

**Leisure and Prosperity Overview and Scrutiny Committee
22 January 2011**

Demographic and labour projections for Maidstone Core Strategy

1. Background
2. Demographic and labour projections for the Maidstone Core Strategy have been provided to Maidstone Borough Council by the Research and Intelligence unit at Kent County Council.
3. Projections for the borough have been provided by the Research and Intelligence unit (or its predecessors) since at least the 1996 Kent Structure Plan.
4. The 1996 Kent Structure Plan, RPG9 2001, the Kent and Medway Structure Plan 2006 (KMSP) and the South East Plan 2009 have always provided the strategic planning tier that has set Maidstone Borough's housing targets. Since the Coalition Government announced its intention to abolish the South East Plan in 2010 (not withstanding legal challenges) the Borough Council has been in the position to set its own housing target, based on a robust evidence base. The methodology for this process has been agreed by members and includes as one part demographic and labour projections.
5. The most recent work that Kent County Council has undertaken for Maidstone is the published 'Demographic and labour supply forecasts', October 2010.
6. Methodology
7. 1996 Kent Structure Plan
The methodology for the demographic projections that informed the 1996 Kent Structure Plan is set out in its housing chapter. The factors informing this were:
 - Mid-year population estimates (base date of 1991)
 - Fertility and mortality rates
 - Net migration
 - Household sizes
 - Housing vacancy rates
 - Second homes
 - Allowance for addressing concealed household issues
8. Chelmer Model 2004 (2006 KMSP) and 2010 (2011 Core Strategy)
The projections informing the 2006 Kent and Medway Structure Plan, dated July 2004, used the Chelmer Model, which was developed at Anglia Polytechnic University (now licensed by Cambridge Econometrics). The

2010 projections also use the Chelmer Model. This model is based on the cohort survival model, explained below:

- Take base population (by age groups)
- Add births and in migration (gross) for year 1
- Subtract deaths and out migration (gross) for year 1
- Age the entire population by one year
- Note results for year 1
- Repeat the process for year 2 and onwards

9. The factors that the Chelmer model uses in the cohort survival approach, are very similar to those used in 1996:

- Base year population by gender and five-year cohorts
- District level fertility rates (adjusted) projected to national trends
- Gender ratio at birth (local trend, assumed constant)
- Migration flows (trends)
- Base year household figures at 2001
- Marital status and household representative rates
- Institutional population specific to districts
- Vacancy rates and sharing rates
- Base year dwellings (the number of dwellings) at 2001

10. Migration led strategy or housing led strategy?

The housing projections in the 2010 paper each cover the period 2006-2026, but use different forecast scenarios:

- Migration led forecasts – the controlled variable is adjusted to assume different levels of migration over the forecast period. The 2010 projections use zero net migration (assumes that in and out migration balance each other over the period), a 5 year trend, a 10 year trend and a 19 year trend (trends project past figures forwards i.e. a 5 year trend uses the 5 years prior to the forecast being made).
- Housing led forecasts – the controlled variable is adjusted to assume different levels of home building over the forecast period. The 2010 projections use construction levels of 8,200, 10,080 and 11,000.

11. Since the late 1980s the Chelmer Model has been increasingly used, notably by Central Government as well as numerous local planning authorities (LPA), and is now considered the industry standard.

12. Labour supply forecasts

The labour supply forecasts provided in the report stem from the results of the population projections for each of the scenarios. Labour supply forecasts are aggregated into the following age groups (from the 5 year cohorts used in the population projections):

- 16-24 years
- 25-34 years
- 35-44 years

- 45-59 years
 - 60-64 years
 - 65-69 years¹
 - 70-74 years²
13. The supply forecasts also make a distinction by gender so that activity rates can be applied to each of the age groups. This calculation provides the resident labour supply figures (economically active population).
14. Activity rates have been calculated for each gender/age group using local 2001 Census data. The rates are adjusted forward to 2020 using national growth rates as set out in national projections. The period post 2020 is held constant at the 2020 level.
15. Workplace labour supply
Resident labour supply, of course, does not necessarily translate into available labour solely for the benefit of businesses within the borough. The resident labour supply figure is converted into a workplace labour supply figure using a workspace ratio calculated from the 2001 Census. The workplace ratio has been updated by KCC using more recent information:
- 2010 unemployment figures - used to calculate an up to date economic activity rate (for the resident labour element of the ratio calculation)
 - 2008 Annual Business Inquiry data (to calculate the workplace element of the ratio calculation)
16. The estimated workplace ratio for 2010, of 1.0344, suggests that Maidstone is a net importer of labour, and shows that the borough can rely on more labour being available than inherent population growth by itself would achieve.
17. Part of the bigger picture
The population projections and labour supply forecasts are part of the wider Core Strategy evidence base. The labour supply methodology in particular looks at how many workers might be available given a particular forecast scenario, resulting from the decisions that the borough makes regarding its own strategy. Other factors will also influence the ultimate labour supply achieved. The Economic Development Strategy and Employment Land Review should also be referred to as an aid to understanding many of the other factors involved.

¹ Recognises that people remain economically active beyond retirement age and that with new legislation workers in this age band will become more common.

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Overview of Chelmer Model components and processes

