



Examination of the Basingstoke and Deane Local Plan (2011 to 2029)

HOUSING NEEDS STATEMENT

August 2015

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Executive Summary

- i. This Housing Needs Statement builds upon information published in the 2015 Strategic Housing Market Assessment (SHMA) to demonstrate how the Council's objectively assessed housing need (OAN) and housing target fully complies with the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG). The report follows the methodology set out in the Planning Advisory Service Technical Advice Notes, and set out two possible options for defining the OAN; with and without including affordable housing need.
- ii. The report demonstrates that Basingstoke and Deane is a robust approximation of a standalone Housing Market Area with reference to its migration and commuting self-containment, property market signals, and discussions with neighbouring authorities.
- iii. As demographic projections are informed by past trends, the Council has tested the trend periods that informed the 2012-based SNPP and considers that they would not provide an appropriate basis upon which to project future population change. Analysis shows that using a 10-year trend period for internal migration and a 5-year trend period for international migration (including the data for 2012/13), and CLG's most recent 2012 household formation rate, would provide a more appropriate basis for establishing the future housing requirements. This was modelled by Edge Analytics, as presented in the 2015 SHMA, and indicated a need for an additional 813 dwellings per annum.
- iv. The report thoroughly reviews the market signals identified in NPPG ID: 02a-019, including housing delivery, house price and rents, and affordability to evaluate whether the housing market has been constrained over the trend period. None of the market signals provide any evidence that housing demand has been constrained. In fact, in the majority of cases, it provides evidence that Basingstoke and Deane has outperformed the comparison areas. In accordance with NPPG ID:02a-020, as worsening trends have not been identified, there is no need to make an upward adjustment to the planned housing number.
- v. The proposed housing number has been tested in relation to the Plan's jobs target to consider whether it would provide sufficient labour to support the local economy. Additional modelling has been undertaken by Experian and Oxford Economics to support the previously published work by Edge Analytics. In response to this assessment, the OAN has been raised to 850 dwellings per annum. This would ensure there would be sufficient labour to support the anticipated levels of economic growth and the jobs target in the Submission Local Plan.
- vi. The Council has undertaken a new Affordable Housing Needs Assessment in accordance with the methodology in the NPPG, and has identified an affordable housing OAN of 310 dwellings per annum. Through an

assessment of its likely delivery as a proportion of mixed market and affordable housing, it is demonstrated that this can be met within the overall housing target of 850 dwellings. It is therefore not necessary to increase the total housing figure to deliver more affordable homes. It is therefore considered that, whether meeting the full affordable housing need is included as part of the OAN or not, Basingstoke and Deane Borough's OAN is 850 dwellings per annum.

- vii. The Council has reviewed a number of other factors to consider whether the housing provision target should be increased in light of cross-boundary unmet need, supply capacity, or the Authority's policy objectives, and has concluded there is no reason to raise the housing number.
- viii. It is therefore concluded that Basingstoke and Deane is a self contained housing market area with an objectively assessed housing need of 850 dwellings per annum. There is no reason for the Council's housing delivery target to be lifted above the OAN, so it is considered that 850 dwellings per annum provides an appropriate housing delivery target for the Local Plan.

Glossary

CLG	Department of Communities and Local Government
ELR	Employment Land Review
FALP	Further Alterations to the London Plan
GLA	Greater London Authority
GVA	Gross Value Added
HRR	Household Representation Rates (household formation rates)
LEFM	Cambridge Econometrics Local Economic Forecasting Model
LEP	Local Enterprise Partnership
LPA	Local Planning Authority
NPPF	National Planning Policy Framework
NPPG	National Planning Policy Guidance
OAN	Objectively Assessed Need
ONS	Office of National Statistics
PAS	Planning Advisory Service
SEP	Strategic Economic Plan
SHMA	Strategic Housing Market Assessment
SNPP	Sub- National Population Projections

1.0 Introduction

- 1.1 This housing needs statement provides a summary of the justification for the housing requirement of 850 dwellings per annum (as set out in Policy SS1 of the Submission Local Plan) and is published in conjunction with the housing supply statement. The purpose of these documents is to respond to some of the issues raised by the public consultation on the proposed main modifications to the Basingstoke and Deane Local Plan (May-June 2015), and to make the most up to date information available in time for it to be taken into account in the hearings statements.
- 1.2 This document builds upon information published in the 2015 Strategic Housing Market Assessment (SHMA) to demonstrate how the Council's housing target fully complies with the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (NPPG).
- 1.3 The statement closely follows the structure advocated by the Planning Advisory Service (PAS) Technical Advice Notes¹ to explain how the council has formulated its housing target. Although the PAS notes do not have any statutory weight, they are based on existing good practice and on the findings of Planning Inspectors issued in the course of Local Plan examinations.
- 1.4 It is recognised that there are conflicting professional opinions and case law about whether meeting the full affordable housing need should be treated as a component of the borough's overall objectively assessed housing need (OAN). The statement therefore considers both approaches; and identifies what the borough's OAN would be with and without meeting the borough's affordable housing needs. Where affordable housing need is not considered as part of the OAN, it is still used to inform the housing provision target.
- 1.5 These two approaches are set out in Figures 1.1 and 1.2 (flow charts extracted from the PAS technical advice notes in 2014 and 2015).
- 1.6 The report therefore demonstrates how the Council has:
- Identified a robust housing market area;
 - Reviewed demographic projections and tested alternative scenarios for identifying past trends;
 - Reviewed market signals, future job requirements, and levels of affordable housing need; and
 - Considered cross-boundary unmet need and other issues that inform the housing target.

¹ Planning Advisory Service, 'Objectively Assessed Need and Housing Targets', June 2014; and Planning Advisory Service, 'Objectively Assessed Housing Need and Housing Targets Technical Advice Note', Second edition, July 2015 <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

- 1.7 At the end of each step, the concluding box records how the inputs have resulted in the OAN or the housing target being adjusted in response to that issue.

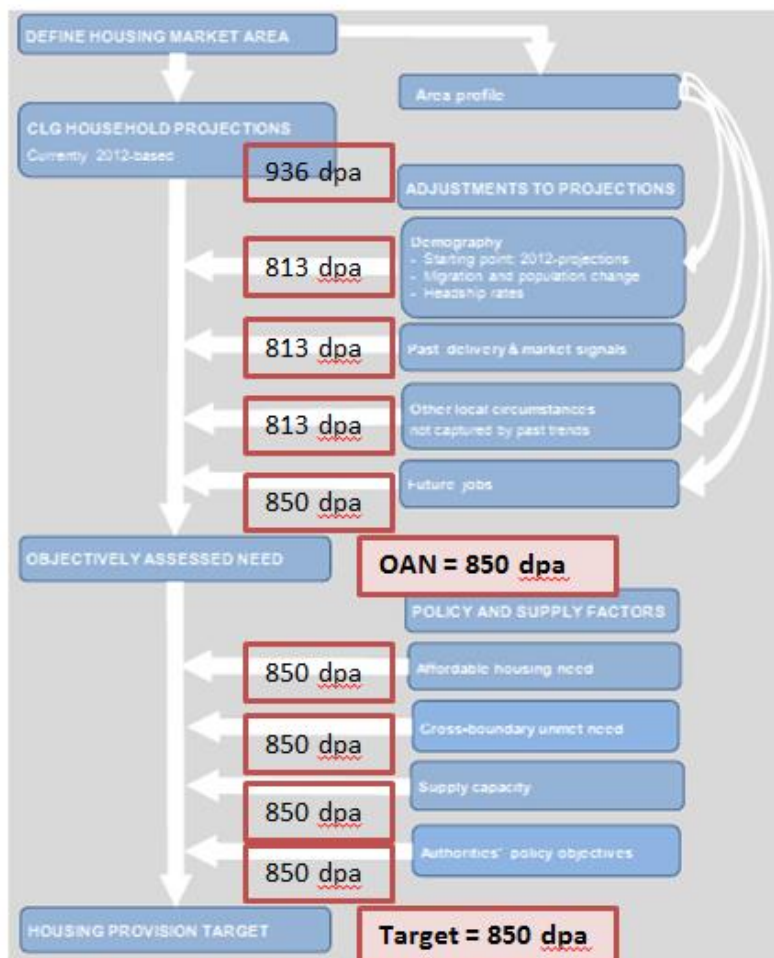


Figure 1.1: PAS flowchart for determining objectively assessed need and housing provision target (including BDBC's housing number at each stage). (Source: PAS, Objectively Assessed Need and Housing Targets, July 2015)

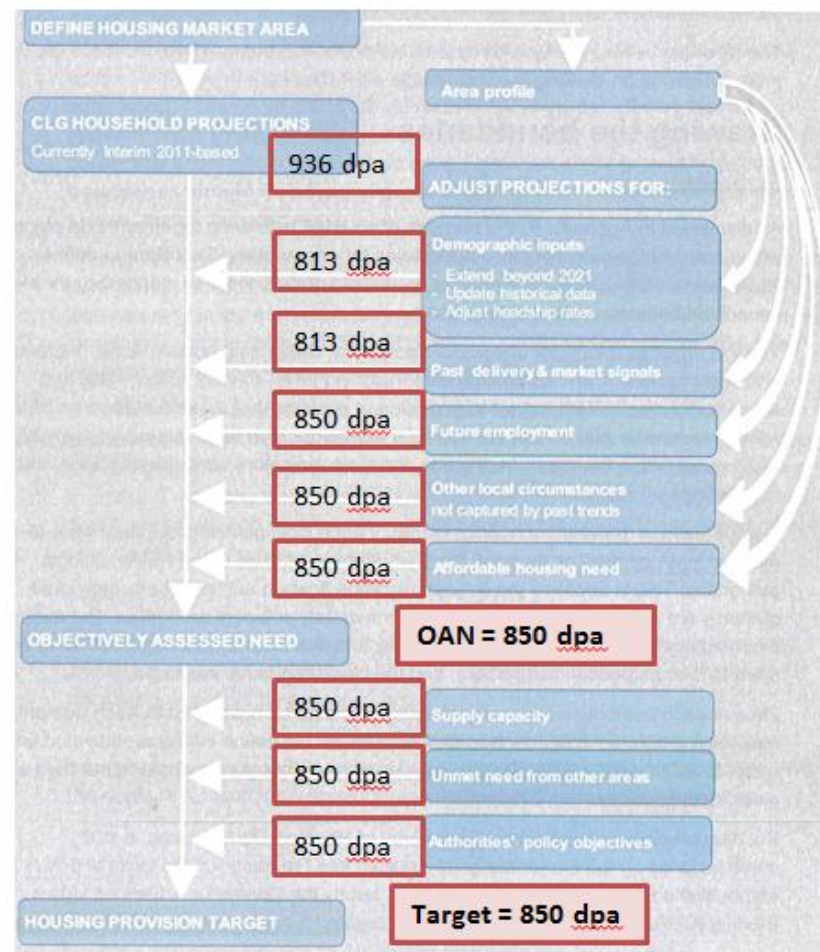


Figure 1.2: PAS flowchart for determining objectively assessed need and housing provision target (including BDBC's housing number at each stage) (Source: PAS, Objectively Assessed Need and Housing Targets June 2014)

2.0 Defining the Housing Market Area

- 2.0.1 The 2015 SHMA draws upon a range of sources to demonstrate that the administrative area of Basingstoke and Deane is a robust approximation of the appropriate Housing Market Area to be considered.

2.1 Household Migration

- 2.1.1 The NPPG (ID: 02a-012) suggests that a housing market area may be indicated by household migration and search patterns, and by a relatively high proportion of self-contained household moves ('typically 70%'). The NPPG is explicit that 'long distance moves' should be excluded from this calculation.
- 2.1.2 The 2015 SHMA sets out detailed information about the number and source of moves to/from the borough in the year preceding the 2011 census. The data in SHMA paragraph 2.5 indicates that (excluding international moves), 58.7% of those people that moved *into* a dwelling in BDBC moved from elsewhere in the borough, and 61.1% of all people that moved *out of* a dwelling in BDBC moved to another location within the borough.
- 2.1.3 Although these raw figures do not meet the suggested threshold in the NPPG, it is necessary to consider long distance moves and exclude them from the calculation. The guidance does not specifically define what constitutes a long distance move, however it suggests that it is those moves that reflect 'a change of lifestyle or retirement', as 'most people move relatively short distances due to connections to families, friends, jobs and schools'.
- 2.1.4 As an indication of 'long distance moves' the Council has excluded all those Local Authorities more than a 1 hour drive from Basingstoke and Deane. This is considered to be a more sensitive measure of connectivity than distance as this can be skewed by the different levels of accessibility to/from different local areas. Travel time would have a direct bearing upon connections with 'families, friends, jobs and schools' (as required by the guidance).

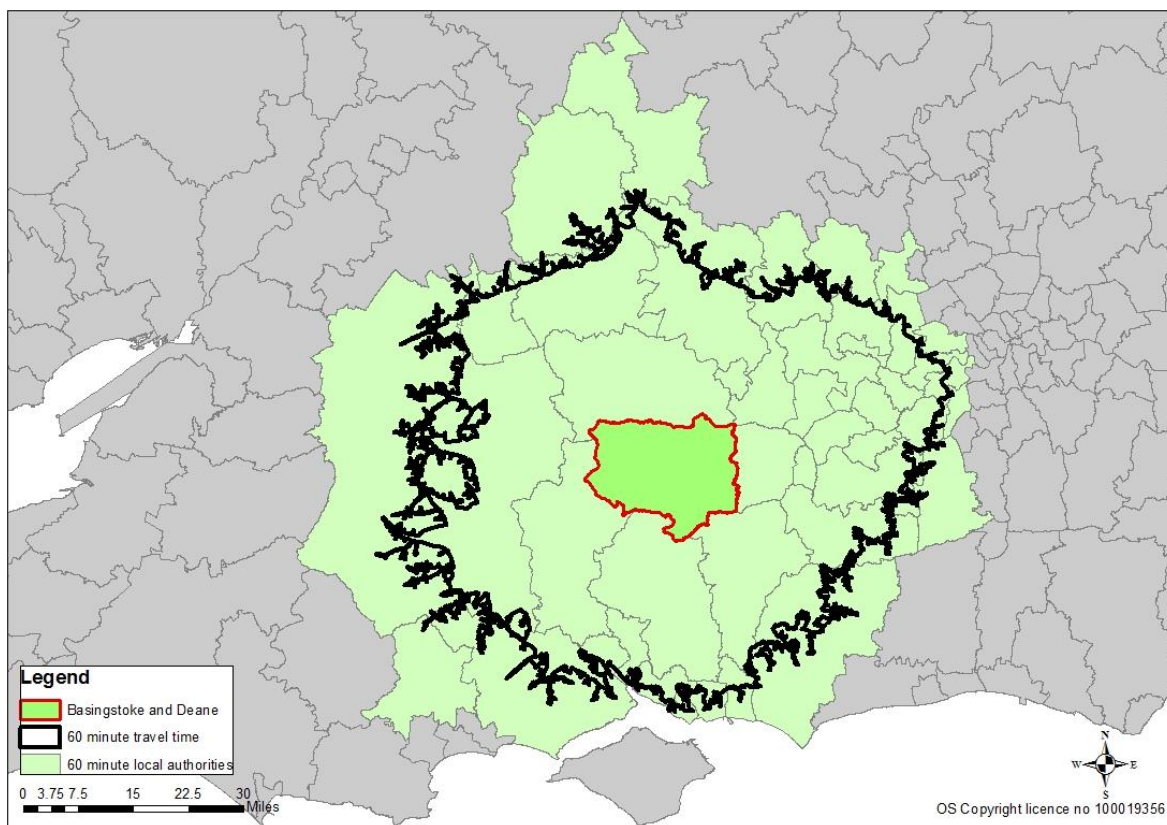


Figure 2.1: Showing Local Authorities within a one hour drive time of the Borough boundary, included in the migration analysis.

2.1.5 The data is only available at Local Authority level, and any Local Authorities which have any part within 1 hour drive time radius of the borough boundary have been included in their entirety. This therefore results in the inclusion of some areas significantly further away (as shown in light green in Figure 2.1). If this area is taken into account, 69.7% of those people that moved into a dwelling in BDBC had moved from elsewhere within the borough, and 74.6% of moves out of a dwelling in BDBC were to another location within the borough. When rounded, these thresholds meet or are in excess of the typical level identified in the NPPG (a list of all Local Authorities included and the full calculations are set out in **Appendix 1**).

2.1.6 Table 2.1 in the 2015 SHMA shows the size of the migration flows to and from Basingstoke and Deane (mapped in **Appendix 2**). As set out in SHMA para 2.9, the greatest flows into BDBC were from West Berkshire and Hart, though for both those authorities, Basingstoke and Deane was only the third most popular destination for those that moved. This suggests that although Basingstoke's housing market does have a relationship with surrounding areas, it is not particularly strong, and not specifically focused on one area.

2.2 Commuting (Travel to Work)

- 2.2.1 The NPPG and the PAS Guidance recommend that commuting patterns can also provide an indication of self-containment. The NPPG does not set a threshold for commuting, though the ONS defines Travel-to-Work Areas for working populations in excess of 25,000 workers, as those with a self-containment rate exceeding 66.7% (as would be applicable in Basingstoke and Deane borough). The ONS guidance indicates this should be calculated both as a proportion of the *resident population* and as a proportion of the *working population*², and that both thresholds should be met.
- 2.2.2 Table 2.4 in the SHMA identifies that 66% of the *resident population* work within the Borough (rounded down from 66.1%)³. Although this is slightly below the suggested threshold, as explained within SHMA para 2.7, almost 2,500 Basingstoke and Deane residents commute to the Middle Super Output Area containing the Atomic Weapons Establishment (AWE) which lies immediately adjacent to the borough boundary in West Berkshire (as shown below). Given that Tadley is the centre of population closest to the AWE, it is reasonable that it should have a close relationship with this employer. If this commuting flow pattern was considered as part of Basingstoke and Deane, the self containment rate of the borough's *resident population* increases to 68.9%.

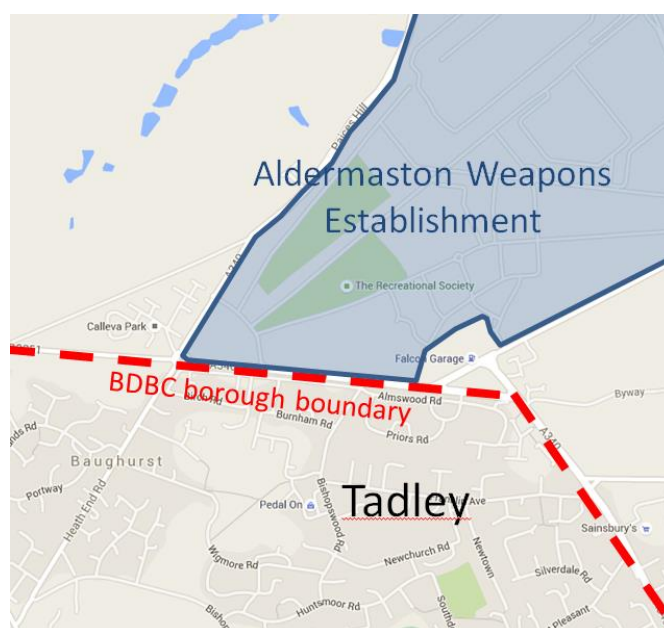


Figure 2.2: Showing the proximity of the Atomic Weapons Establishment to Tadley and the borough boundary

² <http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html>

³ Source: 2011 Census

- 2.2.3 Of the borough's *working population* (without including flows from Aldermaston), 70.2% live in the borough.
- 2.2.4 With the adjustment to the flows from the resident population, the commuting flows exceed the benchmarks used by ONS to define Travel to Work Areas, as self containment would exceed 66.7% for both those who reside in the area (and work in it), and those who work in the area (and reside in it)⁴.
- 2.2.5 **Appendix 3** shows commuting flows to and from the borough. This shows that no single other borough provides or receives a significant level of commuter flows (with the exception of flows to West Berkshire, which includes employment at the Atomic Weapons Establishment, as set out above). SHMA Table 2.4 illustrates that Basingstoke and Deane is the most self-contained of all the North Hampshire and adjoining Berkshire districts.

2.3 Other Indicators

- 2.3.1 Sections 2D and 4B of the 2015 SHMA demonstrates that the borough has a relatively localised property market catchment and has significantly lower property prices than the neighbouring authorities of Hart, Winchester or East Hants.
- 2.3.2 Section 2E also reviews how neighbouring Local Authorities have defined their own Housing Market Areas, and this demonstrates that no other Local Authorities consider they have sufficiently strong links with Basingstoke and Deane to be part of the same Housing Market Area. As part of the Council's Duty to Cooperate, the council has discussed this issue further with neighbouring authorities and they have indicated that there are no outstanding requirements. These discussions are recorded in the Duty to Cooperate Statement (CD08, and updated by PS/02/24).

⁴ It is recognised that the Borough is not defined as a stand-alone Travel to Work Area by the ONS in their August 2015 assessment (which also uses commuter flows data from the 2011 Census). <http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html>

This is because the ONS methodology groups lower super output areas (LSOAs) together to formulate larger areas where self-containment is maximised. The algorithm groups the LSOAs into areas in such a way that most workers living in an area also work in the same area and most people who work in an area also live there. However, as this report illustrates, Basingstoke and Deane is still a single TTWA, when assessed against the thresholds.

2.4 Housing Market Area Conclusion

- 2.4.1 It is recognised that the borough is well connected to areas beyond its boundaries, and that there are commuting links between the borough and neighbouring authorities. However, none of these connections are sufficiently strong to justify the inclusion of other areas in the Housing Market Area.
- 2.4.2 The PAS note identifies the practical difficulties of identifying housing areas that straddle administrative boundaries because most of the relevant data is only available at a local authority level. It also advocates a 'common sense test' that the areas in the HMA should be more closely linked to each other than to areas outside the HMA.
- 2.4.3 Taking these considerations into account, it is considered that Basingstoke and Deane borough is a robust approximation of an appropriate housing market area on the basis of:
- Household migration self-containment level of 70% for in-migration and 75% for out-migration (with long distance moves removed);
 - Commuting self-containment level of resident population of 68.9% (when adjusted to include borough residents employed at the Atomic Weapons Establishment). Commuting self-containment level of working population of 70.2%
 - Property market signals; and
 - Duty to Cooperate discussions with neighbouring local authorities.

3.0 Demographic Projections

3.1 The Demographic Starting Point: SNPP2012 and HH-12

- 3.1.1 For the Submission Local Plan, the Council determined its proposed housing number on the basis of the 2013 demographic report by Edge Analytics (published in the 2014 SHMA). This was based upon the most up-to-date information available at that time (SNPP 2010, and the 2008-based and 2011-based household headship rates).
- 3.1.2 Following the Local Plan exploratory meeting in December 2014 and the release of the new data in early 2015, the Council commissioned further demographic work from Edge Analytics (included in Appendix A of the 2015 SHMA). The Council reconsidered its housing requirement in light of this new evidence (as required by the NPPG). It was considered that the previously-agreed housing number was still an appropriate fit for the new evidence, and provided the Council with confidence to continue with the original figure.
- 3.1.3 The NPPG states that household projections published by the Department for Communities and Local Government (CLG) should provide the *starting point* estimate of overall housing need (ID: 2a-015). The CLG 2012-2037 Household Projections (published on 27 February 2015) (HH-12) should be applied to the population projections published by the Office for National Statistics (ONS) (the 2012-based ONS Sub-National Population Projections, SNPP 2012) to produce the household projections. With the application of an appropriate vacancy rate, the NPPG's starting point for Basingstoke and Deane Borough is 936 dwellings per annum.
- 3.1.4 However, the NPPG acknowledges that although these projections are statistically robust, plan makers may consider sensitivity testing specific to their local circumstances (ID: 2a-17). In accordance with the NPPG, the Council has tested the demographic projections and the household formation rates in the context of the Borough's local circumstances.

3.2 Adjustment to SNPP – Migration

- 3.2.1 The ONS population projections predict UK migration by carrying forward previous trends. The choice of base period is therefore critical to the projection.
- 3.2.2 The standard assumptions in the 2012-based SNPP base future population projections on trends derived from five years' internal migration data and six years' international migration data (as shown in Figure 3.1)⁵.

⁵ Methodology: 2012-based Subnational Population Projections, May 2014
(http://www.ons.gov.uk/ons/dcp171776_364077.pdf)

3.2.3 The Council therefore tested these time periods to consider whether they were representative of what was expected to happen in the future, taking account of the external factors that drive demographic change.

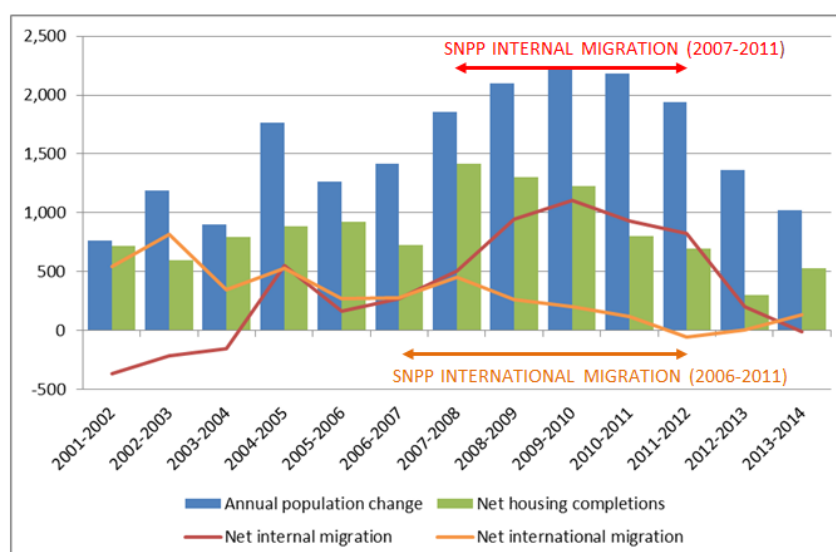


Figure 3.1: Annual population change, net housing completions, net internal and international migration, 2001-2014 (showing SNPP reference periods)
(Source: ONS Mid-Year Population Estimates (MYE) and Hampshire County Council's Land Availability Monitoring System (LAMS))

Internal migration in the 2012-based SNPP

3.2.4 Over the five year period from 2007/08 to 2011/12, migration flows to and from Basingstoke were affected by the recession. As Figure 3.2 (below) shows, Basingstoke and Deane had particularly high levels of net internal migration as a consequence of high levels of in-migration and suppressed out-migration over this period. This may have been a consequence of housing supply being constrained in neighbouring authorities, as shown in SHMA Table 2.8.

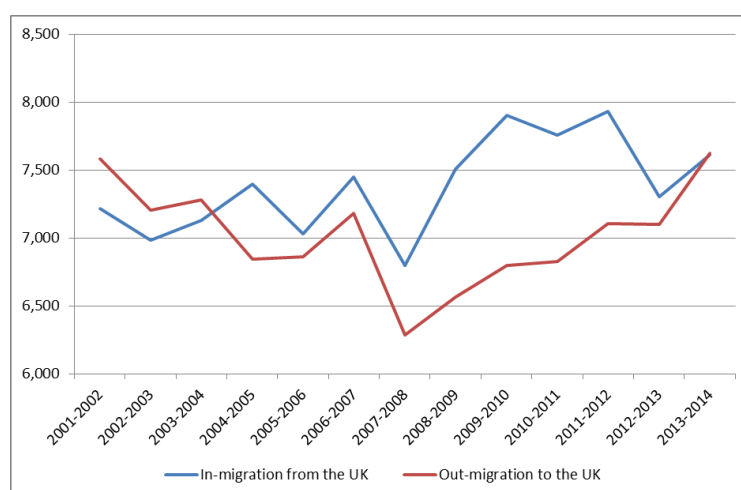


Figure 3.2: Internal in and out migration to/from Basingstoke and Deane, 2001-2014 (Source: ONS Mid-Year Population Estimates)

- 3.2.5 Nationally, during that period, flows across the whole country were significantly different from the preceding 5 year period: for 60% of authorities the net flow during the period 2007-12 was more than 50% larger or smaller than in the period 2002-07⁶.
- 3.2.6 It is therefore considered that the internal migration flows from 2007/08 – 2011/12 do not provide a sufficiently stable past trend upon which to base future projections.

International migration in the 2012-based SNPP

- 3.2.7 Figure 3.3 shows the pattern of international migration to and from Basingstoke and Deane since 2001.



Figure 3.3: International migration to/from Basingstoke and Deane, 2001-2014 (Source: ONS Mid-Year Population Estimates)

- 3.2.8 The SNPP reference period uses six years of international migration data from 2006/07 to 2011/12, which captures the peak of the period between 2004 to 2008 which saw unprecedented migration from the new European Union A8 countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) (as shown in the national insurance allocations in Figure 3.4). The flows from these countries fell as the recession hit the UK and have dissipated in time since accession increased. This substantial flow of migration is included within the trend period, but is considered unlikely to repeat itself in the future.

⁶ Town and Country Planning, 'Making sense of the new english household projections' (April 2015), <http://www.gct-jcs.org/Documents/Examination-Document-Library/EXAM40AMakingsenseofthenewenglishhouseholdprojections.pdf>.

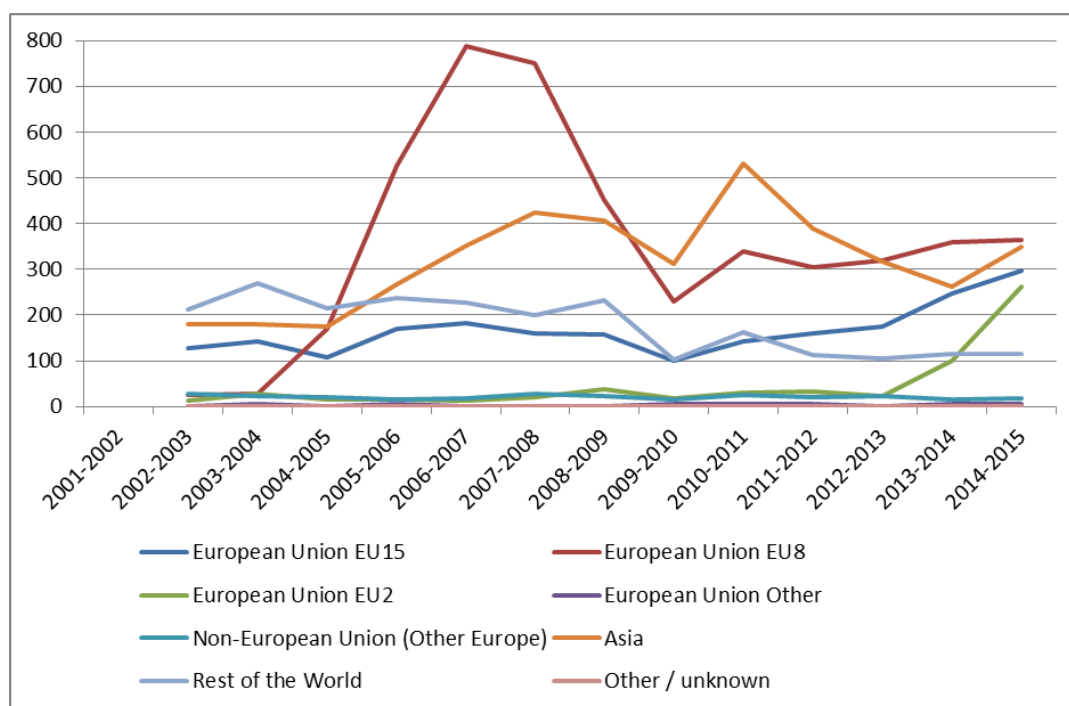


Figure 3.4: National insurance number allocations in Basingstoke and Deane by area of origin, 2002-2015

- 3.2.9 It is recognised that there has been an increase in national insurance allocations given to those from the EU2 countries (Bulgaria and Romania) since their accession to free movement in January 2014. However, the size of in-migration flows is not expected to be as great as those from the EU8 accession due to the comparatively low population sizes of the EU2 countries.
- 3.2.10 The ONS Migration Statistics Quarterly Report, August 2015⁷ (including data up to March 2015) notes the extent of the increase nationally. The number of allocations to Bulgarian and Romanian nationals in Basingstoke and Deane increased from 25 in 2012/2013 to 100 in 2013/2014 and to 261 in 2014/2015. However, the rate of increase in allocations to nationals from these countries has been lower than the national average, and considerably lower than in some other local authorities.
- 3.2.11 Figure 3.5 indexes the data to 2003/2004 (the first year when all neighbouring areas have some level of EU2 allocations). The increase for the UK as a whole in 2014/2015 is 2,215%, whilst the increase in Basingstoke and Deane is 904%, much lower than some other neighbours (including 6,540% in Rushmoor and 4,055% in Reading).

⁷ <http://www.ons.gov.uk/ons/rel/migration1/migration-statistics-quarterly-report/august-2015/index.html>

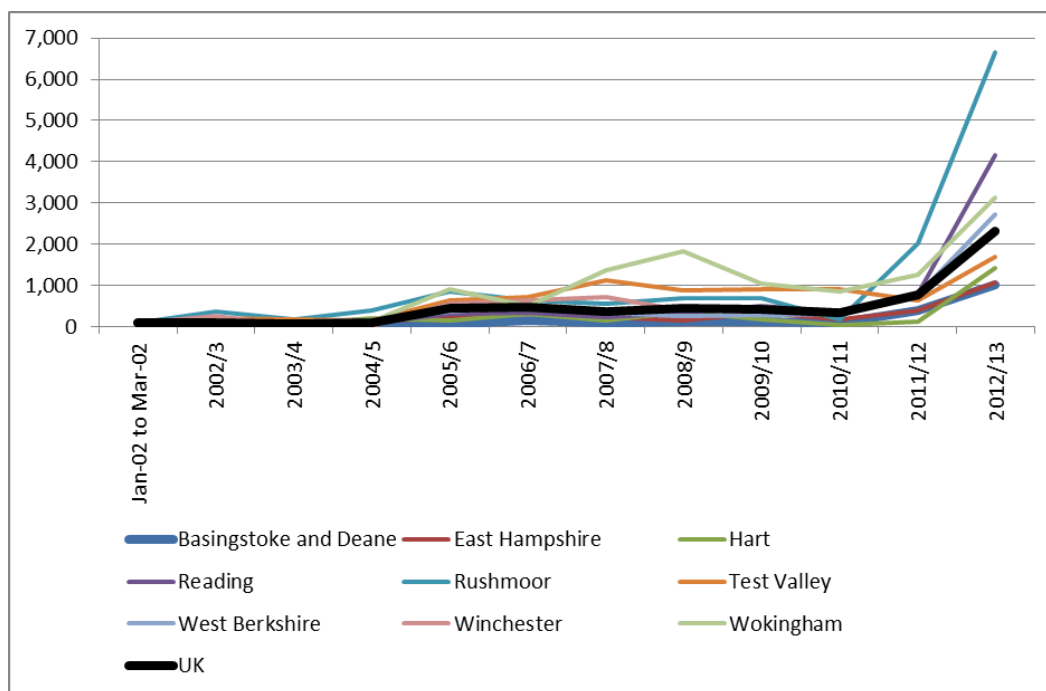


Figure 3.5: Bulgaria and Romania (EU2): National insurance allocations by financial year, indexed to 2003/2004

3.2.12 It is therefore considered that due to the population sizes of the EU2 countries, and the relatively low attractiveness of Basingstoke and Deane compared to other Local Authorities, the size of in-migration flows would not be as great as those from the EU8 accession. It is therefore considered that including the peak of the EU8 accession distorts the trend period.

Alternative demographic reference period

3.2.13 On the basis that migration over the SNPP reference period was an unreliable basis upon which to base future projections, it was considered appropriate that they should be revised.

3.2.14 The Council has therefore tested alternative scenarios based upon different reference periods to consider whether they would provide more stable and robust projections. A range of different scenarios were considered, and these are explained in more detail in Appendix B of the April 2015 Edge report (contained within Appendix A of the 2015 SHMA).

Alternative internal migration reference period

3.2.15 A ten-year historical period has been considered for internal migration. This longer time frame takes into account both pre- and post-recession time periods, and periods of high housing completions. In taking a 10-year history, the higher level of net internal migration over the 2008/09–2012/13 period is balanced by the lower levels seen between 2004/05–2007/08 (which are also similar to the levels seen more recently). The use of a 10-year period for internal migration is considered to be a more appropriate reflection of what is likely to occur in the future.

Alternative international migration reference period

3.2.16 Using a five year history for international migration period (2008/09 to 2012/13) excludes the peak of EU accession migration that occurred in 2005/06-2007/08 (Figure 3.3). This revised trend period picks up some of the EU8 migration along with the dip in gross levels of international migration during the recession (most pronounced in 2009/2010), and leads to a more realistic average to take forward.

BDBC's preferred demographic reference periods

3.2.17 It is considered that a model that considers the 10 year trend for internal migration and the 5 year trend for international migration would provide a more accurate reflection of future trends than the SNPP (this model is referred to as PG-10yr-5yr, in the April 2015 Edge report in the 2015 SHMA). Figure 3.6 (below) shows the difference between this time period and the benchmark 2012-based SNPP, in relation to population change, house building and migration.

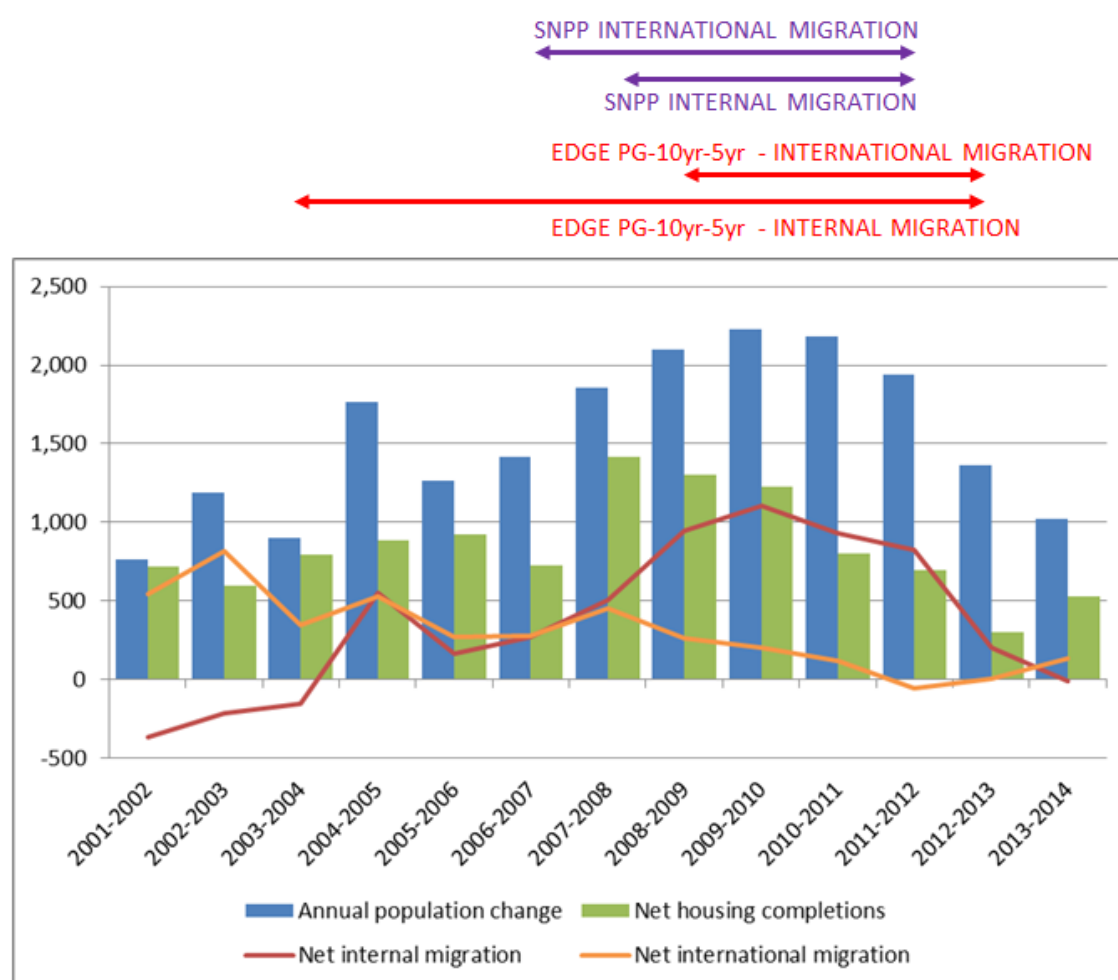


Figure 3.6: Annual population change, net housing completions, net internal and international migration, 2001-2014 (showing comparative SNPP and Edge reference periods) (Source: ONS Mid-Year Population Estimates (MYE) and Hampshire County Council's Land Availability Monitoring System (LAMS))

Unattributable Population Change

- 3.2.18 The rebasing of the mid-year population estimates following the 2011 Census involved the recalibration of the 'components of change' (births, deaths, internal and international migration) for the 2001/02–2010/11 period. Once methodological changes and errors in the components were accounted for, the remaining difference between the expected 2011 MYE and the 2011 Census-based MYE was found to be 103,700 for England⁸. This difference is referred to as 'unattributable population change' (UPC). ONS has not attributed UPC to any one component of change, but it is likely associated with international migration, as this is the component of change that is most difficult to measure (the Edge Analytics report, April 2015, provides further detail).
- 3.2.19 In some instances, the UPC can be large; there are 91 local authority areas for which the UPC adjustment is more than half of the recorded population change between the two censuses⁹. However, as shown in Table 6.1 of the 2015 SHMA, in Basingstoke and Deane Borough, the UPC adjustment is a very small negative figure (c. 1-2.5% of all the components of demographic change).
- 3.2.20 ONS has stated that the UPC adjustment is not taken into account in producing the 2012-based SNPP. The Edge modelling has, however, included the UPC adjustment within the historical international migration estimates, as this is the component with which it is most likely associated.

3.3 Household representative rates

- 3.3.1 In the Edge Analytics scenarios, household growth has been assessed using household representative rates (HRRs) from the latest CLG 2012-based household projection model.
- 3.3.2 CLG's 2008 headship rates were informed by a time of economic boom when credit was unsustainably available, resulting in high levels of household formation. CLG's 2011 projection predicted lower HRRs than CLG 2008, but were criticised on the grounds that they 'locked in' a reduction in housing demand caused by the recession. The 2012-based headship rates are generally higher than the 2011-based rates, although lower than the 2008-based rates.
- 3.3.3 The NPPG is clear that the 2012-based rates supersede these two earlier models, as they are 'the most up-to-date estimate of future household growth' and so provide the best information available at present. Paragraph ID: 02a-015 of the NPPG is clear that this should therefore provide the starting point. As there are no locally specific circumstances to justify a deviation from this data, the Council considers that using CLG's 2012 HRR is a reasonable (policy off) choice for establishing the OAN.

⁸ 2012-based SNPPs for England, Report on Unattributable Population Change, 20 January 2014, ONS

⁹ Source: PAS Technical Advice Note (July 2015)

3.4 Demographic projections conclusion

- 3.4.1 In line with the advice in the NPPG, the Council has tested the trend periods that informed the 2012-based SNPP and considers that they would not provide an appropriate basis upon which to project future population change. It is considered that using a 10-year trend period for internal migration and a 5-year trend period for international migration (including the data for 2012/13), with CLG's most recent 2012 HRR, would provide a more appropriate basis for establishing the future housing requirements. This was modelled by Edge Analytics in the 2015 SHMA (PG-10yr-5yr scenario) and indicated a need for an additional 813 dwellings per annum.

Demographic projections indicate that 813 dwellings per annum should be the Council's demographic starting point for calculating its OAN.

4.0 Past delivery, market signals and other local circumstances

- 4.0.1 As the household projections are trend-based, NPPG paragraph 2a-015 requires LPAs to consider whether demand had been met over the period of time that sets that trend (henceforth referred to as the, 'demographic reference period') and, if not, to make adjustments to the OAN so past undersupply is not projected forward.
- 4.0.2 The PAS advice note indicates that undersupply should not be benchmarked against housing delivery targets (such as those in previous development plans), but against indicators of demand to ensure planning had not constrained housing delivery.
- 4.0.3 Paragraphs 2a-019 and 2a-020 of the NPPG set out how undersupply can be identified in practice and how these market indicators should be analysed. These are considered below.

4.1 Past supply of housing / rate of development

- 4.1.1 To understand whether planning constrained housing delivery within the demographic reference period, housing delivery in Basingstoke and Deane has been indexed as a time series against national totals.

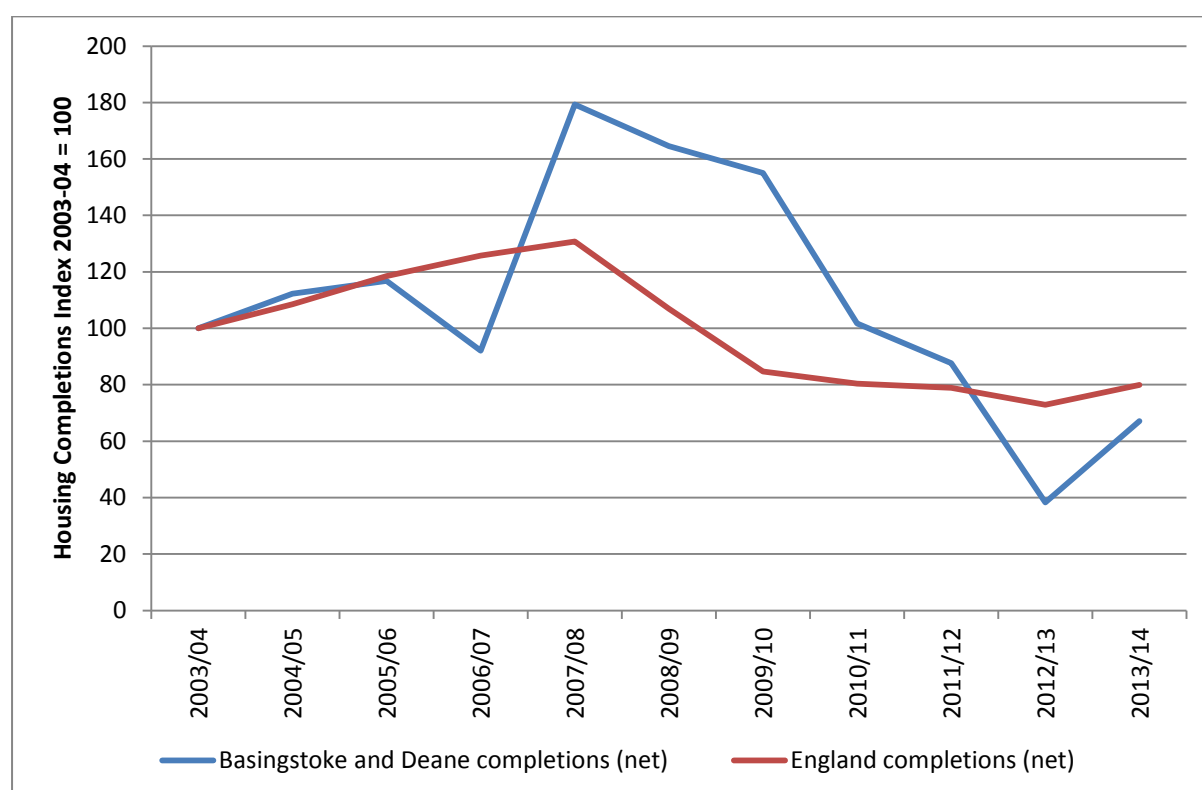


Figure 4.1: Housing completions in Basingstoke and Deane indexed against housing completions in England (Source: CLG Net Supply of Housing and, Hampshire County Council's Land Availability Monitoring System (LAMS))

- 4.1.2 Figure 4.1 shows that for most of the last 10 years (2003-2013, Edge internal migration reference period) planning was delivering housing at a higher rate than the national trend. In the base year, BDBC delivered 791 dwellings compared to an average of 908 over the demographic reference period (2003-2013), so this is considered to provide a reasonable base year to index from (Housing completion data for the borough and neighbouring authorities is set out in Table 2.8 of the 2015 SHMA).
- 4.1.3 There is therefore no indication that Basingstoke and Deane's past supply rate has constrained housing demand. In line with the NPPG, this would indicate that there is no need to adjust the housing need figure up. However, the following market signals provide more information about the interaction of supply and demand in the market place to consider whether there is any other evidence to indicate the Council has under-provided relative to demand.

4.2 House prices and rents

- 4.2.1 The NPPG suggests that prices or rents rising faster than the national/local average may indicate market undersupply relative to demand. It suggests comparing mix adjusted house prices and rents to indicate how prices/costs have performed in relation to other areas.
- 4.2.2 Figures 4.2 and 4.3 provide a comparison of lower quartile and median sales prices with neighbouring local authorities, and regional and national data. Although the mix of homes will affect the absolute price of housing, the Local Authority's overall mix of type and size of homes is unlikely to significantly change over the data period, so the time-series information provided by these datasets are still considered relevant.

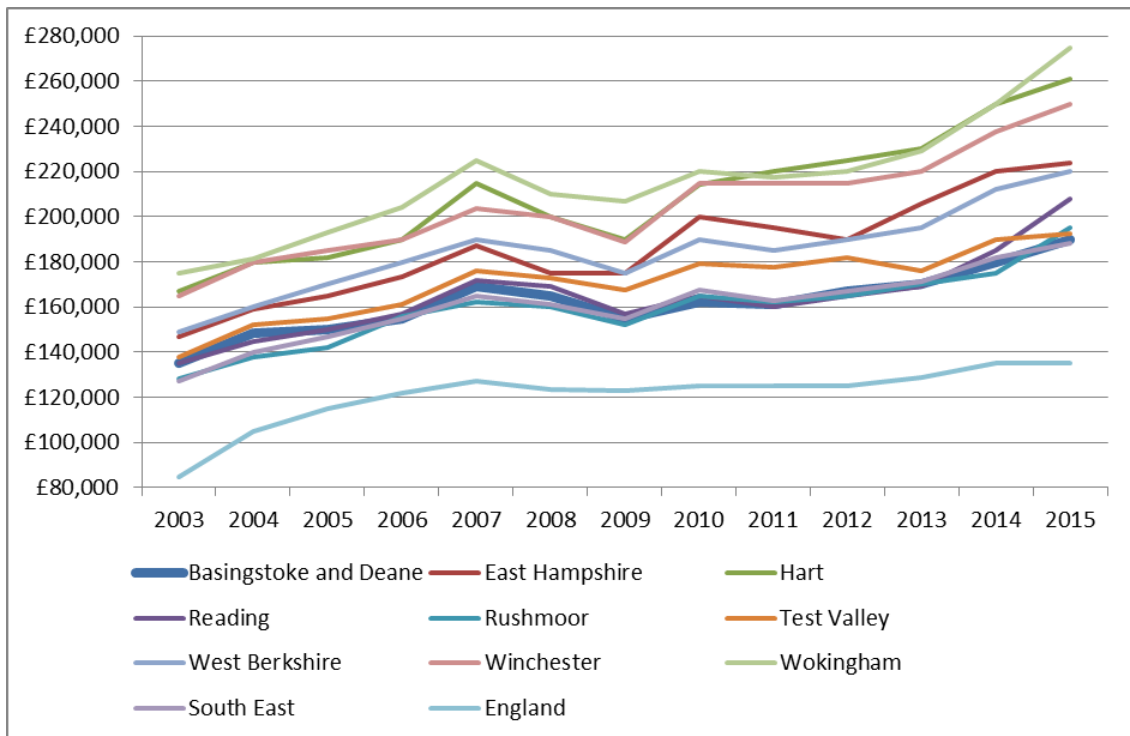


Figure 4.2: Lower quartile house prices in Basingstoke and Deane compared to neighbouring local authorities, region and England (Source: CLG data 2003-2007 (England data). All other years and areas – Land registry data 2003-2015)

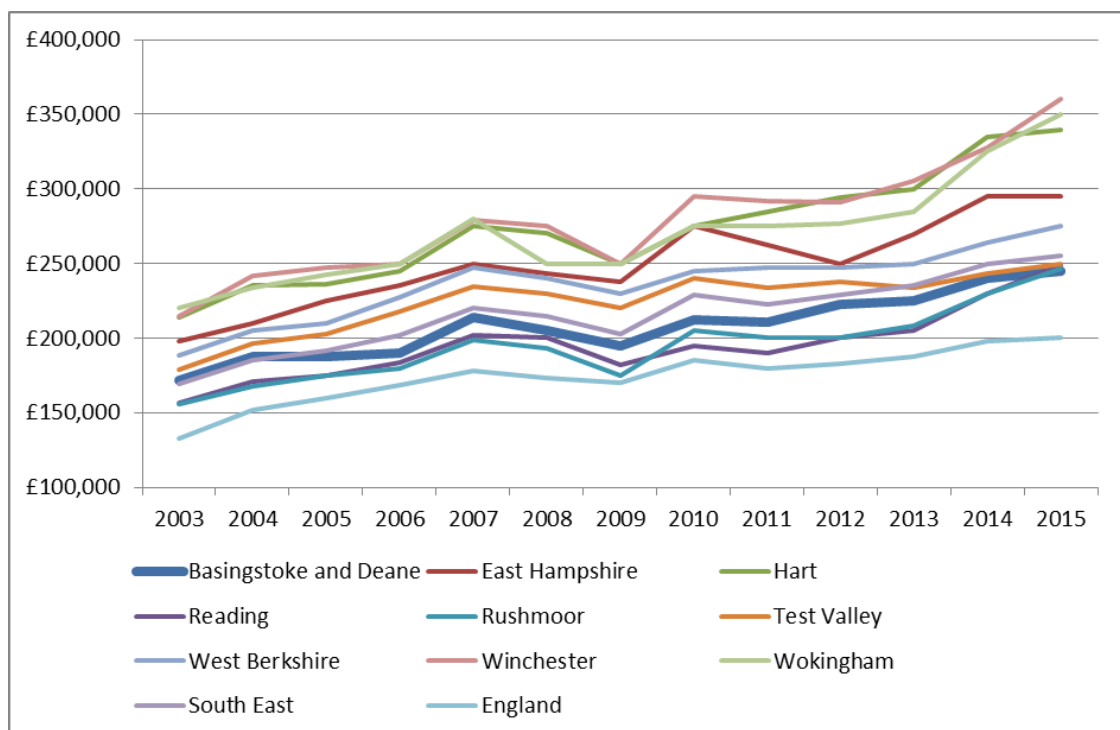


Figure 4.3: Median house prices in Basingstoke and Deane compared to neighbouring local authorities, region and England (Source: CLG data 2003-2007 (England data). All other years and areas – Land registry data 2003-2015)

- 4.2.3 Figures 4.2 and 4.3 show that over the demographic reference period (2003-2013), house prices in Basingstoke and Deane were not increasing faster than in other areas, and indeed the borough retained relatively lower house prices.
- 4.2.4 Lower quartile house prices in Basingstoke and Deane increased by 26% between 2003-2013, this was the second lowest amongst the borough's neighbours, behind Reading with 25%. The comparative regional and national figures stood at 35% and 51.8% respectively.
- 4.2.5 Over the same period, median house prices increased by 31%, which was the third lowest figure amongst the borough's neighbours (Wokingham 30%, Test Valley 31%). This compares to 39% in the South East and 41.5% in England overall.
- 4.2.6 In terms of rents, Figures 4.4 and 4.5 show that from 2010-2014 lower quartile and median private sector rents were also not increasing faster than the borough's neighbours, or regional or national trends (VOA data is only available over this time period).
- 4.2.7 Lower quartile monthly rents increased by 3.8% from 2010 to 2013, whilst in the South East as a whole they increased by 5.3%. Median monthly rents increased by 3.3%, compared to 7.1% in the South East.

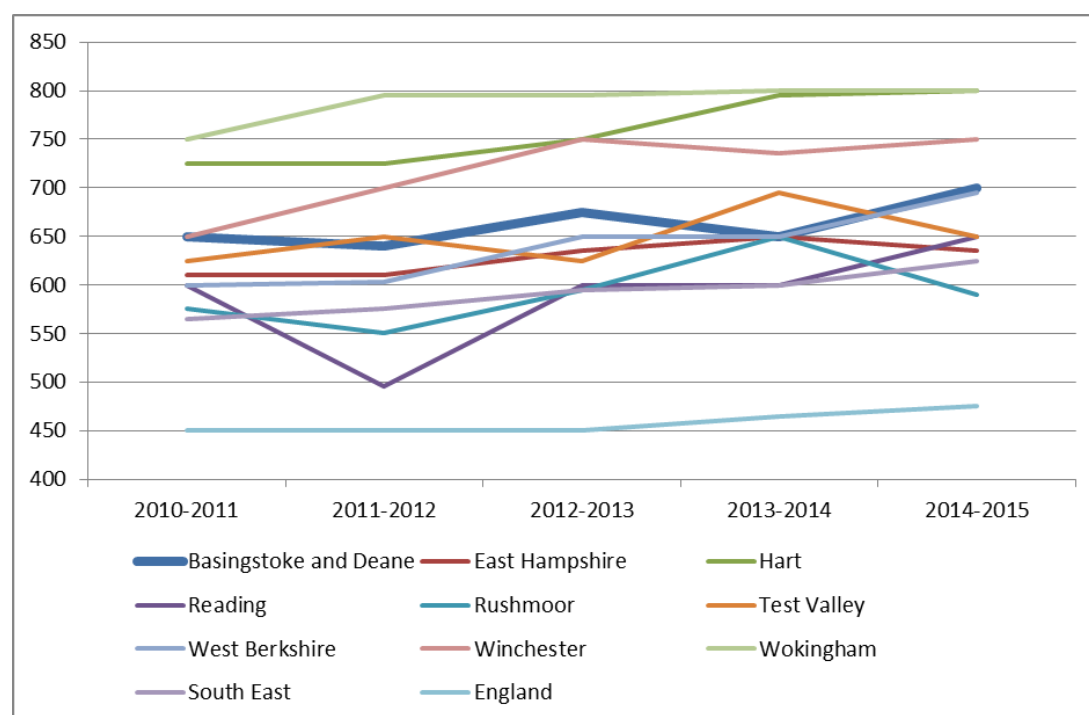


Figure 4.4: Lower quartile monthly private rental prices in Basingstoke and Deane compared to neighbouring local authorities, region and England (Source: Valuation Office Agency Private Rental Market Statistics Table 2)

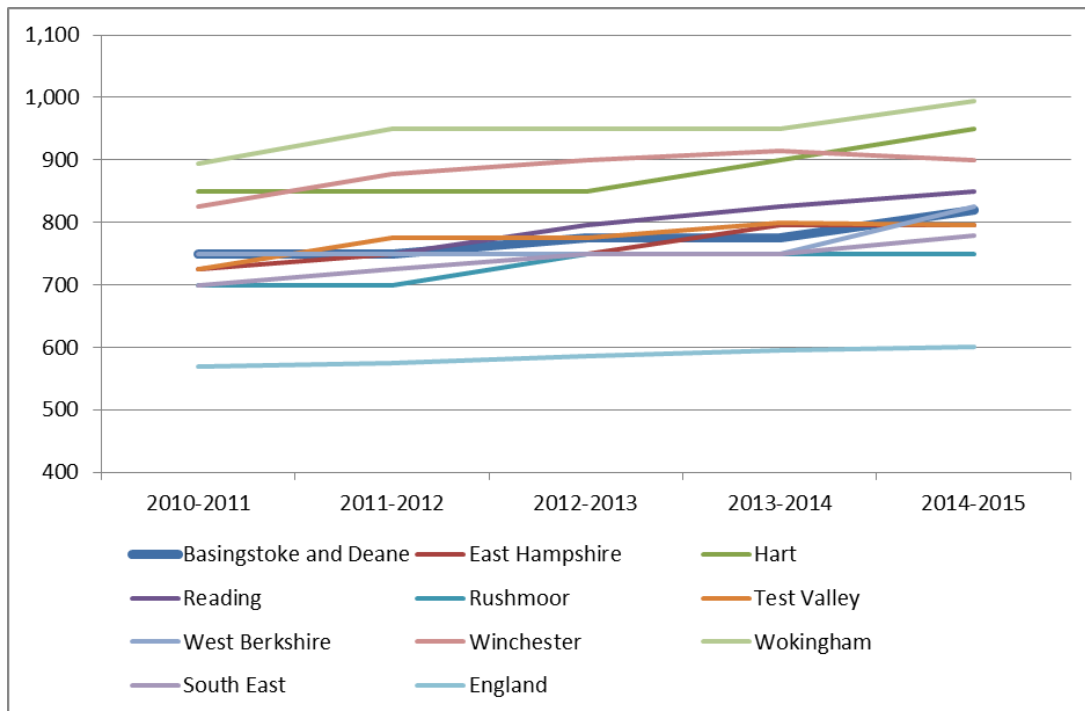


Figure 4.5: Median monthly private rental prices in Basingstoke and Deane compared to neighbouring local authorities, region and England (Source: Valuation Office Agency Private Rental Market Statistics Table 2.7)

4.3 Affordability

- 4.3.1 The NPPG advocates assessing the ratio between lower quartile house prices and lower quartile income or earnings to assess the affordability of housing compared to other areas.
- 4.3.2 Over the demographic reference period, affordability in the borough has not significantly worsened, and has not worsened in relation to neighbouring authorities, the South-East average or the national average.
- 4.3.3 As shown on Figure 4.6, the ratio between lower quartile house prices and lower quartile earnings (the indicator recommended by the NPPG) has fluctuated within a normal range and not worsened in relation to neighbouring local authorities or regional or national trends.

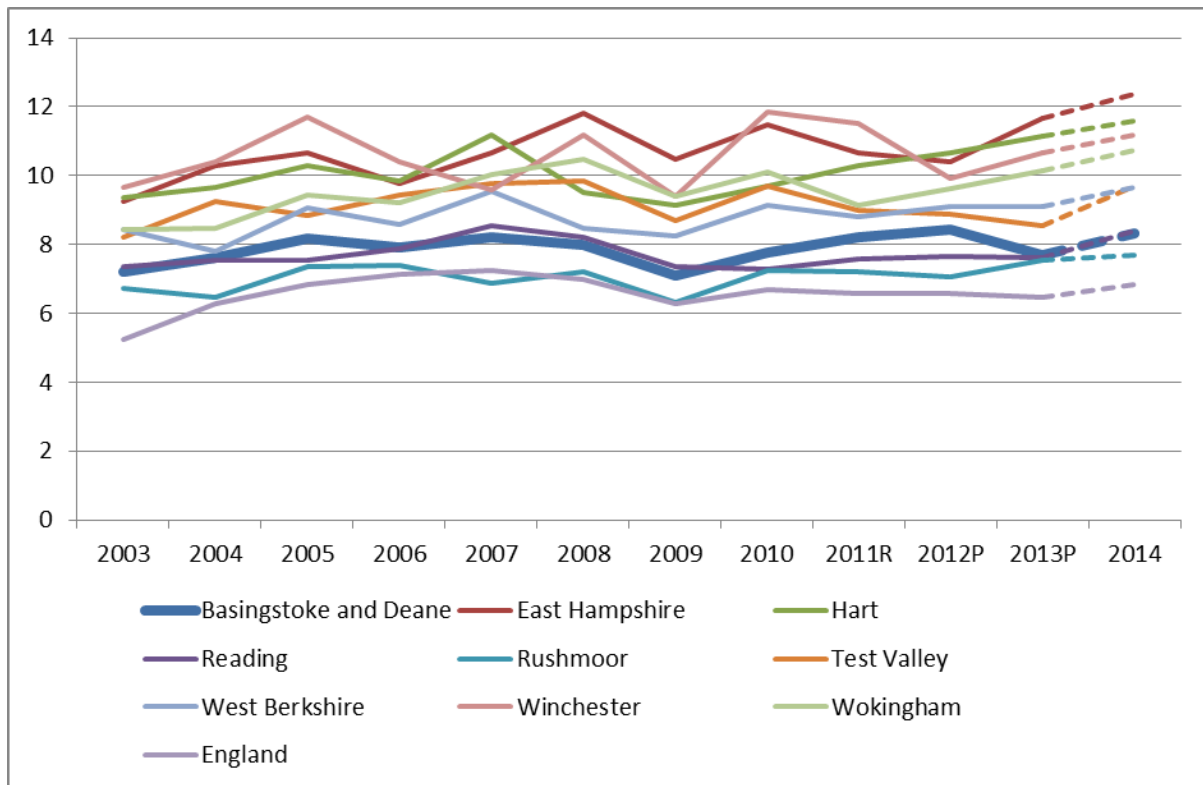


Figure 4.6: Ratio of lower quartile house prices to lower quartile earnings. Comparison of Basingstoke and Deane to neighbouring local authorities and England (Source: CLG live table 576 2003-2013. 2014 data calculated by BDBC using Land Registry Price Paid data and ASHE. South East data calculated by BDBC for all years 2003-2014)¹⁰.

4.4 Overcrowding

- 4.4.1 The NPPG also advocates reviewing trends in overcrowding, concealed households and homelessness, and households in temporary accommodation to indicate whether there is an unmet need for housing.

Overcrowding

- 4.4.2 Information on overcrowding is available for rooms and bedrooms. A household is overcrowded if they have one or more fewer rooms/bedrooms than their household required. Information on bedroom overcrowding is only available from the 2011 Census.
- 4.4.3 All neighbouring authorities saw an increase in the percentage of households that were overcrowded based on the number of rooms between the 2001 and 2011 Census (as shown in Figure 4.7). The largest increases were seen in Rushmoor (44%), Winchester (35%) and Test Valley (29%). The increase in Basingstoke and Deane was 28%.

¹⁰ P means figures for 2011 are provisional. R means figures have been revised due to revisions in ASHE data. The 2014 data has been calculated by BDBC using Land Registry and ASHE data.

4.4.4 Information on overcrowding by bedrooms for 2011 showed that 2.3% of households in Basingstoke and Deane were overcrowded, with one or more bedrooms fewer than they required. This compared to higher figures in Reading and Rushmoor (6%) and Winchester (2.8%).

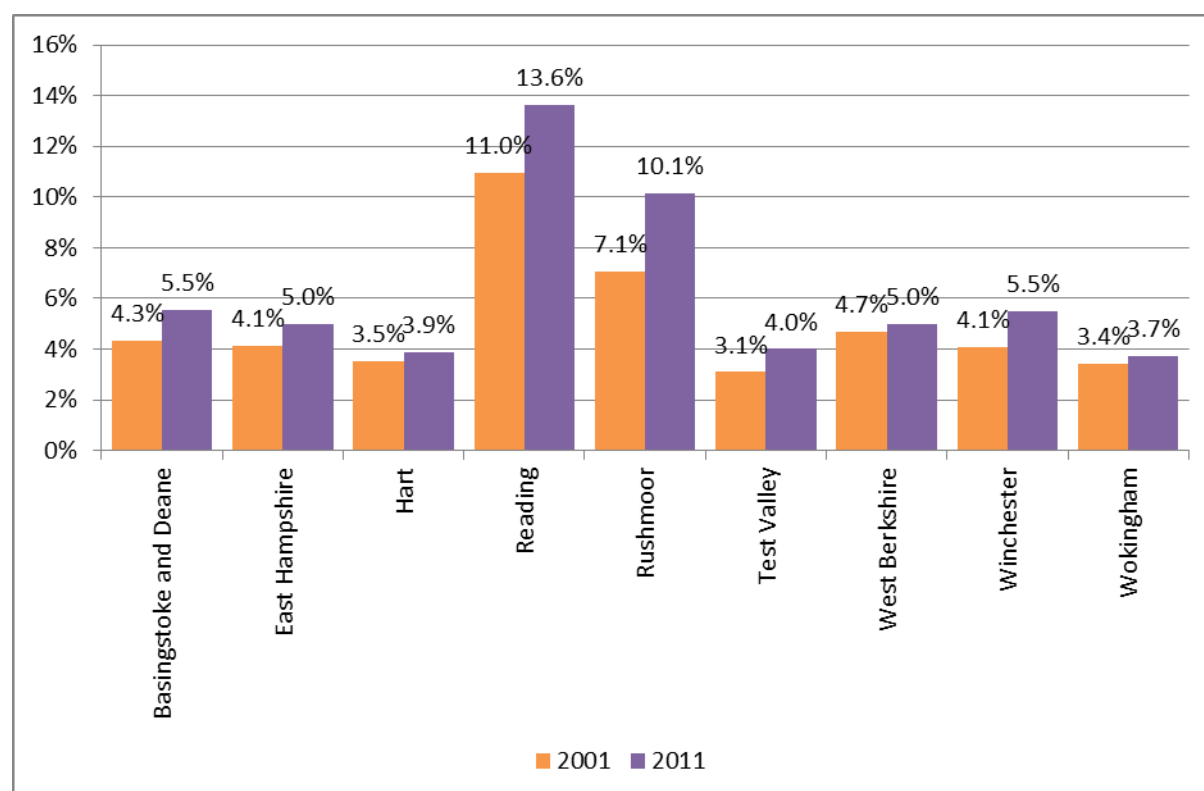


Figure 4.7: Percentage of households that were overcrowded by one or more rooms, 2001 and 2011 (Source: 2001 Census table UV59 and 2011 Census tables QS408EW)

Concealed households

4.4.5 The percentage of families that were concealed increased in all neighbouring areas between the 2001 and 2011 Census. The largest increases were in Rushmoor (109% increase), Reading (66%) and Test Valley (58%). The Basingstoke and Deane percentage increased by 51% (as shown in Figure 4.8).

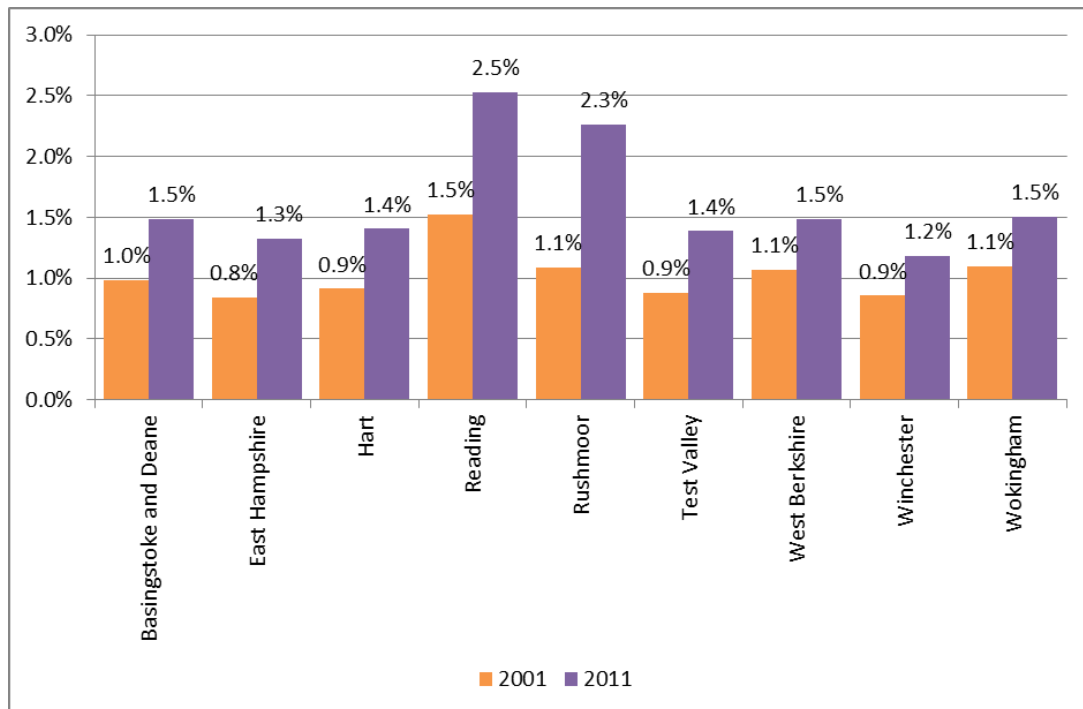


Figure 4.8: Percentage of families that were concealed, 2001 and 2011

Homelessness

4.4.6 Figures for the number of households accepted as being homeless and in priority need are relatively low in Basingstoke and Deane over the demographic reference period. The numbers were higher at the start of the period but then fell and from 2009 to 2014 when the borough had the lowest figures among neighbouring authorities.

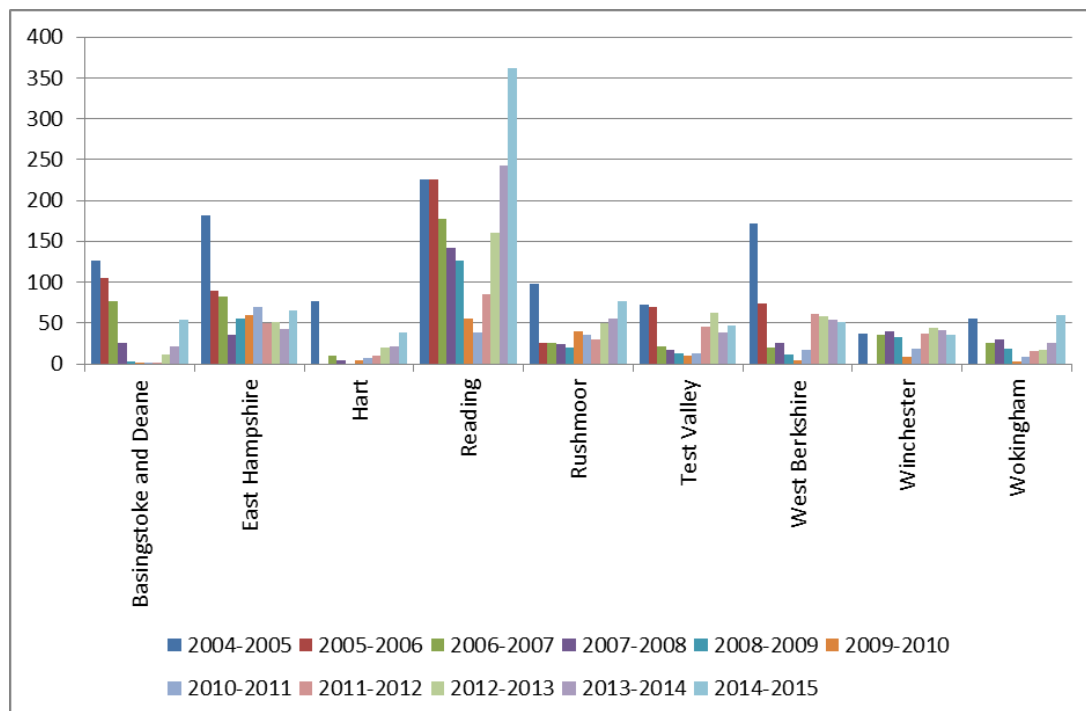


Figure 4.9: Number of households accepted as being homeless and in priority need, 2004-2015 (Source: CLG Live Table 784)

Households in temporary accommodation

4.4.7 The pattern for households accommodated in temporary accommodation is similar to that for homeless households. Compared to its neighbours, the borough was amongst the higher figures from 2004-2008 and then had the lowest figures in 2011-2013. Basingstoke and Deane had the third highest figure in 2014/2015.

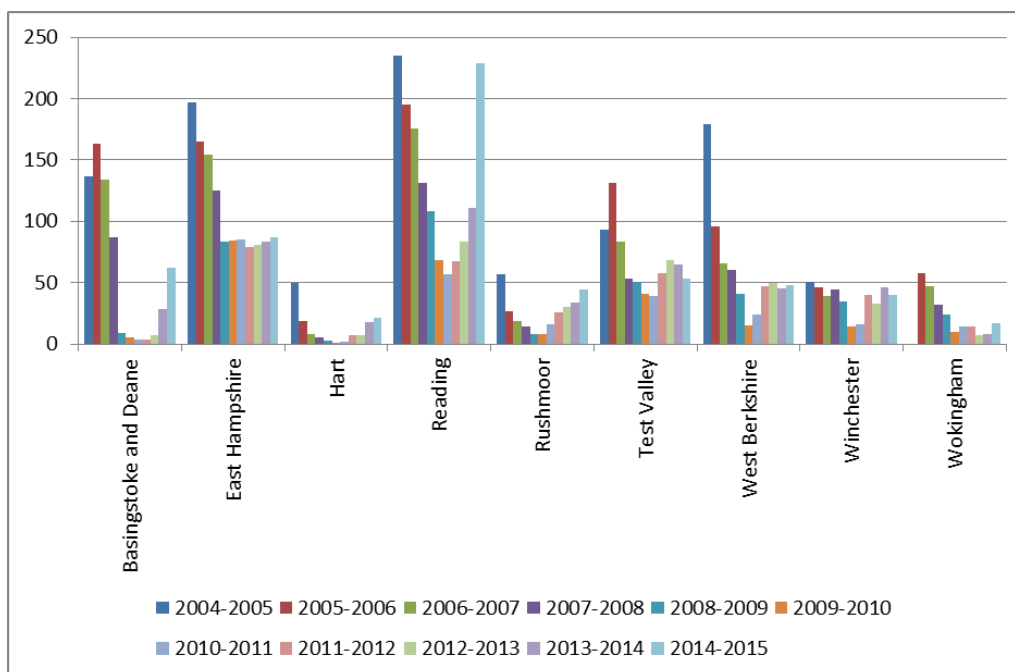


Figure 4.10: Households accommodated in temporary accommodation
(Source: CLG Live Table 784)

4.5 Land Prices

4.5.1 The NPPG also suggests land price data should be considered, however as this is not readily available and difficult to compare between areas and over a time series, this has not been considered in any detail. This approach is supported by the PAS technical note¹¹.

4.6 Other Local Circumstances

4.6.1 It is considered that there are no other local circumstances that would necessitate an adjustment to the projections.

4.7 Housing Delivery and Market Signals Conclusion

4.7.1 This chapter has reviewed the market signals identified in NPPG ID: 02a-019 to evaluate whether the housing market has been constrained over the trend period. None of the market signals provide any evidence that housing

¹¹ PAS Technical Note (2015), para 7.15

demand has been constrained by supply. In fact, in the majority of cases, it provides evidence that Basingstoke and Deane has outperformed the comparison areas.

- 4.7.2 The following factors provide no evidence of undersupply and indicate that demand was met over the trend period:
- Basingstoke and Deane's housing delivery was more resilient to the effects of the recession than the England average;
 - House prices increased at a slower pace than in most of the neighbouring authorities and at a rate below the national and regional average. House prices remain among the lowest in the area;
 - Rents did not increase faster than the Borough's neighbours, and increased by less than the regional average;
 - Affordability has not worsened in relation to neighbouring authorities or regional or national trends; and
 - The number of overcrowded or concealed households, or households that are homeless or in temporary accommodation, has not increased relative to neighbouring authorities.
- 4.7.3 In accordance with NPPG paragraph ID:02a-020, as worsening housing market trends have not been identified, there is no need to make an upward adjustment to the planned housing number.

Past delivery and market signals do not indicate that the housing market has been constrained over the demographic reference period, so it is not necessary to adjust the housing need above 813 dwellings per annum.

5.0 **Future jobs**

- 5.0.1 The PPG states (ID: 02a-018) that future levels of employment growth should be considered in housing needs assessments to ensure housing is available to avoid unsustainable commuting patterns and support local businesses.
- 5.0.2 The Submission Local Plan Policy EP1 (with proposed main modifications) sets a job target range of between 450-700 net new jobs per annum over the Plan period, 2011-29 (informed by analysis in the Employment Land Review (ELR, 2015)).
- 5.0.3 This chapter is in two parts: firstly, it provides evidence to support the jobs target range, and secondly, whilst recognising that jobs forecasts can and do change, there is a need to ensure that the housing number and the resulting labour supply will not constrain growth in the local economy.

5.1 **How many jobs are required to support economic growth in Basingstoke and Deane?**

- 5.1.1 The PPG (ID: 02a-018) states that ‘plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate’.

Past trends

- 5.1.2 The analysis of past job growth is based on the Annual Business Inquiry (ABI) and data from the Business Register and Employment Survey (BRES). The data at a local level is quite volatile owing to fluctuations in employment levels and the sample size of the surveys. The volatility is illustrated by a review of the raw data. Between 2003 and 2013, the total number of jobs increased by 5,900 (an average of 590 additional jobs per year)¹². This compares to a total increase of 300 between 2002 and 2012 (the latest year for which finalised data is available), an average of just 30 additional jobs per year. It is therefore considered most appropriate to use a moving average rather than a year-on-year comparison¹³.
- 5.1.3 The moving average between 2003-2013 was 450 net new jobs per annum, and this has been used to inform the jobs target range. The trend line and the annual data for the number of employees and the total number of people in employment (which also includes self-employment) is shown in Figure 5.1. The full jobs data is set out in **Appendix 4**.

¹² It should be noted that the 2013 figure is provisional.

¹³ Three year rolling average is 450 jobs per annum whether using the preceding 2 years or one year on either side. PPG suggests use of rolling averages to identify trends in volatile data sets (ID: 2a-020)

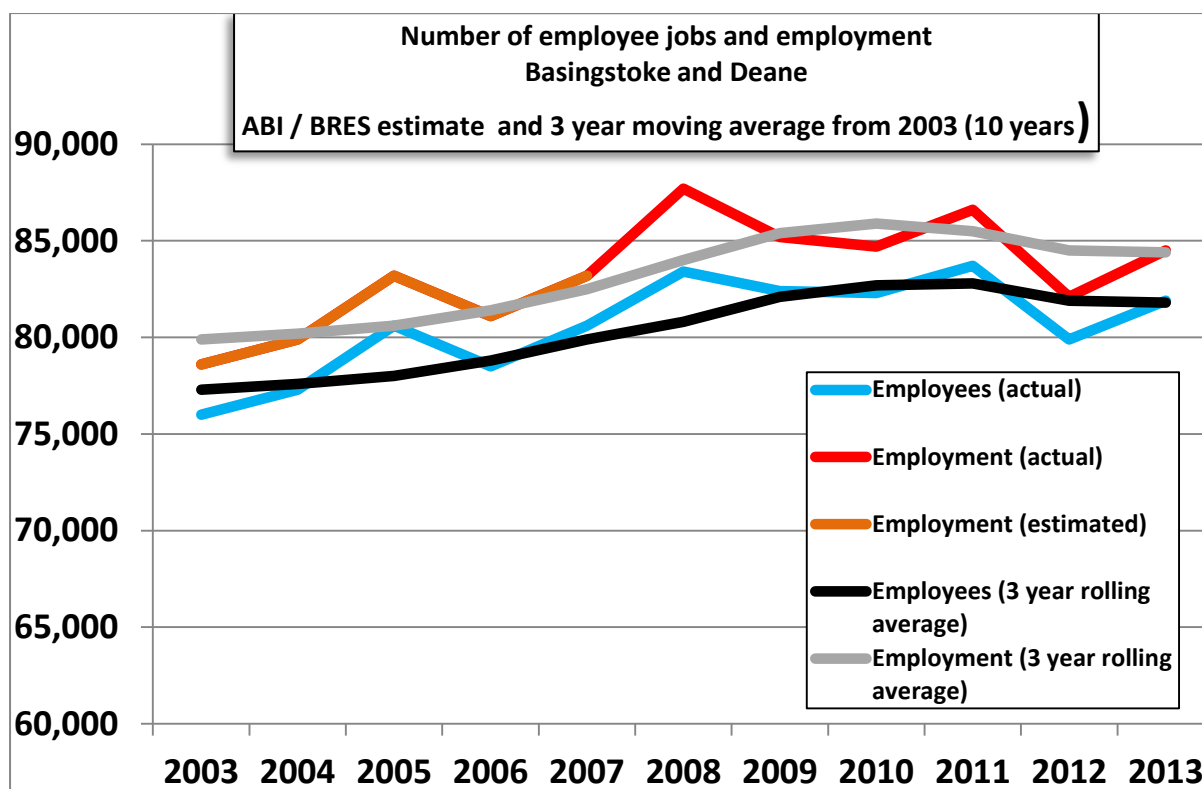


Figure 5.1. Number of employee jobs and employment in Basingstoke and Deane (Source: ABI/BRES)

Economic Projections

- 5.1.4 In order to provide estimates of possible job growth during the plan period, modelling was undertaken by Hampshire County Council using the Cambridge Econometrics Local Economy Forecasting Model (LEFM). This is reported in detail in Appendix A of the 2015 ELR and identifies a requirement to deliver 12,700 jobs over the plan period (equating to a net increase of approximately 700 new jobs per annum).
- 5.1.5 Since the 2015 SHMA and ELR were published, the Council has also reviewed the forecasts by Oxford Economics and the latest Experian data. The Oxford Economics model¹⁴ identifies a requirement for 772 jobs per annum over the plan period (13,900 jobs between 2011-2029). Experian modelling had previously been used to inform the 2014 ELR, and the updated 2015 data identified a requirement for 1,382 new jobs per annum (24,870 additional jobs between 2011-2029), equivalent to a 25% increase in jobs¹⁵. The models predict the total number of workforce jobs to be created, including part-time jobs, rather than their full time equivalent.
- 5.1.6 It should be noted that although the forecasts assume significant growth will occur in office-based occupations, this should be tempered against current local market knowledge. The Basingstoke Office Market Study, June 2015 (**Appendix 5**), which reviews the state of the local office market, identifies a shortage of A-grade floorspace and comments that:

¹⁴ Baseline scenario Oxford Economics model, Appendix 7

¹⁵ Baseline scenario from Experian model, Appendix 6

'The impact of the economic recovery since 2013 is far less pronounced in Basingstoke, than in a nearby market such as Reading. Indeed rental levels in Basingstoke, will remain well below the peak achieved in 2001/02'¹⁶

- 5.1.7 The Cambridge LEFM was taken into account in setting the jobs range of 450-700 jobs per annum, and its findings are generally supported by the Oxford Economics forecast. By comparison, the Experian forecast would appear to be an outlier, and does not align with past job growth rates or current market conditions.

Enterprise M3 Local Economic Partnership (LEP) Strategic Economic Plan (SEP)

- 5.1.8 The Enterprise M3's SEP contains the high-level aim to increase GVA per capita to 25% above the national average to create 52,000 jobs in the LEP area by increasing employment rates and to add 1,400 businesses annually to the area. These figures relate to the wider LEP area and there are no locational-specific targets in the SEP. It is also noted that the target has not been informed by modelling. However, if the same annual job growth rate (just under 1%) is applied to Basingstoke and Deane's job numbers, this would suggest an annual growth of 697 jobs per annum.

Jobs target conclusion

- 5.1.9 It is therefore considered that the job target of 450-700 jobs per annum provides a realistic range within which economic growth is likely to take place.
- 5.1.10 Past job creation rates have informed the lower end of this range. The economic modelling has necessarily been treated with caution, and has informed the top-end of the range, which is at a level consistent with forecast job growth in the LEP's Strategic Economic Plan.

5.2 Supporting the required jobs

- 5.2.1 The relationship between job growth and housing provision is complex and cannot be predicted in a precise manner, but it is important to ensure that housing provision supports economic growth. The ability of the population to support the forecast number of jobs is dependent upon a variety of factors including economic activity rates, unemployment rates, levels of in/out commuting, and levels of 'double jobbing' (where a single employee holds down more than one job). As noted by the Inspector's report for West Dorset, Weymouth and Portland (August 2015)¹⁷:

'However, the relationship between homes and jobs is difficult to predict and depends on assumptions made about key variables such as population change, economic growth and labour supply. Small

¹⁶ Basingstoke Office Market Study (CBRE, June 2015). Conclusion, page 19

¹⁷ Para 49. <https://www.dorsetforyou.com/InspectorsReport/West/Weymouth>

changes in assumptions can have a significant effect on outcomes and is a reason why estimates should be seen as an indication of job growth rather than a precise target’.

- 5.2.2 The Council has sought to further understand the relationship between jobs and homes through further analysis of the modelling work that Edge Analytics undertook for the Mid Examination Local Plan Consultation in May 2015 (published in the 2015 SHMA). In response to representations, the council has also commissioned forecasts from Experian and Oxford Economics. This work tests how the proposed housing provision figure would impact on job forecasts in these models.

Edge Modelling

- 5.2.3 The April 2015 Edge Analytics report (published as part of the Mid-Examination consultation in May 2015, Appendix A to the 2015 SHMA) explores the relationship between population and jobs growth. The demographic scenarios presented in the April 2015 report identify the level of jobs growth that could be supported by a range of population growth trajectories, given assumptions made about economic activity rates, unemployment rates and commuting. The PG10yr-5yr (HH-12) scenario suggests an annual dwelling growth requirement of 813. With the application of the ‘core’ economic assumptions (as defined in Edge Analytics’ April 2015 report) the level of (full-time equivalent) jobs growth that could be supported by this scenario is 453 jobs per year.
- 5.2.4 The core jobs-led scenarios presented in Edge Analytics’ April 2015 report assess the demographic implications of a range of (full-time equivalent) jobs growth forecasts (450, 600 and 750 net new jobs per year), given assumptions made about economic activity rates, unemployment rates and commuting¹⁸. In a jobs-led scenario, population growth is linked directly to growth in the number of jobs available within an area. POPGROUP evaluates the impact of a jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of the labour force and the size of the resident population. Migration is used to balance the relationship between the size of the labour force and the forecast number of jobs. A higher level of net in-migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. A higher level of net out-migration will occur if the population is too high relative to the number of jobs.
- 5.2.5 As the POPGROUP model operates in a dynamic manner, building the population profile based on previous years inputs, and applies different household formation rates to the different age groups, the resultant jobs to dwellings ratio changes throughout the forecast period and between scenarios.

¹⁸ Further work was undertaken by Edge Analytics to assess the demographic implications of 575 new jobs per year. This report is attached as Appendix 8.

- 5.2.6 However, in reality, the other elements of the labour market would also flex in response to changes in demand for labour (as occurs in the integrated modelling). To explore the sensitivity of the modelling to changes within the labour market, the April 2015 Edge Analytics report includes a number of sensitivity tests.

Sensitivity testing: Economic Activity Rates

- 5.2.7 Future rates of economic activity depend on a range of variables, including job availability, lifestyle choices and pension reform. Even with adjustments to the economic activity rates to account for changes to the State Pension Age, the *overall* level of economic activity decreases over the forecast period, due to population ageing.
- 5.2.8 In a jobs-led scenario, the application of economic activity rates that increase throughout the forecast period has the effect of increasing the size of the resident labour force, thus reducing the need for in-migration to fulfil the specified annual jobs-growth target and reducing the associated housing requirement.
- 5.2.9 The economic activity rate assumptions applied in the Edge Analytics core scenarios are relatively prudent in comparison with those assumptions applied in the integrated economic models (e.g. Experian),
- 5.2.10 Recent analysis suggests that there is likely to be significant increase in economic activity rates of older people suggesting that overall economic activity rates will not decline at the same levels as previously assumed.¹⁹ Work from the Office of Budgetary Responsibility (OBR, 2014)²⁰, considered older age participation in the workforce, and identified greater increases in employment rates (related to economic activity rates) than had been assumed by the Edge Analytics core scenarios. Furthermore, the OBR report identifies that economic activity rates are likely continue to increase post-2020, whereas Edge have not applied any changes beyond this point. It is also likely that changes to the State Pension Age will have a knock-on effect upon the economic activity rate of those just below pension age who may choose to delay leaving the workforce, and the Edge core scenario does not adjust for this.
- 5.2.11 By 2029, the PG 10yr-5yr scenario suggests that there will be almost 26,000 females aged 60-64 and males aged 65-74 in Basingstoke and Deane. This means that even small increases in economic activity rate assumptions will have a significant effect on the size of the local workforce.

¹⁹ See Employment Activity and the Aging Population Experian

(<http://economics.experian.co.uk/~media/Files/Countries/UK%20Economic%20Forecasts/Public/Employment%20Activity%20and%20the%20Ageing%20Population.ashx>)

²⁰ The Office of Budgetary Responsibility includes the Government's independent economic advisers who draw on their own expertise but also the combined knowledge of all the economic forecasting houses including Experian, Cambridge and Oxford Econometrics. 2014 report available at: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

- 5.2.12 The Edge Analytics core scenario is also based on the 2011 Census economic activity rate with moderate adjustments to reflect the proposed changes to the State Pension Age. However, it is considered that these rates were untypically low owing to the impact of the recession²¹.
- 5.2.13 Consequently, two sensitivity tests were undertaken to consider the impact of alternative economic activity rate assumptions. In the SENS1 scenarios, the 2011 Census economic activity rates for Basingstoke and Deane (for the aggregate 16-74 age-group) have been applied in 2011, and remain fixed at their base level. With the application of these assumptions (together with the 'core' commuting ratio and unemployment rate assumptions), the Jobs-led 575 scenario (as set out in further modelling produced by Edge Analytics, August 2015, **Appendix 8**) suggests an average annual dwelling requirement of 840dpa.
- 5.2.14 In the SENS2 scenarios, the 2011 Census economic activity rates for the borough (for the aggregate 16-74 age-group) have been applied, with the 2001—2011 trend continued after 2011. With the application of these assumptions (together with the 'core' commuting ratio and unemployment rate assumptions), the Jobs-led 575 and Jobs-led 700 scenarios suggest an average annual dwelling requirement of 754dpa and 839dpa respectively.

Sensitivity testing: Commuting Rates

- 5.2.15 Edge ran a third sensitivity test (SENS3) to consider the impact of a reduced net out-commute from Basingstoke & Deane, to test a situation where the number of jobs is more in balance with the size of the resident labour force. The sensitivity test demonstrates how sensitive the relationship is between job numbers and housing requirements.

Double jobbing

- 5.2.16 Data from the ONS Labour Force Survey²² indicates that 3.7% of the UK's labour force has second jobs, and it is thought that this level is likely to increase²³. As set out previously, the POPGROUP job estimates are full time equivalent jobs (i.e. one person equals one job), whereas the economic projections and the Council's jobs target identify the total number of jobs provided. This difference in definitions results in the Edge modelling understating the number of individual jobs supported.

Economic Models

- 5.2.17 Given the issues raised in the OBR report, which may suggest that the economic activity rate assumptions in the Edge Analytic work are on the conservative side, the Council commissioned Experian and Oxford Economics to comprehensively test the labour market through their full econometric models (the outputs of both of these models were highlighted in consultation responses). This work provides baseline forecasts and then

²¹ See Table 3.6 of 2015 SHMA

²² http://www.ons.gov.uk/ons/dcp171766_365839.pdf

²³ Footnote 1 in the Oxford Economics report (in Appendix 8) identifies that 'The ratio of jobs to the number of people in work is likely to rise over time as the jobs creation becomes more heavily concentrated in sectors with higher incidence of part time or flexible working'.

compares the impact of the demographic projections associated with 850 dpa housing requirement on the jobs forecasts.

- 5.2.18 The forecasting models are 'integrated' as they do not consider any one variable in isolation but alongside many others, including commuting, unemployment, demand for jobs and services and the relative position of one economy (one LPA) with its neighbours.

Experian economic forecast

- 5.2.19 As a default, the Experian model uses the expected future population in the 2012-based SNPP as an input. Experian was therefore commissioned to test the effect upon economic performance of using an alternative population growth trajectory in line with the Submission Local Plan housing target. As the dwelling target of 850dpa was not been derived directly from a demographic model, Experian used demographic information from the Edge Analytics' PG 10yr internal/ international migration scenario, which had resulted in a requirement for 834dpa. As the homes number tested was lower than that proposed in the Plan, this was considered to be a relatively conservative estimate of future population growth.
- 5.2.20 Experian concluded that the local economy was not constrained by a lack of labour and that providing more population (i.e. more houses) would not translate directly into additional job growth (with the exception of population-led, endogenous jobs, (as more residents result in more demand for local services). In the Experian forecast, the level of population growth indicated in the PG-10yr scenario results in jobs growth of 24,780 (1,377 jobs per annum). This is similar to the level of jobs growth implied by the 'baseline' scenario which uses SNPP-2012 (24,870 jobs, 1,382 per annum). However, the level of population growth under the SNPP-2012 is higher than under the PG-10yr scenario.
- 5.2.21 The Experian model assumes that the economy would adjust to the reduced labour supply by decreasing unemployment and higher economic participation rates. Experian has confirmed that these levels would still be 'within normal bounds'.
- 5.2.22 The results of this testing are attached in **Appendix 6**. However, Experian state that these should be treated with caution as the data is the output of a fully integrated model where all these factors inter-relate; in addition to the wider regional economy and labour market.
- 5.2.23 The Experian modelling demonstrates that 850 dwellings per annum could support 24,780 new jobs, and that delivering more homes would not support more jobs (other than the endogenous demand created by the extra residents).
- 5.2.24 Likely outcomes for a scenario in which residents are added to an area unconstrained by labour supply include higher unemployment as fewer new jobs are created relative to the increase in population, lower activity rates as residents become less optimistic about finding jobs, and higher net outflows

of commuters as new residents displace inward commuters in the labour market or seek employment elsewhere due to low job growth.

- 5.2.25 The Experian forecasting therefore demonstrates that 850 dwellings per annum over the 2011-29 plan period will not result in a shortage of labour supply that would constrain the local economy.

Oxford Economics forecast

- 5.2.26 Oxford Economics' forecast identifies a lower rate of population growth than the SNPP, but one that is still able to support jobs growth of 772 jobs per annum.

- 5.2.27 At the Council's request, Oxford Economics also modelled the impact of delivering 850 dwellings per annum. This identified that 850dpa would result in a higher population than Oxford Economic's own economic forecast, and would be able to support more jobs. This therefore demonstrated that delivering 850 dwellings per annum would not result in labour supply constraining the local economy. The full results of this testing are attached in **Appendix 7**.

5.3 Future jobs conclusion

- 5.3.1 Predicting future job growth is not an exact science, as demonstrated by the significant variations between the forecasting models. The jobs target range was informed by the Cambridge Econometrics Forecast, and are not dissimilar to the Oxford Economics forecasts. In light of this, and given past trends and current market signals, the Local Plan range of between 450-700 jobs per annum seems a reasonable basis on which to plan for housing provision. The NPPF states that local plans should be aspirational but realistic, and the jobs range is justified by the data sources available.
- 5.3.2 The Edge Analytics modelling demonstrates that there are a range of economic factors that can have a significant influence over the number of homes required to support different levels of job growth. Assumptions regarding future economic activity levels have a significant impact on the size of the labour force, and double jobbing means that more jobs are likely to be created than their full time equivalent. The Edge scenario which models the impact of a growth in FTE jobs of 575 (the middle of the jobs target range) and assumes aggregate economic activity rates remaining constant produces a housing requirement of 840dpa. If economic activity rates were to increase, a greater number of jobs could be supported.
- 5.3.3 The Experian modelling indicates that a housing supply of 850 dwellings per annum and labour supply will not constrain the local economy even at the higher job forecasts. Consequently, even if job growth is higher than the proposed range of 450-700, the housing target will support this level of growth. Equally, the Oxford Economics Forecast identifies that 850 dwellings per annum would supply sufficient labour to support the anticipated levels of economic growth.

- 5.3.4 It is recognised that the housing delivery target of 850dpa was agreed by Council prior to the latest national demographic data being made available. By increasing the OAN to 850dpa, this paper demonstrates that homes and jobs are likely to be in broad alignment and that the housing figure is unlikely to constrain job growth. Consequently, the OAN should be adjusted up to 850dpa to support forecast economic growth.

Taking into account the need for the borough to align housing supply with supporting economic growth, BDBC's OAN is adjusted to 850 dwellings per annum.

6.0 **Objectively Assessed Affordable Housing Need**

- 6.0.1 Paragraph 47 of the NPPF requires local planning authorities to identify and meet the full objectively assessed needs for market and affordable housing in the housing market area.
- 6.0.2 **Appendix 9** supersedes the affordable housing needs assessment in the 2015 SHMA, and provides a recalculation of the borough's objectively assessed affordable housing need in accordance with the NPPG approach (NPPG ID: 02a-22 – 02a-29). This identifies an objectively assessed need for 310 net new affordable homes per year. Although the calculation method has been updated, the outcome is not dissimilar to the 318 affordable dwellings per annum identified in Chapter 8C of the 2015 SHMA. The Council's affordable housing needs are summarised in Figure 6.1 below.

Affordable housing element	No of dwellings
Total gross annual need	980
Total gross annual supply	670
Total net annual need	310

Figure 6.1: Objectively assessed affordable housing need for Basingstoke and Deane (Source: BDBC Affordable Housing Needs Assessment (August 2015))

- 6.0.3 Paragraph ID: 02a-029 of the NPPG requires the council to consider whether an uplift in the housing provision target is required to reflect the scale of affordable housing need identified.
- 6.0.4 Submission Local Plan policy CN1 proposes 40% affordable housing on sites of 5 or more dwellings and equivalent financial contributions from smaller housing sites (which would also be used to provide affordable housing in the Borough). Applying this rate, the overall housing target of 850 dwellings per annum would result in the delivery of 340 affordable homes per annum.
- 6.0.5 The Council's submission policy is supported by viability evidence to demonstrate this rate would be achievable. However, even allowing for the Council not achieving 40% affordable homes on all sites, it is still considered that an overall housing figure of 850dpa would align with the Borough's needs, as 310 affordable dwellings is equivalent to 36.5% of the total housing figure.
- 6.0.6 The overall housing delivery target of 850 dwellings per annum would therefore meet the council's full objectively assessed need for affordable housing. It is therefore not necessary to increase the total housing figure to support the delivery of more affordable homes.

An overall housing figure of 850 dwellings per annum can deliver the required number of affordable homes.

It is therefore not necessary to increase the housing target above the previously identified OAN.

Should this assessment be considered part of the OAN, this demonstrates that BDBC's OAN of 850 dwellings per annum does not need to be adjusted.

7.0 Cross-boundary unmet need

7.1 Within the Local Area

- 7.1.1 The Council has engaged in duty to cooperate discussions with all its neighbouring authorities, and none have asked the borough to take any of their unmet need. These discussions are recorded in the Duty to Cooperate Statement (CD08, updated by PS/02/24).

7.2 Further Adaptions to the London Plan (FALP)

- 7.2.1 In March 2015, the Mayor of London adopted the Further Alterations to the London Plan (FALP) identifying a housing delivery target for the capital. Two principal issues arise from this that are relevant to Basingstoke and Deane; whether the trend-based modelling has been suppressed by the recession; and the implications of London's inability to meet its OAN.

Modelling underestimating existing trends

- 7.2.2 London's OAN was informed by trend –based work that looked beyond the 5/6yr trends assumed in the SNPP. There are concerns that if Local Authorities have based their housing need upon the shorter-term trends in the SNPP which have been suppressed by the recession, this could result in a gap in housing provision.
- 7.2.3 However, as set out in Section 3 of this report, the Council's preferred demographic scenario takes account of 10 years of internal migration data. This means that the Council's demographic projections are less susceptible to recession changes than the 2012-based SNPPs, and more in line with the 12 years' worth of trends used by the GLA. In any case, internal migration flows from London to Basingstoke and Deane were fairly constant and resilient during the recession and net migration remained stable.
- 7.2.4 It is therefore considered that Basingstoke and Deane's modelling has not underestimated past trends of migration to/from London.

Housing target

- 7.2.5 FALP was found sound even though their housing target fell short of their OAN. This results in the possibility that London may not be able to accommodate all its housing needs, with the implication that this housing shortfall would need to be met elsewhere.
- 7.2.6 It should be recognised that the Mayor of London is still at a very early stage of dialogue about how to meet London's needs. Basingstoke and Deane Borough Council are participating and will continue to do so.
- 7.2.7 Given the current position, it is considered premature to plan with any certainty about whether or how the 'London effect' will impact upon

Basingstoke and Deane. A similar position was recently taken by the examiner at Canterbury's Local Plan Examination²⁴.

7.3 Cross-boundary unmet need conclusion

- 7.3.1 There is no need for the Council to increase its housing provision target to accommodate the unmet needs of any neighbouring authorities. There is considerable uncertainty over the future requirements of London, and so it is considered premature to plan for any impact at this time.

There is no need to increase the housing target above the previously identified OAN in response to cross-boundary unmet need.

²⁴ Note from Canterbury Inspector, August 2015
<https://www.canterbury.gov.uk/media/1042762/Note-to-Inspectors-letter-from-hearing-sessions-Aug-15.docx>

8.0 Supply Capacity, and Local Authority Objectives and Priorities

- 8.0.1 The Council has considered whether the total housing figure should be increased above the level indicated by the aforementioned evidence, but has determined that an overall delivery target of 850 dwellings per annum provides the most sustainable strategy, that best responds to the Local Authority's objectives and priorities.
- 8.0.2 In terms of the Council's wider aspirations, the Local Plan Sustainability Appraisal considers the impact of a number of different growth strategies, and identifies 850dpa as the most sustainable option. A higher housing number would require the Council to allocate additional greenfield sites (as there are no further available brownfield sites) which may impact upon the local landscape and biodiversity, and have harmful impacts, individually and cumulatively, upon transport and sewerage.
- 8.0.3 The Experian jobs data also indicates that Basingstoke and Deane is not labour market constrained, and it is likely that increasing the housing number would be likely to result in higher levels of unsustainable out-commuting.
- 8.0.4 There are also concerns that a higher housing number would not be realistic or achievable. Although the borough experienced high housing completion rates during 2007/8, 2008/9 and 2009/10, the longer term average (19 years between 1996/7- 2014/15) has been 748 dwellings per annum. The high level of completions in 2007-11 reflects a high number of high density town centre flatted developments in that period which is unlikely to be repeated during the plan period. The Council's Housing Delivery Statement recognises that the past completion figures in the early years of the plan period have fallen below the housing requirement and the Council will need to make up this shortfall. These additional dwellings will absorb capacity in the local market and push it towards the upper limits of what it can deliver.

9.0 Conclusion

- 9.0.1 This statement builds upon the evidence in the 2015 SHMA to demonstrate how the Council has followed the requirements of the NPPF and the NPPG to identify its OAN and justify its housing delivery target.
- 9.0.2 The review of household migration, commuting patterns and other indicators in Chapter 2 demonstrate that Basingstoke and Deane Borough is a robust approximation of a stand-alone Housing Market Area.
- 9.0.3 The following chapters review demographic information, past housing delivery rates and market signals, and the relationship between homes and jobs to inform the OAN.
- 9.0.4 The statement then considers two approaches to identifying the borough's overall OAN; the difference being whether the homes required to meet the borough's affordable housing needs are included or not. However, as it identifies the borough's affordable housing objectively assessed need (informed by an updated affordable housing needs assessment) can be met through the delivery of 850 dwellings per annum, no uplift is required in any case.
- 9.0.5 The Council has then considered whether there is any reason to increase the housing number to accommodate any cross boundary unmet needs, or to satisfy any supply capacity or policy reasons.
- 9.0.6 This statement therefore identifies that 850 dwellings per annum is an appropriate housing target for Basingstoke and Deane Borough, which supports the approach in Local Plan Policy SS1 (with proposed main modifications). Although it is recognised that the Council had initially determined its housing number on the basis of older evidence, as set out in this document, this has been reconsidered in light of the most up to date information. It is considered that the previously-agreed housing number is still a good fit for the new evidence, and this has provided the Council with confidence to continue with the original figure.

APPENDIX 1: Household migration - 60 minute drive time self-containment data

This identifies the level of self-contained migration for Basingstoke and Deane and other local authorities that intersect a 60 minute drive time from the borough boundary.

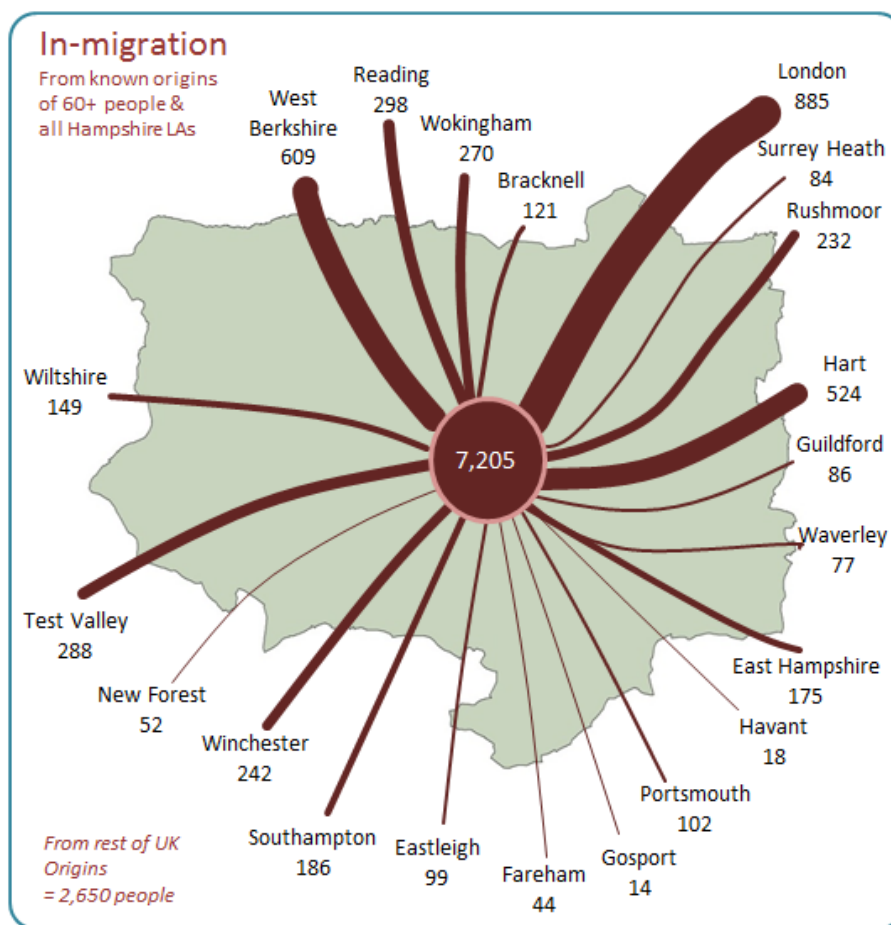
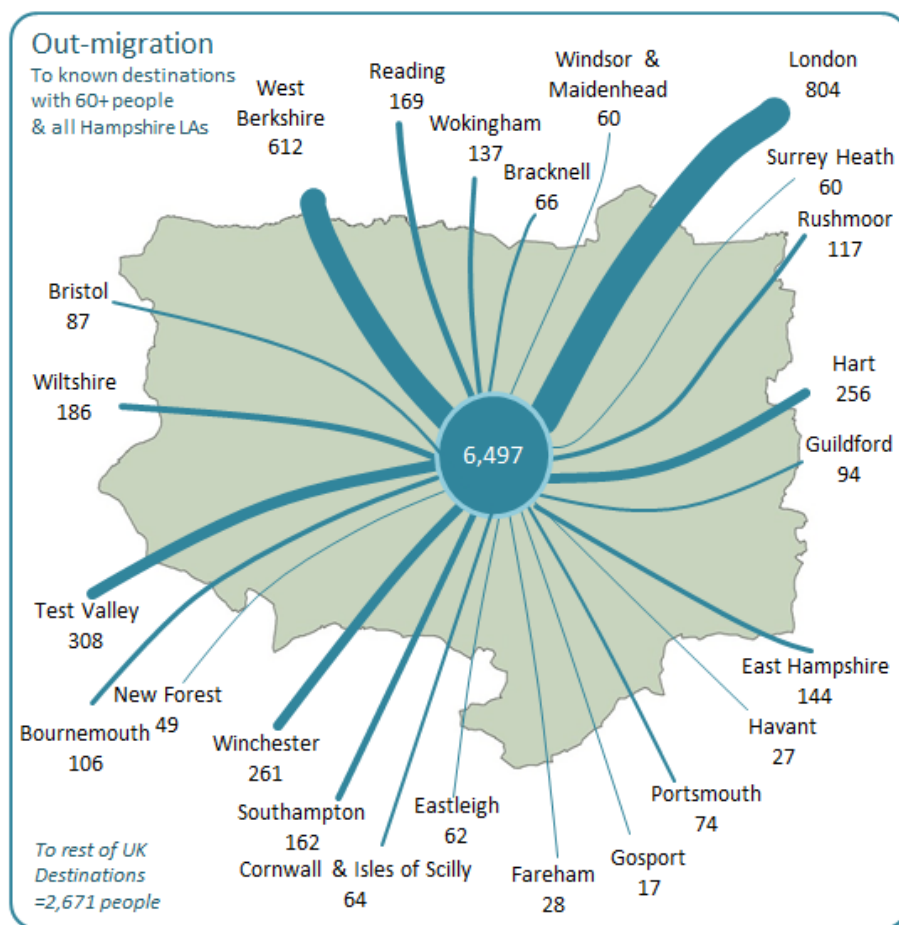
The results show 70% self-containment for in-migration and 75% self-containment for out-migration.

Local Authority	In-migration to Basingstoke and Deane	Out-migration from Basingstoke and Deane
Basingstoke and Deane	10,220	10,220
Bracknell Forest	121	66
Cherwell	23	11
Chichester	33	24
Chiltern	4	16
Ealing	21	30
East Dorset	22	14
East Hampshire	175	144
Eastleigh	99	62
Elmbridge	39	13
Fareham	44	28
Gosport	14	17
Guildford	86	94
Hart	524	256
Havant	18	27
Hillingdon	64	39
Hounslow	49	27
Kingston upon Thames	39	45
Mole Valley	7	5
New Forest	52	49
Oxford	32	59
Portsmouth	102	74
Reading	298	169
Richmond upon Thames	33	27
Runnymede	37	20
Rushmoor	232	117
Slough	50	28
South Bucks	19	16
South Oxfordshire	51	17
Southampton	186	162
Spelthorne	34	17
Surrey Heath	84	60
Swindon	27	37

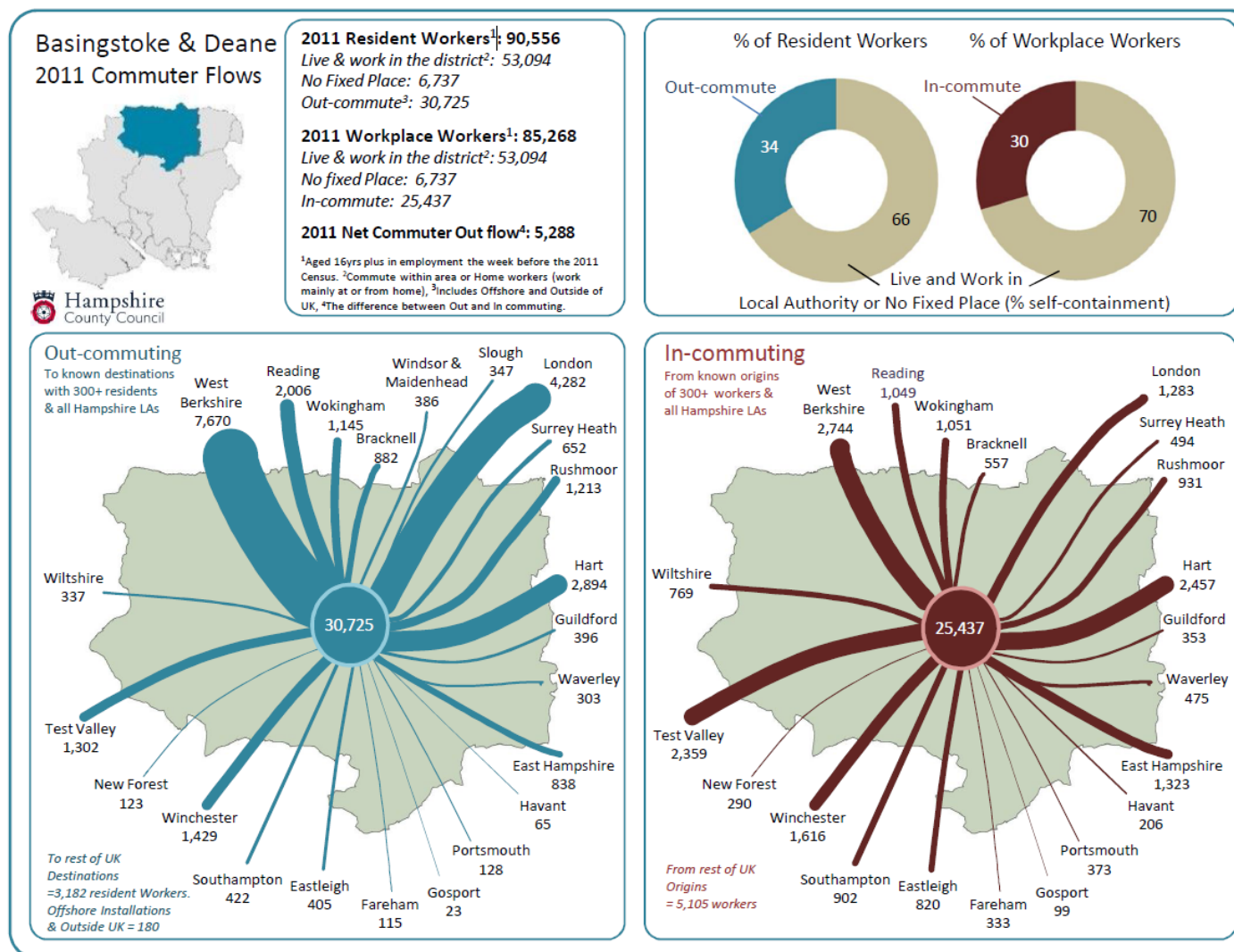
Test Valley	288	308
Three Rivers	9	0
Vale of White Horse	37	45
Waverley	77	38
West Berkshire	609	612
West Oxfordshire	5	17
Wiltshire	149	186
Winchester	242	261
Windsor and Maidenhead	50	60
Woking	57	23
Wokingham	270	137
Wycombe	38	24
Total	14,670	13,701

Percentage within Basingstoke and Deane	69.7%	74.6%
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APPENDIX 2: Summary of in-migration and out-migration flows (Source: 2011 Census)



APPENDIX 3: Summary of commuter flows: 2011 Census (Hampshire County Council summary document)



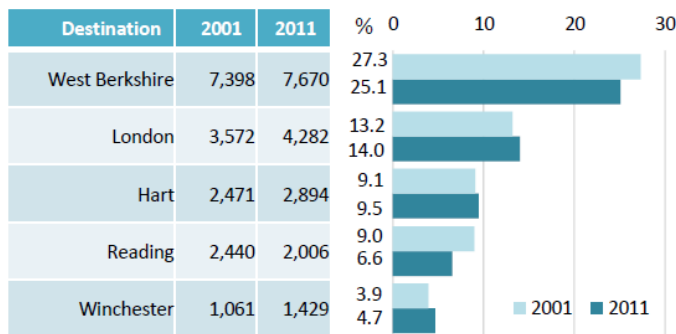
Commuter Flows and Main Method of Travel to Work

The Census 2011 commuter data measures workers aged 16yrs+, while Census 2001 data measures workers aged 16-74yrs. Comparisons between the census numbers should be used with caution due to the difference in age bands, natural population growth over time and economic conditions at the time of census collection which affect worker numbers. The percentage values provide a better relative comparison, although not strictly measuring like-for-like.

Top Five Destinations of Out-commuters

Number and percentage of total employed Resident Workers

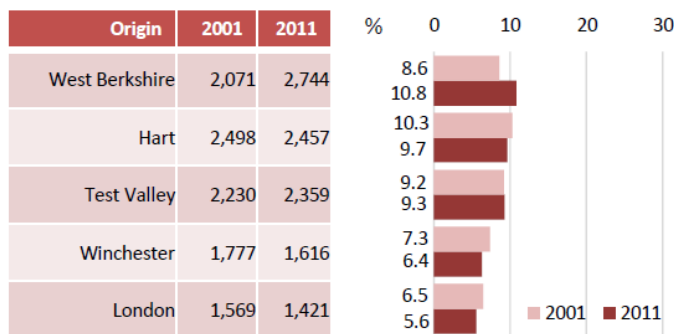
Table ranked by Census 2011 figures with the figure for the same area given for 2001



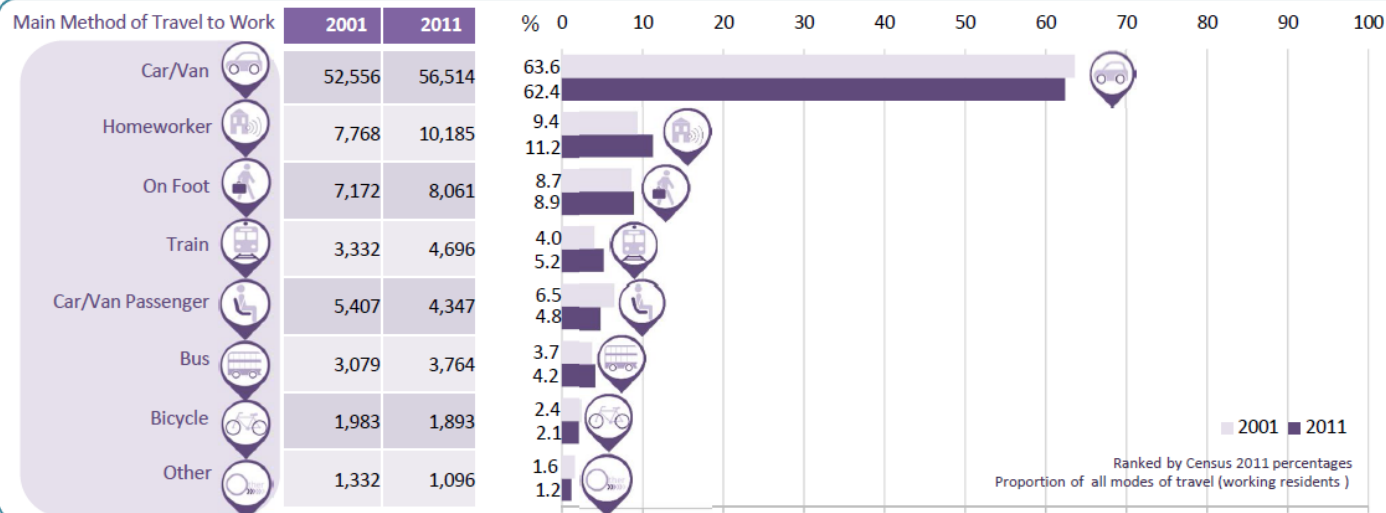
Top Five Origins of In-commuters

Number and percentage of total employed Workplace Workers

Table ranked by Census 2011 figures with the figure for the same area given for 2001



Main Method of Travel to Work



APPENDIX 4: Jobs analysis (ABI/BRES dataset)

The jobs data comes from two sources – the Annual Business Inquiry (ABI) from 1999 to 2007 and Business Register and Employment Survey (BRES) from 2008-2013.

BRES provides information on employee job²⁵ numbers and employment²⁶ numbers. Employee data includes those that are on an organisation's payroll, whilst employment also includes some self-employed workers. More detail is provided in the footnotes. ABI only provided information on employee jobs.

In order to provide total employment figures for the years, 2001-2007, the average difference between employee jobs and employment from BRES between 2009-2013 has been used. This gave an average of 2,600 working owners (self-employment). The 2008 BRES data is not used for this average as the 2008 data was designed to be consistent with the ABI data and not the on-going BRES figures.

ABI and BRES are sample surveys, a snapshot estimate of the number of jobs as at a particular reference date in the year (September for BRES).

In order to smooth out the year on year fluctuations inherent in the data due to sampling variability, a new time series showing a 3 year moving average²⁷ of the ABI / BRES data has been created and the resulting employee and employment numbers rounded to the nearest hundred. The full dataset is given overleaf.

²⁵ An employee is anyone aged 16 years or over that an organisation directly pays from its payroll(s), in return for carrying out a full-time or part-time job or being on a training scheme. It excludes voluntary workers, self-employed, working owners who are not paid via PAYE.

²⁶ Employment includes employees plus the number of working owners. BRES therefore includes self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people not registered for these, along with HM Forces and Government Supported trainees are excluded. Working owners are typically sole traders, sole proprietors or partners who receive drawings or a share of the profits.

²⁷ The 3 year moving average is calculated by averaging the current year's data with that of the past 2 years, so for 2001 the 3 year moving average is calculated as $(1999+2000+2001)/3$ or $(73,500+77,100+76,200)/3$.

Year	Employees (annual)	Employees (3 year moving average)	Employment (annual)	Employment (3 year moving average)
1999	73,500			
2000	77,100			
2001	76,200	75,600	78,800	
2002	79,600	77,600	82,200	
2003	76,000	77,300	78,600	79,900
2004	77,300	77,600	79,900	80,200
2005	80,600	78,000	83,200	80,600
2006	78,500	78,800	81,100	81,400
2007	80,600	79,900	83,200	82,500
2008	83,400	80,800	87,700	84,000
2009	82,400	82,100	85,200	85,400
2010	82,300	82,700	84,700	85,900
2011	83,700	82,800	86,600	85,500
2012	79,900	81,900	82,100	84,500
2013	81,900	81,800	84,500	84,400
10 year growth 2003-2013	5,900	4,500	5,900	4,500
Average growth per year	590	450	590	450

2013 figures are provisional

2001-2007 employment (annual) figures are calculated by adding 2,600 to the ABI figures. 2,600 is the average working owners (self-employment) from 2009-2013

2003-2009 employment (3 year moving average) figures are calculated from the 2001-2007 ABI data with the 2,600 working owners (self-employment) estimate added

OFFICE MARKET STUDY

Basingstoke

Report prepared for Basingstoke & Deane
Borough Council

June 2015



*Basingstoke
and Deane*

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Executive Summary

This report, commissioned from CBRE by Basingstoke & Deane Borough Council, sets out the level of demand for office space in Basingstoke over recent years. It also places this market activity in the wider context of market activity elsewhere in the South East, in particular locations to the west of London. Key observations from this report include:

- Leasing activity in Basingstoke, on units of 10,000 sq ft and above has been limited in recent years. Typically only one or two deals have occurred in recent years, with total take-up well below 50,000 sq ft.
- Office availability levels are high, at just over 465,000 sq ft. Just 7% of total available space is classified as 'newly completed' Grade A space, the lowest share of any of the major office markets in the sub-region.
- Whilst leasing activity across the Thames Valley has been weaker than expected in 2013/14, Basingstoke has one of the largest differential between the 10 year average take-up and 5 year average take-up.
- The out of town market has dominated leasing volumes since 2001.
- Prime rental values in Basingstoke have just returned to their previous peak from before the global financial crisis. However, rents remain well below the peak of 2001/02.
- Since the global financial crisis, a wide rental gap has emerged between Basingstoke and its nearby competitor, Reading. The rental difference is now three times larger than the gap that existed throughout much of the 1990s and early 2000s.
- The report also provides some high level thoughts on the impact of Crossrail and the Airport Commission's recommendations on the Basingstoke market.

Introduction

This report has been prepared for Basingstoke & Deane Borough Council by the UK Research team at CBRE. The aim of this report is to provide the Borough Council with an up-to-date review of office demand both within Basingstoke itself, but also in the wider context of other South East office markets. In particular this report focuses on nearby office markets in the M3, M4 and M40 corridors. The report analyses recent levels of leasing activity in these markets, in particular since the UK recession of 2008/09.

Specifically this report covers the following topics:

- A review of office demand and supply in Basingstoke, in particular for Grade A offices. Our analysis takes a 10 year view, but with a particular focus on the period since the Global Financial Crisis, and subsequent UK recession.
- Comparison of Basingstoke against other South East office locations.
- Analysis of the development pipeline in other key centres.
- Review of occupier behaviour and preference.
- An high level assessment of the possible impact of Crossrail and the South East airport capacity debate on Basingstoke.

Basingstoke Office Market

MARKET SNAPSHOT Q1 2015

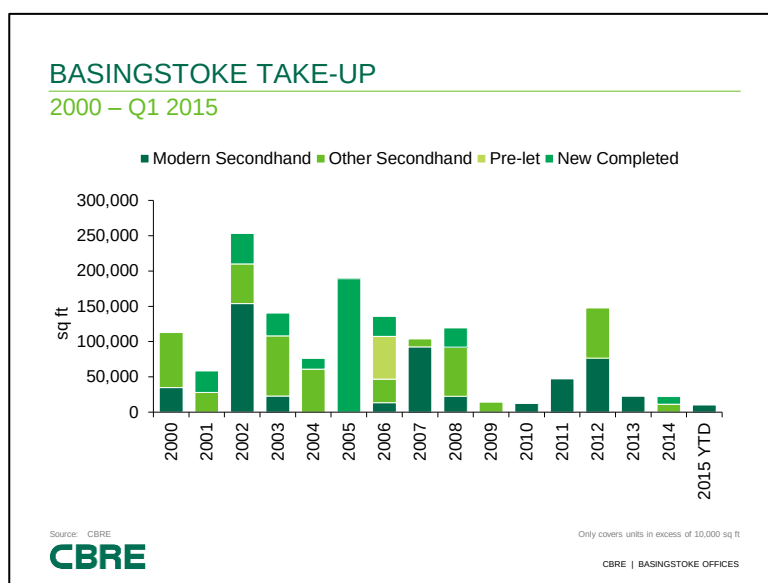
This initial section provides an overview of the current market position for the Basingstoke office market, with an analysis of recent leasing activity and the overall supply picture. Data collected in-house by CBRE is utilised throughout.

Basingstoke forms part of CBRE's regular analysis of the South East office market. This data tracks office units of 10,000 sq ft and above across the South East and Outer London. As such units of less than 10,000 sq ft are not included within this analysis. This is a key threshold, particularly for focused discussion on the type of demand that any large development would need to attract, where individual floorplates are likely to be a minimum of 10,000 sq ft.

Take-Up

Leasing activity in Basingstoke, on units of 10,000 sq ft and above, has been very limited in recent years. Indeed, with just one quarter of data confirmed for 2015 so far, there has been just one deal recorded above this threshold, with just over 10,000 sq ft of space at Lilly House taken by Adare Ltd, a marketing and communications business. This is not dissimilar to the pattern of recent years. In 2013 there was one deal (totalling 22,398 sq ft) where Unilever purchased the freehold of Sapphire House on Hampshire International Business Park. Meanwhile in 2014 there were just two recorded deals, totalling 22,244 sq ft with 11,351 sq ft let to Progressive Digital at Northern Cross, Basing View and 10,893 sq ft let to Visa at 3 Redwood, Crockford Lane.

The last year of any strength was 2012 when annual take-up reached 147,799 sq ft across five deals. This was the highest annual take-up in this market since 2005 and is almost double the take-up over the previous three years combined. The largest deals of 2012 included: 58,215 sq ft at The Crescent to Carefusion, a bio-medical device manufacturer, and a 43,600 sq ft freehold purchase of Vertex at Chineham Court by Hampshire County Council.



Basingstoke Office Market

The three years to the end of 2011 were also relatively weak for take-up in the Basingstoke office market. Annual take-up of units of over 10,000 sq ft averaged just 66,927 sq ft since 2006. This contrasts with the period from 2000 to 2005 when annual take-up averaged 138,278 sq ft per annum. However, for the majority of these years, take-up has struggled to even exceed 30,000 sq ft.

Basingstoke Key Leasing Transactions since 2012

ADDRESS	DATE	SIZE (SQ FT)	LET / SOLD TO	RENT (£ PER SQ FT)
Lilly House	2015	10,300	Adare Ltd	5.00
Northern Cross, Basing View	2014	11,351	Progressive Digital	Not known
3 Redwood, Crockford Lane, Chineham	2014	10,893	Visa Europe	16.25
Rosalind House, Viabes Business Park	2013	22,398	Accord Group	16.80
The Crescent, Jays Close	2012	58,215	Carefusion	12.00
Vertex, Chineham Court	2012	43,600	Hampshire County Council	Freehold purchase
Sapphire House, Hampshire International Business Park	2012	22,963	Unilever PLC	Freehold purchase
Chailey Court, Winchester Road	2012	13,295	SSE Services	9.75
Belvedere, Basing View	2012	10,000	Unknown tenant	Not known

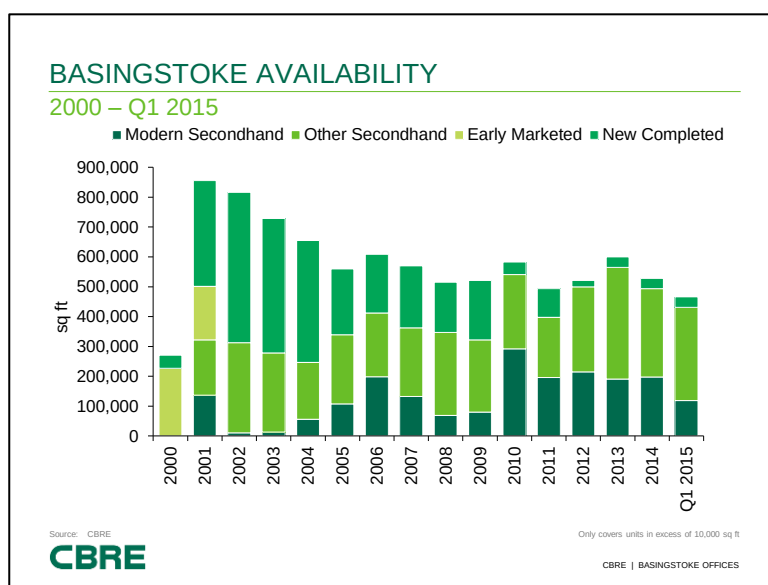
Source: CBRE

We are aware that since the sale by MEPC of Chineham Business Park in 2014, the new owners have been undertaking some asset management on the Park. This has involved the relocation of some occupiers into different buildings (for example Level 3), as improvement work is undertaken on older properties. We have not included these movements as take-up per se, as the majority have not been as a result for fresh market demand. However, we do understand that Exertis, an occupier at Chineham, has taken additional space as part of the relocations on the park.

Supply

Total availability of office space has been decreasing in Basingstoke since the end of 2013, to stand at 465,817 sq ft at the end of Q1 2015. However, for the last ten years Basingstoke is a market that has seen very little change in availability levels. Just 7% of the total available supply is classified as 'newly completed', indicative of the relative lack of development and refurbishment activity seen in the town in recent years. Indeed availability in the Basingstoke market is dominated by secondhand space, of which only 118,593 sq ft (around 25% of total available space) is classified as modern secondhand, close to Grade A quality.

Basingstoke Office Market



Key Selected Availables in Basingstoke, Q1 2015

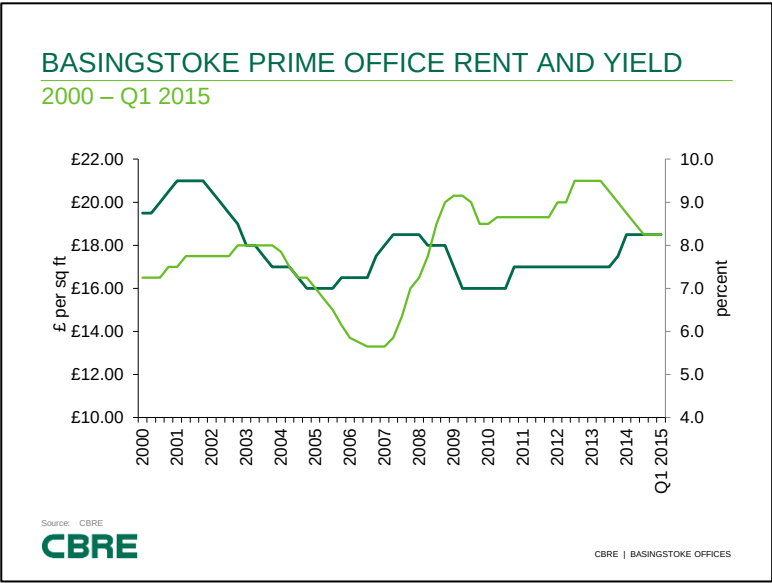
ADDRESS	SIZE SQ FT	QUALITY	QUOTING RENTS (£ PER SQ FT)
Lilly House, Priestley Road	60,000	Secondhand Other	5.00
The Crescent, Jays Close	43,283	Secondhand Other	12.50
Central 40, Chineham Business Park	34,657	Newly Completed	19.50
Network House, Basing View	32,565	Secondhand Other	12.75
Intec 4, Wade Road	31,205	Secondhand Other	
Maplewood, Crockford Lane, Chineham Business Park	30,550	Secondhand Modern	18.00
Rosalind House, Viabes Business Park	25,848	Secondhand Modern	15.50

Source: CBRE

Rental Levels

Prime rents in Basingstoke increased to £18.50 in mid-2014 and currently remain at this level. This is still well below their peak of £21.00 per sq ft in 2001 and 2002 but has returned nominally to the peak reached prior to the 2008/09 recession. Prime yields have begun to tighten moving from 9.5% at the start of 2013 to 8.25% by Q4 2014. At the end of Q1 2015 they remained at this level. However, there still remains a very large yield gap between current yields and the level reached in 2006 and 2007 of 5.65%.

Basingstoke Office Market



CONCLUDING COMMENTS

Generally, take-up, particularly for larger units of over 10,000 sq ft, has been weak in recent years, despite national economic conditions improving. The town is dominant by a large supply of secondhand office space, in volumes that have not varied considerably since 2005. Despite some recent uplift in rents in the town, they have still only just returned to the peak achieved prior to the global financial crisis, but remain well below the levels of the early 2000s.

Town Comparison Analysis

INTRODUCTION

Having provided an overview of the market situation within Basingstoke itself, the report now moves onto a comparison with other towns, in particular markets located to the west of Greater London. We have selected key office locations along the M3 corridor (Hook, Frimley, Farnborough, Camberley, Woking and Weybridge), together with other major markets on the M4 (Reading, Bracknell, Maidenhead and Slough) and the M40 (Oxford and High Wycombe). Long-term analysis is generally from 2001 onwards. This year has been selected as the first year when demand 'normalised' following the exceptionally strong years of 1999 and 2000, at the height of the so-called 'dot.com' boom. Our findings here are also supplemented by the outcome of discussion with members of CBRE's Tenant Advisory Group in the South East, to better understand occupier motivations.

STOCK

The map below shows the overall stock figures, by local authority, for the area where the comparable towns are located. The figures shown are based on data collated by the Valuation Office Agency (VOA) in 2012, but which has not subsequently been revised.

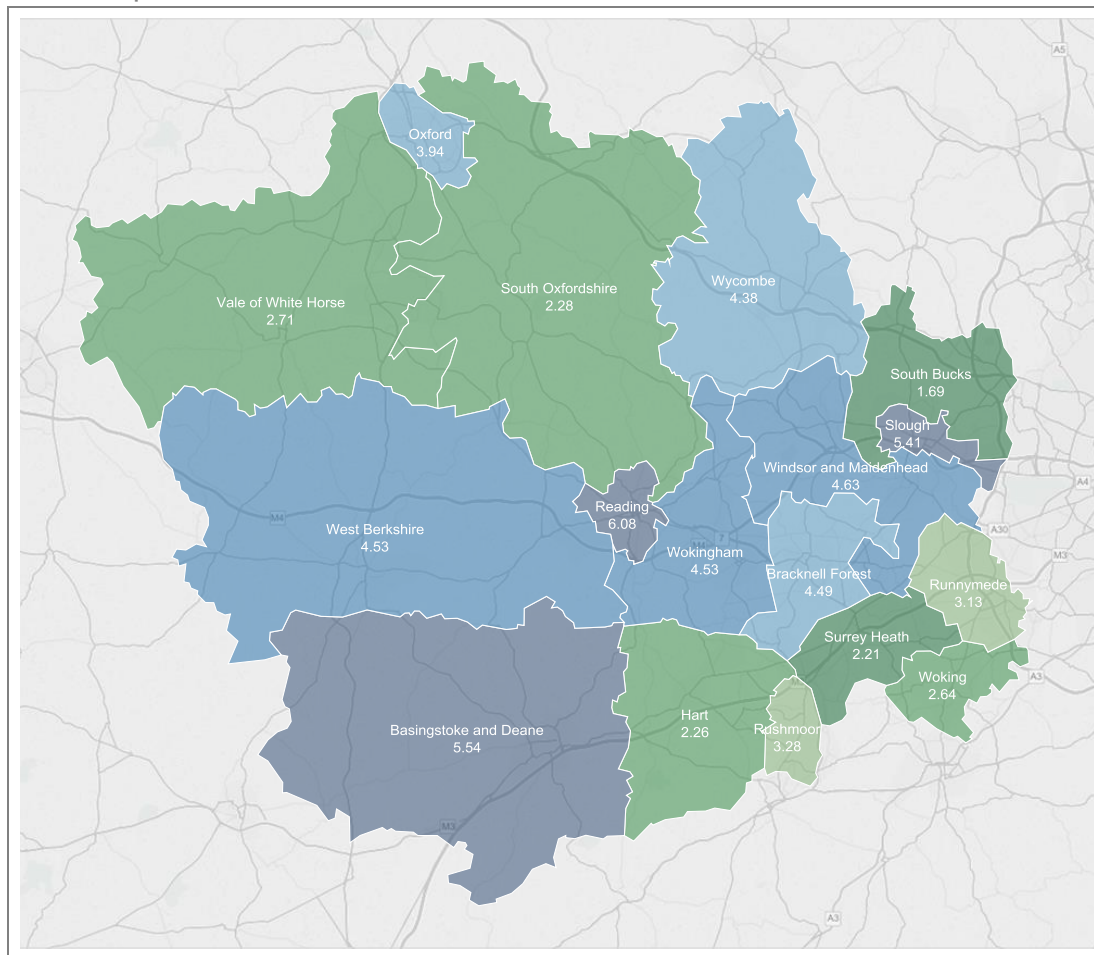
Basingstoke & Deane district stands out as one of the key local authority areas with a high volume of office space. The VOA data, ranks Basingstoke & Deane in second place, after Reading, for the most office floorspace (5.54 million sq ft, compared to Reading's 6.08 m sq ft). With a similar volume of stock is Slough at 5.41m sq ft. There are then a series of peri-urban districts, mainly rural areas, with usually a single dominant town. All these districts have close to 4.5m sq ft of office space each and include West Berkshire, Windsor & Maidenhead, Wokingham, Bracknell Forest and Wycombe.

The lowest volumes of office stock are in the more rural districts of North Hampshire, Surrey and southern Oxfordshire.

Town Comparison Analysis

Office Stock by Local Authority District

Millions sq ft



Source: Valuation Office Agency

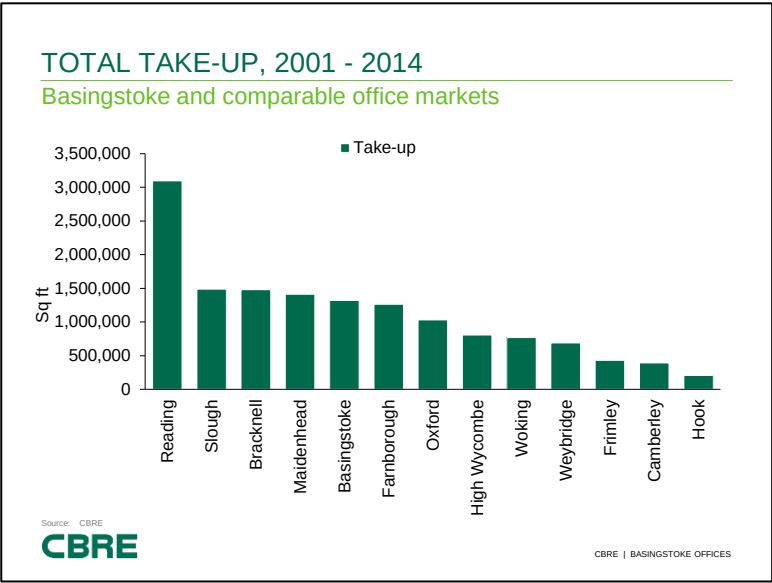
TAKE-UP

Basingstoke office space take-up (in units of over 10,000 sq ft) totalled around 1.3 million sq ft across 50 transactions between 2001 and 2014. This is generally consistent with the towns stock levels, with Basingstoke ranking fifth out of thirteen comparable office locations.

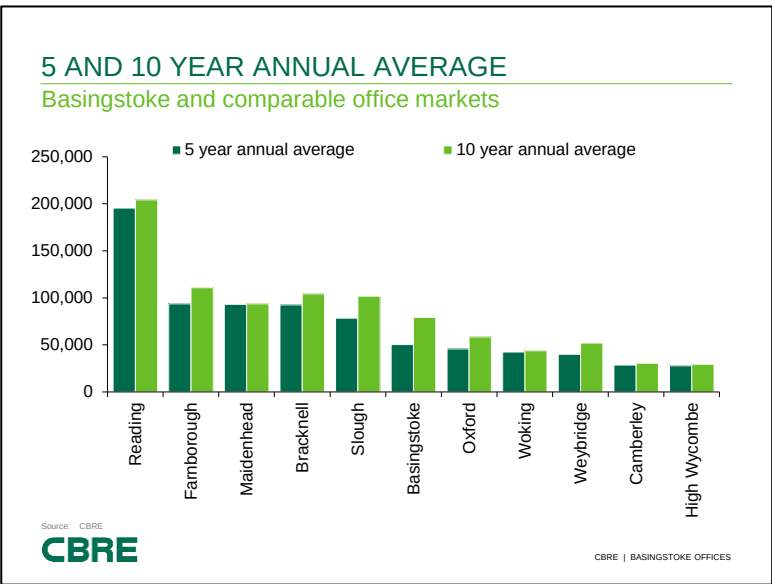
Nevertheless, Basingstoke is one of five towns where take-up volumes are very similar. The other markets are Maidenhead, Bracknell, Slough and Farnborough. There is a significant gap between these five markets and the lead comparative market, Reading, which recorded a total take-up volume between 2001 and 2014 of 3.1 million sq ft.

Other markets, particularly those located on the M3, have much lower annual volumes – the lowest being the small market in Hook.

Town Comparison Analysis



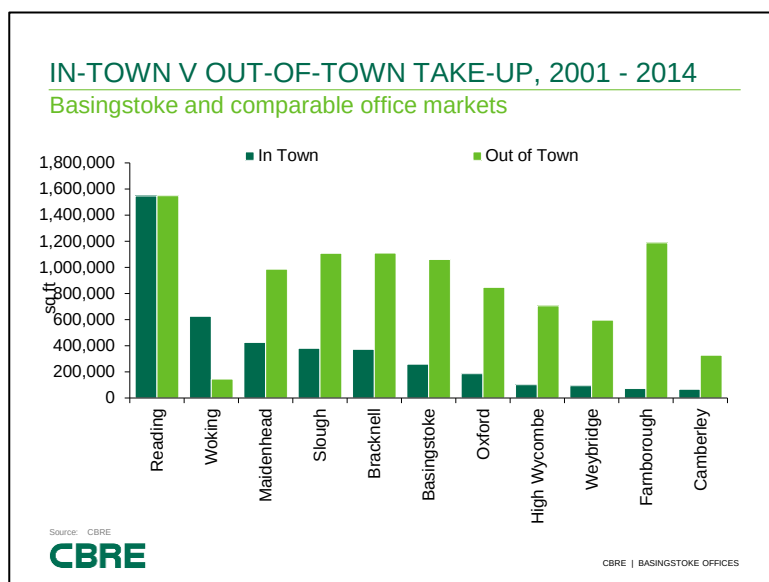
As shown in the previous chapter, take-up in Basingstoke in recent years has been relatively weak. This comes through when average take-up over a ten year time horizon is compared to that over five years. The 10 year annual average office floorspace take-up in Basingstoke is 79,119 sq ft compared to the 5 year annual average of 50,398 sq ft. Basingstoke is not the only market to see this difference. Indeed take-up across the Thames Valley as a whole has been weaker in recent years than prior to the global financial crisis. Farnborough, Bracknell, Slough, Oxford and Weybridge have all seen lower average take-up over than last five years, than over the last ten. However, proportionately, the difference in Basingstoke is the largest.



Town Comparison Analysis

IN-TOWN AND OUT-OF-TOWN TAKE-UP

Analysis of Basingstoke versus other comparative office markets, split between in-town v out-of town take-up between 2001 and 2014 ranks Basingstoke as number six (out of 13) for in-town take-up (258,740 sq ft) and fifth in terms of out-of-town take-up. In total there were 15 in-town deals with an average size of 17,249 sq ft versus 35 out-of-town transactions with an average deal size of 30,300 sq ft. The notable disparity between in-town and out-of-town take-up seen in Basingstoke is echoed in the majority of other comparable markets. However, the take-up profile of Reading (the top market for overall take-up during this period) differs in that it is relatively evenly split between in-town and out-of-town. Woking is the only market where in town take-up dominates over out-of-town.

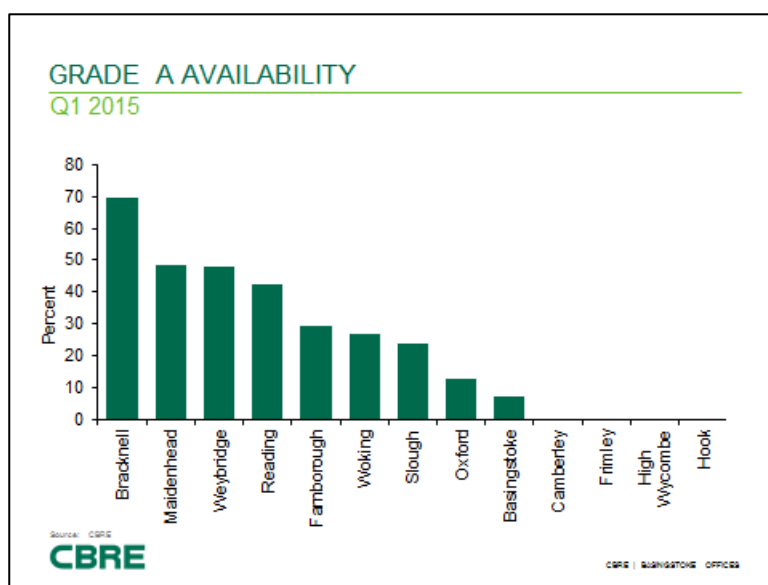


SUPPLY

Available supply in the Basingstoke office market is dominated by older secondhand space. At the end of Q1 2015 just 7% of the total available stock in Basingstoke was categorised as new prime Grade A, and this was entirely to be found on Chineham Business Park.

Focussing only on Grade A space, and when compared to other nearby markets, Basingstoke ranks ninth out of thirteen, with some of the lowest levels of ready-to-occupy Grade A office space in the region. Bracknell, Maidenhead, Weybridge and Reading all have much higher proportions of Grade A space, that is available for immediate occupation. In addition all these markets offer a choice of building to those occupiers seeking high quality and aspirational space for their company and workforce.

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DEVELOPMENT PIPELINE

There is no new office space currently under construction in Basingstoke. There is, however, some new developments under way in nearby areas of the South East, all of which are being undertaken on a speculative rather than a pre-let basis.

Of the nearest comparable office markets to Basingstoke there is new development occurring in Reading, Farnborough, Weybridge and Slough. The town with the highest volume of space under construction currently is Reading, where there are three schemes under development totalling 472,000 sq ft, all within the town centre and close to the recently upgraded railway station. There are additional sites within Reading town centre that, given a suitable pre-let, are also able to quickly begin on site, in particular 2 Forbury Place.

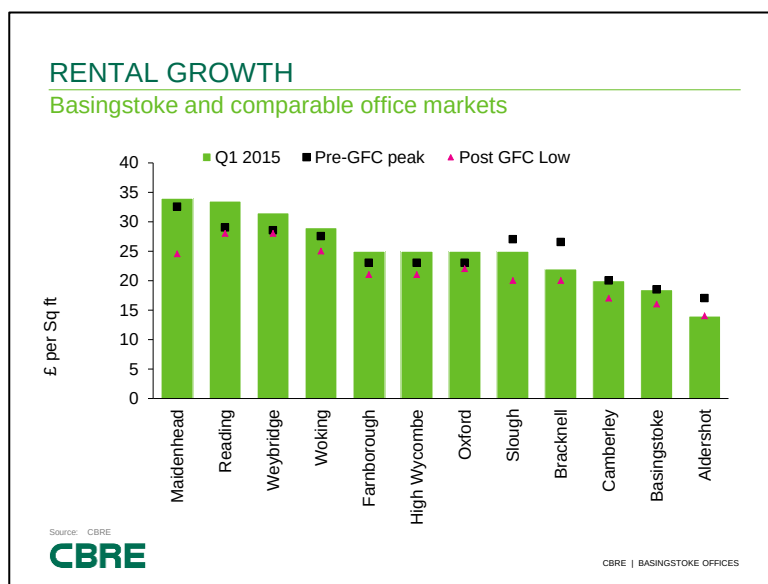
The majority of schemes under construction are in-town with the notable exception of Farnborough which has two developments under construction (totalling 110,000 sq ft) in an out-of-town business park. This reflects a general national trend and growing preference for centralised locations, close to good transport hubs. However, the South East continues to remain an important location for out of town office, with some world class business parks across the region.

RENTAL COMPARISON

Of the closest comparable office markets Basingstoke, ranks as second most affordable location for prime rents at £18.50 per sq ft at the end of Q1 2015. Current rents are now on a par with the pre-global financial crisis peak, however they still remain below the peak of £21.00 per sq ft achieved in 2001/02.

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The most expensive markets in the vicinity are Maidenhead and Reading, where prime rents at the end of Q1 2015 were £34.00 per sq ft and £33.50 per sq ft respectively. Both of these markets have now surpassed the pre global financial crisis peak level. In contrast Slough, Bracknell and smaller M3 markets such as Camberley, are still a little behind the pre downturn peak.



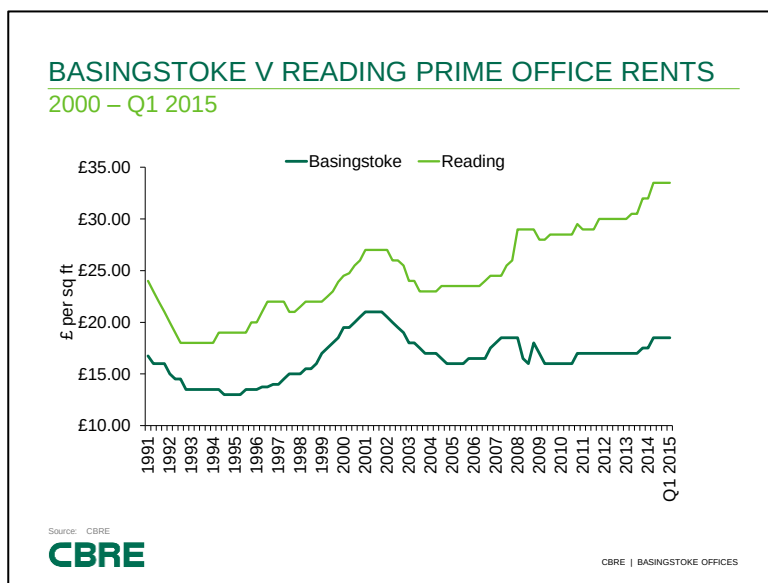
Traditionally, it has been regarded that there was a strong relationship between the markets in Reading and Basingstoke, given their proximity and connectivity by rail and road (A33). As the Reading market became overpriced from a rental perspective, Basingstoke was in a prime position to benefit from the overspill effects.

The chart below shows the difference in historic prime rental levels between Basingstoke and Reading as well as the divergence in rental recovery over the last few years. For a long period, from the early 1990s through to the eve of the global financial crisis, the rental gap between the two towns remained largely consistent, with a difference typically of £5.00 per sq ft. Since the financial crisis both markets have seen an improvement in prime rents, however, the pace in Reading has been considerably stronger, gradually rising between 2011 and 2013, before a sharp acceleration as the economic recovery set in from 2014 onwards. In contrast Basingstoke rents have largely remained flat during this period, with modest increases over the course of the past 18 months. In part, given the lack of transactional activity on true Grade A properties, it is difficult to identify the true prime tone for Basingstoke. Nevertheless, the lack of sufficient Grade A offer, and low levels of take-up, does appear to be holding the town's office market back.

The rental differential between them at the end of Q1 2015 stands at £15.00. Given that this differential is now at an historic high, there is potential for the gap to narrow moving forwards as the Basingstoke office market continues to recover. However, with significant investment into a new generation of office buildings in Reading at present, there is a risk that this rental gap could be maintained. This could provide Basingstoke with

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opportunities to deliver more affordable office space to occupiers. However, quality of stock will still need to meet modern occupier requirements, particularly for larger scale occupation.



There are no immediate signs that this gap is set to close. Indeed based on this comparable rental analysis, together with discussion with CBRE's Tenant Advisory teams, it is evident that the old spillover relationship between Reading and Basingstoke has now broken down. Indeed, a market such as Bracknell could now be argued to have taken on this spillover role. In recent years take-up has remained strong here, and the town has been able to retain and refurbish much of its better quality office space.

Infrastructure Changes

The South East, and in particular locations to the west of London, will see a number of significant changes over the years and decades ahead. Some of these are confirmed and certain, for example Crossrail. Others remain the subject of significant debate, notably the outcome of the decision over the location of a UK hub airport in the South East.

CROSSRAIL

Crossrail, the new east-west rail link passing through the centre of London, is scheduled to become fully operational in 2019. In 2014, it was announced that the line would be extended beyond the previously planned terminus of Maidenhead, to allow trains to run as far as Reading, with an additional intermediate stop at Twyford.

The line has been a consideration by occupiers in recent years, but primarily only those selecting space within Central London, particularly around the new key interchange stations such as Farringdon. However, we have yet to see it as a consideration for those occupiers searching for space in outer West London or the Thames Valley. Indeed in recent years, our experience is that the most favoured locations for office occupiers have been in markets that will not directly benefit from Crossrail: for example Hammersmith and Chiswick Park. This partly reflects a situation where office markets close to a Crossrail station are less developed and have generally poorer quality stock.

This position will change, as developers seek to take advantage of the new line. In our view, those markets closer to Central London will be the biggest beneficiaries, from an office market perspective. Ealing stands out as a potential important location, which will suddenly benefit from speedy links to the City and West End. Similarly, Slough town centre, is also likely to benefit, potentially improving the town centre's desirability relative to the traditional prime location of the Bath Road, some distance from Slough station.

For the western extremities of the line, the full benefits are questionable. Whilst direct access to the West End, City and Docklands will be enabled, journey time benefits will be more limited for those travelling from Reading when a stopping service is balanced against the need to change trains at Paddington. Indeed with the current electrification project of the Great Western mainline and the introduction of new Hitachi rolling stock from 2017 onwards, may mean that business travellers and commuters from Reading to London are still most likely to use the high speed service currently operated by First Great Western.

Basingstoke would appear to be at a disadvantage by not being in the Crossrail route. However, arguably it is already at disadvantage based on existing journey times. The fastest services from Basingstoke to London Waterloo are just over 50 minutes, compared to 25-30 minutes for the Reading to Paddington service. However, Waterloo benefits from superior connections for onward travel in London, compared to Paddington. Crossrail services from Reading to Paddington will also be circa 50 minutes, no better than existing Basingstoke – Waterloo service, and will have more frequent stops than many of the higher speed services into Waterloo.

SOUTH EAST AIRPORT CAPACITY

Infrastructure Changes

It has long been recognised that a solution is required to address the issue of airport capacity across the South East. The existing UK hub airport, Heathrow, operates at almost 100% capacity and is prone to significant delays in the event of bad weather or other disruptions.

At the heart of this debate is the government's Airport Commission. Despite extensive consultation and an interim report, it remains unclear the future outcome of this critical issue to businesses in the South East. As part of these consultations, various studies have been undertaken that examine the economic contribution of Heathrow Airport. These include:

- *London Heathrow Economic Impact Study*, a report by Regeneris Consulting, commissioned by four Local Enterprise Partnerships (Buckinghamshire Thames Valley, Enterprise M3, Oxfordshire and Thames Valley Berkshire) and West London Business. This report found that Heathrow Airport currently supports around 120,000 jobs and contributes £6.2bn to the UK economy. It was written in 2013 to address the impact of the closure of Heathrow in favour of a new hub airport to the east of London. The report concluded that if Heathrow were to close by 2030, this would lead to the loss of over 100,000 jobs directly dependent on the airport. Further, closure would also put at risk up to 170,000 jobs that are dependent on "good proximity to a hub airport". One specific issue highlighted by this report for Basingstoke is the significant additional journey time (of almost an hour) that Basingstoke businesses and residents would need to undertake, in order to reach a hub airport located in the Thames Estuary.
- *Heathrow Employment Impact Study*, a report by Parsons Brinckerhoff and Berkeley Hanover Consulting, commissioned by the London Boroughs of Hounslow and Ealing, and Slough Borough Council. This report only examined the impact on the three commissioning boroughs, all bordering the Heathrow area and for whose residents form a large share of the overall employment generated by Heathrow. The study concluded that a total of 70,000 jobs would be at risk in the three boroughs in the event of Heathrow's closure. It is difficult from this study to extrapolate any direct impacts on Basingstoke.
- *Impacts of closing Heathrow Airport and Initial Analysis of Redevelopment Impacts*, a report by Oxford Economics and Ramboll, commissioned by Transport for London. This report assumes Heathrow closes by 2029, and acknowledges that local employment will be impacted. The report estimates a loss of 77,000 local jobs by 2050. However, between 2029 and 2050, the report's authors expect local population and employment to continue to grow, despite the closure of Heathrow. This assumes the Heathrow site is not redeveloped. Redevelopment means a loss of 33,500 jobs by 2050. It should be noted that these figures relate to the boroughs of Hounslow, Hillingdon, Ealing, Slough and Spelthorne only, the primary boroughs for which workers at Heathrow are residents. Unlike the Regeneris study, it does not examine jobs dependent on being located close to a hub airport.

The last consultation, in November 2014 presented three options:

Infrastructure Changes

- A second runway at Gatwick Airport
- An extended northern runway at Heathrow Airport to the west
- A third runway to the north west of the current Heathrow airfield.

A final report from the Commission was promised by the previous coalition government after the May 2015 General Election. As yet, the report has yet to be published, but could be released imminently. Any option that maintains the hub status of Heathrow will ultimately be a benefit to Basingstoke. The town has good road access to Heathrow, via the M3 and M25 and as such has benefited in the past from foreign owned business choosing to locate offices along the M3 or M4 corridors. Nevertheless there is scope to improve access, particularly via the rail network – for instance by the connection of a line to Heathrow from Staines.

Conclusions

This report has sought to examine a number of varied metrics related to the office market in Basingstoke. The report has shown that there has generally been very low levels of take-up within the market over recent years. Whilst leasing volumes across the Thames Valley have also been weaker in the last two to three years, despite signs of economic recovery, Basingstoke stands out as a market with relatively weaker demand than other locations.

The report has also shown that the town has a relatively high level of office availability, which itself is dominated by secondhand stock. Indeed, for the size of the overall office stock in the town, Basingstoke has exceptionally low levels of Grade A ready to occupy office space.

This will have a negative impact on the town from the perspective of blue-chip corporate occupiers, who increasingly place strong emphasis on high quality buildings, as a means to attracting and retaining staff in their war for talent.

This low level of demand and high levels of secondhand availability is reflected in rental value growth. The impact of the economic recovery since 2013 is far less pronounced in Basingstoke, than in a nearby market such as Reading. Indeed rental levels in Basingstoke, till remain well below the peak achieved in 2001/02.

APPENDIX 6: Experian job forecasts: Comparison of SNPP baseline and 850 dpa scenario

Experian modelling: SNPP Baseline

Local Code	Variable Code	Local/Combined	Variable Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2011-29	%
SE0401	LF	Basingstoke	Labour Force	94.90	95.03	95.28	97.27	98.78	99.58	100.42	101.25	102.07	103.00	103.94	104.96	106.05	107.22	108.41	109.57	110.68	111.71	112.60	17.70	19%
SE0401	LF16_64	Basingstoke	Labour Force - 16 to 64	92.65	92.66	93.28	94.63	95.84	96.51	97.12	97.72	98.27	98.94	99.61	100.33	101.10	101.91	102.70	103.45	104.11	104.68	105.08	12.43	13%
SE0401	LF65P	Basingstoke	Labour Force - 65 Plus	2.25	2.36	2.00	2.64	2.94	3.07	3.30	3.53	3.80	4.06	4.33	4.64	4.96	5.31	5.71	6.12	6.56	7.03	7.52	5.27	234%
SE0401	POPPR	Basingstoke	Population - retired	29.61	30.41	30.44	30.46	30.42	30.59	31.08	31.55	31.81	31.53	32.03	32.79	33.69	34.61	35.56	36.26	36.32	36.54	37.62	8.00	27%
SE0401	POPPS	Basingstoke	Population - student	33.96	34.43	34.64	35.02	35.36	35.84	36.43	37.03	37.57	38.08	38.53	38.85	39.07	39.20	39.37	39.43	39.36	39.29	39.32	5.36	16%
SE0401	POPP16P	Basingstoke	Population - 16 Plus	134.58	136.02	137.27	138.85	140.51	142.06	143.47	144.83	146.22	147.62	149.04	150.56	152.11	153.67	155.11	156.58	158.13	159.64	161.00	26.42	20%
SE0401	POPP16_64	Basingstoke	Population - 16 to 64	110.08	110.13	110.23	110.77	111.55	112.25	112.86	113.41	113.93	114.57	115.22	115.81	116.42	116.99	117.32	117.70	118.03	118.31	118.41	8.33	8%
SE0401	POPP65P	Basingstoke	Population - 65 Plus	24.50	25.89	27.04	28.07	28.96	29.80	30.61	31.42	32.29	33.05	33.83	34.75	35.69	36.69	37.79	38.88	40.10	41.33	42.59	18.09	74%
SE0401	POPPTOT	Basingstoke	Total Population	168.55	170.45	171.91	173.87	175.87	177.90	179.91	181.87	183.78	185.70	187.58	189.41	191.18	192.88	194.48	196.01	197.49	198.93	200.32	31.77	19%
SE0401	POPPWA	Basingstoke	Working Age Population	104.97	105.61	106.83	108.39	110.09	111.47	112.39	113.28	114.40	116.09	117.02	117.78	118.41	119.07	119.55	120.32	121.81	123.10	123.39	18.41	18%
SE0401	PRT16P	Basingstoke	Economic Activity Rate (%) - 16+	70.51	69.86	69.41	70.06	70.30	70.10	69.99	69.91	69.81	69.77	69.74	69.71	69.72	69.77	69.89	69.98	69.99	69.98	69.94	-0.58	-1%
SE0401	PRT16_64	Basingstoke	Economic Activity Rate (%) - 16 to 64	84.16	84.14	84.62	85.43	85.92	85.97	86.06	86.16	86.26	86.36	86.46	86.63	86.84	87.11	87.54	87.90	88.21	88.48	88.74	4.58	5%
SE0401	PRT65P	Basingstoke	Economic Activity Rate (%) - 65 Plus	9.19	9.13	7.40	9.41	10.15	10.31	10.76	11.24	11.76	12.28	12.80	13.34	13.89	14.47	15.11	15.74	16.37	17.01	17.65	8.46	92%
SE0401	PRTWA	Basingstoke	Economic Activity Rate (%) - Working Age	90.41	89.98	89.18	89.74	89.73	89.33	89.34	89.38	89.22	88.72	88.83	89.12	89.56	90.05	90.68	91.07	90.86	90.75	91.26	0.85	1%
SE0401	W	Basingstoke	Workforce Jobs	98.80	100.92	101.90	104.92	107.35	108.85	109.99	111.09	112.20	113.35	114.50	115.62	116.75	117.88	119.03	120.20	121.36	122.52	123.68	24.87	25%
SE0401	WZP	Basingstoke	Jobs Demand	98.81	100.92	101.90	104.92	107.42	108.85	109.99	111.09	112.20	113.35	114.50	115.62	116.75	117.89	119.04	120.20	121.36	122.52	123.68	24.87	25%
SE0401	EXJ	Basingstoke	Excess Jobs	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	-62%
SE0401	FTE	Basingstoke	FTE Jobs	76.79	77.71	78.41	80.46	82.17	83.47	84.60	85.71	86.56	87.36	88.11	88.86	89.64	90.46	91.31	92.20	93.10	94.04	95.02	18.23	24%
SE0401	ELFSWA	Basingstoke	Workplace based employment	82.68	84.13	83.83	85.23	86.42	87.41	88.23	89.04	89.83	90.70	91.61	92.53	93.46	94.39	95.33	96.28	97.22	98.13	99.01	16.33	20%
SE0401	ELFS	Basingstoke	Residence based employment	89.83	89.60	90.32	93.63	95.64	96.81	97.70	98.58	99.43	100.35	101.31	102.28	103.28	104.28	105.29	106.29	107.29	108.25	109.19	19.36	22%
SE0401	NET_COMMUTING	Basingstoke	Net commuting balance (inflow)	-7.15	-5.47	-6.48	-8.39	-9.22	-9.39	-9.47	-9.54	-9.59	-9.65	-9.69	-9.75	-9.82	-9.89	-9.96	-10.02	-10.07	-10.12	-10.18	-3.03	42%
SE0401	U	Basingstoke	Unemployment	5.07	5.43	4.96	3.65	3.14	2.77	2.72	2.68	2.64	2.65	2.64	2.68	2.77	2.94	3.12	3.28	3.39	3.46	3.41	-1.66	-33%
SE0401	UR	Basingstoke	Unemployment Rate	5.34	5.72	5.21	3.75	3.18	2.78	2.71	2.65	2.59	2.57	2.54	2.55	2.62	2.74	2.88	2.99	3.06	3.10	3.03	-2.32	-43%
SE	W	South East	Workforce Jobs	4,445	4,518	4,540	4,679	4,778	4,834	4,876	4,917	4,959	5,000	5,041	5,081	5,122	5,163	5,204	5,246	5,288	5,330	5,372	926.72	21%
UK	W	United Kingdom	Workforce Jobs	31,543	31,858	32,268	33,345	33,854	34,177	34,412	34,640	34,870	35,101	35,334	35,569	35,806	36,045	36,285	36,527	36,771	37,017	37,264	5721.38	18%
SE0401	WAFF	Basingstoke	Agriculture, Forestry & Fishing WFJ	1.3	1.3	1.1	1.5	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	0.79	62%
SE0401	WEXT	Basingstoke	Extraction & Mining WFJ	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.01	-17%
SE0401	WMAN	Basingstoke	Manufacturing WFJ	8.5	8.2	7.9	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.6	7.6	7.5	7.5	7.5	-1.00	-12%	
SE0401	WUTL	Basingstoke	Utilities WFJ	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	-0.70	-86%
SE0401	WCON	Basingstoke	Construction WFJ	7.5	7.5	8.0	8.4	9.2	9.4	9.6	9.8	9.9	10.1	10.2	10.3	10.5	10.6	10.7	10.9	11.0	11.1	11.3	3.76	50%
SE0401	WDIS	Basingstoke	Wholesale & Retail WFJ	16.9	17.0	17.2	17.1	17.0	17.1	17.3	17.4	17.5	17.6	17.7	17.8	17.9	18.1	18.2	18.3	18.3	18.4	18.5	1.64	10%
SE0401	WTRS	Basingstoke	Transport & storage WFJ	3.0	3.0	2.7	2.8	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.6	3.7	3.8	3.9	0.91	30%
SE0401	WAFR	Basingstoke	Accommodation, Food Services & Recreation WFJ	7.0	6.8	6.9	7.6	7.8	8.0	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.1	9.2	9.3	9.4	2.34	33%
SE0401	WICO	Basingstoke	Information & communication WFJ	6.5	6.8	7.2	7.7	7.8	8.0	8.0	8.0	8.1	8.1	8.1	8.2	8.2	8.3	8.3	8.4	8.4	8.4	8.4	1.91	29%
SE0401	WFIN	Basingstoke	Finance & Insurance WFJ	3.5	3.7	3.8	3.9	4.1	4.3	4.4	4.5	4.6	4.6	4.7	4.8	4.8	4.9	5.0	5.0	5.1	5.1	5.2	1.71	49%
SE0401	WPRI	Basingstoke	Professional & Other Private Services WFJ	24.8	26.9	27.0	27.8	28.7	29.4	29.9	30.4	30.8	31.3	31.7	32.2	32.6	33.0	33.5	33.9	34.4	34.9	35.3	10.53	42%
SE0401	WPUB	Basingstoke	Public Services WFJ	18.9	18.9	19.4	19.8	20.1	20.0	20.0	20.0	20.1	20.3	20.5	20.6	20.8	21.0	21.2	21.3	21.5	21.7	21.9	2.99	16%

Experian modelling: PG10yr (834 jobs) (BDBC Scenario)

Local Code	Variable Code	Local/Combined	Variable Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2011-29	%
SE0401	LF	Basingstoke	Labour Force	94.90	95.03	95.28	97.27	98.72	99.45	100.22	101.01	101.82	102.74	103.68	104.69	105.76	106.85	107.97	109.01	110.08	111.04	111.96	17.06	18%
SE0401	LF16_64	Basingstoke	Labour Force - 16 to 64	92.65	92.67	93.28	94.64	95.80	96.39	96.96	97.52	98.08	98.75	99.43	100.15	100.92	101.68	102.43	103.10	103.75	104.32	104.76	12.12	13%
SE0401	LF65P	Basingstoke	Labour Force - 65 Plus	2.25	2.36	2.00	2.63	2.93	3.05	3.26	3.49	3.74	3.99	4.25	4.54	4.84	5.17	5.54	5.92	6.32	6.72	7.20	4.84	219%
SE0401	POPPR	Basingstoke	Population - retired	28.71	29.80	30.47	30.50	30.38	30.46	30.95	31.09	31.30	30.88	31.31	31.99	32.79	33.58	34.38	35.14	35.60	35.12	36.01	7.30	25%
SE0401	POPPS	Basingstoke	Population - student	33.96	34.41	34.64	34.97	35.28	35.73	36.29	36.86	37.40	37.92	38.38	38.71	38.94	39.11	39.32	39.43	39.43	39.42	39.50	5.54	16%
SE0401	POPP16P	Basingstoke	Population - 16 Plus	134.57	136.01	137.27	138.69	140.21	141.59	142.86	144.08	145.33	146.57	147.84	149.19	150.59	152.01	153.33	154.68	156.11	157.24	158.75	24.17	18%
SE0401	POPP16_64	Basingstoke	Population - 16 to 64	110.04	110.14	110.24	110.70	111.40	112.04	112.58	113.08	113.56	114.14	114.73	115.27	115.85	116.41	116.76	117.15	117.51	117.77	117.99	7.94	7%
SE0401	POPP65P	Basingstoke	Population - 65 Plus	24.53	25.87	27.03	27.99	28.81	29.56	30.28	31.01	31.77	32.43	33.11	33.92	34.74	35.60	36.57	37.53	38.59	39.47	40.76	16.23	66%
SE0401	POPPTOT	Basingstoke	Total Population	168.53	170.42	171.91	173.66	175.49	177.32	179.15	180.94	182.72	184.49	186.22	187.90	189.53	191.11	192.64	194.11	195.53	196.66	198.25	29.71	18%
SE0401	POPPWA	Basingstoke	Working Age Population	105.86	106.21	106.80	108.20	109.83	111.13	111.92	113.00	114.02	115.69	116.53	117.20	117.80	118.43	118.94	119.54	120.51	122.12	122.74	16.88	16%
SE0401	PRT16P	Basingstoke	Economic Activity Rate (%) - 16+	70.52	69.87	69.41	70.14	70.41	70.23	70.15	70.10	70.06	70.10	70.13	70.17	70.23	70.29	70.42	70.48	70.51	70.62	70.53	0.01	0%
SE0401	PRT16_64	Basingstoke	Economic Activity Rate (%) - 16 to 64	84.19	84.13	84.61	85.49	85.99	86.04	86.13	86.24	86.37	86.52	86.66	86.89	87.12	87.35	87.73	88.01	88.29	88.58	88.79	4.60	5%
SE0401	PRT65P	Basingstoke	Economic Activity Rate (%) - 65 Plus	9.19	9.13	7.40	9.41	10.16	10.32	10.77	11.25	11.77	12.30	12.83	13.38	13.93	14.51	15.15	15.76	16.39	17.02	17.66	8.47	92%
SE0401	PRTWA	Basingstoke	Economic Activity Rate (%) - Working Age	89.65	89.47	89.21	89.90	89.89	89.49	89.55	89.39	89.29	88.81	88.97	89.33	89.78	90.22	90.77	91.19	91.34	90.93	91.22	1.58	2%
SE0401	W	Basingstoke	Workforce Jobs	98.80	100.92	101.90	104.91	107.34	108.82	109.95	111.04	112.14	113.29	114.43	115.54	116.66	117.78	118.93	120.10	121.26	122.41	123.58	24.78	25%
SE0401	WZP	Basingstoke	Jobs Demand	98.81	100.92	101.90	104.91	107.40	108.82	109.95	111.04	112.14	113.29	114.43	115.54	116.67	117.80	118.95	120.10	121.26	122.41	123.58	24.77	25%
SE0401	EXJ	Basingstoke	Excess Jobs	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.00	-100%
SE0401	FTE	Basingstoke	FTE jobs	76.79	77.71	78.41	80.46	82.17	83.47	84.60	85.70	86.56	87.35	88.11	88.85	89.63	90.45	91.30	92.19	93.10	94.03	95.01	18.22	24%
SE0401	ELFSWA	Basingstoke	Workplace based employment	82.68	84.13	83.83	85.23	86.42	87.40	88.21	89.01	89.80	90.67	91.57	92.48	93.40	94.32	95.26	96.21	97.15	98.05	98.94	16.27	20%
SE0401	ELFS	Basingstoke	Residence based employment	89.83	89.60	90.32	93.63	95.64	96.79	97.67	98.54	99.39	100.30	101.25	102.22	103.21	104.22	105.22	106.24	107.23	108.19	109.13	19.30	21%
SE0401	NET_COMMUTING	Basingstoke	Net commuting balance (inflow)	-7.15	-5.47	-6.48	-8.39	-9.22	-9.39	-9.47	-9.53	-9.58	-9.64	-9.68	-9.74	-9.81	-9.89	-9.97	-10.03	-10.08	-10.13	-10.19	-3.03	42%
SE0401	U	Basingstoke	Unemployment	5.07	5.43	4.96	3.65	3.09	2.65	2.55	2.47	2.43	2.44	2.42	2.47	2.55	2.63	2.74	2.78	2.84	2.85	2.83	-2.24	-44%
SE0401	UR	Basingstoke	Unemployment Rate	5.34	5.72	5.21	3.75	3.13	2.67	2.55	2.44	2.39	2.37	2.34	2.35	2.41	2.46	2.54	2.55	2.58	2.57	2.53	-2.81	-53%
SE	W	South East	Workforce Jobs	4,445	4,518	4,540	4,679	4,778	4,834	4,876	4,917	4,959	5,000	5,041	5,081	5,122	5,163	5,204	5,246	5,288	5,330	5,372	926.72	21%
UK	W	United Kingdom	Workforce Jobs	31,543	31,858	32,268	33,345	33,854	34,177	34,412	34,640	34,870	35,101	35,334	35,569	35,806	36,045	36,285	36,527	36,771	37,017	37,264	5721.38	18%
SE0401	WAFF	Basingstoke	Agriculture, Forestry & Fishing WFJ	1.3	1.3	1.1	1.5	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	0.79	62%
SE0401	WEXT	Basingstoke	Extraction & Mining WFJ	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.01	-17%
SE0401	WMAN	Basingstoke	Manufacturing WFJ	8.5	8.2	7.9	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.6	7.6	7.6	7.5	-0.99	-12%
SE0401	WUTL	Basingstoke	Utilities WFJ	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	-0.70	-86%
SE0401	WCON	Basingstoke	Construction WFJ	7.5	7.5	8.0	8.4	9.2	9.4	9.6	9.8	9.9	10.1	10.2	10.3	10.5	10.6	10.7	10.9	11.0	11.1	11.3	3.76	50%
SE0401	WDIS	Basingstoke	Wholesale & Retail WFJ	16.9	17.0	17.2	17.1	17.0	17.1	17.3	17.4	17.5	17.6	17.7	17.8	17.9	18.0	18.2	18.2	18.3	18.4	18.5	1.64	10%
SE0401	WTRS	Basingstoke	Transport & storage WFJ	3.0	3.0	2.7	2.8	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.6	3.7	3.8	3.9	0.91	30%
SE0401	WAFR	Basingstoke	Accommodation, Food Services & Recreation WFJ	7.0	6.8	6.9	7.6	7.8	8.0	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.2	9.3	2.31	33%
SE0401	WICO	Basingstoke	Information & communication WFJ	6.5	6.8	7.2	7.7	7.8	8.0	8.0	8.0	8.1	8.1	8.2	8.2	8.3	8.3	8.3	8.4	8.4	8.4	8.4	1.90	29%
SE0401	WFIN	Basingstoke	Finance & Insurance WFJ	3.5	3.7	3.8	3.9	4.1	4.3	4.4	4.5	4.6	4.6	4.7	4.8	4.8	4.9	5.0	5.0	5.1	5.1	5.2	1.71	49%
SE0401	WPRI	Basingstoke	Professional & Other Private Services WFJ	24.8	26.9	27.0	27.8	28.7	29.3	29.9	30.4	30.8	31.3	31.7	32.1	32.6	33.0	33.5	33.9	34.4	34.8	35.3	10.49	42%
SE0401	WPUB	Basingstoke	Public Services WFJ	18.9	18.9	19.4	19.8	20.1	20.0	20.0	20.0	20.1	20.3	20.4	20.6	20.8	21.0	21.1	21.3	21.5	21.7	21.9	2.97	16%

Experian modelling: Difference between Baseline and Scenario

Local Code	Variable Code	Local/Combined	Variable Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
SE0401	LF	Basingstoke	Labour Force	0.00	0.00	0.00	0.00	-0.06	-0.13	-0.19	-0.25	-0.25	-0.26	-0.27	-0.27	-0.29	-0.37	-0.44	-0.56	-0.60	-0.67	-0.63
SE0401	LF16_64	Basingstoke	Labour Force - 16 to 64	0.00	0.00	0.00	0.01	-0.05	-0.11	-0.16	-0.20	-0.19	-0.19	-0.18	-0.18	-0.17	-0.23	-0.27	-0.36	-0.36	-0.36	-0.32
SE0401	LF65P	Basingstoke	Labour Force - 65 Plus	0.00	0.00	0.00	-0.01	-0.01	-0.02	-0.03	-0.04	-0.06	-0.07	-0.08	-0.10	-0.12	-0.14	-0.17	-0.21	-0.24	-0.31	-0.32
SE0401	POPPR	Basingstoke	Population - retired	-0.90	-0.61	0.03	0.04	-0.05	-0.12	-0.13	-0.46	-0.51	-0.64	-0.71	-0.79	-0.91	-1.03	-1.18	-1.13	-0.73	-1.42	-1.61
SE0401	POPPS	Basingstoke	Population - student	0.00	-0.02	0.01	-0.05	-0.08	-0.11	-0.15	-0.17	-0.17	-0.16	-0.16	-0.14	-0.13	-0.09	-0.06	0.00	0.07	0.14	0.18
SE0401	POPP16P	Basingstoke	Population - 16 Plus	-0.01	-0.01	0.00	-0.15	-0.30	-0.46	-0.61	-0.75	-0.89	-1.05	-1.20	-1.37	-1.52	-1.67	-1.78	-1.90	-2.02	-2.41	-2.26
SE0401	POPP16_64	Basingstoke	Population - 16 to 64	-0.04	0.01	0.01	-0.07	-0.15	-0.22	-0.28	-0.34	-0.37	-0.43	-0.48	-0.54	-0.57	-0.58	-0.56	-0.55	-0.51	-0.54	-0.42
SE0401	POPP65P	Basingstoke	Population - 65 Plus	0.03	-0.02	-0.01	-0.08	-0.15	-0.25	-0.33	-0.41	-0.52	-0.62	-0.72	-0.83	-0.96	-1.09	-1.22	-1.35	-1.51	-1.87	-1.83
SE0401	POPPTOT	Basingstoke	Total Population	-0.01	-0.03	0.00	-0.20	-0.38	-0.57	-0.76	-0.92	-1.06	-1.21	-1.36	-1.51	-1.65	-1.76	-1.83	-1.90	-1.96	-2.27	-2.07
SE0401	POPPWA	Basingstoke	Working Age Population	0.89	0.60	-0.04	-0.19	-0.25	-0.34	-0.47	-0.29	-0.38	-0.40	-0.49	-0.58	-0.61	-0.64	-0.60	-0.78	-1.30	-0.99	-0.65
SE0401	PRT16P	Basingstoke	Economic Activity Rate (%) - 16+	0.01	0.01	0.00	0.08	0.11	0.14	0.16	0.19	0.26	0.32	0.39	0.46	0.51	0.52	0.53	0.50	0.52	0.64	0.59
SE0401	PRT16_64	Basingstoke	Economic Activity Rate (%) - 16 to 64	0.03	0.00	-0.01	0.06	0.07	0.07	0.07	0.08	0.11	0.16	0.20	0.25	0.27	0.24	0.19	0.11	0.08	0.10	0.05
SE0401	PRT65P	Basingstoke	Economic Activity Rate (%) - 65 Plus	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.03	0.04	0.04	0.04	0.03	0.02	0.02	0.02	0.02	0.01
SE0401	PRTWA	Basingstoke	Economic Activity Rate (%) - Working Age	-0.76	-0.51	0.03	0.16	0.15	0.15	0.21	0.01	0.08	0.09	0.14	0.20	0.22	0.17	0.09	0.12	0.48	0.18	-0.03
SE0401	W	Basingstoke	Workforce Jobs	0.00	0.00	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.05	-0.06	-0.07	-0.08	-0.09	-0.10	-0.10	-0.10	-0.10	-0.11	-0.10
SE0401	WZP	Basingstoke	Jobs Demand	0.00	0.00	0.00	-0.01	-0.02	-0.03	-0.04	-0.04	-0.05	-0.06	-0.07	-0.08	-0.09	-0.09	-0.09	-0.10	-0.10	-0.11	-0.10
SE0401	EXJ	Basingstoke	Excess Jobs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
SE0401	FTE	Basingstoke	FTE jobs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
SE0401	ELFSWA	Basingstoke	Workplace based employment	0.00	0.00	0.00	0.00	0.00	-0.01	-0.02	-0.03	-0.03	-0.04	-0.04	-0.05	-0.06	-0.07	-0.07	-0.07	-0.07	-0.08	-0.07
SE0401	ELFS	Basingstoke	Residence based employment	0.00	0.00	0.00	0.00	0.00	-0.01	-0.02	-0.03	-0.04	-0.05	-0.05	-0.06	-0.07	-0.07	-0.06	-0.06	-0.06	-0.07	-0.06
SE0401	NET_COMMUTING	Basingstoke	Net commuting balance (inflow)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
SE0401	U	Basingstoke	Unemployment	0.00	0.00	0.00	0.00	-0.06	-0.12	-0.17	-0.21	-0.21	-0.21	-0.21	-0.21	-0.22	-0.31	-0.38	-0.50	-0.54	-0.61	-0.57
SE0401	UR	Basingstoke	Unemployment Rate	0.00	0.00	0.00	0.00	-0.06	-0.12	-0.16	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.28	-0.34	-0.45	-0.48	-0.53	-0.49
SE	W	South East	Workforce Jobs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UK	W	United Kingdom	Workforce Jobs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WAFF	Basingstoke	Agriculture, Forestry & Fishing WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WEXT	Basingstoke	Extraction & Mining WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WMAN	Basingstoke	Manufacturing WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WUTL	Basingstoke	Utilities WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WCON	Basingstoke	Construction WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WDIS	Basingstoke	Wholesale & Retail WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WTRS	Basingstoke	Transport & storage WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WAFR	Basingstoke	Accommodation, Food Services & Recreation WFJ	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03	-0.04	-0.03
SE0401	WICO	Basingstoke	Information & communication WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
SE0401	WFIN	Basingstoke	Finance & Insurance WFJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SE0401	WPRI	Basingstoke	Professional & Other Private Services WFJ	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03	-0.04	-0.04	-0.04
SE0401	WPUB	Basingstoke	Public Services WFJ	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02

Basingstoke and Deane economic forecasts

This briefing note has been prepared by Oxford Economics for Basingstoke and Deane Borough Council. It sets out Oxford Economics' July 2015 forecasts for Basingstoke and Deane, alongside an alternative demographic scenario. The analysis is presented in four sections:-

1. An overview of the latest Oxford Economics' forecasts for Basingstoke and Deane
2. The implications of an alternative population outlook
3. A summary of the methodology used by Oxford Economics to produce the forecasts.

This briefing note is accompanied by a detailed database of economic, labour market and demographic forecasts for Basingstoke and Deane. The database contains both the baseline forecasts and alternative demographic scenario as described in this briefing note.

Please contact Oxford Economics for further information

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The economic outlook for Basingstoke and Deane

This section provides an overview of Oxford Economics' May 2015 forecasts for the Basingstoke and Deane economy, set within the broader UK and regional outlook.

Context

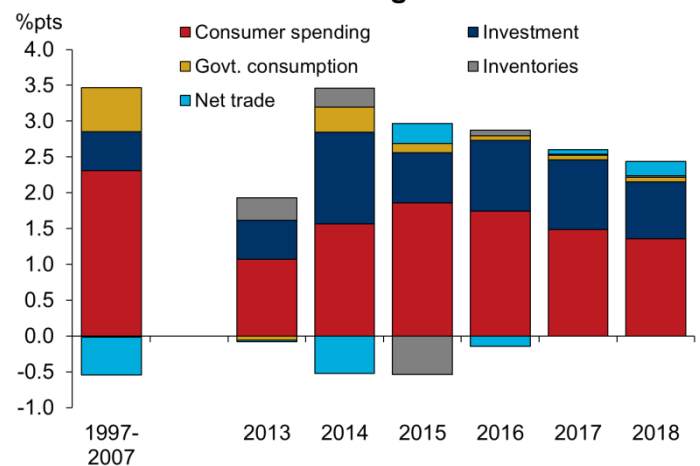
Conditions remain supportive of relatively strong growth over the remainder of the decade. UK GDP is forecast to rise on average by 2.7% per year, with further, albeit more modest, increases in employment. The key drivers of the forecast are:-

- Stronger household spending power as inflation remains very low and a tightening labour market and growing recruitment difficulties slowly feed into a pickup in wage growth.
- Strong corporate finances supporting investment as businesses act on firm investment intentions and corporate finances are in a robust position.
- Sustained strength in house building will provide direct support to economic growth as well as helping to keep a lid on house prices.
- Subdued export outlook as both the US and Eurozone economies are forecast to strengthen over the short to medium term.
- Low inflation means there is little pressure on the MPC to dramatically tighten monetary policy. The first interest rate rise is likely in the first half of 2016 and we assume the subsequent tightening comes at the very measured pace of 50bps per year such that rates end the decade at 3%.
- Further austerity will continue to act as a drag on growth.

This means consumer spending will continue to play an important role in driving the UK economy forward. But its contribution to overall growth is unlikely to be as large as it was in the decade leading up to the recession. Some of this gap will be filled by stronger investment as businesses increase spending to compensate for a number of years of very weak investment. Stronger demand from key export markets and slower growth in imports means net trade is unlikely to provide the drag on GDP growth that has been seen in recent years.

The longer term outlook for the UK economy is influenced by supply side structural factors. Chief amongst these is demographics. Unlike many of its European peers, the UK is set to benefit from a rising population, most importantly among working age people, and this helps to support sustained job creation and economic growth.

UK: Contributions to GDP growth



Source : Oxford Economics

Of course, the forthcoming EU referendum provides a degree of uncertainty to the economic outlook. The baseline forecast is predicated on the UK remaining in the EU. But should the public vote for to leave the EU, whether an exit would be good or bad for the UK would depend on what terms of exit were negotiated.



Basingstoke and Deane economic outlook – headline figures

The labour market outlook within Basingstoke and Deane is encouraging. Building on a year of strong job creation in 2014, employment in Basingstoke and Deane is forecast to grow by 2.1% in 2015, an increase of over 2,000 jobs.

The long term view for employment is for growth to average around 1.0% per year to 2025, slowing thereafter to nearer 0.6% per year as demographic developments, most notably a slowdown in the growth of the working age population, become less supportive of employment growth.

Nonetheless, employment in Basingstoke and Deane in 2029 is forecast to be 108,900, more than 13,000 higher than in 2014.

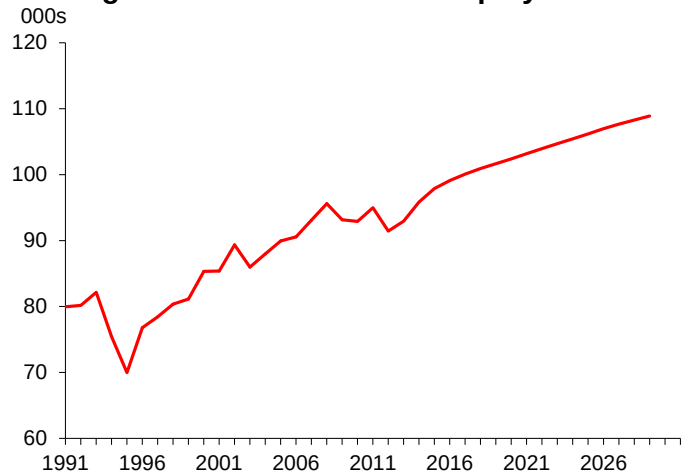
Job creation in Basingstoke and Deane will be to the benefit of the local population. The number of Basingstoke and Deane residents in employment is forecast to grow by 0.7% per year between 2014 and 2029, equivalent to an additional 10,350 local residents in work¹. This will be accompanied by a modest reduction in the rate of unemployment.

Basingstoke and Deane GVA is forecast to grow at an average annual rate of 3.0% between 2014 and 2029, well ahead of the 1.5% per year recorded on average over the last 7 years. This equates to an additional £2.85bn of economic activity (measured in constant 2011 prices) and means the Basingstoke and Deane economy will be over 50% larger in 2029 than it was in 2014. Productivity growth over this period is forecast to average 2.1% per year.

Basingstoke and Deane demographic outlook

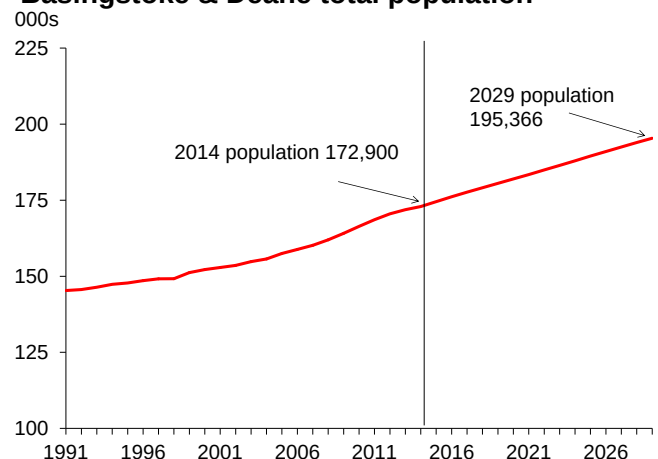
The population of Basingstoke and Deane averaged 172,900 in 2014 having risen consistently throughout the past decade. Population growth in Basingstoke and Deane has been above the South East and national averages in recent years, rising by 1.0% per year since 2005. The working age population of Basingstoke and Deane has grown at a slower pace, 0.6% per annum over the same period. Basingstoke and Deane's rising population has been predominately fuelled by positive natural change (the number of births less deaths), adding around 1,000 to the population each year over this period. Migration has made a smaller, yet still positive contribution, to population growth.

Basingstoke and Deane total employment



Source: ONS, Oxford Economics

Basingstoke & Deane total population



Source: ONS, Oxford Economics

¹ The growth in the number of jobs in Basingstoke and Deane is different to the growth in the number of Basingstoke and Deane residents in employment. This is because some of the new jobs created in Basingstoke and Deane will be filled by in-commuters, and some of Basingstoke and Deane's working residents will be employed outside of the local authority. Furthermore, the number of people in employment is lower than the number of jobs as some people hold more than one job. The ratio of jobs to the number of people in work is likely to rise over time as jobs creation becomes more heavily concentrated in sectors with higher incidence of part time or flexible employment.



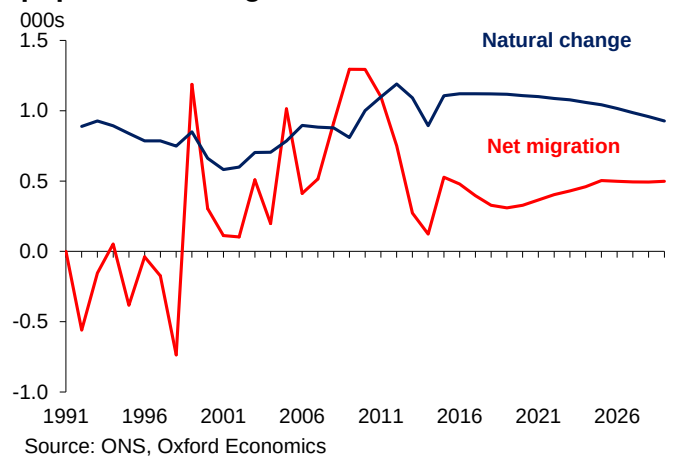
Basingstoke and Deane's population is forecast to grow on average by 0.8% per year between 2014 and 2029, less than the 1.1% per year recorded over the past decade. This will see the number of people living in Basingstoke and Deane's rise to 195,400 in 2029, an increase of 22,000 compared to 2014. Such growth will be above the South East average (0.7%). This forecast is comparable to the ONS 2012 projections. These show the population in Basingstoke and Deane rising by 26,500 between 2014 and 2029, 5,500 more than in the Oxford Economics forecast, again at an annual average growth rate of 0.9%.

Population growth in Basingstoke and Deane will continue to be underpinned by a combination of natural change and net migration. Fertility and mortality rate assumptions used in the forecast are consistent with those incorporated in the ONS 2012 population projections. These show natural change making a modest yet positive contribution to Basingstoke and Deane's population growth, accounting on average for a rise of 1,100 people per year between 2014 and 2029.

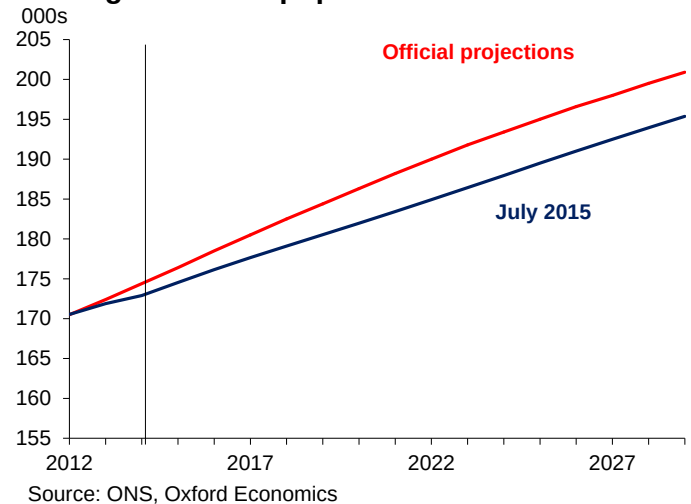
Net migration is affected by local economic prospects, the rationale being that migrants are attracted to areas where there is perceived to be relatively strong employment opportunities. We expect net migration into Basingstoke and Deane to be weaker over the next decade than recently, averaging 400 people per year in the period to 2029. This reflects a general reduction in net migration into the UK as the one-off influence of EU enlargement fades and economic growth on the continent improves, thereby reducing the relative attractiveness of the UK as a place to find work.

The working age population², whilst influenced by the development of the existing population, is especially affected by migration as a high proportion of migrants are of working age. Therefore, lower net migration in the future is illustrated by a slowdown in the growth of Basingstoke and Deane's working age population over the forecast period. The working age population is forecast to rise from 110,000 in 2014 to 114,400 in 2031, an increase of 4,400 at an average annual rate of 0.3%.

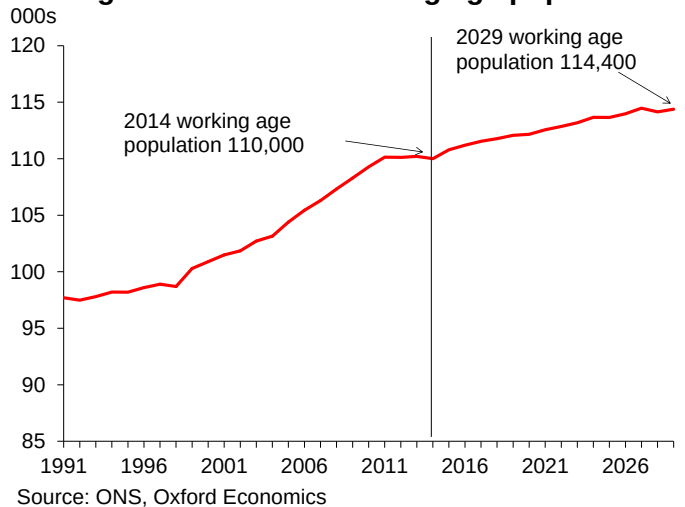
Basingstoke & Deane components of population change



Basingstoke total population



Basingstoke & Deane working age population



² The working age population is defined as people aged 16 to 64.



Oxford Economics' forecast July 2015 and an alternative demographic scenario

As part of this analysis, Oxford Economics assessed the impact of an alternative demographic outlook on Basingstoke and Deane. The assumptions were applied at the local level, with the model estimating the economic impact upon Basingstoke and Deane. This scenario assumes higher migration into Basingstoke and Deane and is consistent with a housing target of 850 dwellings per annum over the period to 2029. The occupancy rates and age profile underpinning the scenario are taken from with the work undertaken by Edge Analytics.

A summary of the impacts compared with the Oxford Economics July 2015 baseline forecast are set out below. Under the scenario, population within Basingstoke and Deane increases to 198,927 by 2029, 3,600 higher than the baseline forecast. Population growth is forecast to average by 0.9% per year between 2014 and 2029, compared with the baseline of 0.8% per year.

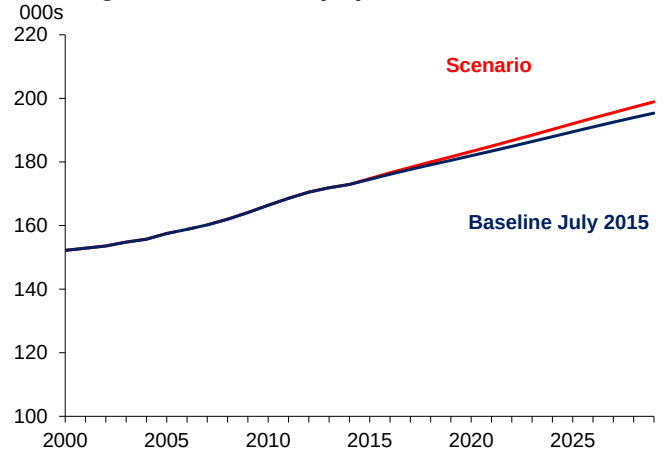
Growth within the working age population is also higher under the scenario, with an additional 8,400 people aged 16-64 estimated by 2029, 4,000 higher than the baseline suggest. As a consequence, Basingstoke and Deane working residents increase to 107,900 by 2029, 3,200 above the baseline. The employment rate changes only very marginally under the scenario. The model assumes that around 70% of these additional working residents will work within Basingstoke and Deane. Consequently, workplace based people in employment increases to 96,000 by 2029 and jobs increase to 111,500.

Given the increase in demand for public services and the increase in spending from the additional residents, workplace based jobs within Basingstoke and Deane is 2,600 higher under the scenario. Over a quarter of these additional jobs are expected within the retail and health sectors.

Net commuting is calculated as the difference between residence employment and workplace based employment. Recent data for 2011-13 suggests a divergence between data sources, with increasing residence employment within Basingstoke and Deane whereas workplace based employment contracted. This implies a significant increase in net out commuting.

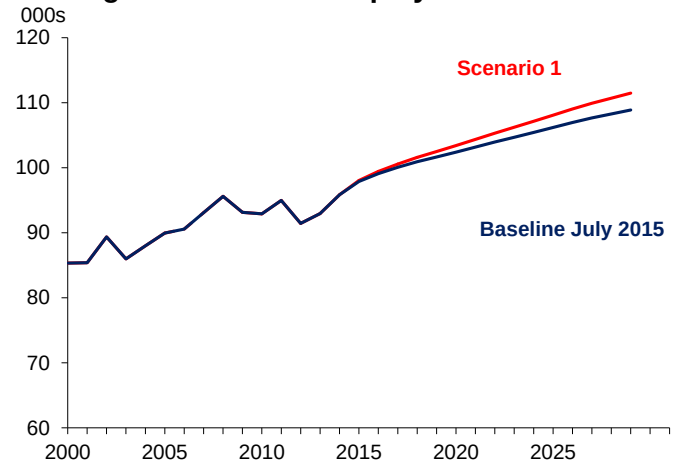
Net commuting also increases under the scenario. The baseline forecast suggests that net commuting is an outflow, averaging 10,900 per year. Under the scenario, this increases slightly to 11,400 per year. Unemployment changes slightly under the scenario, though there is little change in the unemployment rate.

Basingstoke & Deane population



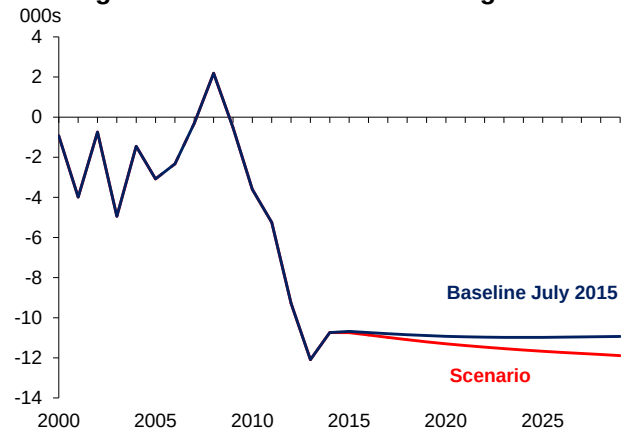
Source: ONS, Oxford Economics

Basingstoke & Deane employment



Source: ONS, Oxford Economics

Basingstoke & Deane net commuting



Source: ONS, Oxford Economics



Oxford Economics' forecast methodology

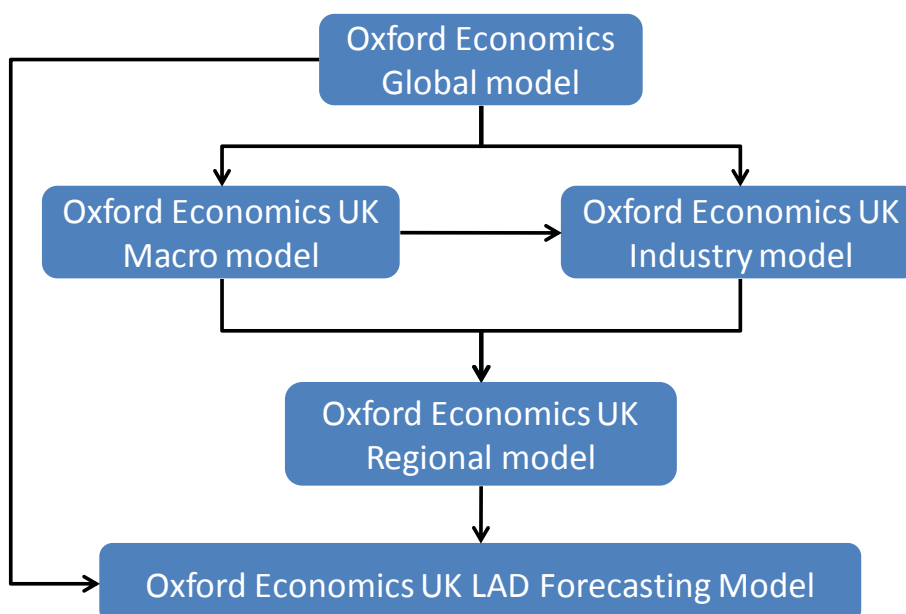
Model overview

This section provides technical information on the structure of Oxford Economics' Local Authority District Forecasting Model and details of the data sources and definitions of variables within the model. The model should be viewed as one piece of evidence in making policy decisions and tracking economic and demographic change. It is not intended to be used on its own to set employment targets for local authority areas. Such targets will need to take account of local opportunities, constraints and community aspirations. As with all models it is subject to margins of error which increase as the level of geographical detail becomes smaller, and relies heavily upon published data.

Models, though predominantly quantitative, also require a degree of local knowledge and past experience, or more generally forecasting art, to make plausible long term projections. To this end the Oxford Economics' model has been developed by a team of senior staff who have a long history in model building and forecasting at both local and regional levels.

The Local Authority District Forecasting Model sits within the Oxford suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national and sectoral forecasts have an impact on the local area forecasts. For example, in the current economic climate of government austerity, this means most, if not all local areas in the UK will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

Hierarchal structure of Oxford Economics' suite of models



The Local Authority District Forecasting Model produces base forecasts, which can be compared with other published forecasts (though care should be taken over data definition issues), and as a guide to aid commentary or analysis of a local economy. These forecasts can in one sense be considered to provide baseline 'policy off' projections with which the actual outturn under policy initiatives could be compared. The base projections are 'unconstrained' in the sense that they make no allowance for constraints on development which may be greater than in the past.

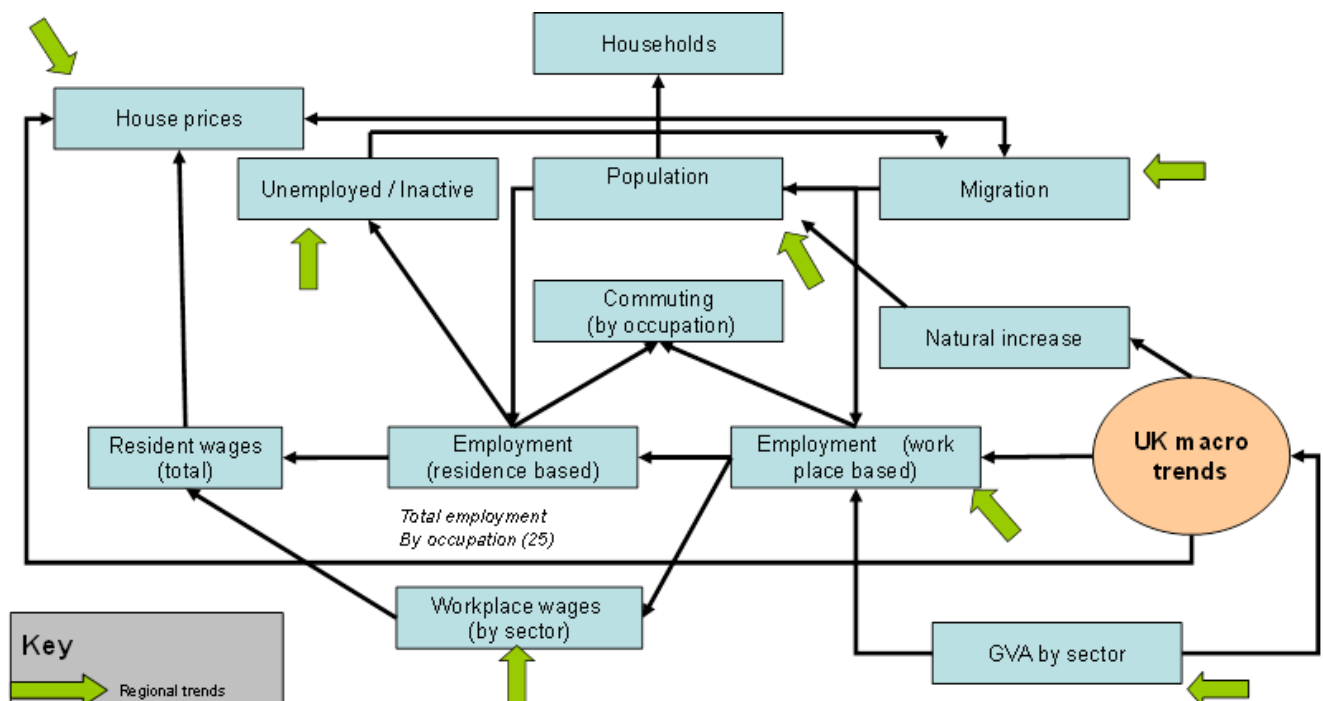
Our local area forecasts essentially depend on three factors:

- National/regional outlooks – all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis;
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise, and
- Fundamental economic relationships which interlink the various elements of the outlook.

Model structure

The main internal relationships between variables are summarised in Figure 1.2. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

Main Relationships between variables in the Local Authority District Forecasting Model

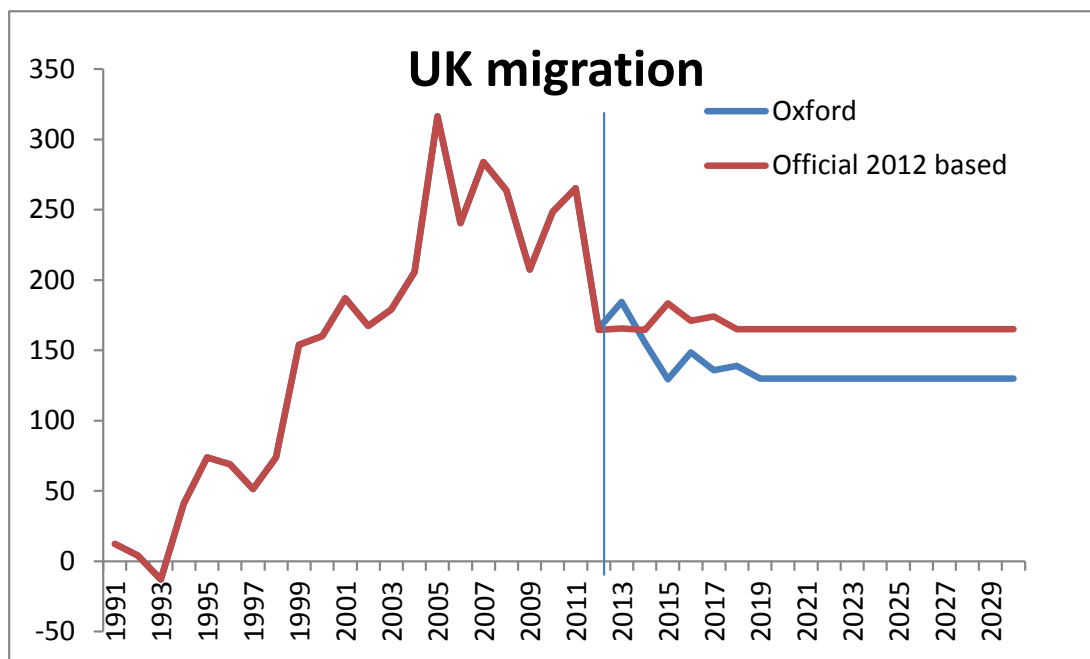




Data sources and assumptions

Population and migration

Population and migration data are collected from the national Mid-Year estimates (MYE) for each area. These have been revised in line with the 2011 Census results. The latest data available is for 2014. Oxford Economics produce their own forecasts of population which are economically driven and thus differ from the official population projections. Official births and deaths projections from 2012-based population projections are used. The chart below sets out the Oxford migration forecast for the UK compared with the 2012-based population projection. Oxford Economics expect UK net migration to average 130,000 per annum in the long-term compared to 165,000 in the official projections.



The divergence reflects the removal of one-off effects from EU enlargement and weaker economic prospects. Oxford Economics' population forecasts are derived from an economically driven model whereas official projections are trend based and do not consider how demand in the economy (and the likely impact on employment rates) affects migration. At the local authority level, migration is linked to the employment rate forecast. If the employment rate within an area is falling too fast, migration reacts as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This approach ensures that the relationship between the labour market outlook and the demographic forecasts is sensible. This series is scaled to be consistent with the migration forecast for the respective region from the UK Regional Model. The total population forecast is then constructed using the forecast of migration and the natural increase assumptions. Natural increase for local areas is forecast based upon recent trends in both the historical data and the official projections.

Working age population

Working age population data is also collected from the Mid-Year estimates for each area up to 2014. It is defined as all people aged 16 to 64. The share of working age to total population is forecast using both trends in the official projections and trends in the forecast for the respective region from our UK Regional Model. This is applied to the total population forecast and scaled to be consistent with the working age population for the respective region.



Employees in employment

There are two key sources for the employee jobs data – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES):

- The WFJ series is reported on a quarterly basis, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent government office regions, over the period 1981 Q3 to 2014 Q4.
- The Business Register and Employment Survey (BRES) is an employment survey which has replaced the Annual Business Inquiry (ABI). Similar to WFJ, BRES data is based upon SIC 2007, but it is only published for the years 2008-13. Prior to this, ABI and Annual Employment Survey (AES) data is available for employee jobs data, however this is based on an older industrial classification (SIC 2003). Data is available at local authority level and more detailed sector definitions. It is worth noting that the BRES is first and foremost a survey and is therefore subject to volatility, particularly when the level of detail becomes more refined. The survey is collected in September of each year and not seasonally adjusted.

There are a number of steps in constructing regional employee jobs. These address changes in sectoral classifications across the various sources and restrictions on data availability over particular periods of time. Initially, we take employee jobs data for each sector directly from the BRES over the years 2009-13, which reflects recent methodological changes to the BRES in accounting for working proprietors. This relates to September figures and is based upon SIC 2007 sectors. In 2008, levels of employee jobs are constructed by extrapolating back the trend in the old BRES. Data from the ABI and AES is used to construct the data back to 1991. This constructed local dataset is then scaled to be consistent with the UK employee jobs series from WFJ, by applying an adjustment factor to all sectors which converts the data to annual average values (seasonally adjusted). This is measured on a workplace basis.

The starting point for producing local authority employment forecasts is the determination of workplace-based employees in employment in each of broad 19 SIC2007 based sectors consistent with the regional and UK outlooks. At local authority level some of the sectors are driven predominantly by population estimates, others by total employment in the area, and the remainder relative to the regional performance (largely exporting sectors). All sectors are also influenced by past trends in the local area, and care is taken to ensure the forecast is not effected by volatility in the historical data. Taken in totality, employment is cross referenced with a number of variables (including population, relative performance across similar areas, historical cyclical performance and known policy) for checking and validation purposes. Where necessary, manual adjustments are made to the projected trends to reflect this validation process. The methods of sectoral projection are as follows, each of which are forecast based upon recent trends:

- Agriculture - share of the region
- Mining and quarrying - share of the region
- Manufacturing - share of the region
- Electricity, gas, & steam - share of the region
- Water supply; sewerage, waste management - share of the region
- Construction - location quotient based upon total employment
- Wholesale and retail trade - location quotient based upon consumer spending
- Transportation and storage - location quotient based upon consumer spending
- Accommodation and food service activities - location quotient based upon consumer spending
- Information and communication - share of the region



- Financial and insurance activities - share of the region
- Real estate activities - location quotient based upon total employment
- Professional, scientific and technical activities - location quotient based upon total employment
- Administrative and support service activities - location quotient based upon total employment
- Public administration and defence - location quotient based upon population
- Education - location quotient based upon population
- Human health and social work activities - location quotient based upon population
- Arts, entertainment and recreation - location quotient based upon consumer spending
- Other service activities - location quotient based upon consumer spending

Self-employment

Self-employment data for the region is taken from ONS Workforce Jobs survey (19 sector detail). Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down by sector using the employees in employment sectoral structure. Self-employment in each sector is forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.

Total employment (jobs)

Total employment includes employees in employment, the self-employed and Her Majesty's Forces. This is measured on a workplace basis. No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above. Note that this estimate is a jobs and not people measure (i.e. one person can have more than one job and would be counted more than once in this indicator).

Unemployment

Claimant count unemployment data is provided by ONS, via NOMIS. Annual average values are calculated from the monthly data. The latest data available is April 2015. Unemployment (claimant count) is projected based on regional trends and a measure of overall labour market tightness (relative employment rate) in the local area. It is not at present directly affected by migration though they do impact indirectly through the employment rate (which has working age population as its denominator). The unemployment rate is defined as claimant count unemployment as a percentage of the working age population. No specific forecasting of this measure is required.

Resident employment

This is a measure of the number of people living in an area who are in work. Resident employment data is taken from the Annual Population Survey. The latest year of available data is 2014. Given that this data is survey based and tends to be very volatile, data is 'smoothed' by taking a 3 year average. Residence employment is based on a commuting matrix taken from the 2001 Census. This matrix tells us where employed residents of an area work. Using this information each available job (see workplace employment people based above) is allocated to a resident of a given local authority. This method assumes the proportions of commuting do not change over time. Employment rate is defined as residence employment as a percentage of the population aged 16 plus. No specific forecasting of this measure is required.

Labour force

Labour force is the sum of resident employment and unemployment (claimant count). No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above.

**Gross Value Added**

Regional GVA forecasts are available by sector from our UK Regional Model. For areas within the region, GVA is available at NUTS 3 level up 2013. This includes counties and former Metropolitan counties. Our forecasts at local authority level are obtained firstly by calculating an 'expected' GVA in each area. This is calculated by multiplying the region's GVA per employee in each sector by workplace employment in each sector within each local authority area. An adjustment factor based upon relative earnings is also applied as areas with higher wages should produce higher levels of GVA. Expected GVA is then scaled to add the GVA at NUTS 3 level and the regional sectoral forecasts from the UK Regional Model.

APPENDIX 7: Oxford Economics economic forecasts (August 2015): Comparison of Baseline Model and 850 dpa Scenario

Extract from Oxford Economics spreadsheet (cover page)

Oxford Economics Local Authority Forecasts

Aug-15



Variable	Units	Source	Definition
Population	Thousands	ONS mid-year population estimates	Total population
Population aged 16 plus	Thousands	ONS mid-year population estimates	Population aged 16 plus
Working age population	Thousands	ONS mid-year population estimates	Population aged 16-64
Migration	Thousands	ONS Components of Change (CoC)	Residence based
Employees	Thousands	BRES, ONS workforce jobs	Workplace based Jobs; annual average. Also includes Government Supported Trainees
Self employed jobs	Thousands	ONS Workforce jobs	Workplace based Jobs; annual average
Employment	Thousands	Employees + self employed jobs	Workplace based Jobs; annual average. Also includes employees in Her Majesty's Forces
Employment - people based	Thousands	2011 Census, Oxford Economics	Workplace based people
Net commuting	Thousands	2011 Census, Oxford Economics	People based employment - resident employment
Unemployment claimant count	Thousands	Claimant Count	Residence based
Unemployment claimant rate	% of population aged 16 plus	Claimant Count	Residence based
ILO Unemployment rate	Thousands	Annual Population Survey (APS)	Residence based
ILO Unemployment rate (%)	% of economically active	Annual Population Survey (APS)	Residence based
GVA	£ millions, 2011 prices	ONS Regional Accounts	Workplace based
Resident employment	Thousands	Annual Population Survey (APS)	Residence based people
Resident employment rate	% of population aged 16 plus	Annual Population Survey (APS)	Resident employment rate is the number of residents employed, regardless of age, divided by population aged 16-64
Economically active	Thousands	Employment (people based) + ILO	Residence based people
Economic activity rate	% of population aged 16 plus	Employment (people based) + ILO	Residence based
Sectoral employment	Thousands	Employees + self employed jobs	Workplace based Jobs; annual average. Also includes employees in Her Majesty's Forces
Sectoral GVA	£ millions, 2011 prices	ONS Regional Accounts	Workplace based

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Extract from Oxford Economics spreadsheet (baseline)



BASINGSTOKE AND DEANE LOCAL AUTHORITY FOR

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Population (000s)	168.6	170.5	171.9	172.9	174.5	176.1	177.7	179.1	180.5	182.0	183.4	184.9	186.4	187.9	189.5	191.0	192.5	193.9	195.366
Population aged 16+ (000s)	134.6	136.0	137.2	138.0	139.1	140.2	141.2	142.1	143.4	144.1	145.4	146.7	147.9	149.5	150.8	152.2	153.9	155.0	156.7
Population aged 16-64 (000s)	110.1	110.1	110.2	110.0	110.8	111.2	111.5	111.8	112.1	112.2	112.6	112.9	113.2	113.7	113.7	114.0	114.5	114.1	114.4
Migration (000s)	1.1	0.8	0.3	0.1	0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Employee jobs - total (000s)	84.4	80.9	82.4	84.7	87.0	88.0	88.8	89.5	90.1	90.7	91.4	92.1	92.8	93.4	94.1	94.8	95.4	95.9	96.4
Self employed jobs - total (000s)	10.6	10.6	10.5	11.2	10.9	11.1	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.4
Employment- jobs based (000s)	95.0	91.5	92.9	95.8	97.9	99.1	100.1	100.9	101.7	102.4	103.2	104.0	104.7	105.4	106.2	107.0	107.7	108.3	108.9
Employment - people based (000s)	84.9	82.2	80.7	83.6	85.3	86.3	87.1	87.8	88.3	88.9	89.5	90.1	90.6	91.2	91.7	92.3	92.8	93.3	93.8
Net commuting (000s)	-5.2	-9.3	-12.1	-10.7	-10.7	-10.7	-10.8	-10.8	-10.9	-10.9	-11.0	-11.0	-11.0	-11.0	-11.0	-11.0	-11.0	-10.9	-10.9
Unemployment claimant count ('000s)	2.4	2.3	2.0	1.2	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Unemployment claimants (% of population aged 16-64)	2.2	2.1	1.8	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
ILO Unemployment level ('000s)	5.2	5.2	4.4	3.4	3.6	3.7	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.3
ILO Unemployment rate (%)	5.5	5.4	4.5	3.5	3.6	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.1	3.1
GVA - Total (£m 2011)	5,134	4,872	5,042	5,203	5,376	5,568	5,749	5,917	6,085	6,268	6,453	6,639	6,829	7,027	7,233	7,446	7,656	7,856	8,055
Resident employment (000s)	90.1	91.5	92.8	94.4	96.0	97.0	97.9	98.6	99.2	99.8	100.4	101.0	101.6	102.1	102.7	103.3	103.8	104.2	104.7
Resident employment rate (% aged 16 plus)	67.0%	67.2%	67.6%	68.4%	69.0%	69.2%	69.3%	69.4%	69.2%	69.3%	69.1%	68.9%	68.7%	68.3%	68.1%	67.9%	67.4%	67.2%	66.8%
Economically active	95.3	96.7	97.3	97.8	99.6	100.7	101.6	102.2	102.8	103.4	104.0	104.6	105.0	105.6	106.2	106.7	107.2	107.6	108.0
Economic activity rate (% of population aged 16 plus)	70.8%	71.1%	70.9%	70.8%	71.6%	71.8%	71.9%	71.9%	71.7%	71.7%	71.5%	71.3%	71.0%	70.6%	70.4%	70.1%	69.6%	69.4%	68.9%

Extract from Oxford Economics spreadsheet (scenario results)

 OXFORD ECONOMICS BASINGSTOKE AND DEANE LOCAL AUTHORITY SCENARIO																			
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Population (000s)	168.6	170.5	171.891	172.9	174.8	176.6	178.3	180.0	181.6	183.3	185.0	186.7	188.5	190.2	192.0	193.8	195.5	197.2	198.927
Population aged 16+ (000s)	134.6	136.0	137.2	138.0	139.3	140.5	141.7	142.8	144.2	145.0	146.5	148.0	149.4	151.2	152.7	154.2	156.1	157.4	159.3
Population aged 16-64 (000s)	110.1	110.1	110.2	110.0	111.1	111.7	112.3	112.8	113.4	113.7	114.4	115.0	115.6	116.3	116.6	117.2	117.9	117.9	118.4
Migration (000s)	1.1	0.8	0.3	0.1	0.7	0.7	0.6	0.6	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.7	0.8	0.8
Employee jobs - total (000s)	84.4	80.9	82.4	84.7	87.1	88.3	89.2	90.1	90.9	91.6	92.5	93.3	94.1	94.9	95.7	96.6	97.4	98.1	98.7
Self employed jobs - total (000s)	10.6	10.6	10.5	11.2	10.9	11.2	11.3	11.5	11.6	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.6	12.6	12.7
Employment- jobs based (000s)	95.0	91.5	92.9	95.8	98.1	99.4	100.6	101.6	102.5	103.4	104.4	105.3	106.2	107.1	108.1	109.0	109.9	110.7	111.5
Employment - people based (000s)	84.9	82.2	80.7	83.6	85.5	86.6	87.5	88.3	89.0	89.8	90.5	91.2	91.9	92.6	93.4	94.1	94.8	95.4	96.0
Net commuting (000s)	-5.2	-9.3	-12.1	-10.7	-10.7	-10.9	-11.0	-11.1	-11.2	-11.3	-11.4	-11.5	-11.5	-11.6	-11.7	-11.7	-11.8	-11.8	-11.9
Unemployment claimant count ('000s)	2.4	2.3	2.0	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Unemployment claimants (% of population aged 16-64)	2.2	2.1	1.8	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0
ILO Unemployment level ('000s)	5.2	5.2	4.4	3.4	3.6	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.4
ILO Unemployment rate (%)	5.5	5.4	4.5	3.5	3.7	3.8	3.8	3.7	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.3	3.3	3.2	3.2
GVA - Total (£m 2011)	5,134	4,872	5,042	5,203	5,385	5,586	5,778	5,956	6,136	6,330	6,527	6,726	6,929	7,142	7,362	7,589	7,816	8,031	8,247
Resident employment (000s)	90.1	91.5	92.8	94.4	96.2	97.5	98.5	99.4	100.2	101.0	101.9	102.7	103.5	104.3	105.0	105.8	106.6	107.2	107.9
Resident employment rate (% aged 16 plus)	67.0%	67.2%	67.6%	68.4%	69.1%	69.4%	69.5%	69.7%	69.5%	69.7%	69.5%	69.4%	69.3%	69.0%	68.8%	68.6%	68.2%	68.1%	67.7%
Economically active	95.3	96.7	97.3	97.8	99.8	101.1	102.2	103.1	103.9	104.7	105.5	106.3	107.0	107.8	108.6	109.4	110.1	110.7	111.3
Economic activity rate (% of population aged 16 plus)	70.8%	71.1%	70.9%	70.8%	71.7%	72.0%	72.1%	72.2%	72.1%	72.2%	72.0%	71.8%	71.6%	71.3%	71.1%	70.9%	70.5%	70.3%	69.9%

Extract from Oxford Economics spreadsheet (difference between baseline and scenario)

 OXFORD ECONOMICS BASINGSTOKE AND DEANE LOCAL AUTHORITY SCEN																			
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Population (000s)	0.0	0.0	0.0	0.0	0.2	0.4	0.6	0.9	1.1	1.3	1.6	1.8	2.0	2.3	2.5	2.8	3.0	3.3	3.6
Population aged 16+ (000s)	0.0	0.0	0.0	0.0	0.2	0.3	0.5	0.6	0.8	1.0	1.1	1.3	1.5	1.6	1.8	2.0	2.2	2.4	2.6
Population aged 16-64 (000s)	0.0	0.0	0.0	0.0	0.3	0.5	0.8	1.0	1.3	1.6	1.8	2.1	2.4	2.7	2.9	3.2	3.5	3.7	4.0
Migration (000s)	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Employee jobs - total (000s)	0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.6	0.7	0.9	1.1	1.2	1.4	1.5	1.7	1.8	2.0	2.1	2.3
Self employed jobs - total (000s)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Employment- jobs based (000s)	0.0	0.0	0.0	0.0	0.2	0.3	0.5	0.7	0.8	1.0	1.2	1.4	1.5	1.7	1.9	2.1	2.3	2.4	2.6
Employment - people based (000s)	0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.6	0.7	0.9	1.0	1.2	1.3	1.5	1.6	1.8	1.9	2.1	2.2
Net commuting (000s)	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0
Unemployment claimant count (000s)	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Unemployment claimants (% of population aged 16-64)	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
ILO Unemployment level (000s)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
ILO Unemployment rate (%)	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
GVA - Total (£m 2011)	0.0	0.0	0.0	0.0	9.1	18.7	28.8	39.3	50.4	61.9	74.2	86.8	100.2	114.3	128.6	143.9	160.1	175.6	192.5
Resident employment (000s)	0.0	0.0	0.0	0.0	0.2	0.4	0.6	0.8	1.0	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.8	3.0	3.2
Resident employment rate (% aged 16 plus)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economically active	0.0	0.0	0.0	0.0	0.2	0.4	0.6	0.9	1.1	1.3	1.5	1.7	2.0	2.2	2.4	2.7	2.9	3.1	3.3
Economic activity rate (% of population aged 16 plus)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Basingstoke and Deane

Additional Jobs-led Scenario

August 2015

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The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

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1 Introduction

Context

- 1.1 In April 2015, Edge Analytics used POPGROUP (v.4) technology to develop a range of growth scenarios for Basingstoke and Deane. Seven 'core' scenarios were developed for the borough, together with a number of additional 'sensitivity' scenarios, which tested the impact of alternative economic assumptions upon dwelling growth outcomes¹.

Requirements

- 1.2 Edge Analytics has been commissioned by Basingstoke and Deane Borough Council (BDBC) to produce 'core' and 'sensitivity' variants of an additional jobs-led scenario, underpinned by a jobs growth trajectory of 575 per year.

Note Content

- 1.3 This short note presents the population, household and dwelling growth outcomes suggested by an additional **Jobs-led 575** scenario, with outputs presented for Basingstoke and Deane Borough Council's 2011—2029 Local Plan period. Scenario outputs from the April 2015 report are included for comparison.

¹ Edge Analytics, April 2015, *Basingstoke and Deane: Demographic Forecasts*

2 Scenario Development

Introduction

- 2.1 This note presents 'core' and 'sensitivity' variants of an additional **Jobs-led 575** scenario for Basingstoke and Deane, with scenarios from the April 2015 report included for comparison.

Core scenarios

- 2.2 The following core scenarios are presented:

Official Projections

- 2.3 The **SNPP-2012** scenario replicates the 2012-based, 'official' population projection for Basingstoke and Deane, from the Office for National Statistics (ONS).

Alternative Trend Scenarios

- 2.4 In the **PG-10yr** scenario, internal and international migration assumptions are based on the last ten years of historical evidence (2003/04 to 2012/13).
- 2.5 In the **PG-5yr** scenario, internal and international migration assumptions are based on the last five years of historical evidence (2008/09 to 2012/13).
- 2.6 In the **PG-10yr-5yr** scenario, internal and international migration assumptions are based on the last ten years and five years of historical evidence respectively.

Jobs-led Scenarios

- 2.7 In a 'jobs-led' scenario, population growth is linked directly to growth in the number of jobs available within an area. POPGROUP evaluates the impact of a jobs growth trajectory by measuring the relationship between the number of jobs in an area, the size of the labour force and the size of the resident population. Migration is used to balance the relationship between the size of the labour force and the forecast number of jobs. A higher level of net in-migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. A higher level of net out-migration will occur if the population is too high relative to the number of jobs.
- 2.8 The **Jobs-led 450**, **Jobs-led 600** and **Jobs-led 700** scenarios, presented in the April 2015 report, linked population growth to an annual jobs growth target of 450, 600 and 700 respectively. In the additional **Jobs-led 575** scenario, population growth is linked to a jobs growth trajectory of 575 per year.
- 2.9 Three key data inputs are required to evaluate a jobs-led scenario, linking jobs growth to likely population change; economic activity rates for each year of the forecast period; a corresponding unemployment rate to estimate the portion of the labour force that remains out of work; and a commuting ratio, which estimates the balance between the number of jobs available and the size of the resident labour force.
- 2.10 Each of the core scenarios, including the core **Jobs-led 575** scenario, is underpinned by the following economic assumptions:
- The 2011 Census economic activity rates for Basingstoke and Deane, by sex and five year age-group (ages 16-74), are applied in 2011, with uplifts applied (to 2020) to account for changes to the State Pension Age (SPA).
 - The 2011 Census commuting ratio for the borough (1.06) is applied throughout the 2014—2029 forecast period.
 - The unemployment rate for the borough is incrementally reduced throughout the 2014—2029 forecast period (from 5.0% to 3.3%) to account for economic recovery.
- 2.11 Further detail on these data items is provided in Appendix B of the April 2015 report.

Economic Sensitivity Scenarios

2.12 Additional jobs-led (450, 600, 700 and 575) 'sensitivity' scenarios test the impact of alternative economic activity rate and commuting ratio assumptions on population and household growth:

- **SENS1:** the 2011 Census economic activity rates for Basingstoke and Deane (for the aggregate 16-74 age-group) are applied in 2011, and remain fixed at their base level. The 'core' commuting ratio and unemployment rate assumptions are applied.
- **SENS2:** the 2011 Census economic activity rates for the borough (for the aggregate 16-74 age-group) are applied, with the 2001—2011 trend continued after 2011. The 'core' commuting ratio and unemployment rate assumptions are applied.
- **SENS3:** the 2011 Census commuting ratio for Basingstoke and Deane is applied, and incrementally reduced by 5% over the 2014—2029 forecast period. The 'core' economic activity rate and unemployment rate assumptions are applied.

2.13 Further details on the core and sensitivity economic assumptions are provided in the April 2015 report.

Household Growth

2.14 In Edge Analytics' April 2015 report, the household growth implications of each scenario were assessed using assumptions from the 2012-based household projection model from the Department for Communities and Local Government (DCLG). Sensitivities were also run to examine the alternative household growth implications suggested by the previous 2008-based and 2011-based interim DCLG models:

- In the **HH-12** scenarios, the DCLG 2012-based headship rates were applied.
- In the **HH-08** scenarios, the DCLG 2008-based headship rates were applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter.
- In the **HH-11** scenarios, the DCLG 2011-based headship rates were applied, scaled to be consistent with the 2011 household total from the 2012-based DCLG projections, but following the original trend thereafter and trended after 2021.

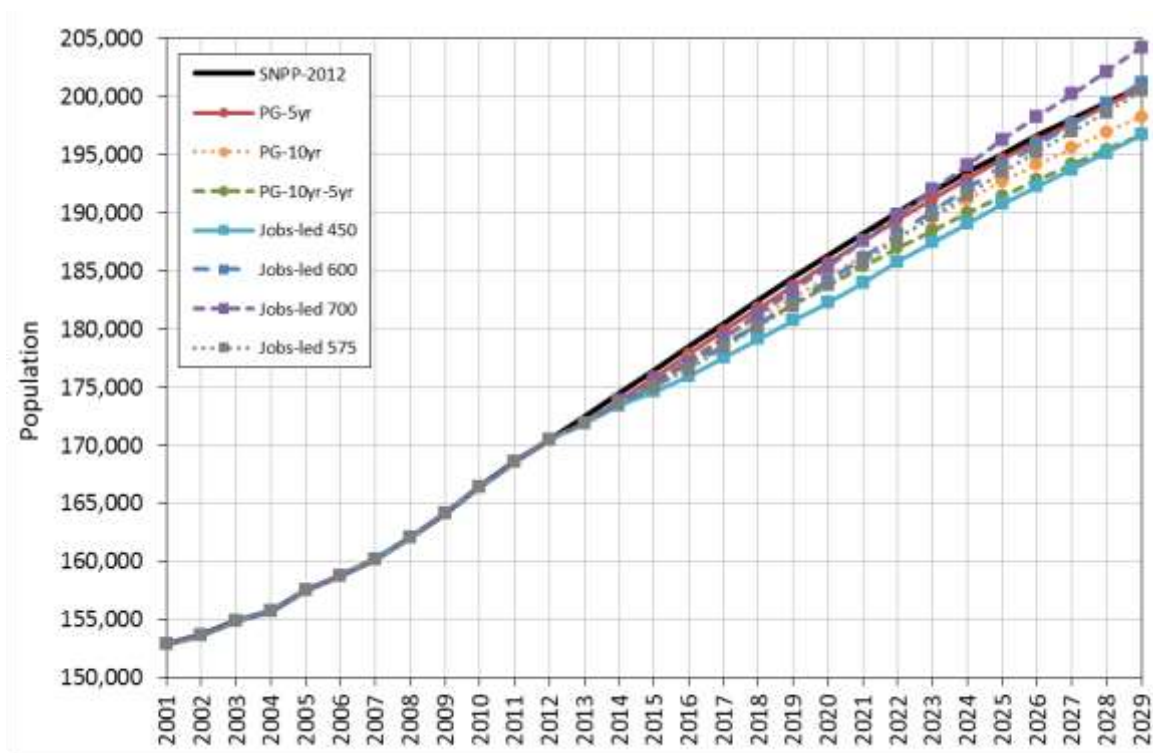
- 2.15 The dwelling growth implications of these different household growth trajectories were assessed through the application of an area-specific vacancy rate of 2.3%, from the 2011 Census. The alternative **HH-08** and **HH-11** dwelling requirements were then averaged (to provide an annual dwelling requirement for each scenario) and compared to the equivalent **HH-12** dwelling requirement.
- 2.16 To assess the household growth implications of the additional **Jobs-led 575** scenario, the same assumptions from the 2012-based, 2008-based and 2011-based DCLG household projection models have been applied, producing **HH-12**, **HH-08** and **HH-11** outcomes.
- 2.17 Further details on these assumptions are provided in Appendix B of the April 2015 report.

3 Scenario Outcomes

Introduction

- 3.1 A detailed summary of the results of each scenario is provided in the form of a chart and an accompanying table of statistics (Figure 1).
- 3.2 The chart illustrates the trajectory of population change resulting from each of the core scenarios, for the time-period 2001—2029.
- 3.3 The table summarise the change in population and household numbers that result from each of the core and economic sensitivity scenarios, for BDBC's 2011—2029 Local Plan period. All scenarios have been run to a 2029 horizon, with historical data included for the period 2001—2013. Within the table, the scenarios are ranked according to the estimated level of population change over the Plan period. The table illustrates the average annual net migration associated with the population change, plus the expected average annual dwelling and jobs growth based on the assumptions used in each scenario.

Basingstoke and Deane



	Scenario	Change 2011 - 2029				Average per year		
		Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Jobs
Demographic	SNPP-2012	32,318	19.2%	16,461	23.6%	816	936	563
	PG-5yr	32,124	19.1%	15,585	22.4%	773	886	543
	PG-10yr	29,697	17.6%	14,661	21.1%	621	834	522
	PG-10yr-5yr	28,108	16.7%	14,293	20.5%	579	813	453
Employment	Jobs-led 700	35,631	21.1%	17,667	25.4%	991	1,004	666
	Jobs-led 600	32,632	19.4%	16,513	23.7%	844	939	577
	Jobs-led 575	31,882	18.9%	16,225	23.3%	807	922	555
	Jobs-led 450	28,132	16.7%	14,779	21.2%	623	840	444

Note: household and dwelling estimates are based on **HH-12** assumptions

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: outputs for the **Jobs-led 575** scenario are shaded.

Figure 1: Basingstoke and Deane: core demographic and employment scenario outcomes (**HH-12**)

Scenario Summary

3.4 The dwelling growth outcomes for each of the core and economic sensitivity scenarios are presented in Table 1. The alternative dwelling requirements suggested by headship rate assumptions from the 2012-based household model (**HH-12**), the 2008-based household model (**HH-08**) and the 2011-based household model (**HH-11**) are compared.

Table 1: Basingstoke and Deane: dwelling growth requirements comparison

	Scenario	Average Annual Dwelling Requirement (2011–2029)			
		HH-08	HH-11	Average HH-08 & HH-11	HH-12
Demographic	SNPP-2012	1,021	934	977	936
	PG-5yr	990	902	946	886
	PG-10yr	921	830	876	834
	PG-10yr-5yr	896	812	854	813
Employment	Jobs-led 700	1,092	1,000	1,046	1,004
	Jobs-led 600	1,026	936	981	939
	<i>Jobs-led 700 SENS1</i>	<i>1,013</i>	<i>925</i>	<i>969</i>	<i>926</i>
	Jobs-led 575	1,009	920	964	922
	<i>Jobs-led 600 SENS1</i>	<i>943</i>	<i>858</i>	<i>900</i>	<i>857</i>
	<i>Jobs-led 575 SENS1</i>	<i>925</i>	<i>841</i>	<i>883</i>	<i>840</i>
	Jobs-led 450	926	840	883	840
	<i>Jobs-led 700 SENS2</i>	<i>925</i>	<i>840</i>	<i>883</i>	<i>839</i>
	<i>Jobs-led 700 SENS3</i>	<i>892</i>	<i>809</i>	<i>850</i>	<i>807</i>
	<i>Jobs-led 600 SENS2</i>	<i>856</i>	<i>774</i>	<i>815</i>	<i>771</i>
	<i>Jobs-led 575 SENS2</i>	<i>839</i>	<i>758</i>	<i>798</i>	<i>754</i>
	<i>Jobs-led 450 SENS1</i>	<i>837</i>	<i>757</i>	<i>797</i>	<i>753</i>
	<i>Jobs-led 600 SENS3</i>	<i>828</i>	<i>748</i>	<i>788</i>	<i>744</i>
	<i>Jobs-led 575 SENS3</i>	<i>813</i>	<i>733</i>	<i>773</i>	<i>729</i>
	<i>Jobs-led 450 SENS2</i>	<i>752</i>	<i>675</i>	<i>714</i>	<i>669</i>
	<i>Jobs-led 450 SENS3</i>	<i>733</i>	<i>657</i>	<i>695</i>	<i>650</i>

Note: scenarios have been run with historical data included for the period 2001–2013.

Note: core scenarios are highlighted in **bold**, economic sensitivity scenarios are highlighted in *italics*.

Note: outputs for the **Jobs-led 575** scenario (core and sensitivity) are shaded.

APPENDIX 9: Affordable Housing Needs Assessment (August 2015)

Summary

- This updated affordable housing needs assessment has been carried out in close accordance with the methodology in the National Planning Practice Guidance (NPPG).
- It estimates the current (backlog) level of need for affordable housing as 2,493 households. The current affordable housing supply is 2,034 homes. The net current need is therefore 459 households, which if met over the remaining 14 years of the Local Plan requires delivery of 33 affordable homes per annum.
- It forecasts the likely level of future need for affordable housing as 802 homes per annum. It makes a deduction for the future annual supply of affordable housing through re-lets and re-sales (525 homes per annum) to identify an annual net figure for newly arising need of 277 affordable homes per annum.
- The total affordable housing need for the borough is therefore 310 homes per annum.

1. Introduction

- 1.1. The council has produced a number of previous housing needs assessments which were published in the Strategic Housing Market Assessment (March 2014) and the update report (May 2015). These housing needs assessments were produced following the approach set out in the 2007 SHMA Practice Guidance.
- 1.2. In response to comments made as part of the mid-examination consultation in May/June 2015, the council has updated affordable housing needs assessment to more closely accord with the methodology set out in the Planning Practice Guidance. This includes an estimation of the number of current households who are in need of affordable housing and the projected number of households who will be in need of affordable housing in the future. The current and projected supply of affordable housing to meet housing need is then deducted, resulting in an overall level of affordable housing need (expressed as an annual figure).
- 1.3. This housing needs assessment draws from the data sources set out in the NPPG (and wider data) including the census, the council's housing register, and national publications such as the English Housing Survey. The most up to date information has been used to produce the estimate of housing need, so census figures have been modelled forward from 2011 to 2015 and the council's housing register at August 2015 has been used.
- 1.4. This report presents the calculations and results of each stage of the housing need assessment, in accordance with the NPPG. An annual estimate of the affordable housing need in the borough is calculated.

2. Affordability

- 2.1. The SHMA Update May 2015 presents information on house prices (see chapter 5) and provides an analysis of the affordability of housing within the borough (see chapter 7). It includes detailed affordability modelling of the different housing tenures including owner occupation, private rent and intermediate housing. Paragraph 7.13 of the SHMA Update sets out that housing costs are considered to be affordable as long as they comprise no more

than 33% of gross income. The NPPG sets out that affordability should be tested against cost of entry level market housing, which is lower quartile housing and that the process '*...should identify the minimum household income required to access lower quartile (entry level) market housing ...*' (NPPG ID: 2a-025).

- 2.2. The May 2015 study identified the minimum household income required to access lower quartile market housing in both market tenures – home ownership and private rent. As the income required for private rent is lower than for owner-occupation in Basingstoke and Deane, it becomes the market boundary.

Owner occupation

- 2.3. Lower quartile house prices in Basingstoke and Deane were £170,000 in 2014. A number of scenarios with different deposits and mortgage multipliers were modelled in Chapter 7 of the SHMA Update 2015 to test the ability of different income levels to afford a lower quartile property. This modelling was based on differing levels of deposit (5%, 10% and 25%) and different income multipliers for the mortgage (3.5 times, 4 times and 4.5 times). In general terms, higher deposits and lower income multipliers are preferred because the mortgage repayments, relative to household incomes are less and therefore are more affordable to the household, carrying lower levels of risk to the mortgage lender. The government's 'help to buy' scheme is assisting some households to access to the owner-occupied sector as it has made mortgages available for people with only a 5% deposit, however its impact is limited and requires a greater level of household income than are required with lower deposits.
- 2.4. Market research indicates that a 10% deposit would be representative of the level of deposit required by young households to access owner occupation. A 10% deposit for a lower quartile property equates to £17,000 leaving a mortgage requirement of £153,000. Based on a mortgage of 4 times income, the level of required income to access owner occupation is £38,250. This means that access to owner occupation is unaffordable to 49.4% of households in Basingstoke and Deane (table 2.2).

Private rented sector

- 2.5. Private rented properties are more affordable and therefore easier to access than owner occupation. In many cases, households who do not have sufficient savings to purchase, do have sufficient income to rent housing privately without support. Thus the availability of capital for a house purchase deposit does not impact on the overall assessment of affordable housing need as private rent is the boundary between the market and affordable sectors (it is recognised that a deposit is required to rent, albeit much smaller, and so not a significant barrier to entry to the private rented sector). This means the affordability test used for the affordable housing needs model is based only on the income required to access market housing.
- 2.6. Table 7.6 of the SHMA Update May 2015 sets out the costs of entry level private rented properties as well as the incomes that are required to afford them. Based on the assumption that a household spends no more than 33%¹ of its gross income on housing, approximately 30% of households would not be able to afford entry level private rents within the borough (table 2.2).

¹ Market research indicates that typically tenants spend a third of their income on housing in Basingstoke and Deane.

- 2.7. The income required for entry level intermediate housing (shared ownership) is similar to that of private rent, resulting in a similar level of households (28.3%) not being able to afford intermediate housing and would require social or affordable rented housing (table 2.2).

Overall affordability thresholds

- 2.8. Based on the testing the affordability of the access point to different tenures, table 2.2 sets out the percentage of households who require each tenure. This assumes that households access the highest cost tenure that they can afford. Overall 29.8% of households will be in need of affordable housing, while 70.2% will be able to afford to meet their housing needs in the market sector through either purchasing a property or the private rented sector (table 2.2).

Table 2.2 - Tenure of housing required based on affordability

	Tenure	Percentage of households who cannot afford to access this tenure	Percentage of households requiring this tenure	
Market	Owner occupation	49.4%	50.6%	70.2%
	Private rent	29.8%	19.6%	
Affordable	Intermediate	28.3%	1.5%	29.8%
	Social housing	-	28.3%	
TOTAL			100%	100%

3. Affordable Housing Need

- 3.1. NPPG paragraphs ID: 02a-022-029 explain the methodology for calculating affordable housing need. Affordable housing need is defined as the “number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market”.
- 3.2. The NPPG goes on to set out the types of households to be considered in housing need:
- homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
 - households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);
 - households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ
 - households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;
 - households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Stage 1: Current unmet gross need for affordable housing (NPPG ID: 02a-024)

- 3.3. In order to calculate the gross level of current unmet need for affordable housing, the number of households who are currently in unsuitable housing is first calculated, and then an affordability test is applied to establish how many of these households are unable to afford suitable market housing. Table 3.1 below sets out the number of households in each

of the categories defined in paragraph ID: 02a-024 of the NPPG. The census and the council's housing register are the primary sources of this data and care has been taken to avoid the double counting of households who are in more than one category of housing need.

Table 3.1 - Current Housing Need

Element of housing need (Ref. Paragraph ID: 02a-024 of NPPG)	Source	Number of households from original data source	Double counting adjustment	Revised number of households after double counting removed
Homeless households	Housing Register. ("Accepted homeless" indicator).	36	Double counting should be deducted from the Housing Register number below.	36
Those in priority need who are currently housed in temporary accommodation	The Council's P(1)E return. This includes B&B, hostels, those placed in the private rented sector (rent bond, PSL etc). Snapshot figure at the end of the quarter (Q4: 2014/15 - March 2015).	62	All those who are homeless are placed in temporary accommodation so reduction of 36 homeless. Assumed that all households in temporary accommodation are on the HR, so deduct from Housing Register number below.	26
Overcrowded households	2011 Census 1,592 households x 2.28% (assumes that the increase in the number of overcrowded households in the borough from 2011 – 2015 is equivalent to that shown in the English Housing Survey to 2013/14 (2.28%).	1,628	Double counting deductions: 323 concealed households ² . 619 households on the housing or transfer register ³ .	686
Concealed households	2011 Census 744 concealed families (1.07% of all households): assume this proportion is held constant to 2015 and applied to the number of households forecast by Edge ⁴ (73,004) in 2015.	781	Of the 781 concealed families in the Borough in 2015, need to remove double counting with Housing Register – 427 households.	354
Other households in housing need (including existing affordable housing	General Needs Housing Register. Those households with housing need as	2668	LESS homeless as above (36), less the net of those in temporary accommodation (26).	2606

² 43% of concealed households have children so are more likely to be overcrowded.

³ Defined as overcrowded on the housing register – excluding concealed.

⁴ Based upon Edge PG-10yr-5yr demographic scenario

Element of housing need (Ref. Paragraph ID: 02a-024 of NPPG)	Source	Number of households from original data source	Double counting adjustment	Revised number of households after double counting removed
tenants in need currently housed in unsuitable dwellings)	defined by NPPG and local connection. The total number of households is 3,419: when single people aged 34 and under are deducted this comes to 2,213 ⁵ .			
TOTAL				3708

3.4. It is estimated that there are 3,708 households currently in unsuitable housing or lacking their own housing in the borough.

3.5. A number of these households may be able to afford suitable alternative accommodation within the market sector, so an affordability test has been applied. The income that is required to purchase lower quartile priced properties is £38,250 per year and the minimum annual income that is required to afford lower quartile market rent in the borough is £24,336. If any of these households have an annual income greater than £24,336, then it is considered that they can afford to meet their own needs in the market housing sector.

3.6. For those households that are on the council's housing register, the household income is known and their ability to afford has been tested. For overcrowded and concealed households⁶ not on the housing register their affordability has been tested using the methodology set out in chapter 2 adjusted to reflect that according to the English Housing Survey, the average income of overcrowded households is 70% that of the average income for all households⁷. Using this approach it is estimated that 42.3% of overcrowded and concealed households (not on the register) are unable to afford entry level market housing. Overall, 67.2% of unsuitably housed households or households lacking their own housing would be unable to afford market housing,

Table 3.2 - Affordability of households in unsuitable housing in Basingstoke and Deane

Unsuitable housed households	3708
% unable to afford entry-level market housing (all unsuitably housed households)	67.2%
Households in current need	2493

⁵ These individuals are deemed suitable to form part of a shared household should affordable accommodation not be available for them as a single household. If it is not possible to allocate them an affordable property, they would be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. These households are therefore not required to share, but are likely to have to in housing markets where affordable housing supply is at a premium. As the supply of affordable accommodation is limited in Basingstoke & Deane, it is presumed that any single person households aged under 35 in housing need will not have their need met as a single household but will merge with an existing household to access accommodation.

⁶ As there is a large overlap between overcrowded and concealed households (see table 3.1), it is presumed that their income profiles are similar.

⁷ Obtained from requested bespoke analysis of the EHS.

- 3.7. Taking the affordability test into account, the estimate of the total current need is 2,493 households. It should be noted that 455 of these 2,493 households in current need currently reside in affordable accommodation⁸.

Stage 2: Newly arising affordable housing need (NPPG ID: 02a-025)

Newly forming households

- 3.8. Newly-arising need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. The number of newly-forming households has been calculated (based on demographic projections) and then an affordability test has been applied.
- 3.9. The gross number of new households likely to form in Basingstoke and Deane was calculated using the Edge model. It is based on the gross number of households projected to form in the age range 15 to 44 because after the age 45, household formation rates are very low. The level of household formation has been obtained from Edge's 'PG-10yr-5yr (HH-12)' scenario which has informed the council's objectively assessed need. The annual gross level of household formation for the period 2016-2021 is 1,484 households per annum, and for the period 2021-2026 is 1,476 per year. For the purposes of the housing needs assessment, the higher and more immediate figure is used.
- 3.10. Data from the English Housing Survey indicates that the income of newly forming households is around 84% of the figure for all households⁹. Applying this ratio to the affordability modelling, it is estimated that 38.7% of newly forming households will be unable to afford lower quartile market housing.

Table 3.3 - Newly arising need from new household formation

Number of newly forming households per year	1484
Proportion requiring affordable accommodation	38.7%
Number of newly forming households requiring affordable accommodation per year	574

Existing households

- 3.11. The number of existing households falling into need is based on the recent trends of the number of households who have been accepted on the council's housing register and the number of applicants who have obtained intermediate housing.
- 3.12. Over the last four years 1,781 households have been accepted onto the housing register (an average of 445 households per year) in bands 1-4 reasonable preference (excluding households transferring within the affordable sector). This means that they have a housing need and a local connection.

⁸ Sourced from BDBC's housing register

⁹ Using the data in the table FA4211, the median income of newly forming households can be modelled, presuming that the distribution within each income band is evenly spread. This results in a median weekly income of £401.19 for the HRP (and partner) of newly forming households. This can be compared to the median weekly income for the HRP (and partner) of all moving households as set out in table FA4145, which results in the figure of 84%.

- 3.13. It is recognised that some of the households who have been added to the register will be newly forming households, so will be included in the 574 identified in table 3.3. In order to avoid double counting those newly forming households who have applied to be on the housing register, a proportion of the newly arising need has been deducted from the total households added to the register, leaving only existing households who have fallen into need as set out below.

Table 3.4 - Current Tenure of Housing Register Applications

Type of household	Current Tenure of Housing Register Applicants	Percentage of all Housing Register Applications
Existing households falling into housing need		56.5%
Newly forming households in housing need		43.5%
TOTAL		100%

- 3.14. Of the 445 households added to the register each year, 56.5% of applicants are from existing households falling into need, which equates to 251 per year.
- 3.15. Likewise, some of the households who have obtained intermediate housing will have been newly forming households, so will be included in the 574 identified in table 3.3. In order to avoid double counting those newly forming households in need of intermediate housing, a proportion of the newly arising need has been deducted, leaving only existing households who have fallen into need.

Table 3.5 - Current Tenure of Intermediate Housing Applications

Type of household	Current Tenure of Intermediate Housing Applicants	Percentage of all Intermediate Housing Applications
Existing households falling into housing need		55.7%
Newly forming households in housing need		44.3%
TOTAL		100%

Source: SHMA update 2015 p.139

- 3.16. Analysis of intermediate housing applicants (table 3.5) illustrates that 55.7% of applicants are existing households and the remaining 44.3% of applications are considered to come from newly forming households, which have already been accounted for.
- 3.17. Over the last five years 403 households have successfully applied for intermediate housing, which equates to an average of 81 households per year. 55.7% of these are from existing households falling into need, which equates to 45 per year.

Table 3.6 - Newly arising need from existing households

	Number of applicants per year	Percentage of applicants who are existing households	Existing households falling into need
Existing households falling into need (from the housing register) per year	445	56.5%	251

Existing households falling into need (for intermediate housing) per year	81	55.7%	45
Total number of existing households falling into need per year			296

3.18. Using the income information held on these households on the housing register, each are tested for their ability to afford market housing locally. This indicates that of these 296 households in housing need each year 77% could not afford market accommodation. The total annual newly arising need from existing households is therefore 228 as set out below

Table 3.7 - Affordability of newly arising need from existing households

Number of existing households potentially in need per year	296
Proportion requiring affordable accommodation	77%
Number of existing requiring affordable accommodation per year	228

3.19. It is therefore concluded that there will be following level of newly arising need.

Table 3.8 - Newly arising need (NPPG ID: 02a-025)

Number of newly forming households requiring affordable accommodation per year	574
Existing households falling into need per year	228
Total newly arising housing need (gross per year)	802

Stage 3: Current affordable housing supply (NPPG ID: 02a-026)

3.20. Some of the households identified in stages 1 and 2 will have their needs met by affordable housing stock that is available now or in the pipeline as future supply.

3.21. The NPPG sets out in paragraph 026 that the affordable housing supply can be identified by:

- identifying the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- identifying surplus stock (vacant properties);
- identifying the committed supply of new affordable units (social rented and intermediate housing) at the point of the assessment (number and size);
- identifying units to be taken out of management (demolition or replacement schemes that lead to net losses of stock).

Table 3.9 - Current affordable housing supply

Affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need	455
Surplus stock (vacant properties)	0
Committed supply of new affordable units (social rented and intermediate housing)	1,579
Units to be taken out of management (demolition or replacement schemes that lead to net losses of stock)	0
Total supply	2,034

- 3.22. The number of affordable dwellings that are going to be vacated by current occupiers is derived from the number of transfer applicants on the housing register. These properties will become available when their current occupiers are re-housed hence they are included as part of the current supply as set out in table 3.9 above. The figure of 455 is derived in para 3.7.
- 3.23. At the time this housing needs assessment is being undertaken, the current number of affordable vacant properties within the borough is 60¹⁰ representing around 0.5% of the total affordable housing stock. None of these properties are due to be taken out of management and it is anticipated that all will be let. It is considered that such a low level of vacancies is a result of natural turnover in affordable stock, and that there will always be a level of churn. It is only when the vacancy rate in the affordable stock is in excess of 3% that churn is considered excessive and some of the surplus can be included as potential affordable housing supply. As such, no vacant dwellings have been included in the affordable housing supply.
- 3.24. The committed supply at the point of the assessment is made up of the number of affordable homes with planning permission that have not been started or are under construction. This comprises 1,579 dwellings as recorded through the monitoring of Section 106 agreements.
- 3.25. There are no plans to take any units out of management. A number of regeneration areas have been identified within the Local Plan, but it is anticipated that regeneration would result in a net increase in the provision of affordable homes.

Stage 4: Future housing supply of social and re-lets and intermediate affordable housing (NPPG ID: 02a-027)

- 3.26. Basingstoke and Deane Borough has a relatively high proportion of social housing stock (17.8%) with approximately 13,000 units. Each year a number of social/affordable homes are re-let to new tenants and a number of intermediate homes are either re-let or re-sold in the case of shared-ownership homes. These re-lets and re-sales make up an important element of the affordable housing supply in the borough. The NPPG advises that the average number of re-lets and re-sales over the previous three years should be taken as the predicted future annual supply of re-lets. Table 3.9 demonstrates that the average number of social/affordable re-lets over the last three years is 482 dwellings per year (excluding transfers) and table 3.10 demonstrates that the average number of intermediate re-lets/re-sales is 43 per year (excluding transfers).

Table 3.10 - Number of re-lets (social rented sector)

Year	Number of social/affordable rent re-lets
2011/12	509
2012/13	409
2013/14	528
Average over the past three years	482

¹⁰ According to the HCA's Statistical Data Return, 2014

Table 3.11 - Estimated intermediate supply

	Number of intermediate re-lets / re-sales
Average intermediate rent re-lets over past three years	6
Average shared ownership re-sales over past three years	37
Total intermediate supply (per year)	43

3.27. The total future supply of affordable housing is the sum of the social rented supply and the intermediate supply as set out in table 3.12.

Table 3.12 - Future supply of all affordable housing (per annum)

	Number of affordable re-lets / re-sales
Annual supply of social re-lets	482
Annual supply of intermediate housing	43
Annual supply of all affordable housing	525

Stage 5: Estimate of net annual housing need (NPPG ID: 02a-029)

3.28. This stage brings together all of the elements of housing need and affordable housing supply to calculate the overall level of need for the plan period. The following sub-stages are undertaken in accordance with the NPPG paragraph ID: 02a-029.

3.29. Stage 5.1: Firstly, the net current need must be calculated by subtracting the current supply from the current unmet gross need for affordable housing. $[2,493 - 2,034 = 459]$

3.30. Stage 5.2: Then this figure must be converted into an annual flow. The Local Plan period is 2011-2029, meaning that there are fourteen years remaining in the plan period to meet the need. $[459 \div 14 = 33]$

3.31. Stage 5.3: Finally the total annual need for affordable housing is calculated by adding together the annualised current need figure and the annual newly arising need figure. Then the future supply from re-lets is subtracted to leave a total gross figure for annual need for affordable housing. $[802 + 33 - 525 = 310]$

Table 3.13 - Results of the affordable housing needs model

Stage in calculation		Source of figure
Stage 1: Current unmet gross need for affordable housing (Total)	2,493	Table 3.2
Stage 2: Newly arising affordable housing need (Annual)	802	Table 3.8
Stage 3: Current affordable housing supply (Total)	2,034	Table 3.9
Stage 4: Future housing supply (Annual)	525	Table 3.12
Stage 5.1: Net current need (Total)	459	(Stage 1 - Stage 3)
Stage 5.2: Annualise net current need (Annual)	33	(Stage 5.1 / 14)

Total gross annual need (Annual)	980	(Stage 1/14 + Stage 2)
Total gross annual supply (Annual)	670	(Stage 3/14 + Stage 4)
Total gross annual need for affordable housing (Annual)	310	(Stage 2+ Stage 5.2 - Stage 4)

4. Conclusion

- 4.1. The total objectively assessed need for affordable housing in Basingstoke and Deane is **310 dwellings per annum.**