Shepway LDF Core Strategy

CABINET REPORT APRIL 2011

APPENDIX 1:

STRATEGIC REQUIREMENT

Shepway LDF Core Strategy:

Strategic Requirement April 2011

1. Introduction

1.1 This paper notes Shepway's long-term strategic requirements in terms of overall levels of development need in the LDF Core Strategy. It forms the technical backdrop in terms of a justification through demographic analysis of social and economic factors. It is partnered by the paper examining key locational and distributional influences on the strategy and types of development (Development Distribution note forming Appendix 2 of the Cabinet Report April 2011).

1.2 The paper sets out the background and identified options in terms of the district LDF Core Strategy and the population make-up of Shepway. It is then structured around consideration of the ability to provide positive social and economic conditions under contrasting future demographic scenarios, and concludes in relation to the most appropriate long-term level of development (especially house building options).

1.3 The LDF Core Strategy is subject to statutory Sustainability Appraisal. This occurs in stages reflecting the incremental production of the Core Strategy. The recommendations below will be examined in Sustainability Appraisal work, and flow from previous Sustainability Appraisal consideration (see Appendix 4 of the Cabinet Report April 2011).

1.4 Full demographic information can be found via (Deprecated)

2. Demographics background

2.1 Demographic change, alongside macroeconomic factors, is a fundamental driver behind local development needs. The population, its size, makeup and variations over time reflect the outcomes of shifts in how people live their lives: major changes in 'typical' personal circumstances and relationships, and life expectancy and preferred living arrangements with family. This does not happen randomly across society: certain aspects tend to be clearly apparent in individual localities. This may reflect that any individual's needs and requirements change over their lifetime, and there are broad trends of movement that can be observed with reference to Shepway depending on the stage in life of any individual.

2.2 Migration in and out of a district area can be seen as highly natural, given local administrative boundaries do not have the influence over how people make major life decisions that national boundaries generally have. However this part of Kent is notable not only for its proximity to the continental mainland, but also as it is a coastal location that is now highly accessible to the major concentration of people and economic activity based around London. This means it is commonly observed that some younger people in Shepway move away from the district at some stage (most likely for further education or for employment) whilst many older people are attracted to the area as a coastal location.

2.3 The other element apart from migration determining the population of the district is 'natural change'. This can be seen as the net impact of births and deaths.

2.4 In terms of national changes, one well-publicised trend is an increasingly 'ageing society' as people live longer and long-term declines in birth rates. Although personal circumstances vary substantially, for the purposes of aggregate-level evaluation the following summary of

positive and negative implications may result if this transition is not addressed by public policy or major lifestyle shifts[1]:

- Accommodation: there is a close correlation between age and likelihood of living as a household with one or more other people. A decline in the need for family sized properties may arise (although in a locality the nature of housing provision may influence the age profile in the first instance) and growing needs for new forms of accommodation appropriate to older groups.
- Economy: the age structure of a society matters as children and the very elderly are unlikely to partake in paid employment. A decline in the size of the workforce can be expected (although increased older age working has to be considered).
- Services: although stage of life is not the sole determinant of requiring public services, the balance of needs will shift according to the numbers in certain age bands. With an ageing population, a decline in the need for facilities for younger people can be expected. It is possible educational premises may operate at less efficiently than their full capacity, necessitating restructuring of provision. Similarly, there is likely to be an increase in the need for facilities and accessible services for older people. Potentially, social services and health premises may operate at or beyond capacity, if unchanged.
- Certain leisure activities and pastimes may become more popular.
- Other changes within communities as social structures change, for example retired people may have more time available for voluntary work, and greater association with the local environment, with benefits for local charities and neighbourhood facilities[2].
- Transport: Changing patterns of travel and accessibility (e.g. usage of specific bus routes) and growing personal mobility challenges.

For these reasons providers of education, health and social services use demographic projections, which may lead to new models of provision being made. It is expected that the LDF Core Strategy manages development with close regard to the local demographic context, and guides infrastructure planning through working with service providers. Similarly, organisations such as utility companies will use the Core Strategy as the statutory development plans to plan for the infrastructure needs of the population.

2.5 This paper explores the 'local variation' on the ageing population theme, where ramifications of natural change are superimposed locally with distinct migration habitats for people at certain ages. In the context of an established trend of 'churn' of people in/out of not just Shepway, but also Kent, to/from places nationally and internationally, this is a district-wide analysis, rather than focusing on the distribution and spatial delivery of development which is addressed elsewhere (other Appendices to Cabinet Report April 2011).

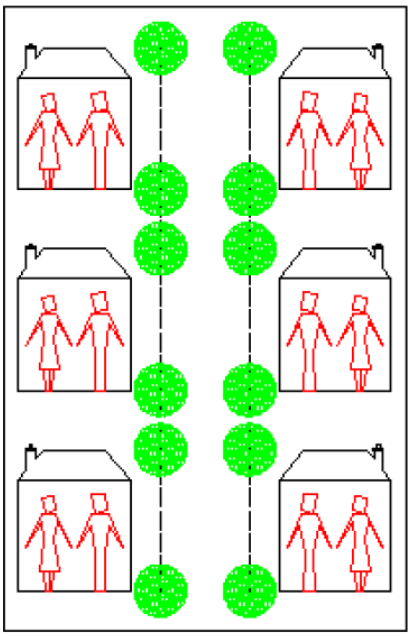
2.6 One vital element to understand from a planning perspective is the changing relationship between houses, number of households and total population. Growing numbers of single people, (whether due to forming families later, separations in relationships or bereavement) and smaller families (few people with many children) mean the average number of people living in each house is steadily decreasing. In essence this means a choice between keeping the population steady (more houses) or keeping to approximately the existing number of dwellings (lower population). This is explored in the following illustrations.

2.6 The illustration below depicts a street that currently has six houses with two people in each house, which is not at all unusual in Shepway. Let's call this situation 1 and note there are twelve people in total:

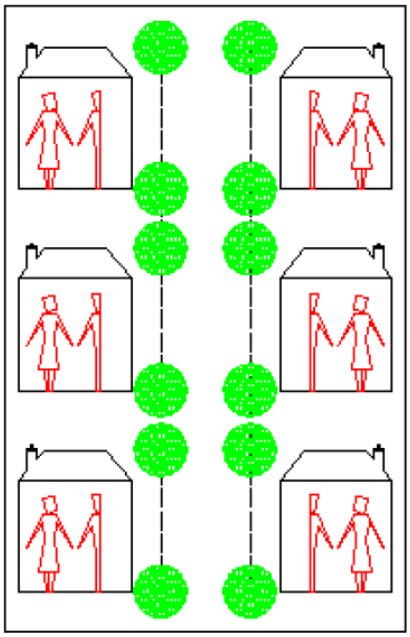
[1] KCC 'The Older People of Kent' (November 2008)

[2] This assertion has some empirical support for particular activities: See Annex 2 about older people's behaviour and opinions in Kent.

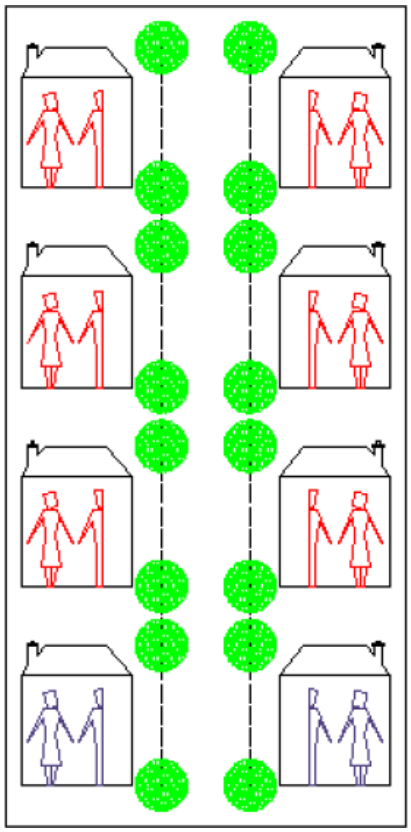
Situation 1



2.7 Now let's look at the future. The street may be unchanged, however the community has changed. Every other household in now made up of a single person, which are increasingly common households for a number of reasons. There are now on average 1.5 people per house as shown below. The street now totals nine people and can be called future situation 2a.



2.8 The reduction in the number of people has come about through no particular local objective or action by public organisations. However it means there are now three less people in the street with jobs or expenditure to support local business, and a quarter less of some forms of government spending on services for remaining residents. However some development may be acceptable under the planning system, and a couple of additional houses are shown in the street below.



2.9 This shows all the (eight) houses in the street occupied at the same level as in future situation 2a. This outcome (future situation 2b) can be compared with the current situation (situation 1). There has been housing development but the total population is unchanged. This would not reduce public services and would not put additional pressure on shared infrastructure, and may help maintain expenditure in the economy and employment. This paper explores this and associated principles - particularly the age make-up of the population - further on the district-wide scale through specific demographic calculations.

2.10 The balance between these two future scenarios (2a restrain development, and 2b maintain population) is explored here through the testing of options, but this is likely to be one of the most important decisions facing many local authorities. There is no uniformly appropriate answer, but the answer must reflect local circumstances and views on the environment, infrastructure, community needs and economy of a locality.

2.11 A summary is provided in Annexe 1 of further demographics of Shepway, and key elements of movements in/out of the district in the previous five years. A 2006 snapshot to provide context for this paper is shown below:

Table 1: Shepway demographic picture (2006)

2006	Shepway District	The Urban (Folkestone & Hythe) area	The Romney Marsh area	North Downs area
Population	99,000	60,600	20,800	17,600
Dwellings	44,700	27,900	9,400	7,400
Households	43,400	27,100	9,000	7,300

2.12 This table shows that in 2006 average household size was slightly over two people per household. Situation 1 above is for illustrative purposes only, but it is considered the general degree of change used in the illustrations (i.e. reduced household occupancy by 25% in 2a/b) are not inconceivable in Shepway in future decades.

2.13 In terms of other contributing factors to population and other features of the district in 2006 Annexe 1 highlights the prominence of migration (movement in and out of Shepway, mostly people moving within the country), which often relates to economic development. Natural change (births and deaths) have long been less significant locally in contributing to population changes than migration, as shown in the example of Kent where most of the increase from the early 1990s onwards has been due to net in-migration to the county (unlike the causes of England's population growth as a whole). It also includes examples of general patterns of behaviour by age. For example, most people moving in and out of the district in 2001 to 2006 were in the broad 25-44 age band. Annexe 1 also shows the age make-up of the population varies significantly across the broad areas of the district.

3. Options for the future

3.1 An outline of an approach to long-term development requirements in Shepway was expressed as a preferred option for consultation in 2009[3]. This was derived from assessment of four strategic options (SO 1 -4), which in turn followed from public consultation on the key issues facing the district in 2008[4]. The third highest degree of change (and new housing) to the district's current development path (labelled SO3) was termed 'a selective approach to change and opportunities'.

3.2 This strategic option was described as an "approach that aims to focus on the needs, quality and sustainability of local settlements, whilst working within environmental and social constraints." Specifically this strategic approach was considered as positive on the following basis:

The Preferred Option is for the Core Strategy to deliver a level of housing and employment development, and associated community, physical and green infrastructure, that is sufficient and necessary as follows:

-to directly provide for the needs of individual broad areas within Shepway
-to encourage the retention of public services and local shops and amenities where demand is potentially declining, especially in more rural areas
-to allow a choice of environmentally efficient premises
-to continue to attract new residents to the district, especially to bolster the local workforce and capitalise on High Speed One rail connections
-to moderate local demographic trends in the age of the population
-to realise desirable opportunities for urban regeneration and retention of key businesses and facilities
-to enable deliverable and desirable growth in the key tourism, creativity and energy sectors
-to help support important local construction, distribution and service industries
-to address housing needs and affordability issues
-to realise resources and opportunities for local environmental improvements.

LDF Core Strategy Preferred Options consultation: 5.12.

3.3 The expected implications in terms of new house building, are outlined. Under the preferred 'selective' approach (SO3) it was estimated an appropriate average level of house building could be 300 to 400 dwellings a year, of which about 15% could be on greenfield land. This was considered the most sustainable level against identified strategic issues, and was selective but positive in the context of alternative options (SO1 from the South East Plan, and SO3 from the district's Strategic Housing Land Availability Assessment[5]). It was expected

[3] LDF Core Strategy Preferred Options consultation document can be viewed via (Deprecated).
[4] LDF Core Strategy Issues and Options consultation summary can be viewed via (Deprecated). In terms of appendices of the report to Cabinet April 2011, Appendices 2 (early focus on locational issues) and 4 (further Sustainability Appraisal work after Preferred Options) are also pertinent.
[5] See SHLAA Consolidated Document 2009/10 via (Deprecated).

to be sufficient to maintain the district's population, but did not flow directly from tailored demographic modelling.

3.4 The outcomes of Preferred Options consultation were reviewed and considered by Cabinet in November 2009, and a work programme agreed. Following this further work, in July 2010 Cabinet re-endorsed the selective approach to strategic development on the basis of a positive relationship with (refined) development objectives, covering issues including:

- An ageing resident population and trend towards smaller households.
- Low wage levels, a lack of high skill jobs, pockets of deprivation and social exclusion, health inequality, and low quality built environments.

Accordingly, to examine all the aggregate implications for residents and businesses of development options, specific demographic modelling has been commissioned and examined. This paper calibrates the headline level of development, particularly housing (and other policy features) needed to confirm proposed strategy under the emerging Core Strategy.

3.5 The findings below are presented through models of a range of new home provision options previously identified by Shepway District Council (undertaken by demographers at Kent County Council). As the intention is to refine the preferred strategic option's range of required housebuilding, these two levels (300 and 400 dwellings per annum equating to *6000 or 8000 dwellings* over a period 2006 to 2026) are tested. This can suggest whether a slightly lower or higher level is appropriate (or confirm in between). To give outer limits, two hypothetical scenarios are generally also presented below. At the lowest end, migration has been effectively taken out of the picture (a *Zero Net Migration* model) to provide a baseline of change[6]. At the upper level, local trends of an average in-migration to Shepway of 620 people per annum, are projected forward: the *Long Term Migration Trend (LT Trend)*[7]*.* The latter scenarios are presented for information and have not been confirmed as desirable or necessarily deliverable options in LDF evidence and emerging policy.

3.6 This is then related to economic research to provide a perspective on the anticipated impact on wage levels, working patterns and aims of maintaining and attracting enterprise. Through this, and supplementary work that can be undertaken in relation to the provision of social infrastructure, the contribution to sustainable development of tackling deprivation and promoting balanced and active communities can be considered.

4. Household size, age and population options

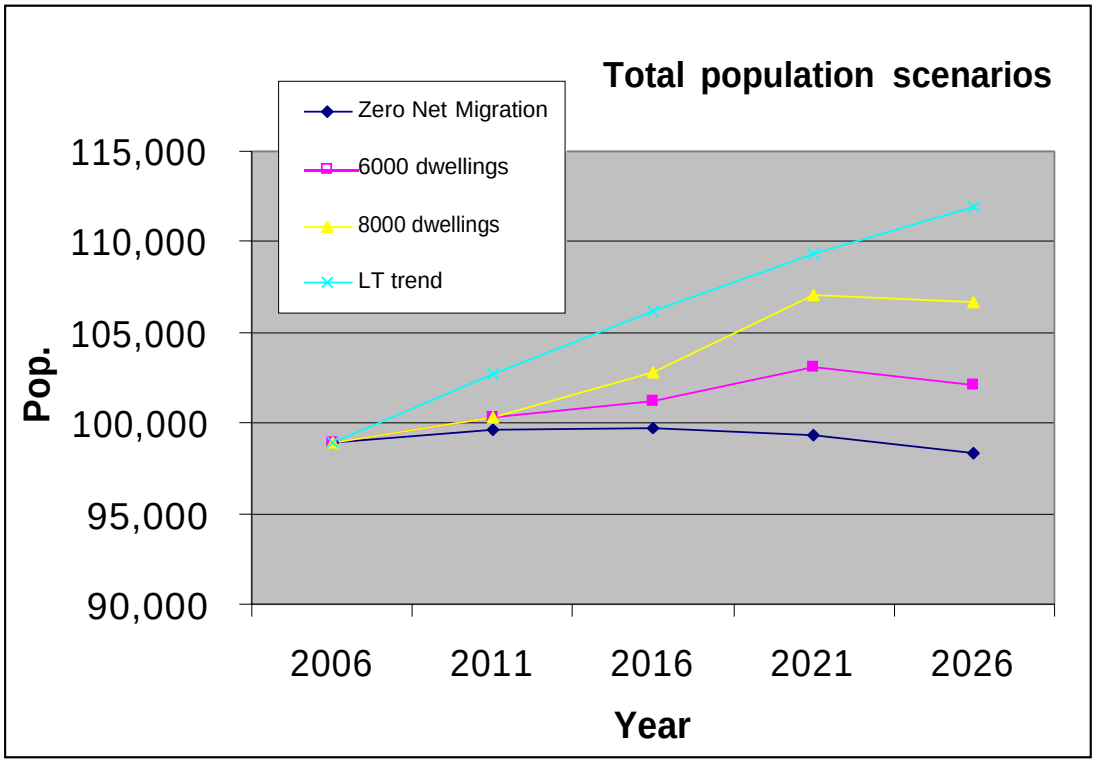
4.1 Examining projected population illustrates some headline outcomes of the scenarios. The chart[8] below shows the divergent impact on the number of Shepway residents, from a 2006 base year, although proportionate change is modest in most scenarios:

[6] The changes under this scenario are primarily from natural population change i.e. deaths of residents outweighing births in Shepway. It is unreasonable to assume no total (natural and migration) net change at all in the district.

[7] This is based, as advised by KCC, on a period from 1991 to 2006 that covers a range of economic and social conditions. This offers advantages over the recent 5 year period used in ONS population projections produced nationally.

[8] The population changes between any specific 5 year period for the 6,000 and 8,000 scenarios are subject to change as the housing trajectory is finalised, although the total population by 2026 would not be.

Chart 1: Shepway population scenarios (2006 baseline)



4.2 All approaches would require new houses to be constructed to varying degrees, but as can be seen this does not necessarily result in a population increase. In the Zero Net Migration scenario there is a slight fall in population, but to meet 'indigenous needs' demographers calculate around 4,300 dwellings would still be needed in the period (over 200 p.a.)

4.3 The average size of households is a powerful illustration of demographic change. The established and clearly continuing trend is for there to be less people on average in each household. The average Shepway household size of 2.23 (2006) people per household is projected to decline to at least 2.04 (LT trend). This is important as it shows that the underlying pressure without development is for the total population of Shepway to decline in size (current households would contain fewer people in future).

4.4 Household size does not illustrate the full extent of changes within the make-up of the population. The balance between different age groups in any local population will have a significant impact on the community through issues such as the working-age population and changes to public services. To simply illustrate the ageing society by just focusing on the change in population make up with reference to indigenous residents, the chart below takes out changes due to net in-migration to Shepway. Focusing on these people, it can be see the population pyramid becomes more top heavy for both male and female (i.e. for older cohorts the coloured bars of 2026 grow beyond their 2006 level as shown by the clear bars).

Chart 2: Shepway's projected age distribution with zero net migration (2026)

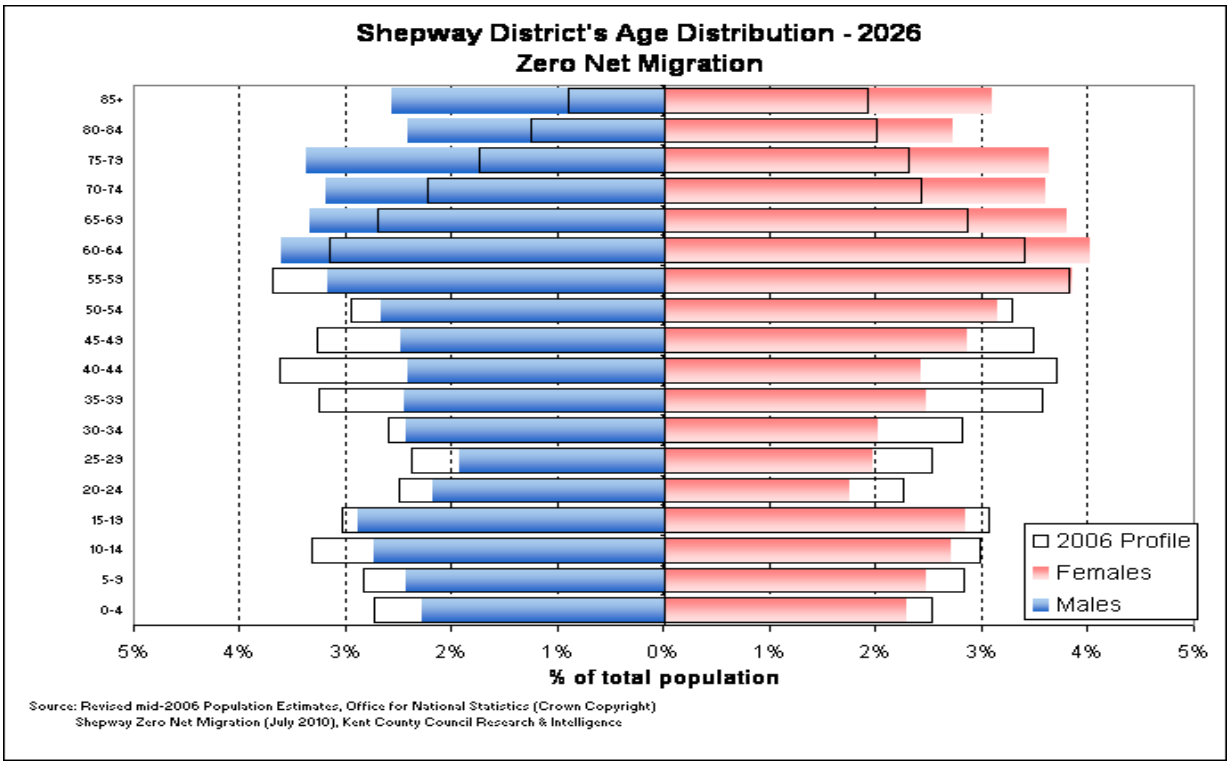
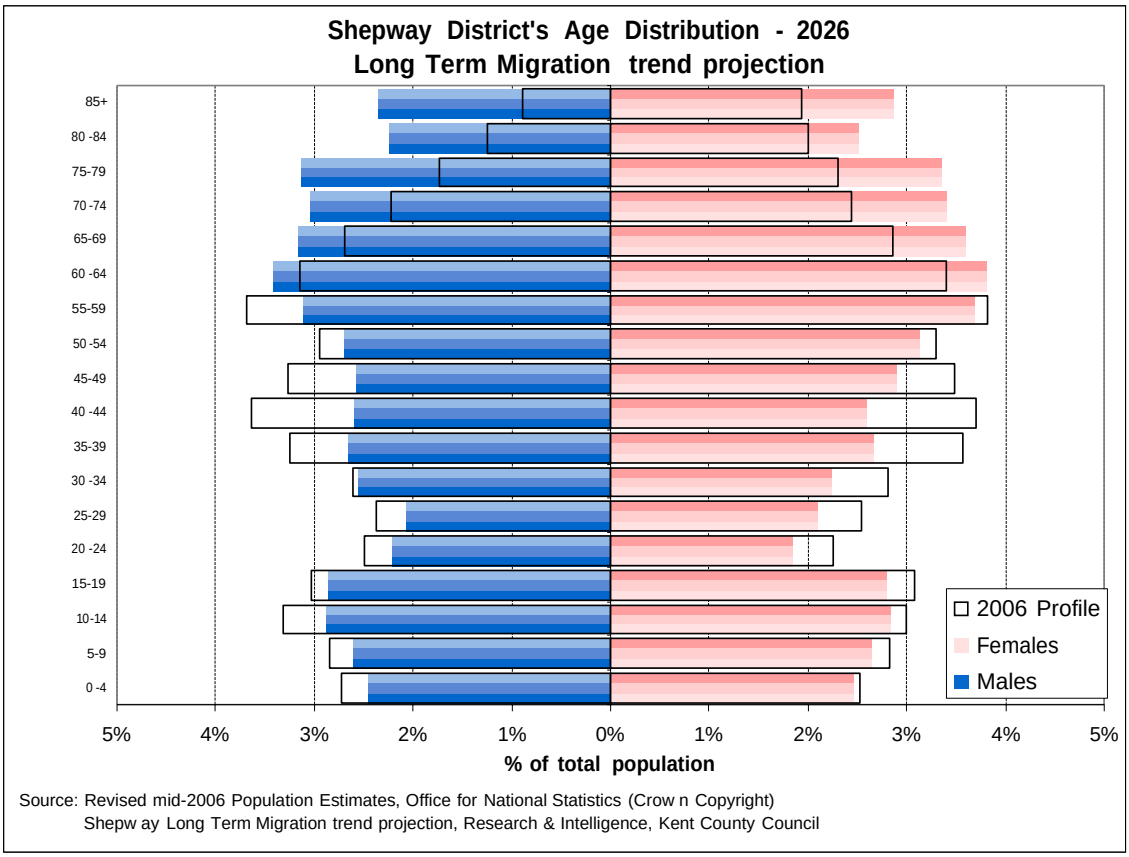


Chart 3: Shepway's projected age distribution with long term migration (2026)



5. Further development implications of demographic change

5.1 An alternative way of looking at the implications of an ageing population, is to look at figures in terms of the age implications of the number of people economically active relative to the number they are 'supporting'. This concept of 'the dependency ratio' is a notion that may often be seen as fairly simplistic when applied to the local level (for example ignoring the natural geography of those working outside of the area in which they live) but illustrates the broad ageing concept. Specific issues around the labour force, changing patterns of activity and local employment trends are examined later in this paper.

Table 2: Dependency ratios and population in 2006, and under scenarios, by 2026

Year: Scenario	Shepway Population	Dependency ratio
2006: Actual	98,956	1.14
2026: Zero Net Migration	98,400	1.43
2026: 300 dwellings pa (6000 total)	102,100	1.41
2026: 400 dwellings pa (8000 total)	106,600	1.40
2026: Long Term trend	111,900	1.38

Source: KCC modelling for SDC

5.2 The 2006 dependency ratio is just above 1 -on average each economically active person in Shepway is supporting 1.14 economically inactive people in Shepway (52,656 economically inactive divide by 46,300 active). It can be seen that like household size, the local dependency ratio is projected to increase significantly under any scenario, although somewhat less so under the higher growth scenarios.

5.3 To investigate the specific outcomes of the scenarios further, the table below looks at the contrasting outcomes the number/proportion of age extremes. It shows that whilst the oldest age group will grow, this could be alongside much more children, or less children. The local situation could be one of a relative loss of children as much as a growth in the numbers of very elderly.

Table 3: Change in frequency of specific age groups 2006 to 2026 under scenarios

Scenario	Total change in 0 to 15 years groups (proportionately)	Total change in aged 85 plus years group (proportionately)
Zero Net Migration	-600 (-1%)	2,800 (99%)
300 dwellings pa (6000 total)	3,200 (3%)	2,800 (102%)
400 dwellings pa (8000 total)	7,700 (7%)	2,900 (105%)
Long Term trend	13,000 (13%)	3,100 (109%)

Source: KCC Modelling

5.4 This is important because of the specific needs of these age groups, for example healthcare. Future requirements for changes to education and childcare are also particularly sensitive to the scenarios. The number of children on this measure may actually decrease with zero net migration (and simultaneously the very elderly will increase). In contrast, the amount of children will increase, and vary by several thousand, in other scenarios. This highlights the importance of Core Strategy decisions in whether the pressure is to open or close primary schools, for instance. The other main message is that the numbers of very elderly, who may have more intensive care needs, are expected to double under any eventuality.

5.5 Demographic projections can be used, in conjunction with information on expected sources of housing supply, to assess proposals to require some houses to be designed with the needs of an ageing population in mind. The rest of this section focuses on Lifetime Homes, a development standard[9] that: *"maximizes utility, independence and quality of life, while not compromising other design issues such as aesthetics or cost effectiveness*". [This is through]: *"design solutions that meet the existing and changing needs of diverse households.*

[9] http://www.lifetimehomes.org.uk/index.php

This offers the occupants more choice over where they live and which visitors they can accommodate for any given time scale."

The SHMA, following examination of previous demographic work and housing needs recommended that Lifetime Homes be introduced by requiring that in developments of ten houses or more, one in five (20%) were built to a Lifetime Homes standard.

5.6 The estimates below compares projections for the total number of people in older age groups, and divides these populations by a liberal calculation of how many Lifetime Homes would be built under these provisions (see Annexe 3).

Table 4: Population and Lifetime Homes projections under growth scenarios

Increase by 2026 in number of people since 2006	***6,000 scenario***		***8,000 scenario***	
	Shepway population	Pop. Divided by Lifetime Homes	Shepway population	Pop. Divided by Lifetime Homes
Population Age 85+	2,836	2.7	2,941	2.1
Population Age 80+	4,722	4.5	4,902	3.4
Population Age 70+	9,932	9.5	10,433	7.3

Source: KCC Modelling and Shepway SHLAA (see Annexe 3)

5.7 It can be seen that there will be thousands of additional older people under these scenarios, although the increase is lower (a smaller proportion of population) under the higher growth scenario. On an optimistic basis, implementing the SHMA recommendation could result in approximately one thousand or more Lifetime Homes. Taking an approach of averaging the potential number of people that may benefit from Lifetime Homes by the possible number of Lifetime Homes available, results in a situation where there would be at least two people per Lifetime Home (Shepway's over 85 population increase). For all age groups this is around the average household size, but it is unlikely to be an appropriate people per housing type ratio for very elderly people who naturally live in small households, very often single persons[10]. Over 70% of people in Kent aged over 85 lived alone in 2006[11].

5.8 Looking at a wider age definition of the elderly, the relative availability of Lifetime Homes becomes scarcer still, with an average of 3 or 4 people over 80 year olds per Lifetime Home, and very few Lifetime Homes indeed compared to the expected number of people over 70 in the population. Some people well under the age of 85 would require Lifetime Home style adaptations to remain living independently, whilst some fortunate individuals may live beyond 85 in good mobility. Nevertheless it is likely that most people aged 85 or more, and a significant minority of other older people, would benefit from Lifetime Homes.

5.9 Lifetime Homes have also been factored into examination of build costs facing Shepway developers[12], on an assumption that dwellings were built to this standard, and have been found to be insignificant alongside other agreed requirements (essentially minimal costs if included at an early design stage). In any event, the increased space and design consideration should benefit all sections of the community. A Lifetime Home will meet the requirements of a wide range of households, including families with push chairs as well as some wheelchair users[13].

[10] It is reasonable to assume some of this section of the community people may not live in individual private dwellings e.g. institutionalised care, but the professional care policy has moved towards independently living (support at home where possible) which is wholly consistent with providing Lifetime Homes. As of 2006, KCC calculate 20% of over 95s in Shepway were resident in a communal establishment. The Lifetime Homes figures above are indicative; study of care patterns is outside the scope of this report, but it is noted that the highest increase by 2026 of people living in all forms of "institution" is calculated at 733 by KCC's modelling of the scenarios here.

[11] KCC (2008) The Older People of Kent. (Deprecated) Chart 22.

[12] See Economic Viability Assessment (February 2011) via (Deprecated).

[13] Lifetime Homes do not replace the pre-existing Wheelchair Homes standard and do not guarantee independent living conditions for such occupants, but it may be of general assistance to the mobility of the physically disabled.

5.10 The above evaluation is indicative, and does not attempt to estimate the occurrence of needs within the elderly. The (maximum) supply of Lifetime Homes is nevertheless put in the context of major increases in the number of elderly people/households. It can be concluded that asking for one in five dwellings in sites of 10 dwellings or more to be Lifetime Homes would make a significant contribution to providing residential accommodation that is flexible to the needs of an ageing population. However the analysis suggests on an outline quantitative basis that it is likely to be the bare minimum required.

6. SUMMARY OF CHANGES IN SOCIAL MAKEUP:

- **The size of average households is projected to decrease notably by 2026 under any scenario, although slightly less so under higher growth scenarios.**
- **The total population of the district would see a modest increase by 2026 under the 6000 (300p.a.) and 8000 (400p.a.) dwelling scenarios, whereas under Zero Net Migration the population would decrease.**
- **The local 'dependency ratio' is set to increase by 2026 under any scenario, although slightly less so under higher growth scenarios.**
- **The future number of children is sensitive to the development scenarios, varying from a possible decrease by 2026 to a significant potential increase.**
- **In contrast, the number of people over 85 years old approximately doubles by 2026 under any scenario.**
- **Under higher growth scenarios, these changes from present levels will be modified as a proportion of overall population (part of a larger total).**
- **Introducing a requirement for some dwellings to be built to Lifetime Homes standards could make a notable contribution towards providing accommodation appropriate to the growth expected in the elderly population, with significantly greater relative availability under higher growth scenarios.**

7. Local economic situation and competitiveness

7.1 Nathaniel Lichfield and Partners examined evidence on the economic performance of Shepway, in undertaking the Employment Land Review (ELR) for the district's LDF. The ELR summarises the current employment and economic situation of the district as follows:

Table 5: Strengths and weaknesses in Shepway's economic structure

Strengths	Weaknesses
Generally low wage levels in the past and low land/building costs.	Few residents with higher-level skills.
Relatively limited out-commuting to work, maximising local labour supply.	High rates of unemployment and particularly long-term urban unemployment.
Relatively high rates of business start-ups.	Relatively low attraction of inward investment and relocations from elsewhere.
Comparatively affordable housing market combined with proximity to attractive countryside.	Small local economy with slower employment growth than surrounding areas.
Strong growth in business, financial and other service activities in some years more recently.	
Parts of Shepway with good transport accessibility to the M20 motorway with good rail links to London, and proximity to the Channel Tunnel for rapid access to mainland Europe.	

Derived from ELR 2011 paras 2.34/6.2and 2.35/6.3.

7.2 This highlights a range of significant factors to the economy and long-term prosperity of the district, including:

- A competitive advantage through low costs (including wages, which however may be linked with some adverse socio-economic features).
- A relatively plentiful local labour supply
- Relative geographic self-containment at present in terms of the labour market and investment (despite the district now having much improved national and international transport links).

Additional to these characteristics, the ELR confirms some major qualitative issues that need to be tackled to ensure competitiveness and to tackle deprivation in the future including skills levels, the long-term unemployed, and the potential to boost employment growth e.g. attract relocations and support local business growth. The ELR proceeds to examine this further in terms of industrial and office space requirements, key sectors and available land. The issue of the ability of the district to provide sufficient numbers of workers is recognised in various places[14], but the main issue historically in the district has been the local level of skills attainment, and this forms the workforce focus in the ELR's conclusions.

7.3 The LDF and technical note here is focused on planning interventions and in particular tools that can influence labour supply conditions. It is necessary to examine the scale of the future workforce, as this along with job requirements from business, will influence (as a matter of supply and demand) wage levels – that has been found to be a key feature of the existing economy. Wage levels are sensitive to prevailing macroeconomic conditions which are not certain looking forward, but in the local context some useful evidence is available through the ELR on the continuation of lower wage businesses, and through the SHMA on wages (most people's primary income) and housing costs. These are considered further below.

7.4 In terms of strategic economic opportunities identified in the ELR, emerging Core Strategy and elsewhere, various studies have examined the potential impact of High Speed 1 rail services. The SHMA documented the transformative impact of this rapid connection to London, and found (para. 10.5.1) that taking empirical indicators into account, on a comparison with other towns an hour away from London, the competitive advantage of places like Folkestone in appealing to commuters is low cost housing in an attractive environment.

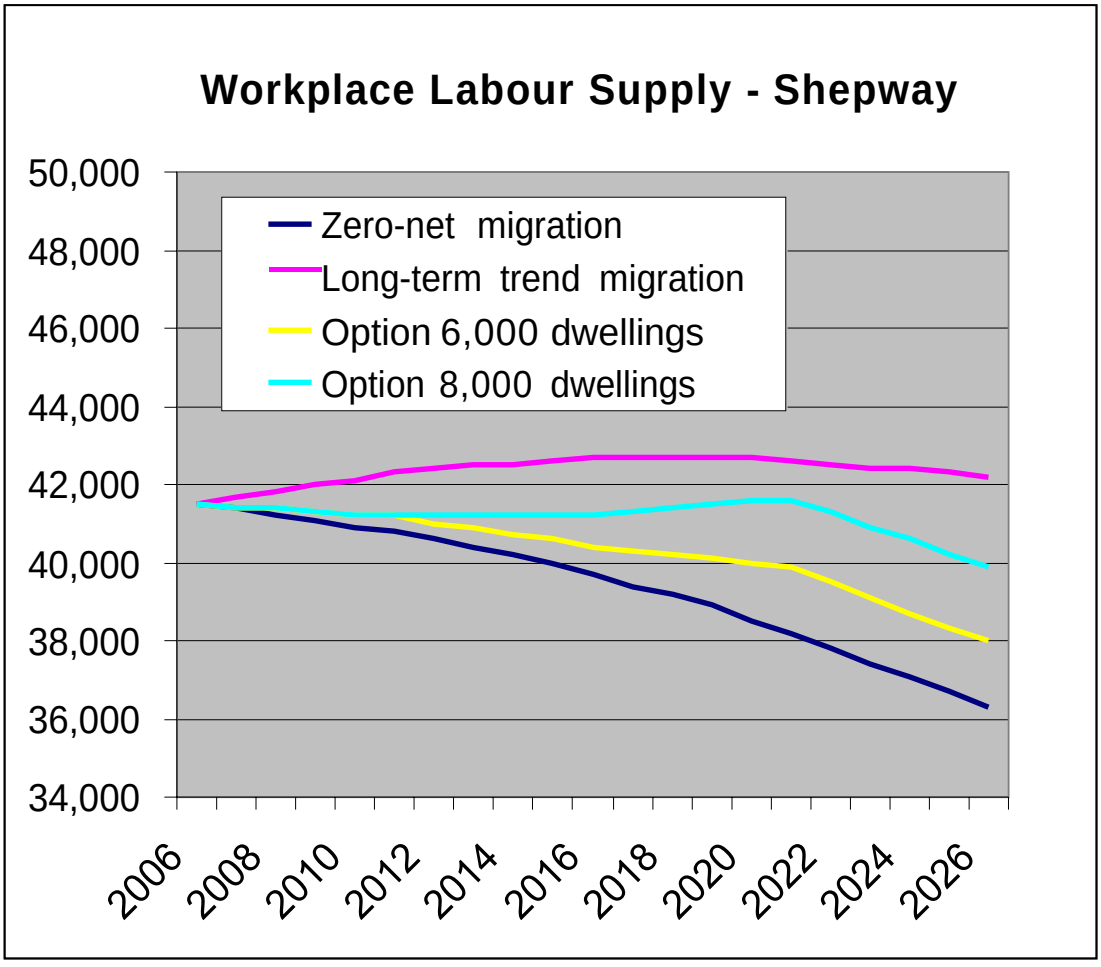
[14] Such as paragraphs 7.20, and 8.7.

The service has now commenced in the setting of a national recession, but it is still considered that the service will prove popular. This infrastructure upgrade provides a pivotal context for the economic development strategy and whether or not to seek to tackle underlying demographic changes, most notably population ageing.

8. Labour market scenarios

8.1 Features of local labour supply and development prospects have a number of connections. The notion of a limited quantity of people as a potential aggregate constraint on retaining local business has been introduced and is outlined further below. KCC demographers have experience modelling labour supply changes as a result of population and age changes, and specific work in this respect has been commissioned as an essential part of the LDF Core Strategy evidence base. This section tests the scenarios for their potential to maximise local labour supply.

Chart 4: Shepway demographic labour supply modelling



8.2 The chart above shows the results of demographic modelling of the labour force. The table below shows this numerically and an estimate of labour demand. The scenarios are focused on the amount of labour available to businesses in Shepway ('workforce' -rather than the amount of labour living in the district. In any instance the results are very similar). This can be conceived as focusing on the needs of local businesses, rather than those who happen to live in Shepway (and may commute elsewhere).

8.3 The results presented below also allow for higher levels of participation by those in older age ranges than has traditionally been the case: grey labour force (60-69 in this instance)[15]. Results are also very similar without this sensitivity.

Table 6: Labour market scenarios (Workforce base, with continued growth in 'grey labour')

Scenario/year	2006	2026	Change (as a proportion)
Labour demand projection	38,800	42,800	4,000 (10.3%)
Labour supply under the following scenarios:	41,500		
Zero Net Migration		36,500	-5,000 (-12.0%)
300 dwellings pa (6000 total)		38,200	-3,300 (-8.0%)
400 dwellings pa (8000 total)		40,100	-1,400 (-3.4%)
Long Term trend		42,400	900 (2.2%)

Derived from ELR 2011 Appendix 6, and KCC.

8.4 The demand and supply projections are from very different sources and care has to be exercised in a direct comparison. Economic estimates (jobs created by business) are notoriously difficult over the long-term[16], and these may or may not prove relatively optimistic in the scale of the increase. However it is clear that the labour supply demographic scenarios show the labour force is projected to decline in size (in absolute terms) under any scenario apart from under the long-term trend growth (illustrated on the previous chart). It is almost maintained under the 400 dwellings per year (8,000 total) scenario. Parallel to this, best available long-term economic projections confirm the need to plan for increased labour demand in the long-term in Shepway.

8.5 This depicts the clear likelihood of a long-term 'tightening' of the local labour market, to a greater or lesser extent depending on future scenarios. This is important given the need to remain competitive and the potential sensitivity shown in the ELR of local businesses to labour costs.

9. Journeys to work and nature of workforce

9.1 Most recent information on labour market geography shows how self contained East Kent has been. The vast majority of workers in districts live in the same district (coloured cells in the table below):

Table 7: Daily travel to work journeys (2001)

From \ To	Canterbury	Dover	Shepway	Swale	Thanet	Rest of Kent	South East	London	East of England
Canterbury	**41,574**	2,491	863	2,120	1,794	4,293	531	2,659	299
Dover	3,384	**32,551**	3,521	356	1,415	1,959	333	789	203
Shepway	1,448	2,701	**29,182**	200	249	5,612	496	1,371	140
Swale	2,768	305	189	**36,196**	201	10,044	505	4,724	319
Thanet	3,673	4,218	435	449	**36,812**	1,388	332	1,293	197
Rest of Kent	2,467	1,032	2,403	5,926	357				
South East	210	412	423	202	69				

Source: SHMA Table 5.3

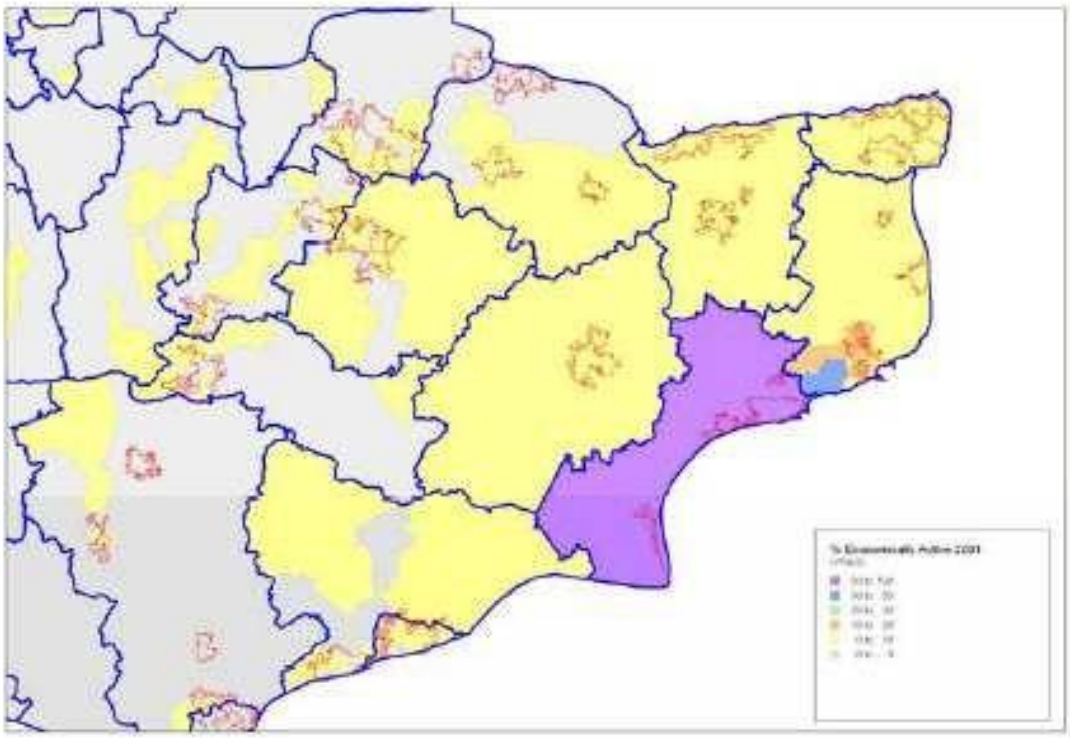
9.2 The above table shows that of those who work outside, the commonest locations for Shepway residents to work are mid/west Kent – which would include Ashford – (5,612 people) and Dover and Canterbury (2,701 and 1,448) and then London (1,371). Given the proximities of the urban areas such as Dover to Folkestone, commuting levels are very modest compared

[15] Data, such as that presented in The Older People of Kent (KCC, 2008) https://shareweb.kent.gov.uk/Documents/facts-and-figures/older-people-kent-final.pdf shows that whilst participation by people over 60 is increases steadily from a low base, the number contributed is relatively small when set against over labour supply and demand.

[16] The Labour Force Demand column figures are rounded to the nearest hundred. Paragraph 7.7 of the ELR highlights the specific caveats applicable to this estimate, namely that is was originally for regional purposes and that it was calculated prior to the current situation of economic downturn.

to the 29,182 who work and live within the district (which equals 70% of people). This is mapped below.

Map 1: Workplace destination of Shepway residents



Source: Census 2001 Crown Copyright

Source: SHMA Map 5

9.3 In Map 1 the colours are darker the greater the proportion of people working in that area that live in Shepway. The only cross border relationship of any significance is with Dover town, which is minimal compared to those who work locally in Shepway (purple). Shepway commuting to London was less than other comparably located districts e.g. Canterbury.

9.4 Although labour mobility overall is relatively low, the ELR outlines (para. 2.32) that the district at present suffers a trend of more workers leaving the district, a sign of relative lack of economic strength. The comparative lack of commuting reduces the need for trips and demands on infrastructure. However the capacity of the strategic transport routes serving the main urban area has increased significantly, and it should not be assumed that maintaining complete self-sufficiency is a sufficient approach to meet goals over the long -term. High quality public transport offers the opportunity of a sustainable transformation in Shepway's economic performance.

9.5 With the district's currently high levels of economic self-containment to be gradually moderated by increased connectivity, the district may have a more typical representation of professional workers, raising average skills and income levels (although not a cost to employers within Shepway). This may bring indirect spin offs immediately with greater local expenditure from higher disposable incomes e.g. for personal service enterprises. The positive relationship between labour mobility and higher level occupations is well established, and is illustrated below for Shepway:

Chart 5: Occupation and location of work place for residents in Shepway

Source ONS census 2001

SHMA Annexe 1 Table 0.6

9.6 The lower bars show professional and managerial residents in Shepway. A much lesser proportion work in Shepway (yellow) than occupations such as "semi-routine occupations" tend to. Information is from prior to High Speed 1, but it can be expected rail services to St Pancras within an hour will facilitate an increase in Shepway residents working in London and a significant proportion of these will be in occupations were the distict's populace has a current shortfall.

9.7 Additional to commuting, with High Speed 1 the prospects for business formation in target creative industries, financial/business services and other services are positive in the long-term. The ELR (para. 6.37) summarises the labour market implications of High Speed 1 as follows:

Overall, it is likely that faster rail links in combination with Folkestone's relatively low house prices will attract new population, including some higher skilled workers. Initially, many of these workers may out-commute to jobs elsewhere, but there is potential in the longer term for some to relocate or set up local businesses within Shepway. This should contribute to encouraging indigenous business growth within the District.

Housing policy may influence this directly, with the possible approach to the type of dwellings (As well as numbers) explored in Annexe 4 of this paper.

9.8 High Speed 1 rail is a crucial element in delivering the long-term economic strategy of the district, alongside improving the education and skills performance of local residents. Although to kick off the process, the right kind of housing should continue to be available at a competitive price.

10. SUMMARY OF EMPLOYMENT IMPLICATIONS OF DEMOGRAPHIC CHANGE:

- **Improved communications may open up the district's economy, which has been relatively self-contained traditionally apart from some links to towns just beyond the administrative boundary (such as Ashford and Dover).**
- **Low costs of employment (accommodation, wages, and by association, housing) are significant to the continued presence of current industry in Shepway.**

- **Low costs e.g. housing are also a main point of advantage to Shepway in competing with elsewhere to benefit from being an hour's journey from London.**
- **Labour demand in Shepway is projected to increase over the long-term.**
- **Labour supply in Shepway is projected to decline by 2026 under most scenarios, although this is limited under higher growth scenarios.**
- **Professionals are currently under-represented in Shepway, but as a mobile section of the community are expected to increase as a proportion of the district's population given transport upgrades.**
- **Increased connectivity to/from London and other cities are significant to realising future investment in Shepway, ultimately facilitated by a long-term gradual uplift in relocations from elsewhere and continued in-migration (preceded by increased economic connections fostered primarily through commuting).**

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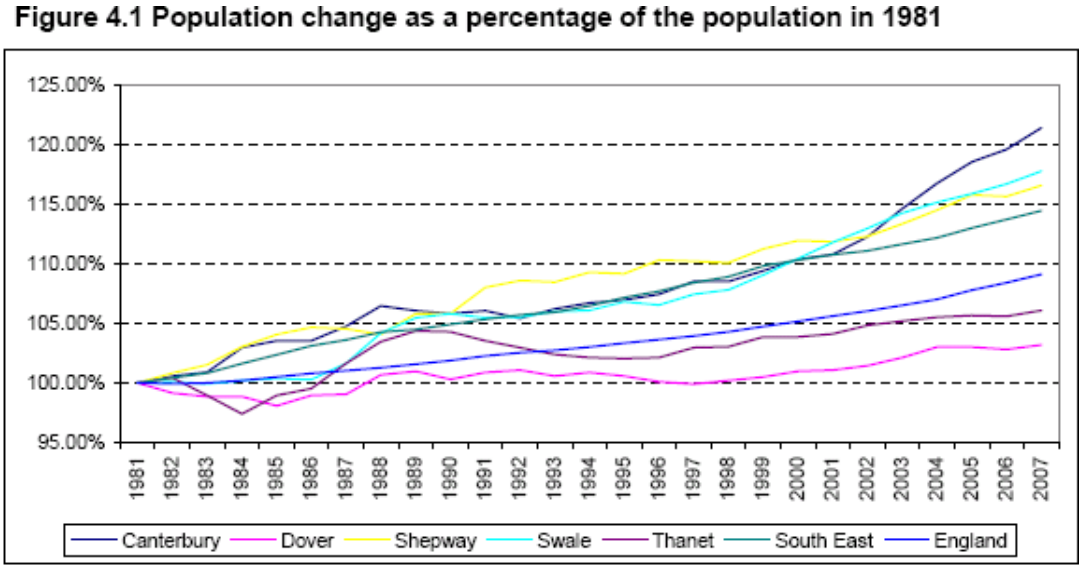
11. Past and future change in Shepway

11.1 The demographic options tested in this paper relate to future growth scenarios: two central projections directly from housing delivery options, with further upper and lower growth projections derived from contrasting migration scenarios. This section offers a final perspective to help inform decisions on future development levels: the lessons from the past in Shepway. As shown in the SHMA, Shepway has absorbed[17] a steadily increasing population from the 1980s through to the start of this plan period (2006/7):

Chart 6: Population change (%) in East Kent districts 1981 - 2007



Source: Mid-year population estimate 2007; ONS Crown Copyright Reserved

11.2 Shepway (yellow) has often been one of the fastest growing districts in eastern Kent – consistently so in the 1990s. This is part of an apparent trend where the 'more accessible' districts in the sub-region (Shepway, Swale and Canterbury -which recorded major growth in the City after the Millennium) grow at rates typically faster than the regional (dark green line) and national (dark blue line) averages. In contrast, Dover and Thanet's populations were stagnant/ declining in the 1990s and only saw modest growth from the 1981 base in the following decade of economic growth.

11.3 This provides a way of putting future changes in context. Population growth levels will be less than the historic average. The result of 8,000 new dwellings from 2006- 2026 is projected to be an increase of 7.7% in the district's population. This is less than the last 20 year period (since 1987) on the above graph, or looking at the 20 year period from 1981 – to include two extensive periods of economic decline – less than the population increase in excess of 10%.

11.4 The causes of this growth in population are clear, looking at data available[18] from the 1990s onwards. This shows that for every year in Shepway from 1991/2 to 2005/6 natural change was negative but there was a greater net in-migration i.e. the overall flow of people in, outnumbered the excess of deaths over births. Migration has always been significant in Shepway's recent past, in this period it occurred at a rate of 620 people per annum (mean average, median 450 pa). As discussed, this is likely to reflect the continuing attractiveness of Shepway and its relative proximity to London.

[17] Whether this has been successfully absorbed, may only be seen over a longer time period; but it may be significant that Shepway is still regarded as a generally attractive location to live in (at least judged by in-migration levels).

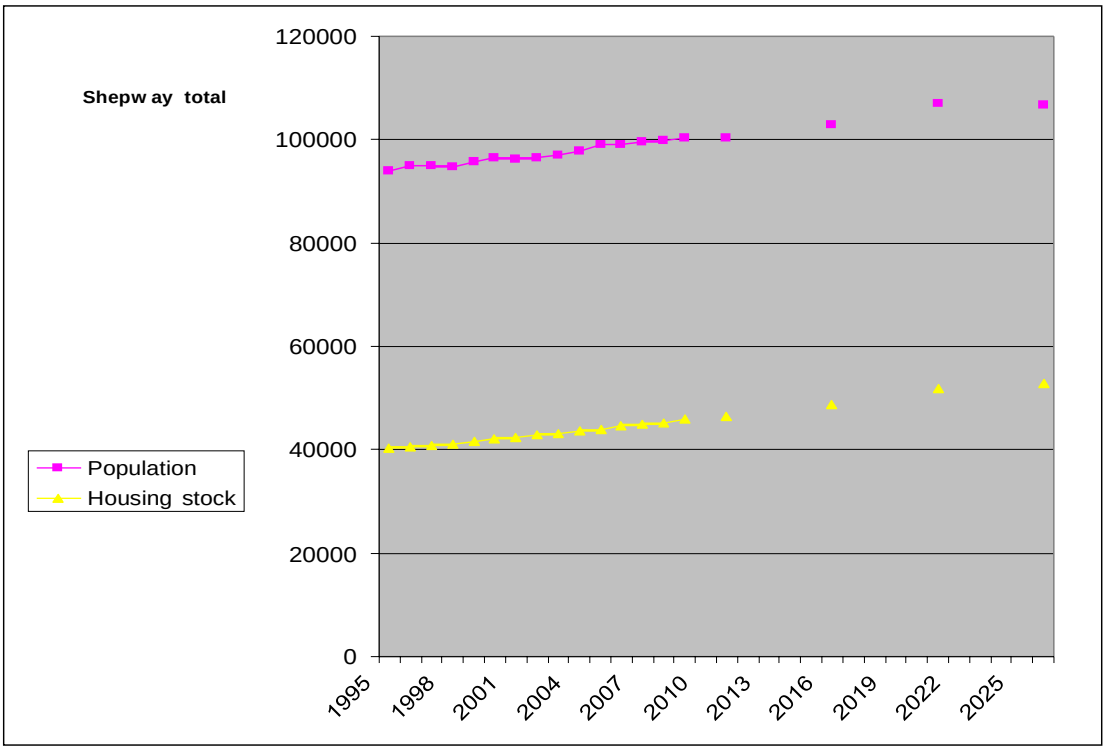
[18] KCC 'Facts and figures' available via http://www.kent.gov.uk/your_council/kent_facts_and_figures.aspx

11.5 In relation to housing provision, this has varied in the period 1991/2 to 2005/6 from 239 to 753 net completions per year (coincidentally these were in the first and last years of this period respectively). This reflects economic conditions, including an element of market lag. The mean net increase in dwellings was 407 per annum, or using the modal average (to exclude potentially anomalies) 369per annum.

11.6 In summary, a rate of 400 dwellings per year (8000 modelling scenario) is in line with past trends, and results in a gradual population increase (8% over whole period) at a lower rate of increase than seen previously. How this can be accommodated within the district has been illustrated through the SHLAA, with Preferred Options outlining a specific area-based distribution, although the time elapsed since this period (and work undertaken such as potential strategic site evaluation) suggests scope for supplementary work.

11.7 The housing stock of Shepway has gradually expanded since the 1990s, as has – with greater fluctuation – population levels. Recommendations in this paper do not promote a departure from this long-term development path. This is shown in the following chart, which also plots the expected totals for periods up to 2026 –using the 8000 scenario (400 homes p.a.)

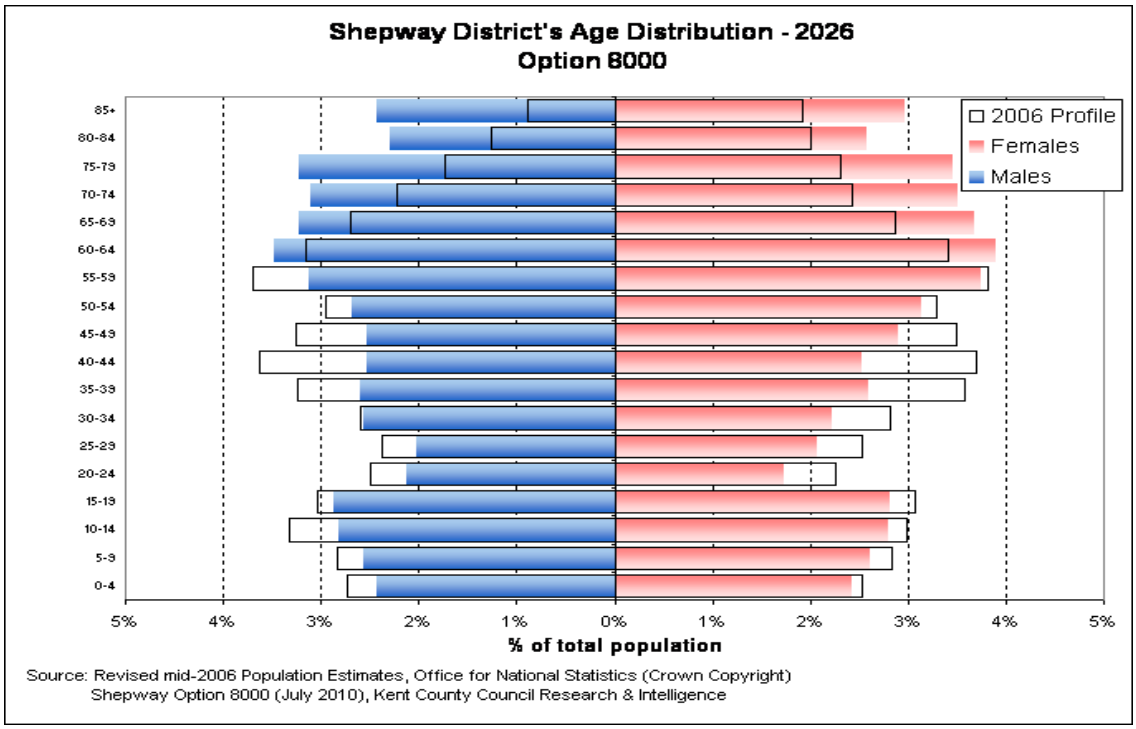
Chart 7: Population and housing stock levels (1995 baseline)



Source: Derived from published KCC statistics (historic data) and KCC modelling for SDC (projection forward)

11.8 The resulting overall age profile for the 8,000 (400pa) dwelling scenario is shown below, by gender:

Chart 8: Shepway's projected age distribution (2026) based on an 8,000 dwelling growth option



11.9 It can be seen that the proportion of all age cohorts below 60 still declines, but the change is limited in some groups, for example children and young adults. Modelling suggest there is expected to be an approximate balance of in-migrants between people likely to generally be in households made of 'families' and 'retired'.

12. CONCLUSION

12.1 As far as is consistent with strategic option decisions to date, and particularly as far as acceptable in environmental and delivery terms, this demographic analysis finds advantages of a higher level of housing growth within the tested levels. There are greater benefits than disadvantages in relation to:

- **Limiting the decline in the local labour force available to district businesses.**
- **Facilitating a less radical restructuring of the population in terms of age, with the prosperity to benefit all the community and to support facilities for an ageing population, and limiting the decline in the proportion of children and to ensure investment in education provision is maximised.**
- **Allowing some continued increase in the population and the local personal services and retailing economy, and all sectors in the longer term.**
- **Providing private accommodation encourages a move to a more typical occupational structure in the district alongside additional housing available to lower wage workers within the district.**
- **A greater volume of new homes increases the amount of specifically tailored properties built to meet local needs for people as they age, and for people moving into the district, if policy objectives are targeted and enforced successfully.**

In contrast a limited growth approach - as depicted in the Zero Net Migration model would not result in the above outcomes. Its smaller Shepway population would bring a different age structure with a greater concentration on older people.

12.2 The question arises how appropriate are these approaches to the districts needs given quality of life and sustainable development opportunities. t is considered that aspects of this significant 'greying' (or more accurately a loss in relative terms of youth within Shepway) society could be popular, but that this option and other low growth scenarios are inappropriate to the specific circumstances of the district. These include continuing issues of deprived communities, limited economic activity and significantly improved transport infrastructure. Accordingly it is recommended that as far as appropriate higher development levels be supported within those tested, although as seen the total population implications are relatively minor.

12.3 Specifically the highest level of growth under consideration, namely 8000 dwellings 2006 – 2026, would result in:

- **A rate of house building in line with trends of recent decades.**
- **A more moderate decline in household size (to 2.03), and no net loss of population (but growth lower than recent decades).**
- **A slower growth in the 'local dependency ratio' to 1.4**

- **A growth in the numbers of children in line with the overall population (7%).**
- **An only limited decrease in the size of the labour force (-3%).**

This is a continuance with established trends, albeit resulting in a lesser population growth (average of a 0.4%p.a. population growth from 2006 base).

Core recommendation:

A. That a proposed average housing target in the Shepway LDF Core Strategy (subject to final examination of sources of capacity and strategic sites, and Sustainability Appraisal process) features, for the period 2006 to 2026, in the order of 400 new dwellings per annum; this being the upper end level consulted on as a preferred option.

12.4 Work to date suggests this level can help stimulate activity and foster the delivery of major areas of change e.g. opportunities on previously developed land in the urban area[19]. Were this target to be supported, then the specific make-up of housing supply from sources can be confirmed; and it is further recommended that this additional research allow a longer term period (beyond 2026) to be addressed in Core Strategy housing supply, given the established trends highlighted in this paper, best practice and national policy (PPS3).

12.5 This does not entail that the pace of housing delivery in the above target rate to 2026 (400p.a.) need be maintained over the longer period. This requirement, to 2031 (for example), may be a suitable time framework to set out minimum requirements, with an aspiration to not leave significant provision to the very end. Further work is required (for instance a factual update of outputs from the Strategic Housing Land Availability Assessment), and in turn this would allow a final round of demographic modelling.

12.6 This paper has also illustrated the suitability of designing accommodation to allow people to remain in their property as they age (at a frequency as recommended in the SHMA, or more). Similarly there is a need to consider using other housing policy tools to meet needs. One concerning factor is that under the core recommendation, there is still expected to be some contraction in workforce size. This result is based on assumptions of a typical residential mix in terms of type of house, so a greater provision of family or larger dwellings can help provide an employment balance in line with objectives.

12.7 An equal split in Shepway of family/ larger (3 bedrooms or more) dwellings and smaller homes is proposed in the SHMA, and this would be in line with the recommendations of this paper. The implications of this are highlighted in Annexe 4 of this paper.

[19] See Development Sites document (Appendix 3 of report to Cabinet April 2011).

12.8 Finally, this paper finds strong grounds (an increasingly critical loss of younger people of working age; a lack of professional/higher managerial workers) for improved education and skills provision in the district.

Further recommendations:

B. That a partial SHLAA update be undertaken to inform the strategic make-up of the sites/locations expected to deliver recommended housing levels.

C. That consideration is given to a policy requirement for housing delivery extending beyond 2026.

D. That the Shepway LDF Core Strategy feature a requirement for all developments proposing 10 or more dwellings (net) to include 20% of market housing to be constructed to the quality and design of Lifetime Homes standards.

E. That the Shepway LDF Core Strategy aim for half of all dwellings by 2026 in the district to be three bedrooms in size or more, and that all significant residential development contribute to this aim by being required to feature a mix of dwellings

F. That a key aim of the Shepway LDF Core Strategy be securing more attractive education and training opportunities.

ANNEXES

Strategic Requirements paper ANNEXE 1: Background to local demographics

On a very general level, population levels are growing. The following two charts show the longstanding relative importance of migration (versus local births and deaths) in driving population change in Kent, compared to the country as a whole[20].

Chart 1

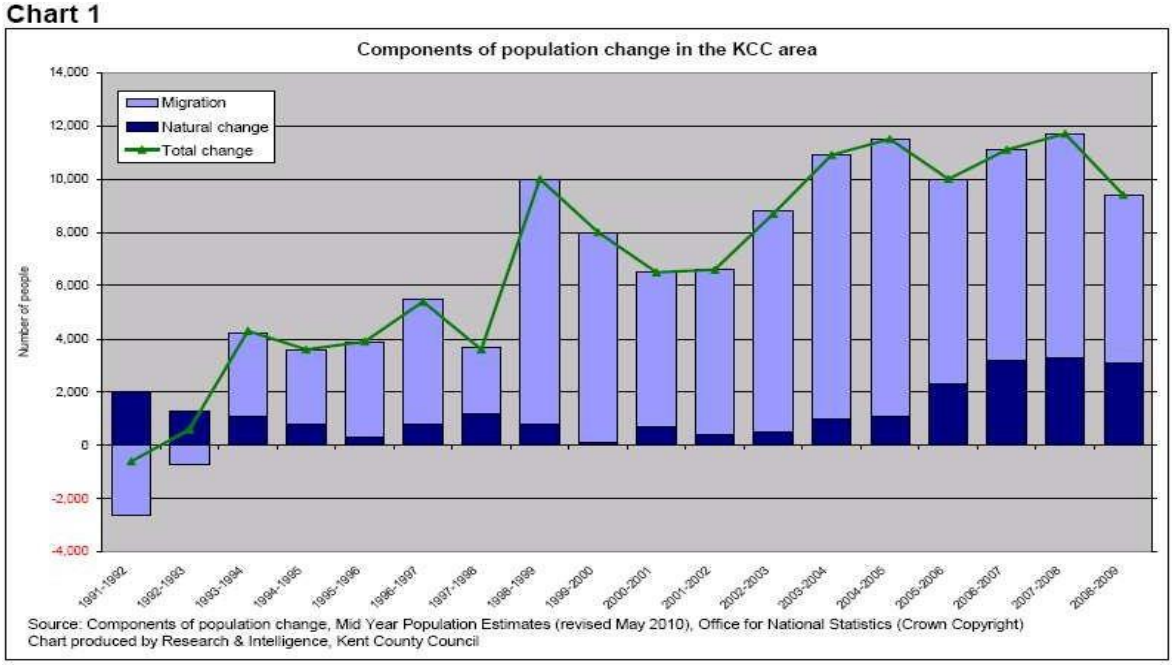
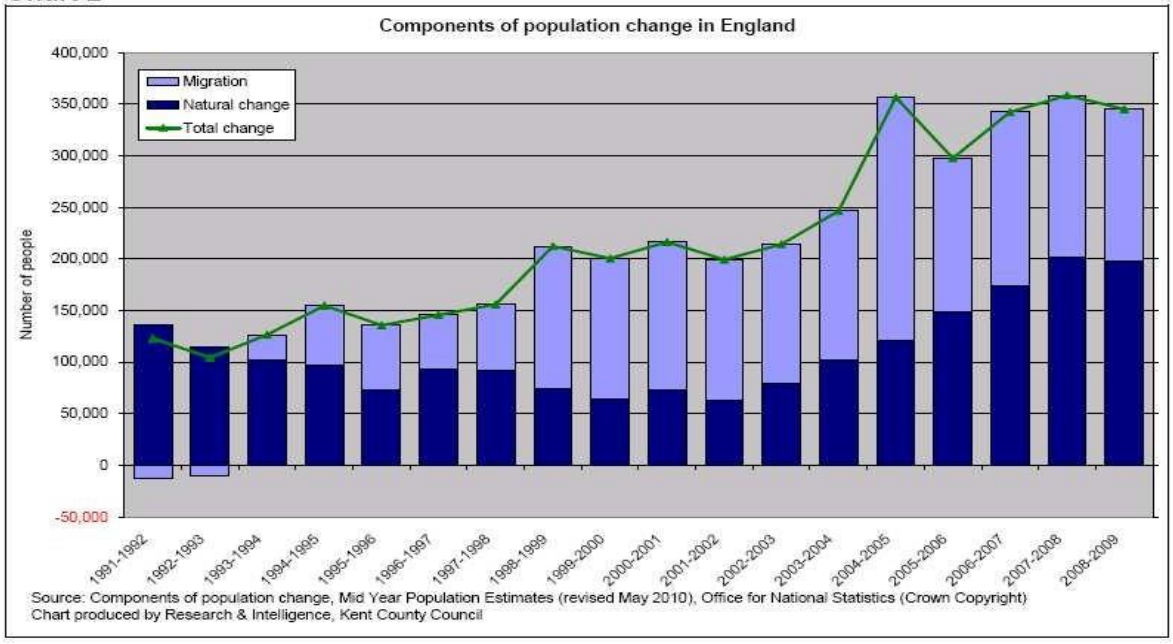


Chart 2



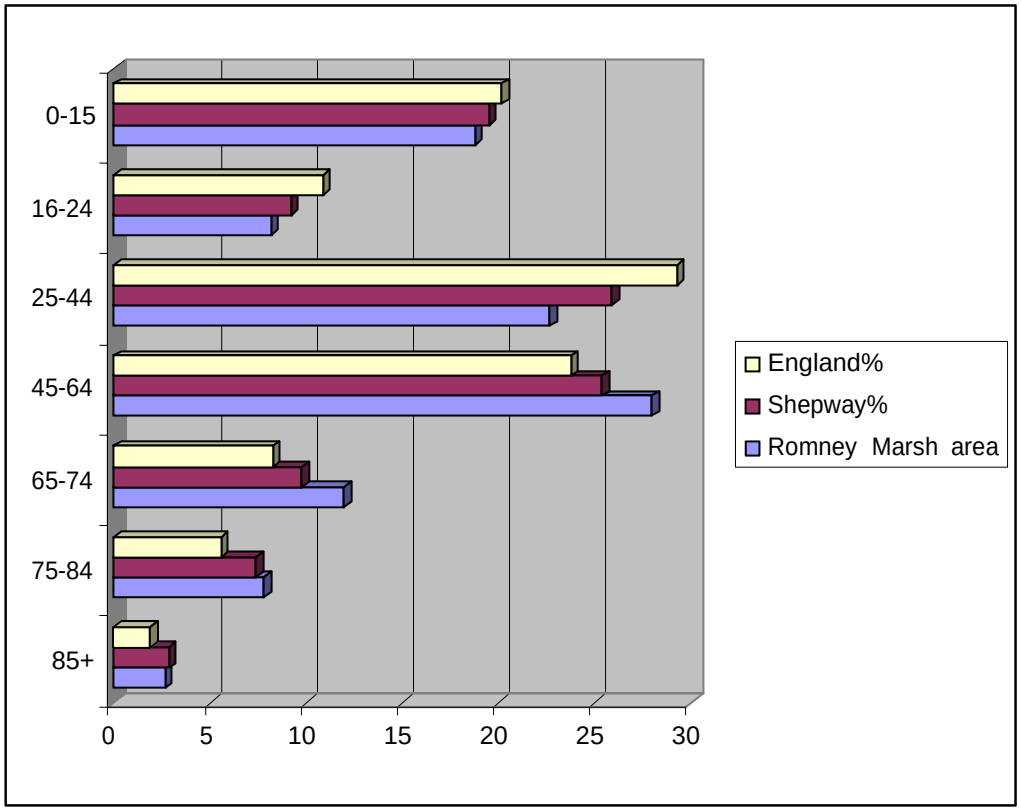
[20] From https://shareweb.kent.gov.uk/Documents/facts-and-figures/Population-and-Census/mye4-10-whats-causing-pop-change.pdf.

Considering the eastern part of the county, the Strategic Housing Market Assessment (SHMA) examined the recent demographic trends running up to 2006. It found (para 5.2.5) in the five previous years for Shepway:

• *The total increase in population between 2001 and 2006 was 3,600 people;*
• *The local authority lost 700 people in the 16-24 age category, and had an increase of 2,100 in the 45-64 age group;*
• *There were slight increases in the other age groups of 600 (under 15), 900 (25-44) and 700 (65+);*
• *Specifically examining those age groups who migrated into the local authority area, the majority (8,200) were in the 25-44 age category, the lowest number of people, 2,100, were in the 65+ age group;*
• *Examining those who migrated out of the local authority the majority, 8,200, where in the 25-44 age group, the lowest number, 2,600, were in the over 65 age category.*

The differing 'movement and lifestyle' overall trends of age groups produces a varying social structure within different parts of the district. A snapshot showing a town versus countryside age contrast is illustrated below

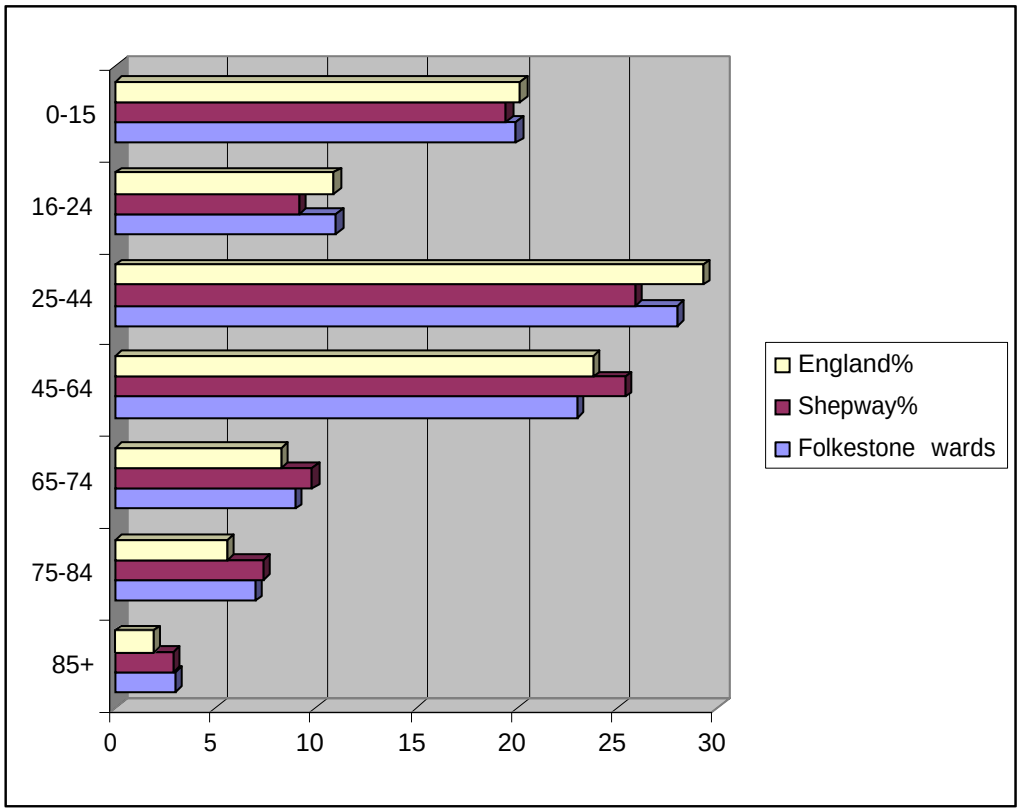
Romney Marsh area



Source: derived from KCC county-ward level data 2006.

As well as this local variation, comparison of Shepway versus England as a whole is shown in both charts. The district has a lower proportion of age groups under 44 and a higher proportion of older age groups, than the English average.

2006 Folkestone wards (central and eastern part of wider urban area)



Source: derived from KCC county-ward level data 2006.

As an urban area, Shepway's main town of Folkestone has a younger population than the rest of the district, but still has a significantly greater proportion of elderly people than the national average.

Strategic Requirements paper ANNEXE 2: Older People in Kent analysis

Kent County Council profiled[21] older people in the county using a low age threshold of 50. This confirmed:

- A greater proportion of Kent residents age 50+ are concerned with the **physical environment of the local neighbourhood,** compared to younger people, especially highways.
- Involvement in the following kinds of 'activism' in the community are higher for over 55s in Kent than younger age groups: being an officer of a club/organization, contributing to a charity, and general **volunteering**; although like the population as a whole activities of this kind are minority pursuits.
- Across a range of political actions, people over 55 in Kent are more likely to be active than the population as a whole
- Adult education in this age is relatively popular in Shepway compared to the whole county, and the most popular topics for this age relate to cultural, arts and leisure related courses.
- Most over 60s do not use libraries 'actively' (the usage figure for static libraries at this level being 11.5% in Shepway).
- Few people over 64 in Shepway and elsewhere in Kent had access to internet facilities (2007 data).
- Walking and indoor swimming are the most popular sporting activities for over 50 year olds in Kent.
- Shepway has the highest proportion of 50+ year olds in Kent that use a local post office (92%).
- People aged 50 or older are more likely than younger people to support town centres, as opposed to shopping elsewhere.

This gives some useful indications on how changing demographics may contribute to active and popular communities, which is highly salient to LDF Core Strategy efforts to focus on 'place making' and improve all aspects of settlements in the district.

[21] KCC 'The Older People of Kent' (November 2008)

Strategic Requirements paper ANNEXE 3: Modelling Lifetime Homes delivery

It is not proposed to ask sites of all sizes to contribute to the need for Lifetime Homes. Accordingly to estimate the possible overall yield (at 20% on qualifying sites) under future scenarios, a qualifying supply proportion needs to be estimated:

Table i) Relevant sites in SHLAA (2009/10 to 2025/6)

Row		Site frequency	Dwellings yield
1.	Headline SHLAA results	149	10,533
2.	Sites under 10 dwellings[22]	47	292
3.	Possible large sites explicitly not supported at 'Preferred Options'	5	2,650
4.	Applicable SHLAA supply (Row 1 less rows 2 and 3)	97	7,591
5.	Proportion of applicable SHLAA supply on sites under 10 dwellings (Row 2 divide by row 4) –dwellings provided on sites not hitting threshold.	4%	

This means 96% of SHLAA applicable dwellings would be on sites of 10 dwellings or more, where a proportion of dwellings as Lifetime Homes is suggested[23]. Applying this relatively optimistic rate to future strategy scenarios:

Table ii) Number of lifetime homes given policy threshold and proportion (2009/10 to 2025/6)

Row		6,000 scenario	8,000 scenario
1.	Total dwellings 2006 to 2026	6,000	8,000
2.	Completions 2006/7 to 2008/9	1,102	
3.	Residual (SHLAA) period (Row 1 less row 2)	4,898	6,898
4.	Calculation of number of homes 9on sites qualifying for the policy (Table I row 5 inverted: 0.96, multiply by row 3)	4,702	6,622
5.	Resulting number of Lifetime Homes in SHLAA period under a 20% policy (0.2 multiply by row 4)	940	1,324

These are the totals for 2009/10 to 2025/6, however the base year for demographics is 2006 (start 2006/7), so an assumption has to be made of Lifetime Homes on past completions.

Shepway officers are not aware of any of these being Lifetime Homes, but to build in flexibility a 10% rate can be applied. There were 1,102 completions confirmed in the three financial years, so a nominal allowance of 110 Lifetime Homes is used (1,102x 0.1).

[23] Research for the Housing Viability study on the trend for sites to be below 15 units, found that a majority (0.57 proportion) of dwellings in recent years have been built on sites of this size. This means that unless there is a very radical unexpected shift, in practice much more than 0.04 of all dwellings can be expected to avoid a site threshold of 10 dwellings. (This is because the SHLAA picks up larger future sites better than small ones). The overall level of delivery of Lifetime Homes calculated is likely to prove optimistic, as more sites avoid the threshold.

Table iii) Number of lifetime homes 2006/7 to 2025/26

Row		6,000 scenario	8,000 scenario
1.	Lifetime Homes: SHLAA period calculation (Table ii Row 5).	940	1,324
2.	Lifetime Homes: SHLAA period calculation (Table ii Row 5).	110	
3.	**Total Lifetime Homes calculation 2006-2026 (Row 1 add Row 2)**	**1,050**	**1,434**

These can be regarded as potential maximum levels given the assumptions made above, and any potential issues in introducing a new approach.

Strategic Requirements paper ANNEXE 4: Housing type recommendations impact

House size is of interest from several perspectives. Of relevance here, potential objectives of accepting in-migration for reasons such as to strengthening the local economy can arguably be honed by targeting the types of house built. In Shepway, this rationale may change the outputs that were associated with the market boom era and aligns with recommendations of the SHMA, as shown below:

Table iv) Dwelling completions (%) by size

Dwelling size	Average built in 2007/8 & 8/9	SHMA recommendation
4+ bedrooms	10%	15%
3 bedrooms	18%	35%
2 bedrooms	45%	25%
1 bedrooms	28%	25%

Sources: AMRs 2008 and 2009 (SDC), SHMA[24] and KCC modelling.

The clear majority of homes built in the two recent years are smaller in size (1 or 2 bedrooms). The SHMA, after examining housing needs, demographics and socio-economic objectives, proposed a shift to larger properties e.g. over a third should be 3 bedroom. However it is clear that a balance of housing provision should also accommodate for older in-migrants, and alongside specific measures such as Lifetime Homes, continuing feature properties such as new 2-bedroom houses. In terms of volume of dwellings in the future, there are a number of future scenarios depending on approach:

Table v) Projected dwelling completions by size against growth scenarios

TOTAL NUMBER OF HOMES	***Outcomes under ~6,000 scenario and-***		***Outcomes under ~8,000 scenario and-***	
Dwelling size	***Projecting forward 07/08 - 08/09 delivery***	***Fully implementing under SHMA recommendation***	***Projecting forward 07/08 - 08/09 delivery***	***Fully implementing under SHMA recommendation***
4+ bedrooms	600	900	800	1,200
3 bedrooms	1,050*	2,100	1,400*	2,800
2 bedrooms	2,700	1,500	3,600	2,000
1 bedrooms	1,650*	1,500	2,200*	2,000

*= *rounded to reach appropriate total*

These figures are for indicative purposes only, but show that – for instance – there would be over 2,300 more 3 bedroom or larger dwellings built under the 8,000 scenario with the SHMA policy, than if the 2007/8 and 2008/9 average size mix emerged with adopting the 6,000 scenario.

The over-riding principle is a mix of sizes, which house builders have perhaps been reluctant to embrace at times. It may not be suitable to dictate a detailed size requirement, so the SHMA objectives may be best presented in terms of their specific recommendation equating to an aspiration throughout the district for housing supply as a whole to be balanced 50-50 between 1&2 bedrooms, and larger properties.

[24] Table 12.22.