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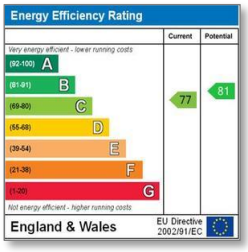

East Devon, Exeter, Mid Devon and Teignbridge Local Housing Needs Assessment: Jobs and Workers Balance Assessment

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Introduction

Introduction

1. In 2021, Opinion Research Services (ORS) was commissioned by East Devon District, Exeter City, Mid Devon District and Teignbridge District Councils to prepare Local Housing Needs Assessments (LHNA) for the four local authority areas, to understand and investigate the nature and make-up of current and future housing needs across the areas, providing robust evidence to support future plan-making.

2. This report was published in 2022 and included an Appendix C, which considered the balance between the number of new jobs likely to be created in the area and the number of workers. At the time the report noted that:

''To assess if the number of workers will support the number of jobs in Greater Exeter will also require a forecast for jobs. This work is being undertaken separately for the local authorities by Hardisty Jones Associates and the two studies will require integration at a later date.'

3. This work has now been undertaken and published in the form of the Greater Exeter Economic Development Needs Assessment 2023. In Chapter 4 of this study, four scenarios were set out for the period 2020-2040, based upon the outputs from economic forecasts produced by Cambridge Econometrics and Experian. The four scenarios are:

- A 'Minimum' scenario which is based on selecting the lowest employment growth in each sector regardless of which baseline forecast this is.
- A 'Mid-point' scenario which takes the mid-point between the Cambridge Econometrics and Experian forecasts for every sector.
- A 'Clean growth' scenario which applies an uplift on the mid-point scenario to employment growth in the Information & Communication and Professional, Scientific & Technical Activities sectors.
- A 'Maximum+' scenario, which is based on selecting the baseline forecast with the highest growth for each sector, plus accounting for the uplift in the clean growth scenario.

4. Figure 4.4 showed the employment change under the four scenarios for each District in Greater Exeter, and this has been recreated as Figure 1.

Figure 1: Change in Employment 2020-2040 (Source: Greater Exeter Economic Development Needs Assessment 2023)

	Minimum	Mid-point	Clean Growth	Maximum+
East Devon	3,200	8,400	9,400	13,700
Exeter	6,900	13,500	14,900	20,700
Mid Devon	2,400	4,700	5,000	7,100
Teignbridge	3,200	8,000	8,600	13,000
Greater Exeter	**15,600**	**34,600**	**37,900**	**54,500**

5. This current report takes the projected change in employment in each local authority, and Greater Exeter as whole, and assesses how this matches with the likely growth in the number of workers in each area to assess

if the standard method figures for local housing need can accommodate the workforce. The current standard method figures for each local authorities are, East Devon - 893 dwellings per annum, Exeter – 642 dwellings per annum, Mid Devon – 345 dwellings per annum and Teignbridge - 717 dwellings per annum. However, Teignbridge's local plan assumes a growth of 720 dwellings per annum and East Devon are seeking to plan for 946 dwellings per annum, so those figures have been used in the modelling.

6. We would note that the data in Figure 1 relates to 2020-2040, while the majority of Greater Exeter local authorities are now working to potentially different timetables. Therefore, we have utilised the average annual growth in jobs for each local authority to consider the impact of all the potential plan periods set out in Figure 2.

Figure 2: Change in Employment for Different Scenarios (Source: Greater Exeter Economic Development Needs Assessment 2023 and ORS Modelling)

	Minimum	Mid-point	Clean Growth	Maximum+
East Devon (2020-40)	3,442	9,035	10,110	14,735
East Devon (2020-41)	3,614	9,487	10,616	15,472
East Devon (2020-42)	3,786	9,938	11,121	16,209
Exeter (2021-41)	4,993	9,769	10,782	14,980
Mid Devon (2020-40)	2,880	5,641	6,001	8,521
Mid Devon (2020-41)	3,024	5,923	6,301	8,947
Mid Devon (2020-42)	3,168	6,205	6,601	9,373
Mid Devon (2020-43)	3,312	6,487	6,901	9,799
Mid Devon (2020-44)	3,456	6,769	7,201	10,225
Teignbridge (2020-40)	3,614	9,036	9,713	14,683
Greater Exeter 20 years	**15,600**	**34,600**	**37,900**	**54,500**

Considering the Basis for Adjusting the Local Housing Need

7. Whilst the PPG sets out a standard approach for establishing local housing need [ID 2a-004-20190220], this is a minimum figure, and the PPG also provides examples of a number of circumstances where it may be more appropriate to use a higher figure for plan-making [ID 2a-010-20190220].

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

> » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
> » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
> » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*
>
> **Planning Practice Guidance, ID 2a-010-20190220**

8. The PPG is clear that only in exceptional circumstances should an alternative to the standard method that results in a lower figure be used [ID 2a-01520190220]. Preparing plans that have the flexibility within the land supply to deliver a greater number of new homes than the current LHN will help to ensure that fluctuations in the LHN in future years are more likely to be accommodated without changes being needed, given that the housing requirement is only fixed for 2 years from the point at which plans are submitted.

9. Also when considering the factors that could justify an uplift to the LHN, one of the most important is ensuring that the number of new homes takes account of changes that are anticipated in the local economy as well as population trends. This section therefore looks at whether a housing number that is higher than the LHN may need to be considered, and what alternative figure may be justified for the next steps of plan preparation. Ultimately, it will be for Greater Exeter local planning authorities to determine the extent of any increase when establishing their housing requirements. This will involve evidence-based judgements over a range of different factors.

Economically Active Population

10. The starting point for understanding the balance between jobs and workers is to assess how many additional economically active persons will be supported by the standard method figures for each local authority. We have modelled future economic activity rates based upon localising the rates used nationally by the Office for Budget Responsibly. These take account of the projected growth in older persons in the labour market as pension ages change and also growing rates of women in the labour market.

11. Figure 3 shows that across the whole of Greater Exeter, the model projects a total of 48,196 additional economically active persons over a 20-year period.

Figure 3: Additional Economically Active Persons (Source: ORS Housing Model)

	Additional economically active persons
East Devon (2020-40)	+10,668
East Devon (2020-41)	+11,307
East Devon (2020-42)	+11,914
Exeter (2021-41)	+ 15,108
Mid Devon (2020-40)	+9,784
Mid Devon (2020-41)	+10,021
Mid Devon (2020-42)	+10,275
Mid Devon (2020-43)	+10,523
Mid Devon (2020-44)	+10,812
Teignbridge (2020-40)	+12,636
Greater Exeter 20 Year	**+48.196**

12. The figure of 48,196 additional economically active persons over a 20-year period does not represent the number of additional jobs which can be supported for a variety of reasons such as:

- Some workers will hold more than one job;
- Unemployment rates may change; and
- Commuting patterns may change.

Balance of Projected Workers and Jobs

13. On this basis, we have provided a range of modelled outputs below. For each one we have made the following assumptions:

- Unemployment numbers are assumed to remain constant. The rate of unemployment in the four authorities is below the national average, so we cannot assume any further falls.
- In and out-commuting rates are assumed to be set at the average of the 2011 and 2021 Census figures. The reason for making this assumption is that the 2021 Census took place during the pandemic when working from home was prevalent. This resulted in lower rates of commuting for workers. However, we choose not to revert back to 2011 commuting rates, because working from homes has been growing over time.
- In-commuting to one local authority is out-commuting from another local authority, so it is possible to aggregate the numbers to the Greater Exeter level with all internal commuting cancelling out.
- For double jobbing, we have assumed a rate of 3.64% for all local authorities, in line with the national average. This means that for every 100 workers, they will fill 103.64 jobs.

14. Figure 4 sets out the comparison between the range of job projections for Greater Exeter. A positive number indicates that the local housing need figure will contain a surplus of workers compare with the jobs projections. A negative number indicates that there will be shortfall of workers to meet the jobs unless a higher number of dwellings are delivered.

Figure 4: Comparison of Jobs Growth and Available Workforce (Source: ORS Modelling)

	Minimum	Mid-point	Clean Growth	Maximum+
East Devon (2020-40)	+7,226	+1,633	-558	-4,067
East Devon (2020-41)	+7,693	+1,820	-691	-4,166
East Devon (2020-42)	+8,128	+1,976	-792	-4,295
Exeter (2021-41)	+10,115	+5,338	+4,325	+128
Mid Devon (2020-40)	+6,904	+4,144	+3,784	+1,263
Mid Devon (2020-41)	+6,996	+4,098	+3,720	+1,074
Mid Devon (2020-42)	+7,106	+4,070	+3,674	+902
Mid Devon (2020-43)	+7,211	+4,036	+3,622	+724
Mid Devon (2020-44)	+7,356	+4,043	+3,611	+587
Teignbridge (2020-40)	+9,022	+3,600	+2,923	-2,047
Greater Exeter 20 years	**+33,267**	**+14,716**	**+11,590**	**-4,722**

15. In summary, if the local authorities were to use the Clean Growth scenario, there would be a surplus of workers at the sub-regional level, but the Maximum+ scenario would have a shortfall of 4,700 workers, which is around 3,200 dwellings or 160 dwellings per annum. This figure is largely driven by projected jobs growth in East Devon and the age profile of its population seeing relatively little growth in the workforce.

16. We would caution around any reading of the projections as being overly precise. Currently there is a growing move towards home and remote working, which will lead to a disconnect between jobs being recorded in an area and a dwelling being required for that worker. A job may be recorded as being in the Greater Exeter sub-region, but the worker may be located elsewhere in the country and similarly, a job elsewhere in the country may be filled by a Greater Exeter resident. For this study we have used current rates of commuting, working from home and working remotely, but these may change over time.

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