Retail Assessment Addendum Report

West Cumbria Evidence Base

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Contents

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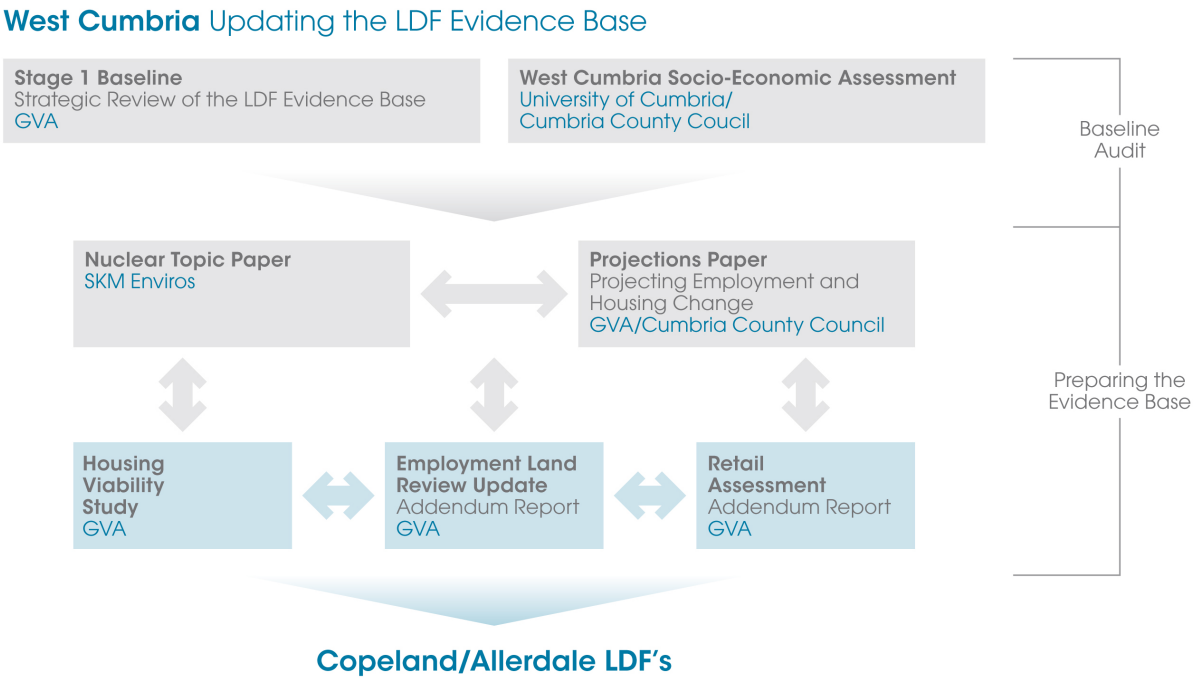
For and on behalf of GVA Grimley Ltd

1. Introduction

1.1 GVA were appointed in December 2010 to undertake a programme of works to assist the West Cumbria Authorities to update their LDF evidence base and produce a new Economic Blueprint and Spatial Plan to establish the future of the area, taking account of the potential for Nuclear New Build and other related investment.

1.2 This paper represents one of a number of outputs associated with updating the LDF evidence base and informing the Economic Blueprint. These are set out in the following diagram.

Figure 1.1: Updating the LDF Evidence Base for West Cumbria and Evidencing the Economic Blueprint



Source: GVA, 2011

1.3 This report provides an addendum note to the 2009 Retail Assessment, prepared on behalf of Copeland and Allerdale Councils by White Young Green. The evidence based reports identified in the diagram above have included the production of a series of bespoke population projections linked to a number of economic scenarios.

1.4 These population projections are set out within the 'Projections Paper' (GVA, 2011) and this addendum report should be read alongside this document.

1.5 Projected changes to the population levels of the two authorities and the collective area of West Cumbria will impact on the levels of retail provision for which demand / need will exist over the plan period. This Addendum Report only seeks to provide updated information in relation to one of the objectives for the 2009 work as set out on page 1 of the WYG report:

- Assess the potential impact of the various population growth scenarios for the Boroughs on spending capacity and patterns.

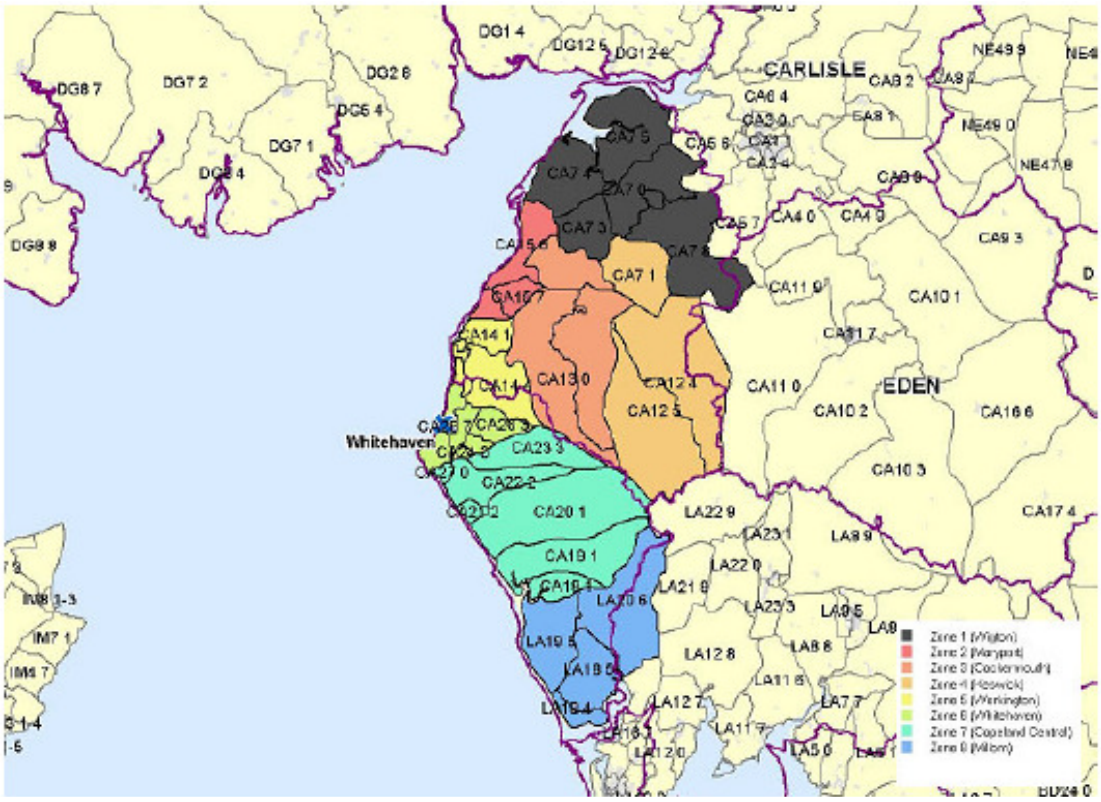
1.6 The levels of population change evidenced within the GVA 2011 Projections Paper are compared within this report with those previously utilised by White Young Green in the 2009 Retail Assessment. This report does not, however, include a full update of the quantitative level of retail demand included within the 2009 Retail Assessment but highlights the implications of the differing levels of population change identified.

2. Contrasting the 2011 Population Projections with the data utilised within the 2009 Retail Assessment

Study Area Geographies

2.1 The 2009 Retail Assessment used an agreed set of spatial geographies to present the analysis. These represent retail catchments and therefore extend beyond local authority boundaries, with the geographies built using postcodes rather than administrative area definitions. Page 20 of the 2009 Report sets out the spatial geographies used with the following plan illustrating the 8 retail catchments' geographies.

Figure 2.1: Copy of Figure 4.1 in the WYG 2009 Retail Assessment 'Plan Indicating the Extent of the West Cumbria Study Area'



Source: WYG Retail Assessment, 2009

2.2 It is important to recognise that these do not directly equate to the geographical area used within the population projections paper, which broke down the analysis into the two authority areas. This means that a direct updating of the analysis below the study area is not possible. In addition it is important to recognise that the population totals used within the two reports are therefore not directly comparable. In order to compare outputs proportional levels of population change have therefore been used wherever possible.

Understanding the Different Projections Used within the two Reports

2.3 Section 8 of the WYG 2009 Report sets out the scope and sources of the population projections used within the assessment, with appendix 7 including the detailed tables.

2.4 The assessment used a population projection produced by MapInfo for the majority of the calculations. This is sourced as using ONS published2005 mid-year estimates as its

base (Appendix 7 Table 1) with a number of assumptions around projected levels of change based on recent trend data and extrapolated household size trends[1].

2.5 In addition three further sensitivity scenarios were used:

- Scenario 2 RSS projections – This scenario constrained population change to the levels of housing development proposed through the North West RSS for the two boroughs. An assumed household size for Cumbria (2.3) was used to translate dwellings into population with an assumption applied that household size will fall by 0.63% per annum up to 2023;
- Scenario 3 Energy Coast – Population growth based on the evidence base prepared to support the Energy Coast Masterplan (Scenario 5); and
- Scenario 4 Static Population – Based on no growth in population in order to reflect historic trends.

2.6 The 2011 GVA Projections Paper presents analysis undertaken by the County Council using the POPGROUP suite of software. This analysis uses the latest datasets available from the ONS as of autumn 2011 (including the 2010 ONS published Mid-Year Estimates) and economic data modelled by Experian on behalf of the County Council integrating data supplied by Sellafield Limited. The five scenarios included within the 2011 work are detailed below:

2.7 In summary the five core scenarios of projected population change are (replicated from the projections paper, 2011):

- ONS 2008-based Sub-National Population Projections (SNPP). This dataset is presented throughout as a benchmark against which to compare alternative scenarios. In terms of the population projection element of this scenario this data has not been recalibrated in any way.
- Zero Net Migration – This represents another demographic 'trend-based' scenario. Under this hypothetical scenario population projections are modelled based on the impact of a zero net migration position, i.e. migration factors are exactly balanced. This represents a hypothetical position as this set of circumstances could never reasonably be expected to occur. However, it provides an important

[1] Appendix 7 footnotes to table 1 include the following notes. 'Projected forward using actual growth recorded between 2005 and 2006 (1.0%) and 2006 and 2007 (2.4%) together with OEF forecasts from MapInfo Information Brief 08/02 (September 2008) at 1.5% per annum', 'Population projected forward at ONS 2005-based mid-year estimates identified by MapInfo up to 2017. Population projections for 2018 onwards based on average population change (interpolated) between 2009 and 2017 identified by MapInfo;

insight into the anticipated levels of population change which will occur driven by locally generated demographic pressures alone;

- Ten Year Migration-led Scenario – This is a 'trend-based' scenario developed using a similar methodology to the SNPP although it takes a longer-timeframe from which to base average levels of the different components. The scenario draws upon more recent data from the mid-year estimates released by the ONS to develop updated projections in that it uses the 2008/09 and 2009/10 datasets. This updated information therefore draws on more recent observed evidence on births, deaths and migration to calibrate an alternative projection which is based on a longer time frame (ten years).

- Five Year Migration-led Scenario – This again represents a demographic trend-based projection and uses the same methodology as the SNPP, using a five year period. It takes the latest natural change indicators and adds in the latest migration counts and schedules based on the average rate per 1,000 of the population migrating over the last five years by single year of age and gender. This therefore uses two subsequent mid-year estimate datasets than the SNPP 2008/09 and 2009/10 The schedule is weighted to give weight to the most recent year's data (weightings are 0.1, 0.1, 0.2, 0.3, 0.3); and

- Employment constrained scenario – Unlike the preceding four scenarios this represents a 'policy constrained' projection. Rather than simply extrapolating forward a historic trend this adopts a forward looking perspective. This scenario takes the five year migration-led scenario as its base and constrains the population to the baseline scenario forecast presented in Section 3. The construction of this scenario is achieved by applying parameters which measure the relationship between the population and the labour force (economic activity rate) and between the labour force and the number of jobs in an area (labour force: jobs conversion factor). This takes into account the level of unemployment but also the degree to which residents live and work within the area in question. In an employment constrained scenario, net in-migration will occur if the size of the labour force is insufficient to match the number of jobs forecast to be created. Net out-migration will occur if there are too few jobs for the labour force. The scenario assumes that economic activity rates, unemployment rates and the commuting ratio for the authorities continue to reflect recent performance levels.

2.8 All of the projections provide annual population figures for the period between 2011 and 2026, with historic year's data also available.

2.9 In addition to the above scenarios the Projections Paper (2011) also models the potential impact of the impact of Nuclear New Build within West Cumbria. The

outcomes of this modelling are also presented in the comparison of projection outputs.

Levels of Projected Growth in Population

2.10 The 2009 Retail Assessment projected the following proportional increase in population over the period 2009 – 2023:

- Scenario 1 (MapInfo): +6.8%
- Scenario 2 (RSS): +6.9%
- Scenario 3 (Energy Coast Scenario 5): +8.1%
- Scenario 4 (static population): 0%

2.11 The 2009 Retail Assessment focuses its analysis on Scenario 1, referencing, however, the impacts of levels of population change identified under the other scenarios, noting that scenario 3 in particular shows a higher level of growth.

2.12 The table below shows the proportionate levels of population uplift forecast within the GVA Projections Paper (2011). The Projections Paper presents the forecasts over the time period 2011 – 2026, however, the forecast level of growth between 2009 and 2023 is also shown to allow comparison with the 2009 Retail Assessment datasets.

Figure 2.2: Projected levels of population growth – GVA Projections Paper

West Cumbria Totals	% Change 2009 – 2023	% Change 2011 – 2026
Core Scenario 1 – ONS 2008 base SNPP	3.7%	4.1%
Core Scenario 2 – Zero Net Migration	-1.7%	-1.8%
Core Scenario 3 - Ten Year Migration	-0.2%	-0.3%
Core Scenario 4 – Five Year Migration	-2.5%	-2.9%
Core Scenario 5 - Employment Constrained	2.6%	5.7%
Nuclear New Build Scenario	6.5%	8.2%

Source: GVA Projections Paper, 2011

2.13 The 2011 projections show a greater spread in terms of the levels of projected change. This is replicated under both time periods presented.

2.14 Whilst the 2009 – 2023 time period allows direct comparison with the 2009 Retail Assessment, the 2011 – 2026 levels of projected growth are used to compare relative levels of population growth as these are used to underpin the other evidence based documents set out in Figure 1.1. In addition it is important to note that 2009 – 2011

represented a period of significant economic adjustment which poses a particular challenge for forecasting and projection work and highlights the importance of using the latest data-sets.

2.15 Under the migration trend scenarios the West Cumbria area is projected to see a decrease in its population, a marked contrast to the assumed level of growth within the 2009 Retail Assessment.

2.16 The employment-constrained scenario (Core Scenario 5) shows a more comparable level of growth to Scenario 1 within the 2009 Retail Assessment, although it does indicate a slightly suppressed growth in population, a growth of 5.7% compared to 6.8%.

2.17 The Nuclear New Build scenario from the 2011 Projections Paper suggests a potential level of population growth which is very similar to Scenario 3 (Energy Coast) within the 2009 Retail Assessment, 8.2% contrasted against 8.1%.

3. Implications and Conclusions

3.1 The projected levels of population change are used to drive estimates of the amounts of retail expenditure forecast to be available across the area. This is then translated into forecasts around retail floorspace requirements across individual retail catchments across the study area used in the 2009 Retail Assessment.

3.2 Projections are always subject to a level of error as they are based on extrapolated data and assumed constraints. As with all evidence based documents utilising forecast or projected data, careful monitoring of actual performance will continue to be important.

3.3 This report has compared the levels of population change incorporated within the 2009 Retail Assessment with the projections used to underpin updates to other evidence-based documents for the Copeland and Allerdale Core Strategies produced in 2011.

3.4 The 2011 datasets suggest on the whole a lower proportional growth in population across the study area. This is particularly true in terms of the demographic trend projections (Core Scenarios 1, 2, 3 and 4). These projections do not, however take any account of the impact of economic change within the area but provide a useful starting point to understand potential change.

3.5 The employment constrained scenario in the 2011 Projections Paper, Core Scenario 5, projects a level of population change which, whilst slightly lower, is broadly

comparable with Scenario 1 of the Retail Assessment, which is used as the core input into the quantified analysis in the report[2]. On the basis that Core Scenario 5 integrates the best available employment assumptions for the plan period, including the Sellafield Lifetime Plan, it is reasonable to conclude that this should be the main 'baseline' scenario used to compare with the 2009 report[3]. On this basis the strong alignment between the two suggests that the overall conclusions of the 2009 Retail Assessment around future levels of retail demand are likely to remain valid in terms of supporting the policies being drafted for the two emerging Core Strategies.

3.6 Importantly the Nuclear New Build Scenario, whilst using different assumed economic assumptions, results in a projected proportionate level of population growth for West Cumbria which is very similar to the level of growth projected under Scenario 3 of the 2009 Retail Assessment. Again this suggests that the implied impacts of 'growth' linked to the economy under the 2009 Retail Assessment remain broadly valid in terms of the implications for levels of retail demand in the future. This provides an important context for the development of policy catering for potential growth in employment opportunities through emerging Core Strategy retail policies in both Core Strategies.

[2] Note: WYG identifies the use of Scenario 1 as the most realistic and more cautious scenario to underpin the analysis at paragraph 10.19 (WYG Retail Assessment, 2009)

[3] The 2011 GVA Projections Paper does not select a preferred scenario. It identifies that the demographic trend based projections essentially represent a minimum level of change for policy consider recognising that these are driven by a contraction in the economy over recent years. Equally the population projections linked to the baseline economic scenario, whilst providing a higher level of population growth, will need to be carefully monitored regarding the underpinning assumptions e.g. economic activity rates, commuting levels and the distribution of migration into West Cumbria between the two authorities.