The East of England Forecasting Model (EEFM)

1   The East of England Forecasting Model is a standalone forecasting system to guide local authorities and local enterprise partnerships in the region on 'baseline' economic forecasts with their associated demographic and housing implications; and to allow users to generate alternative scenarios.

2   The Model provides economic, demographic and housing forecasts for the East of England and its constituent local authorities. These forecasts will not necessarily be consistent with adopted policies (e.g. housing targets) unless the scenario being tested is defined on that basis.

3   The Model provides a link between housing and the economy. It has undergone several improvements and updates since its inception – for example, to address the complexity of household formation trends at a time of economic and migration change.

4   The EEFM is designed to provide:

- A consistent evidence base for the region, for use in strategy and policy development and for testing spatial linkages in economic, demographic and housing trends;
- A set of 'baseline' forecasts for the region (and beyond, to cover the local enterprise partnerships) prepared by a leading independent forecasting house (Cambridge Econometrics);
- A means of generating scenarios (alternative future trends);
- A mechanism to raise awareness of new or overlooked issues and linkages which might impinge on the success of regional or local policies and strategies;
- An information resource collating a wide range of data in a central location and in a consistent manner.

5   The modelling approach is based on the following:

- Regional employment forecasts by detailed sector are constrained by UK sectoral forecasts
- UK sectoral forecasts in turn are constrained by global conditions – e.g. exchange rates, oil prices, world trade, etc.
- Local employment forecasts are based on an extrapolation of shares of regional employment within each sector taking into account:
  - changes in population; and
  - changes in appropriate sectors
- Population change depends on the level of unemployment which in turn depends simultaneously on employment trends
- Housing demand depends upon population and occupancy trends

6   One of the uses for the modelling is as a starting point for strategy work (planning policy, LEP strategic planning, etc.). In Norfolk it will influence the emerging Norfolk Strategic Framework document that is currently being prepared. The EEFM is primarily a **demand-based** model and the forecasts are **policy-neutral** i.e. assuming no change to the policy regime reflected in the data and not incorporating any speculative plans or strategies.

7   The EEFM is one of a number of forecasts that can influence our scenario planning for the new local plan. The outputs would need to be compared to other forecasts such as the 2014-based ONS Population projections that were published on 25 May 2016 and the 2014-based ONS Household Projections due to be published on 12 July. Our specialist SHMA/OAN consultants would need to provide advice on what the various projections mean for the calculation of the Borough's FOAN.

8   The EEFM 2016 outlook is due to be finalised on 14 July and published on their website on 15 July. The forecasts were prepared prior to the European Referendum outcome so are 'pre-Brexit' and the Steering Group may decide that a 'Brexit' scenario needs to be commissioned.

9   The **draft** outputs for New Anglia LEP show the following changes for the Borough:

Variable	2016 (000s)	2036 (000s)	Total Increase (000s)	Average p.a.
Population	152.3	176.2	23.9	1,195
Households	65.6	78.4	12.8	640
Dwellings	76.7	91.6	14.9	745
Jobs	68.4	72.9	4.5	225

10 The graph below illustrates household projections for the Borough compared to other Norfolk and Suffolk districts.

11 The report on housing need considered by the Cabinet in March 2016 identified a FOAN for the Borough of between 690 and 710. The Heacham inquiry considered housing land supply scenarios based on the Core Strategy target of 660 and a FOAN of 710.

12 Members are recommended to note this report.

Household projections – 2016-36 (%)