

Letter re Economic Work

The Council has reviewed some of the submissions made to the local plan. A number of these raise issues regarding employment forecasts, and the alignment of housing provision with expectations for how the economy might perform. In discussion with other authorities across the HMA, we have therefore jointly commissioned GL Hearn to review the existing evidence regarding economic growth potential and the potential implications of this on housing need. I thought it would be helpful to provide an early indication of the emerging findings from this work in advance of the next week's hearings.

GL Hearn's work has sought to interrogate the two economic projections set out in the SHMA Addendum (H008). Neither the Addendum itself nor other parts of the evidence base included an interrogation and comparison of economic forecasts.

The emerging work is raising some particular questions regarding the accuracy of the forecast figures for employment growth between 2011 – 2013. Over this period the Cambridge Econometrics' forecasts showed growth in employment of 24,300. Experian forecast growth of 11,900. However we now have actual data, with ONS workforce job figures showing growth of 7,000 across the HMA between 2011-13. These issues impact both figures at an HMA level and for Warwick District.

The data for this two year period has a particular impact on the forecasts over the plan period, and the difference between the two forecasts. Taking account of what effectively looks like an inaccuracy in the employment data for the 2011-13 period, GL Hearn has rebased the economic-led projections set out in H008 to project employment growth forwards from 2013 onwards, given that we have now economic and demographic evidence which provides a baseline position in 2013.

The emerging results of these updated projections are shown below. At an HMA level, both fall the identified Objectively Assessed Need for 4,004 homes per annum. GL Hearn's initial view is however that the long-term forecasts (from 2013 onwards) provide a reasonable set of parameters for employment growth in the HMA.

Economic-Driven Projection – Experian

	Households (2011)	Households (2031)	Change in households	Per annum	Dwellings (per annum)
Warwick	58,712	69,040	10,328	516	533
Coventry/Warwickshire	360,011	427,210	67,199	3,360	3,494

Economic-Driven Projection – Cambridge Econometrics

	Households (2011)	Households (2031)	Change in households	Per annum	Dwellings (per annum)
Warwick	58,712	71,581	12,868	643	665
Coventry/Warwickshire	360,011	436,761	76,750	3,838	3,991

For Warwick District, GL Hearn has considered other evidence regarding economic growth potential including the Employment Land Review Update (EC03). The evidence suggests that plan's policies for housing and employment growth remain aligned.