indicate that specific local adjustments should be made to the Blackpool assumptions in the SHMA modeling.

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3.6   Commuting

3.6.1   In terms of commuting, the SHMA identifies that the commuting ratio for Blackpool is 0.99 reflecting the fact that the stock of jobs marginally exceeds the estimated size of the labour force. In reality, local residents will travel to jobs outside of the area and those living elsewhere will commute in to work. However, in the absence of data from the 2011 Census regarding commuting patterns this approach is considered to be reasonable and any alternative approach would not be specific to Blackpool.

3.7   Key issues

3.7.1   The key labour market issues are as follows:

- Blackpool has relatively low economic activity rates (74.4% in 2013) compared with the regional (75.0%) and national (77.3%) averages. These rates vary over time in response to cyclical and structural adjustments. However, the rate for Blackpool has generally been lower than sub-regional, regional and national averages for a number of years. The changes in the number of people in employment and economically active have followed broadly similar patterns between 2005 and 2013. In Blackpool, the decline in employment has been at a greater rate than that of activity rates. The indexed change in the two indicators has diverged since 2008, which is consistent with the national trend;

- the employment rate is also relatively low – reflecting both the low activity rate and high unemployment rate. As with economic activity rates, the employment rate for Blackpool has generally been lower than sub-regional, regional and national averages for a number of years;

- Blackpool has high ILO and claimant count unemployment rates. Unemployment also varies significantly seasonally – due to the importance of the tourism sector. Over recent years, the unemployment rate for Blackpool under both measures has been above sub-regional, regional and national averages;

- skills compatibility is an important determent of structural unemployment. There is an improving skills profile within the Blackpool resident base, but the higher level skills are increasing at a slower rate than the UK overall. Blackpool Council is working with its partners, such as Blackpool and the Fylde College, to ensure that local people have the skills necessary to obtain jobs in the future;

- substantial further changes are expected in the skills intensity of employment. However, sectors such as arts, entertainment and recreation which are forecast to grow in Blackpool are more likely to generate jobs that are accessible to the unemployed and will often require lower skilled jobs;

- in terms of commuting, the stock of local jobs is estimated in the SHMA to be broadly in balance with the estimated size of the labour force; and

- overall, it is not considered reasonable to propose Blackpool specific adjustments to the economic activity rates, unemployment rates and commuting ratios used in the SHMA. Any changes or adjustments in approach would not be specific to Blackpool alone. However, the alternative activity rate and unemployment rate scenarios modelled in the SHMA do provide an interesting indication of what might happen if either activity rates were to increase due to structural or cyclical factors or unemployment were to reduce.

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4 Demographic and housing forecasts

4.1 Introduction

4.1.1 This section summarises the demographic, household and housing need forecasts set out in the SHMA. It includes a description of the forecasting methodology and sets out the forecasts for six core scenarios plus sensitivity analyses, covering the period from 2012 to 2027.

4.2 Forecasting methodology

4.2.1 The demographic, housing and housing need forecasts were produced by Edge Analytics using the POPGROUP model as part of the Fylde Coast SHMA. Housing requirements are intrinsically linked to the size and structure of the population. Projections of future population and households for the SHMA were produced using three broad approaches, namely:

A. New trend-based demographic 'core' scenarios based on the latest evidence regarding existing population composition and preceding trends. Three 'migration-led' scenario alternatives have been developed, based upon the latest demographic evidence:

- Migration-led 5 year: rates for internal and international migration for 2011 to 2030 are based on the last five years of historical evidence (2006/07 to 2010/11).

- Migration-led 10 year: internal and international migration assumptions for 2011 to 2030 are based on the last 10 years of historical evidence (2001/02 to 2010/11).

- Natural Change: in and out migration, immigration and emigration are set to zero.

B. Employment-led 'core' scenarios using the new economic forecasts for each district produced by Oxford Economics and Experian. The demographic implications of each scenario were examined. Prior to 2012 these scenarios are constrained to the level of population growth according to the ONS Mid-Year Population Estimates to 2012. From 2012 to 2030 they are constrained by the growth in employment forecast for the period by each of the economic forecasts. Under these scenarios, population growth is driven by higher in-migration in order to meet the higher demand for labour. Three key parameters determine the balance of migration (population change) that is required to match the size of the labour force and the anticipated jobs growth, with these three remaining constant over the forecast period in the core scenarios:

- economic activity rates;

- unemployment rate; and

- commuting ratio.

C. Use of the 2010-based official ONS projections to produce a SNPP-2010 core scenario. These are used primarily as a benchmark for the other scenarios. Age-specific migration rates for internal and international migration are drawn from the ONS 2010-based assumptions.

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4.2.2   The scenarios considered are those identified in the SHMA. However, a period from 2012 to 2027 is covered, rather than the 2011 to 2030 period in the SHMA. For each forecasting model, two projections were made, one using 2008 headship levels and the other using 2011 headship levels. The analysis throughout this section is consistent with the SHMA modeling as both analyses take a midpoint between the 2008 headship figures and the 2011 headship figures for each forecast. In converting households to dwellings a vacancy rate of 2.5% is assumed.

4.3   Forecasts for 2012 to 2027

4.3.1   Core scenarios

4.3.1.1 The trend-based demographic scenarios for Blackpool indicate that population growth will be limited and, under the five year migration-led scenario, will fall. Dwelling requirements under the migration-led scenarios range from 18 per year to 263. At the Fylde Coast level, population growth is again limited, with annual dwelling requirements ranging from 301 to 781.

4.3.1.2 The 'Natural Change' scenario, where net migration is set to zero for each year of the forecast period, results in only 2% population growth in Blackpool and a decline of 2% across the whole Fylde Coast, driven solely by differences between the numbers of births and deaths. The associated dwelling growth expectation is 111 per year between 2012 and 2027 in Blackpool and a decrease of 38 per year across the whole Fylde Coast. It should be emphasised that a 'Natural Change' scenario is not a realistic forecast of the future and is included only as a simple means to compare the impact of the migration associated with each of the other scenarios.

4.3.1.3 The two jobs-led forecasts result in much higher population growth. The Oxford Economics-based forecast shows growth of 5% in Blackpool, with 70% of the increase in population of 7,569 being the result of net migration. This is despite there being a forecast decrease in the overall number of jobs under the Oxford Economics forecasts. The need for in-migration can be explained by the decreasing labour force in the POPGROUP housing forecast model, which would lead to in-migration to balance the labour market. Experian forecasts growth of 8%, with 79% of the increase in population of 10,994 being accounted for by net migration. This results in dwelling growth forecasts of 281 per annum from Oxford Economics and 380 from Experian. Across the Fylde Coast, the Oxford Economics-based forecast indicates population growth of 10% with a dwelling requirement of 1,201 per annum. The Experian-based model also forecasts population growth of 10%, with a dwelling requirement of 1,194 per annum.

4.3.1.4 The assumption that net in-migrants will move in to take up jobs contrasts significantly with recent analysis[15] of in-migration in to Blackpool. This indicates that over the period analysed, Housing Benefit claimants represented a substantial proportion (around 90%) of all in-migrants, which highlights the non-standard nature of in-migration to Blackpool.

4.3.1.5 Under the SNPP – 2010 forecasts, the population of Blackpool is expected to increase by 5%, with an annual dwelling requirement of 334. At the Fylde Coast level, the population is forecast to grow at a higher rate of 7%, with an annual dwelling requirement of 1,041.

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[15] Blackpool Council (11th February 2014), Housing Benefit Analysis report

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4.3.1.6 The headline results of the core analysis for each job-led scenario are presented in Table 4.1.

Table 4.1: Blackpool and the Fylde Coast Forecast Summary 2012-2027 (ranked in order of population change)								
Scenario	Change 2012 - 2027						Total per year (Average per year)	
	Population change	Population change %	Households change	Households change %	Jobs change	Jobs change %	Net Migration	Dwellings
Blackpool								
Jobs-led Experian	10,994	8%	5,556	9%	730	1%	8,698 (580)	5,695 (380)
Jobs-led Oxford	7,569	5%	4,112	6%	-919	-1%	5,273 (352)	4,215 (281)
Blackpool and the Fylde Coast								
Jobs-led Oxford	33,508	10%	17,580	12%	2,546	2%	40,402 (2,693)	18,020 (1,201)
Jobs-led Experian	33,088	10%	17,473	12%	1,890	1%	39,982 (2,665)	17,910 (1,194)

Source: Fylde Coast SHMA (February 2014)

4.3.2 Sensitivity analyses

4.3.2.1 The employment-led scenarios produced using the Oxford Economics and Experian forecasts were based on the assumption that the balance of in and out commuting, that is, the commuting ratios, would remain the same as in 2001.

4.3.2.2 These assumptions result in Blackpool having a balanced ratio of jobs and working labour force. However, Fylde is assumed to be a net importer of labour, with a commuting ratio of 0.8, whereas Wyre is a net exporter of labour, with a commuting ratio of 1.31.

4.3.2.3 A sensitivity analysis was considered for the SHMA under which all new jobs created in each authority are taken by residents of the authority (that is, a balanced commuting ratio) but was not included as it had only a marginal impact on the projections for the SHMA period of 2011 to 2030. A similar sensitivity analysis has been carried out in the production of this document for the period from 2012 to 2027.

4.3.2.4 Table 4.2 below shows the results of this sensitivity analysis for the 2012 – 2027 period and compares the results to those of the core employment-led scenarios based on the Experian and Oxford Economics forecasts.

Table 4.2: Blackpool and the Fylde Coast – Sensitivity Analysis 2012-2027 – balanced commuting								
Scenario	Change 2012 - 2027						Total per year (Average per year)	
	Population change	Population change %	Households change	Households change %	Jobs change	Jobs change %	Net Migration	Dwellings
Blackpool								
Jobs-led Experian	10,994	8%	5,556	9%	730	1%	8,698 (580)	5,695 (380)
Jobs-led Experian: balanced commuting	11,009	8%	5,562	9%	730	1%	8,713 (581)	5,701 (380)
Jobs-led Oxford	7,569	5%	4,112	6%	-919	-1%	5,273 (352)	4,215 (281)
Jobs-led Oxford:	7,558	5%	4,107	6%	-919	-1%	5,262 (351)	4,210 (281)

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balanced commuting								
Blackpool and the Fylde Coast								
Jobs-led Experian	33,088	10%	17,473	12%	1,890	1%	39,982 (2,665)	17,910 (1,194)
Jobs-led Experian: balanced commuting	31,716	10%	16,929	11%	1,890	1%	38,610 (2,574)	17,352 (1,157)
Jobs-led Oxford	33,508	10%	17,580	12%	2,546	2%	40,402 (2,693)	18,020 (1,201)
Jobs-led Oxford: balanced commuting	33,425	10%	17,579	12%	2,546	2%	40,319 (2,688)	18,018 (1,201)

Source: Fylde Coast SHMA (February 2014)

4.3.2.5 Consistent with the SHMA findings, the assumption of balanced commuting ratios at the Blackpool level makes only marginal differences in terms of population, household and dwelling growth. At the Fylde Coast level, the Oxford Economics forecasts are virtually unchanged, whereas balanced commuting ratios would result in lower population and household growth and a corresponding lower dwelling requirement under Experian's forecasts.

4.3.2.6 An alternative sensitivity analysis has been carried out under which the unemployment rate used in the Experian jobs-led forecast is the nine year average rather than the five year average used in the core scenarios and also under which all new jobs in each local authority area are taken by residents (balanced commuting ratio). Again, this was also considered for the 2011 to 2030 period for the SHMA but excluded due to the very marginal impacts.

4.3.2.7 Table 4.3 below shows the results of this sensitivity analysis for the 2012 to 2027 period and compares the results to those of the core employment-led scenarios prepared by Experian.

Table 4.3: Blackpool and the Fylde Coast – Sensitivity Analysis 2012-2027 – 9 yr unemployment rate and balanced commuting								
Scenario	**Change 2012 - 2027**						**Average per year**	
	Population change	**Population change %**	**Households change**	**Households change %**	**Jobs change**	**Jobs change %**	**Net Migration**	**Dwellings**
Blackpool								
Jobs-led Experian	10,994	8%	5,556	9%	730	1%	8,698 (580)	5,695 (380)
Jobs-led Experian: balanced commuting and 9yr unemployment rate	10,996	8%	5,557	9%	730	1%	8,700 (580)	5,696 (380)
Blackpool and the Fylde Coast								
Jobs-led Experian	33,088	10%	17,473	12%	1,890	1%	39,982 (2,665)	17,910 (1,194)
Jobs-led Experian: balanced commuting and 9yr unemployment rate	31,654	10%	16,904	11%	1,890	1%	38,548 (2,570)	17,327 (1,155)

Source: Fylde Coast SHMA (February 2014)

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4.3.2.8   At the Blackpool level, the assumption of balanced commuting ratios and an alternative unemployment rate again has only a marginal impact on population and household growth and no impact on dwelling growth. Again, this is consistent with the SHMA findings. At the Fylde Coast level this scenario would result in lower population and household growth and a corresponding lower dwelling requirement.

4.3.2.9   The SHMA included an additional sensitivity scenario for Blackpool to illustrate the impact of adjusting economic activity rates on net migration levels and dwelling requirements. This showed that gradually increasing the economic activity rates of Blackpool's population aged 25-54 to align with the Lancashire average by 2031 would have the effect of reducing the forecast number of dwellings required to 336 per annum for the Experian employment-led scenario and 206 per annum for the Oxford Economics employment-led scenario. These figures are 15% and 22% respectively lower than the core scenarios. The SHMA analysis was produced for hypothetical purposes and advised that any reliance on adjustments to economic activity rates should be based on robust evidence.

4.3.2.10 Section 3 of this report considers there is no specific evidence which would indicate that specific local adjustments should be made to economic activity rates used in the SHMA core scenarios, including alignment with the Lancashire average by 2031 or an alternative assumption, and so detailed results for improving economic activity for the 2012 – 2027 period have not been provided.

4.4   Forecasts for 5 year periods

4.4.1   Overview

4.4.1.1 This section provides summary details of the jobs-led forecasts for the periods from 2012 to 2017, 2017 to 2022 and 2022 to 2027.

4.4.2   2012 to 2017

4.4.2.1 For the period from 2012 to 2017, forecast annual dwelling requirements in Blackpool range from 54 under Experian to 72 under Oxford Economics. Across the Fylde Coast, forecast annual dwelling requirements range from a 753 under Oxford Economics to 856 under Experian.

4.4.2.2 The headline results of the core analysis for each jobs-led scenario for the period from 2012 to 2027 are presented in Table 4.4.

Table 4.4: Blackpool and the Fylde Coast Forecast Summary 2012-2017 (ranked in order of population change)								
Scenario	Change 2012 - 2017						Total per year (Average per year)	
	Population change	Population change %	Households change	Households change %	Jobs change	Jobs change %	Net Migration	Dwellings
Blackpool								
Jobs-led Oxford	-6	0%	351	1%	-970	-2%	-844 (-169)	360 (72)
Jobs-led Experian	-270	0%	261	0%	-1,130	-2%	-1,108 (-222)	268 (54)

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Blackpool and the Fylde Coast							
Jobs-led Experian	6,467	2%	4,177	3%	110	0%	8,587 (1,717)	4,281 (856)
Jobs-led Oxford	5,318	2%	3,672	2%	-285	0%	7,438 (1,488)	3,764 (753)

Source: Fylde Coast SHMA (February 2014)

4.4.3   2017 to 2022

4.4.3.1 Over the period from 2017 to 2022, forecast annual dwelling requirements in Blackpool range from 411 Oxford Economics to 480 under Experian's employment led scenario. Interestingly, the maximum number of net dwellings completed in Blackpool over the last ten years is 399 in 2005/06. Across the Fylde Coast, forecast annual dwelling requirements range from 1,305 under Experian to 1,502 under Oxford Economics' employment led scenario.

4.4.3.2 The headline results of the core analysis for each scenario for the period from 2017 to 2022 are presented in Table 4.5.

Table 4.5: Blackpool and the Fylde Coast Forecast Summary 2017-2022 (ranked in order of population change)								
Scenario	Change 2017 - 2022						Total per year (Average per year)	
	Population change	Population change %	Households change	Households change %	Jobs change	Jobs change %	Net Migration	Dwellings
Blackpool								
Jobs-led Experian	4,898	3%	2,341	4%	710	1%	3,957 (791)	2,400 (480)
Jobs-led Oxford	4,030	3%	2,003	3%	279	0%	3,089 (618)	2,053 (411)
Blackpool and the Fylde Coast								
Jobs-led Oxford	14,623	4%	7,327	5%	2,001	1%	16,739 (3,348)	7,510 (1,502)
Jobs-led Experian	12,356	4%	6,364	4%	620	0%	14,472 (2,894)	6,523 (1,305)

Source: Fylde Coast SHMA (February 2014)

4.4.4   2022 to 2027

4.4.4.1 Forecast annual dwelling requirements in Blackpool for the period from 2022 to 2027 range from 361 under Oxford Economics to 606 under Experian's employment led scenario. Across the Fylde Coast, forecast annual dwelling requirements range from 1,349 under Oxford Economics to 1,421 under Experian's employment led scenario.

4.4.4.2 The headline results of the core analysis for each scenario for the period from 2022 to 2027 are presented in Table 4.6.

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Table 4.6: Blackpool and the Fylde Coast Forecast Summary 2022-2027 (ranked in order of population change)								
Scenario	Change 2022 - 2027						Total per year (Average per year)	
	Population change	Population change %	Households change	Households change %	Jobs change	Jobs change %	Net Migration	Dwellings
Blackpool								
Jobs-led Experian	6,366	4%	2,954	4%	1,150	2%	5,849 (1,170)	3,028 (606)
Jobs-led Oxford	3,545	2%	1,759	3%	-228	0%	3,028 (606)	1,803 (361)
Blackpool and the Fylde Coast								
Jobs-led Experian	14,266	4%	6,931	4%	1,160	1%	16,924 (3,385)	7,104 (1,421)
Jobs-led Oxford	13,567	4%	6,582	4%	830	1%	16,225 (3,245)	6,747 (1,349)

Source: Fylde Coast SHMA (February 2014)

4.5   Key issues

4.5.1   The key issues in terms of the demographic and housing forecasts are as follows:

- The Fylde Coast SHMA presents a range of demographic and housing forecasts for 2011 - 2030. Modelling the same employment–led 'core' scenarios over the period 2012 – 2027 results in the following average annual dwelling requirement per year:

  - Employment-led Experian – 380

  - Employment-led Oxford Economics - 281

- Sensitivity assumptions considered in the SHMA (balanced commuting and 9 year unemployment rate alternative scenarios) have been analysed for 2012 – 2027, which shows a marginal impact. A further sensitivity analysis for Blackpool in the SHMA, which adjusted economic activity rates, did show a much more significant variation. Over the period 2011 – 2030, the forecast annual number of dwellings required was 336 (-15%) for the Experian employment-led scenario and 206 (-22%) for the Oxford Economics employment-led scenario. This was produced for hypothetical purposes and the SHMA advised any reliance on this should be supported by evidence. Whilst there is no evidence to indicate that specific local adjustments should be made to the Blackpool economic activity rates used in the SHMA core scenarios, this latter analysis highlights that if local supply side factors were to adjust positively to additional jobs being available locally then fewer in-migrants would be needed;

- Analysis of the forecast dwelling requirement from the employment-led scenarios by five year periods also reveals substantial variations, as shown below:

	Employment-led Experian	Employment-led Oxford Economics
2012 – 2017	54	72
2017 – 2022	480	411
2022 – 2027	606	361

Both economic forecasts suggest a lower dwelling requirement in the first five years of the plan compared to a higher requirement in the medium to long-term.

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5   Conclusions and recommendations

5.1.1   This revised draft report sets out the results of work undertaken to inform an objective assessment of housing need for Blackpool. It has focused on the jobs or employment-led housing need scenarios and sensitivity tests modelled using the POPGROUP model as part of the SHMA and has sought to:

- verify if the two employment forecasts (one produced by Experian and the other Oxford Economics) are considered to provide representative and realistic scenarios for planning purposes;

- consider whether, given Blackpool's local labour market conditions, reasonable assumptions were used in producing the Core and Sensitivity Scenarios set out in the SHMA; and

- recommend issues that should be considered in assessing the likely level of local housing need and the implications of these for policy decisions.

5.1.2   This further work is recognised in the SHMA as being important to underpin Blackpool's objective assessment of housing need, given the distinct and complex challenges regarding its housing market and the dynamics of its local economy.

5.1.3   In terms of Blackpool, the key issues emerging from the review of the **economic forecasts** are as follows:

- Oxford Economics forecast a fall in employment of 1.4% over the period 2012 to 2027. In contrast, Experian forecast a small increase of 1.2% over the same period;

- Blackpool is forecast by Oxford Economics to see employment growth in a number of sectors, including notably: arts, entertainment and recreation; wholesale and retail; administrative and support services; other service activities and accommodation and food services. This would seem to be reasonable based on Blackpool's strengths and would fit with current local strategies. The decline in public sector employment is also in line with government policies and local expectations in terms of substantial losses of public sector jobs. Notable sectoral declines are expected in manufacturing, public administration and defence, and education. In contrast, the Experian sectoral forecasts indicate a growth in public sector employment, along with a decline in retailing employment.   The Oxford Economics forecasts could therefore be considered to be more consistent with national and local policy expectations.

- the working age population forecasts within the Experian and Oxford Economics forecasts vary significantly for Blackpool. Experian forecast significant positive change between 2012 and 2027, but Oxford Economics forecast a small decline;

- both Experian and Oxford Economics forecasts expect Blackpool to perform better in terms of employment change than it has done over previous 15 year periods.   The Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved over the last 17 years

- in terms of historic growth, published statistics indicate a decline in employment of 6.8% between 2009 and 2012. In comparison, the Oxford Economics forecasts indicate a decline of 6.0%, with Experian indicating a decline of 4.5%; and

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- In conclusion, despite their variances, both sets of projections are considered to provide representative and realistic forecasts for planning purposes. However, the Oxford Economics forecasts do appear to be more consistent in terms of national and local policy expectations. In addition, they are closer to national published data in terms of percentage change between 2009 and 2012 and the Experian forecasts are significantly more optimistic in terms of the expected rate of growth than has been achieved in Blackpool over the last 17 years.

5.1.4   The key **labour market** issues are as follows:

- Blackpool has relatively low economic activity rates (74.4% in 2013) compared with the regional (75.0%) and national (77.3%) averages. These rates vary over time in response to cyclical and structural adjustments. However, the rate for Blackpool has generally been lower than sub-regional, regional and national averages for a number of years. The changes in the number of people in employment and economically active have followed broadly similar patterns between 2005 and 2013. In Blackpool, the decline in employment has been at a greater rate than that of activity rates. The indexed change in the two indicators has diverged since 2008, which is consistent with the national trend;

- the employment rate is also relatively low – reflecting both the low activity rate and high unemployment rate. As with economic activity rates, the employment rate for Blackpool has generally been lower than sub-regional, regional and national averages for a number of years;

- Blackpool has high ILO and claimant count unemployment rates. Unemployment also varies significantly seasonally – due to the importance of the tourism sector. Over recent years, the unemployment rate for Blackpool under both measures has been above sub-regional, regional and national averages;

- skills compatibility is an important determent of structural unemployment. There is an improving skills profile within the Blackpool resident base, but the higher level skills are increasing at a slower rate than the UK overall. Blackpool Council is working with its partners, such as Blackpool and the Fylde College, to ensure that local people have the skills necessary to obtain jobs in the future;

- substantial further changes are expected in the skills intensity of employment. However, sectors such as arts, entertainment and recreation which are forecast to grow in Blackpool are more likely to generate jobs that are accessible to the unemployed and will often require lower skilled jobs; and

- in terms of commuting, the stock of local jobs is estimated in the SHMA to be broadly in balance with the estimated size of the labour force; and

- overall, it is not considered reasonable to propose Blackpool specific adjustments to the economic activity rates, unemployment rates and commuting ratios used in the SHMA. Any changes or adjustments in approach would not be specific to Blackpool alone. However, the alternative activity rate and unemployment rate scenarios modelled in the SHMA do provide an interesting indication of what might happen if either activity rates were to increase due to structural or cyclical factors or unemployment were to reduce.

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5.1.5   The key issues in terms of the **demographic and housing forecasts** are as follows:

- The Fylde Coast SHMA presents a range of demographic and housing forecasts for 2011 - 2030. Modelling the same employment–led 'core' scenarios over the period 2012 – 2027 results in the following average annual dwelling requirement per year:

    - Employment-led Experian – 380

    - Employment-led Oxford Economics - 281

- Sensitivity assumptions considered in the SHMA (balanced commuting and 9 year unemployment rate alternative scenarios) have been analysed for 2012 – 2027, which shows a marginal impact. A further sensitivity analysis for Blackpool in the SHMA, which adjusted economic activity rates, did show a much more significant variation. Over the period 2011 – 2030, the forecast annual number of dwellings required was 336 (-15%) for the Experian employment-led scenario and 206 (-22%) for the Oxford Economics employment-led scenario. This was produced for hypothetical purposes and the SHMA advised any reliance on this should be supported by evidence. Whilst there is no evidence to indicate that specific local adjustments should be made to the Blackpool economic activity rates used in the SHMA core scenarios, this latter analysis highlights that if local supply side factors were to adjust positively to additional jobs being available locally then fewer in-migrants would be needed;

- Analysis of the forecast dwelling requirement from the employment-led scenarios by five year periods also reveals substantial variations, as shown below:

	Employment-led Experian	Employment-led Oxford Economics
2012 – 2017	54	72
2017 – 2022	480	411
2022 – 2027	606	361

Both economic forecasts suggest a lower dwelling requirement in the first five years of the plan compared to a higher requirement in the medium to long-term.