



Strategic Planning Research Unit
A specialist team within DLP Planning Ltd

For and on behalf of
Hastings Borough Council and Rother District Council

Housing and Economic Development Needs Assessment Update

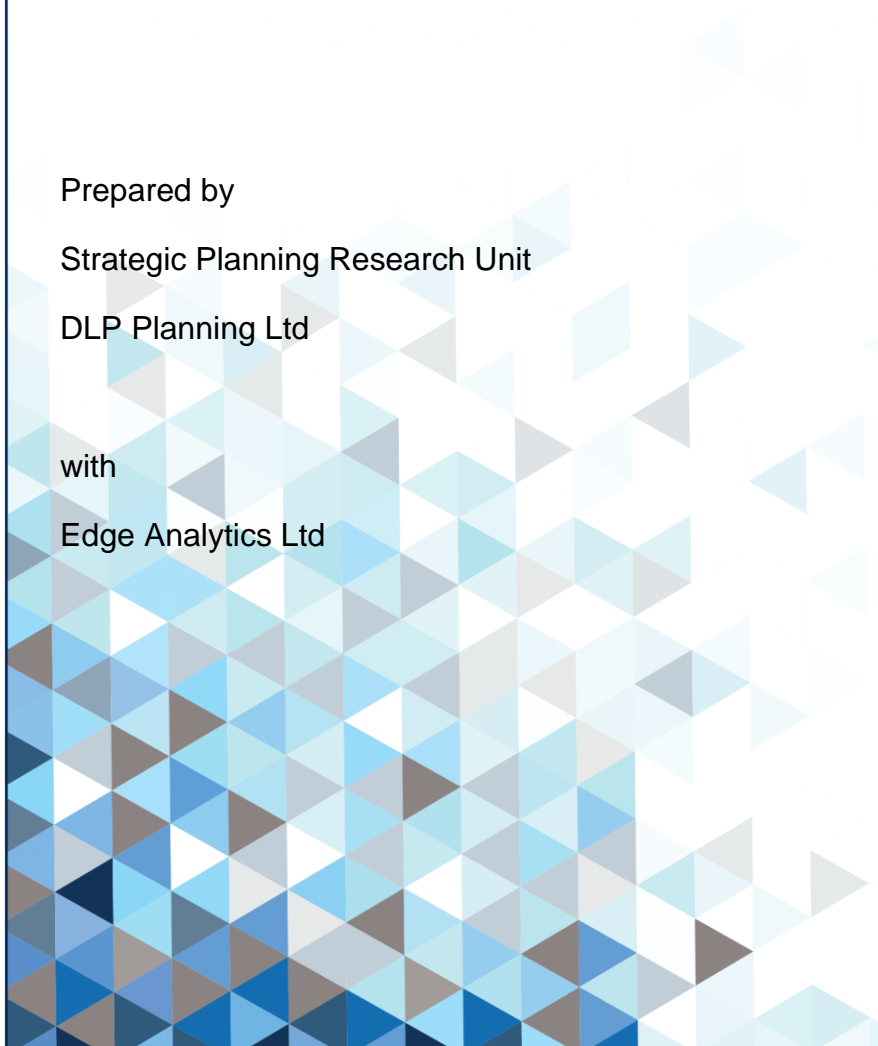
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EXECUTIVE SUMMARY

- i. DLP Planning and Edge Analytics were instructed by Hastings Borough Council and Rother District Council to prepare an updated Housing and Economic Development Needs Assessment (HEDNA) to support their respective emerging Local Plans. A HEDNA was previously prepared by GL Hearn in August 2020, however an update to this document was required to ensure that each authority has the most up-to-date evidence available to inform the housing and employment policies of their new Local Plans, in particular taking account of the recent effects of the COVID-19 pandemic and changes to Government policy and guidance since the previous HEDNA was published.
- ii. This HEDNA therefore presents an updated assessment of housing needs, including the type and tenure of housing required and the specialist housing needs of different groups, together with an assessment of future jobs growth and employment land needs. As such, the evidence presented in this report will help to ensure that communities across Rother and Hastings have access to jobs and the right type of housing to meet their needs.

Housing and Functional Economic Market Area

- iii. The Housing Market Area (HMA) and Functional Economic Market Area (FEMA) definition set out in HEDNA (2020) has been reviewed in the context of Planning Practice Guidance (PPG) and recently published secondary data.
- iv. On the basis of the strong commuting links and migration flows between the two authorities, and which are comparatively stronger than the links with other neighbouring authorities, it is concluded that Rother and Hastings comprise a self-contained HMA and FEMA.
- v. This conclusion aligns with the findings presented in the HEDNA (2020) and similar studies undertaken in adjoining authorities.

Demographic Profile

- vi. The 2021 Census population counts were 93,110 in Rother and 90,996 in Hastings. These counts are lower than the projected 2021 populations under the 2014-based and 2018-based SNPPs in both authorities and represent lower totals than indicated by official mid-year population estimates to 2020.

- vii. The 2021 Census identifies 42,102 households in Rother and 40,453 in Hastings. The number of households recorded in Hastings decreased between 2011 and 2021, and the average household size increased from 2.15 to 2.22. In Rother, the average household size increased slightly from 2.16 to 2.17.
- viii. Between 2001 and 2020 official mid-year estimates indicated that the population of Rother increased by 13.2% (11,245 people) and the population of Hastings grew by 8.4% (7,162 people).
- ix. Population growth in both authorities was highest in the 65-79 age group, reflecting an increasingly ageing population.
- x. The working-age population (15-64) has also increased in both authorities but at a slower rate than across the South East and England as a whole.
- xi. Natural change in Rother has been consistently negative between 2001 and 2020, as the number of deaths exceeded the number of births each year.
- xii. There are strong migration links between Rother and Hastings with an average net loss of 282 people from Hastings to Rother each year. Both authorities have also seen a net increase in resident moves from London.
- xiii. Both Rother and Hastings have experienced a net population outflow in younger age groups, particularly in the 15-19 age category.
- xiv. Net international migration in both authorities has decreased in recent years but remains a positive driver of population growth, particularly in Rother District.
- xv. The annual rates of population growth vary between 0.79% (2014-based SNPP) and 0.63% (2018-based SNPP) in Rother, and 0.55% (2014-based SNPP) and 0.14% (2018-based SNPP) in Hastings. The differences between the projections are due to differences in the applied fertility, mortality and migration assumptions and assumptions relating to Higher Education Leavers.
- xvi. Economic activity rates in both Rother (63%) and Hastings (68%) are lower than the rate for England (70%).
- xvii. Since at least 2004 the unemployment rate in Hastings has been consistently higher than the rate in Rother and England as a whole.
- xviii. There are strong commuter flows between Rother and Hastings with the largest flow at the 2011 Census being from Hastings to Rother (5,247) followed by the flow from Rother to Hastings (5,091). Both Rother and Hastings experience a net out-commute to surrounding districts for employment.

Development Trends and Housing Market Profile

- xix. The total number of dwellings in Rother and Hastings increased by around 13% between 2001 and 2021, from 80,470 to 90,670 dwellings.
- xx. Market sector housing stock has increased by an average of 168 dpa in Hastings and 201 dpa in Rother over the period 2011 to 2022.
- xxi. Rother delivered a higher proportion of affordable housing (37% of total delivery between 2011 and 2021) compared with Hastings (28% of total delivery).
- xxii. Based on 2021 Census data, the proportion of unoccupied properties was 8.6% in Hastings (compared to 4.4% in 2011) and 9.3% in Rother (compared to 7.2% in 2011) although the reliability of these data may be impacted by the effects of the Coronavirus pandemic.
- xxiii. The median house price in Rother is substantially higher than that in Hastings and the average for the wider South East. The affordability ratio in Rother (13.82 in 2021) is also higher than in Hastings (10.78), meaning housing is less affordable relative to workplace-based earnings in each respective authority. This represents an increase upon the figures presented in the 2020 HEDNA.
- xxiv. High rates of change in the mean price of detached properties in both Rother and Hastings, compared to the South East, suggests a strong demand for this type of property across both authorities.

Local Housing Need

- xxv. The Standard Method is used as the starting point to assess local housing needs, following the steps outlined in PPG.
- xxvi. The Standard Method calculation results in a minimum Local Housing Need (LHN) figure of 737 dwellings per annum (dpa) for Rother and 481 dwellings per annum for Hastings (using a 2022 base year).
- xxvii. These LHN figures are considerably higher than currently adopted housing requirement policies (335 dpa in Rother and 200 dpa in Hastings).
- xxviii. The LHN figures are also higher than recent average rates of delivery in both authorities since 2011/12 (204 dpa in Rother and 170 dpa in Hastings).

Housing Growth Scenarios

- xxix. A series of eleven Growth Scenarios have been developed including:
- Six scenarios based on official ONS projections (2014- and 2018-based).
 - A Dwelling-led LHN scenario which evaluates the population growth implications of an additional 737 dwellings per year in Rother and 481 dwellings per year in Hastings. An additional Dwelling-led LHN scenario has also been produced without the affordability uplift from the government's Standard Method (Dwelling-led LHN (no uplift)).
 - Two 'alternative trend' POPGROUP (PG) scenarios based on a continuation of short-term (5-year) and long-term (19-year) migration histories.
 - An Employment-led scenario based on the Local Growth Forecast developed in Section 15.
- xxx. The scenarios identify a dwelling growth figure in Hastings of between 481 dpa (Dwelling-led LHN scenario) and 141 dpa (SNPP-2018-LOW scenario).
- xxxi. The scenarios identify a dwelling growth figure in Rother of between 737 dpa (Dwelling-led LHN scenario) and 417 dpa (SNPP-2018-LOW scenario).
- xxxii. The scenarios assessed within the HEDNA Update indicate that the inputs to Step 1 of the standard method calculation do not correspond to a significantly unusual period of estimated population and household growth. Population change (included that estimated as part of the inputs to the official 2014-based projections as well as other scenarios tested in the HEDNA Update) may nonetheless have been affected by past rates of delivery.
- xxxiii. The findings of the scenario testing, together with the foregoing analysis, indicate that there are no exceptional local circumstances in either Rother or Hastings that would justify deviating from the Standard Method and that together with the application of the affordability uplift at Step 2 its outputs are broadly reflect of available evidence for current and future demographic trends and market signals. This conclusion is consistent with the Government's latest position that the Standard Method provides stability for plan-making.
- xxxiv. Under each scenario, the size of the labour force and the level of employment growth that could be supported by the identified level of dwelling growth has been calculated. The highest dwelling growth (identified under the Dwelling-led LHN scenario) is capable of supporting a higher level of employment growth than that projected under the Employment-led scenario meaning that under the highest dwelling growth scenario there would not be a shortage of dwellings to support the

growth in labour force anticipated under the employment growth scenario forecast (as set out in Section 17).

- xxxv. It is not considered justifiable or necessary to increase the housing need above that set by the Standard Method. At the time of undertaking this assessment, the housing need is therefore concluded to be 737 dwellings per year for Rother and 481 dwellings per year for Hastings.

Affordable Housing Needs

- xxxvi. The HEDNA Update follows the approach outlined in the Planning Practice Guidance to model net affordable housing needs for the period 2021 to 2044, based on relative costs and incomes.
- xxxvii. This analysis takes account of current unmet needs, newly arising needs and the current annual supply of affordable housing (including commitments).
- xxxviii. The results of the assessment reflect the HEDNA Update's recommendations on the affordability of housing costs (i.e., assumption that 30% of income is spent on housing costs).
- xxxix. It is estimated that just under 44% of newly forming households earn less than the threshold required to afford lower quartile rents in Rother, and just over 45% in Hastings. When combined with the figures for the proportion of newly-forming households able to afford lower quartile rents but unable to afford lower quartile purchase prices (50% in Rother and 51% in Hastings), this results in 94% (Rother) and 96% (Hastings) of newly-forming households being unable to afford to buy a lower quartile property.
- xl. For Hastings, the total net annual affordable housing need is 432 dpa for the period 2021 to 2044 (comprising around 89% of the figure for local housing need based on 481 dpa).
- xli. For Rother, the total net annual affordable housing need figure is 325 dpa for the period 2021 to 2044 (equivalent to 44% of the local housing need figure based on 737 dpa).
- xlii. In terms of affordable housing to rent, once the new committed supply and supply of re-lets is taken into account, this results in a net annual affordable housing need (to rent) of 238 dpa in Rother and 316 dpa in Hastings for the period 2021 to 2044.
- xliii. In terms of affordable home ownership, once the new committed supply and shared ownership re-sales are taken into account, this results in a net annual affordable

housing need (ownership) of 87 dpa in Rother and 116 dpa in Hastings for the period 2021 to 2044.

- xliv. The net affordable housing requirement set out in policy and how this is delivered will have to have regard to scheme viability and its contribution as a proportion of the total housing need.
- xlv. The overall level of affordable housing needs should be a consideration in choosing the housing requirement, in order to maximise delivery. Consideration should also be given to providing policy support for 100% affordable housing schemes, subject to an appropriate housing and tenure mix being agreed.
- xlvi. In terms of whether the overall total net need for affordable housing can be delivered in the plan period the following points should be noted:
 - The policy requirement for affordable housing to be delivered through S106 planning obligations only applies on qualifying sites (of 10 or more dwellings, qualifying rural exception sites or smaller sites within the AONB) and this may be challenged on viability grounds.
 - Not all affordable housing will be delivered on major sites via S106 agreements. Some may be delivered through Grant Funding and 100% affordable housing schemes.
- xlvii. Wherever possible the priority for affordable housing should be given to social rent, and is equivalent to 32% of total net affordable housing needs in Rother and 30% in Hastings.
- xlviii. Of all households in Rother, 40% are unable to afford Lower Quartile (LQ) Open Market Rent, 23% are unable to afford Affordable Rent, and 10% are unable to afford Social Rent. For Hastings, the equivalent proportions of households unable to afford are 42% for LQ Open Market Rent, 34% for Affordable Rent and 14% for Social Rent.
- xlix. In Rother, the split between the need for affordable and social rent is for 56%/44%. In Hastings, a slightly higher proportion of affordable rent is required (58%) and a slightly lower proportion of social rent (42%).
 - I. PPG requires First Homes to account for at least 25% of all affordable housing units delivered through planning obligations. Adding in the requirement for First Homes results in the affordable housing split shown below:

Affordable Housing Split	Rother	Hastings
Social Rent	32%	30%
Affordable Rent	26%	28%
Affordable Home Ownership	17%	17%
First Homes	25%	25%

- ii. National policy also requires at least 10% of the overall total number of homes that are being delivered on a site to be available for affordable home ownership (unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups).
- iii. Within both Rother and Hastings the suggested split of affordable housing tenures (comprising 42% for First Homes and other intermediate tenures) would satisfy the national policy objective for 10% of all units providing for affordable home ownership at total affordable housing contributions of 24.4% and above. Contributions in excess of this would further increase opportunities for affordable home ownership relative to the proportion of affordable housing for rent.
- liii. Evidence for the 'rent/buy' gap in Rother and Hastings indicates that this is substantial and increasing routes into affordable home ownership within this context is consistent with Central Government policy objectives.

Housing Mix

- liv. To support the overall housing mix across both Rother and Hastings it is recommended that accommodation of all sizes continues to be provided. The outputs from this section consider the total HEDNA household projection and cover all tenures.
- lv. A purposefully broad range has been adopted in terms of the expectations for overall housing mix, including:

Hastings

- 1-bedroom 20-25%
- 2-bedrooms 30-35%
- 3-bedrooms 30-40%
- 4-bedrooms 10-15%

Rother

- 1-bedroom 15-20%
 - 2-bedrooms 25-30%
 - 3-bedrooms 35-45%
 - 4-bedrooms 15-20%
- lvi. Bringing forward a greater proportion of smaller dwellings would be likely to assist in supporting turnover in the market, affordability and encouraging 'rightsizing' for older households.
- lvii. New development of affordable family sized housing could help to alleviate current pressures and address expected future trends in family households in this sector.
- lviii. For affordable rented housing, the future tenure mix taking account of stakeholder feedback and needs for family housing may support diversifying the existing stock and pattern of lettings of predominantly 1 and 2-bed properties to include a slightly higher proportion of 2-bed, 3-bed and 4-bed units relative to the proportion of 1-bed units.
- lix. For intermediate affordable housing, prioritising the provision of 2-bed and 3-bed property would balance affordability considerations with the needs of young families and reflect existing trends in the private rented sector. Within Hastings this would reflect supporting a lower proportion of one-bedroom properties than specifically indicated via the modelling.
- lx. Reflecting the overall average occupancy profile across the rental and owner occupied tenures for market housing generates a more balanced profile of 2-bed and 3-bed properties but does not specifically project forward growth in the private rented sector which contains a much higher proportion of smaller properties and may be less suited to meeting the longer-term needs of younger households.
- lxi. Growth in the private rented sector may inhibit the availability and turnover of stock to maintain modelled occupancy trends (for example access to larger properties for growing families). Larger households seeking to meet needs within the private rented sector may be exposed to greater affordability pressures. The delivery of new housing for market sale or affordable housing for sale and rent in accordance with the overall suggested mix (including 3+ bedroom properties) would assist with relieving some of the pressure on the housing market associated with these trends in terms of supporting existing occupancy patterns.
- lxii. In the Rother sub-areas, Rye Rural has the greatest older population (35.5% aged 65+), compared with Ticehurst and Battle whose populations aged 65+ are 25.7%

and 25.6% respectively (Census 2021). This may have implications for requirements for smaller properties to encourage rightsizing for older residents.

Meeting the Housing Needs of Older People

- lxiii. The housing needs of older people in Hastings and Rother have been assessed using a model developed by the Strategic Planning Research Unit (SPRU) at DLP Planning. Details of this model are presented in Appendix E.
- lxiv. This models older persons housing needs in the two districts. It is based upon the projections derived for the Local Housing Need of the districts and as such it is not an additional housing need but a sub-set of the overall housing need.
- lxv. While projections identify “new” one or two persons households some of these “new” households will be existing 3 or 4 persons households which are dissolving to create more than one household (for example when a child leaves the family home creating a 1 person and a two person household from the 3 person household or a two person household becoming a one person household through the death of a partner). This means that many of the “new” older persons households of one or two persons are already residing in existing accommodation. In the case of market accommodation this is likely to be housing with 3 or more bedrooms. It must be understood therefore that the model seeks to identify the level of provision of specialist older persons housing to meet the needs of these households, and in doing so, will release of existing properties onto the second-hand market to meet the needs of other generations.
- lxvi. Based on the 2018-SNPP there is expected to be a 74% increase in the population aged 75+ in Hastings by 2043 and a 69% increase in Rother.
- lxvii. The Standard Method projection, on which the future older persons housing need has been modelled, projects an increase 105% increase in the population aged 75+ in Hastings by 2044 and an 82% increase in Rother.
- lxviii. This assessment identifies a net need for specialist older persons accommodation in Hastings of 1,674 units between 2023 and 2044 (80 units per year) and in Rother of 3,542 units between 2023 and 2044 (169 units per year).
- lxix. This assessment identifies a range of net additional need for care and nursing bed provision by 2044. In Hastings, the need is between 210 (continued declining prevalence rates) and 742 beds (constant prevalence rates). In Rother, the need by 2044 is between an oversupply of 137 beds (continued declining prevalence rates) and 800 beds (consistent prevalence rate). For both Councils, the range of recommendations based on net additional needs for care bed provision should be

monitored with regard to total net change within the existing stock of bedspaces. Total net change in bedspaces may be impacted by the loss of existing facilities and dependent on the extent to which policy and market demand interact to support the modernization or intensification of existing sites relative to provision of replacement facilities elsewhere.

Meeting the Housing Needs of Other Specific Groups

Accessible and Adaptable Housing

- lxx. The authorities need to ensure a proportion of all new qualifying residential development in Rother and Hastings provides for accessible and adaptable homes in accordance with the government's optional technical housing standards.
- lxxi. In line with the recommendations in the HEDNA (2020), the evidence in this HEDNA Update would further support both Councils in considering a policy requirement for all new dwellings to be M4(2) compliant as a minimum, and 5% of new wheelchair adaptable market housing and up to 10% of wheelchair accessible or adaptable affordable housing to also be M4(3) compliant.

Self and Custom-Build Housing

- lxxii. In order to ensure that Rother and Hastings continue to comply with the requirements of the Self-build and Custom Housebuilding Act 2015 (as amended) it is recommended that local plan policies are introduced in Hastings (or retained in the case of Rother) that provide support for the delivery of self and custom build housing.

Affordable Shared Accommodation including HMOs

- lxxiii. It is recognised that forms of shared accommodation in Rother and Hastings provide an affordable housing option in the private rented sector and can help to 'bridge the gap' between social housing and private rent.
- lxxiv. It is recommended that the authorities consider policy options that support meeting the identified need for HMOs, co-living and other shared forms of accommodation as long as these contribute towards the provision of mixed and balanced communities (and do not result in over-concentration), are well-managed and provide access to appropriate facilities (including amenity space). Alongside the delivery of the recommended housing mix as part of new development providing a permissive approach to support the sub-division of existing larger properties (subject to location and other qualifying criteria) would assist in widening the choice and supply of homes.

Build to Rent

- lxxv. The Councils may wish to consider the introduction of permissive policies that support the introduction of BTR typologies to diversify supply. While such policies may be appropriate when applied to suitable schemes, this would be subject to relevant viability testing. The potential for BTR typologies should be assessed with reference to levels of market rent necessary to ensure development is viable, including their ability to satisfy the benchmarks for affordable housing provision.

Working from Home

- lxxvi. There has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall housing need.
- lxxvii. The increased trend towards working from home in certain sectors may however result in an increased desire for dedicated homeworking space within residential units, which it is envisaged would be picked up through market demand for housing.
- lxxviii. The authorities may however wish to consider introducing more flexible policies that support the delivery of dedicated home working spaces within new residential dwellings while giving consideration to future policy controls on the use of this space or achieving compliance with the rooms standards for bedrooms.

Second Homes and Holiday Lets

- lxxix. Although it is possible to impose principal residence conditions (or local connection criteria) on new build (C3) residential developments where these meet relevant tests, this would only restrict the use of new build schemes. The use of such policies in practice at the local planning authority level is very limited. It is not currently possible to restrict the conversion of residential dwellings to second homes/holiday lets through planning policy as they fall within the same use class (C3).
- lxxx. Should changes to the Use Classes Order (which were being consulted on at the time of writing) come into force, it is recommended that further evidence is gathered to understand the localised impacts of second homes/holiday lets on the availability of residential properties and to introduce Article 4 Directions where necessary.
- lxxxi. Presently there is also no clear indication of a wider geographic problem (particularly in the context of relatively limited levels of development) that would suggest the use of new build stock (and implications for vacancy) would be such that if extended more widely it would limit the ability to meet local housing need (for

example impacting upon assumptions for population growth for a given number of dwellings).

- lxxxii. Both Councils are advised to undertake post-development occupation monitoring surveys to establish 'vacancy' rates and use of new development as non-primary residences. This would be a reasonable approach to establish the scope to fully explore the potential for such policies in the future.

Conclusions on Housing Needs

- lxxxiii. In light of limited land supply and other constraints across the housing market area (such as AONB designations), it is acknowledged that it may not be possible for each authority to plan to meet its identified local housing need. As such, there will be a need for the authorities to balance meeting the overall housing need with meeting the needs of different groups, including affordable housing needs, specialist older persons accommodation and wheelchair accessible/adaptable housing.
- lxxxiv. As the needs of these groups essentially form a sub-set of overall housing needs, it is recommended that policies are developed which seek to maximise overall housing delivery (through allocation of deliverable and developable sites) and within each site deliver a proportion of housing to meet affordable, wheelchair accessible/adaptable and self/custom-build needs as a proportion of overall delivery at the percentages recommended in this report.
- lxxxv. In terms of other specialist forms of accommodation, such as older persons housing, it is recommended that consideration is given to identifying sites that are suitable to accommodate older persons housing and in particular require that provision for older persons housing is made on any larger strategic allocations if these are being considered. An 'exceptions' policy allowing provision of older persons housing with care on unallocated sites in sustainable locations may encourage increased levels of provision.

Economic Policy Context

- lxxxvi. Based on a review of key strategic and evidence base documents, the South East Local Enterprise Partnership (LEP) identifies hospitality and recreation as being key sectors in East Sussex, together with significant growth opportunities in the creative industries, advanced manufacturing, MedTech and low carbon industries. Health & social, business support services and agriculture are also strong sectors locally.

- lxxxvii. The evidence identifies a need in coastal areas to raise skills levels and support small and medium sized businesses in particular, including those linked to the tourism, hospitality, creative and cultural sectors.
- lxxxviii. There is also a focus on High Street and town centre regeneration to combat the downturn caused by the decline in the retail sector.

Economic Baseline

- lxxxix. The unemployment rate (age 16+) in Hastings in June 2022 was 4.9% compared with 3.9% in Rother and 3.9% across England as a whole, with a jobs density for both districts that consistently sits below the national and regional average for period 2000-2021.
 - xc. Both Hastings and Rother have a higher-than-average percentage of working aged people who lack any formal qualification, 15.1% (Hastings) and 10.6% (Rother) compared to both the national (6.4%) and regional (5.0%) level.
 - xc. Rates of self-employment across the FEMA (24.9% in Rother and 19.3% in Hastings) are also higher than the national average of 13.2%.
 - xcii. The sectors contributing the most to GVA across the FEMA include real estate activities and human health and social work. The manufacturing sector also makes a significant contribution to GVA in Hastings, but less so in Rother.
 - xciii. The FEMA has particularly high incidences of jobs in the health and public administration & defence sectors (in Hastings) and the agriculture, forestry & fishing, and financial & insurance sectors (in Rother). The majority of business growth in the FEMA over the period 2012 to 2022 was in micro-businesses.
 - xciv. Commuting data indicates two-way flows between rural and urban parts of the FEMA, but just 12% of FEMA employment is in the rural area compared with 88% in the urban areas. In the rural area there are comparatively high incidences of employment in the retail, accommodation & food services, and arts & recreation sectors. Urban areas in the FEMA have experienced particular increases in employment in the service industries (including public services) since 1998.
 - xcv. Around 80% of total FEMA GVA is contributed by the urban areas, including 54% from Hastings and 25% from Rother's urban areas. Hastings continues to fulfil the role of the primary urban area within the FEMA.
 - xcvi. There is no clear evidence that a specific employment floorspace requirement needs to be identified for rural areas of the FEMA to support future economic growth, however there is a need for flexibility to support further diversification and

allow rural businesses to respond to external factors, including changing markets and climate change.

Commercial Market Signals and Completions Trends

- xcvii. The majority of the existing 134,000 sqm office and 579,000 sqm industrial floorspace is located in Hastings. VOA data shows that since 2001 there has been a net loss of 17,000 sqm (5.3%) of industrial floorspace and 12,000 sqm (12.5%) of office floorspace in Hastings. In Rother there has been a net increase of 56,000 sqm (25.5%) industrial floorspace and an increase of 4,000 sqm (8.7%) office floorspace.
- xcviii. Across the FEMA this equates to around a 7.2% increase in industrial floorspace (higher than the 3.5% increase seen across the South East) and a 5.6% loss of office floorspace since 2001 (similar to the change across the South East). The introduction of Permitted Development Rights for office to residential conversions has contributed to the net loss in office floorspace, particularly in Hastings.
- xcix. Both urban and rural areas have contributed to gains in floorspace since the 2008-2010 financial crash, although the stock of properties in the rural areas has increased at a faster rate than in the urban areas over the last decade. This is reflected in a 132% increase in industrial properties and 67% increase in office properties in the rural areas compared with a 13% increase in industrial properties and 4% increase in office properties in urban areas.
 - c. In Rother over the period 2011/12 to 2021/22 there was an overall net loss of former B1c and B2 floorspace of over 2,500 sqm compared with net gains of former B1a/B1b floorspace of around 2,300 sqm and B8 floorspace of 24,500 sqm (equivalent net total change in floorspace of around 2,230sqm per annum).
 - ci. In Hastings over the period 2016/17 to 2020/21 there was a net loss of former B1a/B1b of around 1,950 sqm floorspace and a net loss of 2,340 sqm B1b/B2 floorspace, compared with a net gain of around 6,600 sqm B8 floorspace (equivalent net total change in floorspace of around 470sqm per annum).
 - cii. Monitoring data indicate essentially no gross new delivery or significant net change within B-Use classes¹ in the Rother urban sub-areas since 2016. Around 64% of total change within B-Uses within the FEMA has been recorded in the rural area between 2016 and 2021. Within the urban areas losses predominantly relate to office floorspace, driven largely through a loss to residential use.

¹ Former B Use Classes B1, B2 and B8.

- ciii. Projecting the current take-up trend forwards over 20 years would result in just an 8% increase in total office floorspace and 5% of industrial floorspace, and therefore is not considered indicative of wider demand in the FEMA. Past take-up trends would not correspond to retaining a focus on the main urban areas at Hastings and Bexhill as the principal locations to meet future needs in-line with their existing role providing for the vast majority of employment and floorspace.
- civ. Analysis of pipeline supply (commitments) indicates that the rural sub-area will have a continued role in meeting overall future needs, but patterns of demand and supply should be considered primarily as part of the FEMA total. There is no evidence to justify a separate employment requirement figure for the rural sub-area, however it is recommended that Rother Council continues to monitor development trends in the rural sub-area including levels of 'windfall' provision for further floorspace on unallocated sites and potential land use and policy constraints impacting upon future levels of development.
- cv. The HEDNA Update has also been informed by local stakeholder engagement. This identified significant demands for Grade A high quality commercial space across the entire FEMA, particularly smaller units (around 100 to 500 sqm) suitable for SMEs.

Future Economic Growth

- cvi. The HEDNA Update analyses three baseline jobs growth forecasts for the FEMA from Cambridge Econometrics (CE), Oxford Economics (OE) and Experian for the period 2020 to 2040. The average forecast jobs growth for Hastings is 2,433 over the period 2020 to 2040 compared with 3,157 in Rother.
- cvii. The overall trend of all three forecasts shows a post-COVID-19 decline followed by a longer-term, gradual period of recovery.
- cviii. In Hastings, the largest forecast sector growth is in Accommodation and Food Services (Experian and CE). High levels of growth are also projected in the Financial, Professional and Other Private Services, and Public Services sectors. An overall decline is forecast in the Manufacturing sector, as well as low/declining levels of employment in Wholesale & Retail, Transport and Storage, and Information and Communication.
- cix. In Rother, higher levels of growth are projected in Accommodation and Food Services, and Financial, Professional and Other Private Services. There are also relatively high levels of growth expected in Construction (particularly by OE and Experian). An overall decline is forecast in Manufacturing, as well as low/declining jobs in Agriculture, Forestry and Fishing, Extraction & Mining and Transport and

Storage sectors. A reduction in jobs in Wholesale and Retail is forecast by OE and CE, whilst Experian forecast a slight growth in this sector (200 jobs).

- cx. The baseline forecasts have been adjusted to identify a locally specific growth scenario for Hastings and Rother, taking account of past trends, market conditions and the performance of individual sectors.
- cxii. The local growth scenario for Hastings projects a growth of 4,150 jobs (a compound annual growth rate (CAGR) of 0.55%) and the local growth scenario for Rother projects a growth of 3,800 jobs (CAGR 0.52%) over the plan period. This is across all sectors and not limited to jobs provided through former and current B Class uses.

Risks due to Brexit and COVID-19

- cxii. The models of all three forecasting houses have incorporated the implications of Brexit into their forecasting approaches. This includes assumptions in relation to potential reductions in EU migration and the end of passporting for financial services.
- cxiii. The HEDNA Update analyses the jobs by sector considered to be at high risk due to Brexit. This analysis suggests that the majority of existing jobs and forecast total growth within the Hastings and Rother economies derived from the growth scenario forecasts are not considered to be at high risk of negative consequences of Brexit.
- cxiv. The impacts of COVID-19 are also taken account of in the forecasting assumptions but with different rates of recovery. Most of the immediate effects of the pandemic are now recorded in official estimates and employment estimates, with the characteristics of individual sectors affecting the assessment of future prospects for continued recovery and long-term effects.
- cxv. Analysis of the sectors more susceptible to the impacts of COVID-19 shows that in Hastings, under the Growth Scenario, 35% of new jobs expected to be created between 2020 and 2040 are in high risk sectors, primarily the accommodation and food services sector, compared with 63% of new jobs in moderate risk sectors and 2% of new jobs in low risk sectors. In Rother, the Growth Scenario indicates an overall reduction in the number of new jobs in low risk sectors over the period 2020 to 2040, whereas 29% of new jobs created will be in high risk sectors (namely the accommodation and food services sector) and 76% will be in moderate risk sectors (namely financial & business services, construction and government services sectors).

- cxvi. Recent evidence suggests that whilst levels of home-working have declined from the high levels seen in particular sectors during the pandemic, levels of home-working continue to remain above those seen pre-pandemic. Many sectors including the locally-concentrated Civil Service, have introduced homeworking caps with a minimum of 60% of employee time to be either office or site based. This change in working practices is therefore likely to impact on the quantum and typology of employment space required to be planned for to support existing and future jobs growth.
- cxvii. Recent trends in working from home by sector (2012-2019) have been extrapolated, resulting in a total proportion of home working of 9.2% across all sectors by 2040. These projected working from home rates are factored into the land requirement modelling set out in the HEDNA Update.

Labour Supply versus Labour Demand

- cxviii. A labour supply scenario has been developed using the Dwelling-Led Local Housing Need scenarios for Hastings and Rother to assess the link between demographic change associated with the provision of housing and its potential to support economic growth.
- cxix. This analysis indicates that the number of jobs supported by projected population and household change would not appear to act as an impediment to supporting market signals and evidence of labour demand.
- cxx. Labour supply scenarios considered by this study indicate no likely significant adverse effect on commuting trends and the relationship between jobs and homes.
- cxxi. The Dwelling-Led Scenarios for Local Housing Need inclusive of the affordability uplift substantially exceed baseline forecasts for total net change in employment in Rother by around 69% taking account of trends in home-working and 2011 Census commuting ratios (14.2ha versus 8.4ha).
- cxviii. The Dwelling-Led Scenarios for Local Housing Need inclusive of the affordability uplift exceeds baseline forecasts for total net change in employment in Hastings by a less significant amount; around 24% taking account of trends in home-working and 2011 Census commuting ratios (9.3ha versus 7.5ha).
- cxviii. Housing provision in accordance with the Government's Standard Method would support additional jobs within growing sectors broadly consistent with evidence for labour demand within the Growth Scenarios for this study.

Future Employment Land Needs

Past Completions Trend Scenarios

- cxxiv. A forecast scenario based on past completions/take-up trends identifies a potential employment land requirement of 12.39ha in Hastings and of 29.28ha in Rother over the period to 2040.
- cxxv. If these take-up trends are adjusted to take account of completions which are 'swaps' between employment use classes (i.e. not true 'gains'), this results in a potential employment land requirement of 6.64ha in Hastings and 20.74ha in Rother over the period to 2040.
- cxxvi. A net take-up trend (also accounting for past losses) results in a potential employment land requirement of 2.23ha in Hastings and 13.36ha in Rother over the period to 2040.

Labour Demand Scenario

- cxxvii. By applying a series of assumptions (including jobs densities, plot ratios, flexibility margin, working from home adjustments and net-to-gross adjustments) a 'labour demand' scenario models employment land needs based on total net growth in employment in each sector in the local Growth Scenario forecast.
- cxxviii. This scenario results in a total employment floorspace requirement of 61,478 sqm in Hastings and 74,189 sqm in Rother over the period 2020-2040. This equates to a total employment land requirement of 15.4ha in Hastings and 24.7ha in Rother.

Supply/Demand Balance to Address Future Needs

- cxxix. The HEDNA Update draws together recommendations on the future demand for land and floorspace and considers the availability of the existing pipeline to provide for related uses in quantitative terms in order to identify any potential surplus or deficit in provision.
- cxxx. The recommended labour demand growth scenario is measured against the total pipeline for gains in employment floorspace taking account of completions within the plan period to-date, as well as changes within and between different employment Use Classes. Committed losses of floorspace from employment use are not deducted from the pipeline as a separate allowance has been made for replacement of these in future years.

- cxxxi. The current pipeline supply in Rother comprises around **106,600 sqm** employment floorspace of which 45% is office floorspace (B1a/B1b), 45% is industrial B1c/B2 floorspace and the remaining 10% is storage and distribution (B8). In Hastings, there is a total pipeline supply of around **65,000 sqm**, of which 41% is office floorspace (B1a/B1b), 39% is industrial B1c/B2 floorspace, and 20% is storage and distribution (B8) floorspace.
- cxxxii. This figure includes all the current site allocations for Hastings, including the remainder of Site HTC6 (Priory Quarter, Havelock Road) which is a town centre redevelopment site that was expected to deliver a high proportion of office floorspace and is now partially built out. However, it is understood that there is some uncertainty regarding the deliverability of the remainder of this site at the scale previously anticipated. Removing the undeveloped elements of the Priory Quarter site allocation (site HTC6) from the pipeline supply would result in a 19,380 sqm reduction in office (B1a/B1b) floorspace, reducing the overall pipeline supply in Hastings to around **45,600 sqm**.
- cxxxiii. The majority of the committed supply is within the Bexhill urban area, which is a change from previous development trends where the majority of completions between 2011-2022 were in the Rye Rural area.
- cxxxiv. The current supply/demand balance based on the recommended Labour Demand Growth Scenario is summarised in the following table:

Growth Scenario Supply/Demand Balance (Ha)	Office	Industrial	Storage / Distribution	Total
Hastings	2.7	3.3	-5.1	0.9
Hastings (excluding Priory Quarter)	-2.2	3.3	-5.1	-4.0
Rother	6.4	7.5	-4.9	9.1
FEMA total (excluding Priory Quarter)	4.2	11	-9.9	5.2

- cxxxv.]In Hastings there is overall broad balance between supply and demand but with a potential deficit in the pipeline for Storage/Distribution by Use Class. The supply/demand balance provides an indication that this would at least in-part be required to be offset by more flexible use of the stock of floorspace identified for industrial (B1c/B2) uses. If the Priory Quarter allocation site is excluded the extent of future losses could continue to impact upon the pipeline of supply required to achieve demand for business floorspace identified within the Growth Scenario.

- cxxxvi. In Rother the potential shortfall of B8 Storage/Distribution uses is principally driven by the concentration of the supply pipeline at Bexhill as currently identified for predominantly industrial use, but is considered to be representative of changing future demand.
- cxxxvii. Across the FEMA as a whole there is a **9.9ha** deficit in land supply for storage/distribution (B8) uses. As the majority of the committed employment floorspace supply in Rother District is in Bexhill, it may need to be considered whether any of this committed supply, once delivered, can be used to offset these identified shortfalls. The extent of the potential shortfall may in practice be affected by the rate of take-up of new floorspace within the pipeline and the turnover of existing stock for change of use between employment Use Classes (for example industrial to storage and distribution).

Implications for Policy

- cxxxviii. The deliverability of committed schemes should be taken into account when considering future allocations and the qualitative needs of employment growth sectors.
- cxxxix. Anticipated future losses of stock (particularly for office floorspace) should also be monitored closely, as a reduction in anticipated losses could reflect the potentially greater retention and re-use of existing stock to meet needs. There is also some flexibility of the characteristics of supply that would support future replacement (for example flexible workspace, studios and workshops), and this could be achieved through new delivery models rather than like-for-like replacement of conventional office floorspace.
- cxl. Retained surplus in the industrial pipeline is important for flexibility and would not, at the base-date of the plan, necessarily indicate an overprovision of land and floorspace.
- cxli. A deficit is identified against future needs for storage and distribution uses, indicating constraints to supply. While it is certainly the case that the potential 'surplus' for industrial floorspace could mean that, subject to flexibility over delivery, there is scope for this to provide for alternative uses it is also the case that some of these needs could be generated from the re-use or regeneration of existing industrial sites (providing the alternative provision for expected net additional needs for these uses is available elsewhere in the pipeline).

Conclusions on Economic Growth and Employment Land Needs

- cxlii. The HEDNA Update concludes that the local authority areas of Hastings and Rother, together with their intrinsic sub-areas, comprise a self-contained Functional Economic Market Area.
- cxliii. The HEDNA Update recognises that the uneven distribution of economic activity in the rural area overall that can be specifically attributed to the relationship with the fringes of the main settlements at Bexhill and Hastings and strengthening self-containment within the FEMA.
- cxliv. The HEDNA Update concludes that any qualitative and quantitative observations on recent take-up trends and the characteristics of future demand for land and floorspace should be evaluated in the context of the FEMA as a whole. Any perception of short-term concentration of planning and development activity relating to provision in the rural areas specifically should be considered in the context of wider demand and relative to the overall stock of properties and floorspace in the FEMA. Stakeholder engagement undertaken as part of an assessment of market signals also supports a FEMA-wide approach to addressing future needs for economic development.
- cxlv. Whilst there is no clear evidence to separately identify specific needs for employment floorspace in rural areas in order to help support future economic growth in rural areas there is a need for flexibility to enable further diversification and allow rural businesses to respond effectively to external factors, including changing markets and climate change.
- cxlvi. Stakeholders have highlighted a preference for the policy approach to economic development in the rural areas to support the continued intensification, re-use or diversification of existing sites. This is set against a relatively small existing portfolio for land and floorspace. This may provide limited opportunities for these types of development without requiring new greenfield development. Given the relatively small totals for employment in the rural areas and the diverse nature of activities there is crossover amongst sectors such as agriculture, manufacturing and hospitality that may together support enterprise but will not necessarily generate demand for new employment land and floorspace. For example, whether necessary floorspace for production and distribution can be provided as part of proposals for rural diversification and growth is specific to details of individual schemes and land use constraints. This can include the extent to which redevelopment reutilises existing buildings or corresponds to activities that are more closely aligned to pre-existing agricultural functions.

- cxlvii. Whilst there has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall need for employment floorspace within the two Council areas, the increases in homeworking have however been reflected in the overall floorspace requirement figure. This may result in an increased desire for dedicated homeworking space within residential units, which it is envisaged will be picked up through market demand for housing. The delivery of new homes in the course of the plan period will provide a longer-term solution to provide accommodation to support the anticipated increase in home-working.
- cxlviii. The HEDNA Update acknowledges some scope for uncertainty in future trends in home-working and the effect of local characteristics of labour demand (including activities such as tourism, outside of sectors generating conventional demand for land and floorspace but potentially supported by retention and re-use of the existing portfolio of stock) and labour supply (including qualification levels and whether the operation of the housing market attracts an increase in home-workers).
- cxlix. The performance of 'resort core' activities such as hospitality and tourism (particularly in Hastings) will be a leading indicator of whether the population locally is engaged in a higher or lower proportion of activities that support increased home-working. It would be open to the Councils to plan positively to ignore working from home trends when calculating demand for land and floorspace (in effect assuming that these do not dampen net needs) and place a greater onus on monitoring total change in employment.
- cl. At present there does not appear to be any effect from Use Class E (introduced in September 2020), which enables permitted changes of use between commercial, business and service uses (including shops and offices), as losses have been lower in recent years. In-fact the presence of Class E might even act against future loss of offices as permitted development no longer applies above 1,500sqm floorspace for former B1(a) uses. However, there may be a need for town centres to focus on providing more mixed-use developments, including flexible and shared workspaces.
- cli. Some of the characteristics of development in the rural area can be attributed to providing limited opportunities to replace floorspace lost elsewhere or providing some flexibility to meet changing market demand particularly in the small-scale office market. However, development in the rural sub-areas would not, in general terms, provide a direct substitute for under-provision elsewhere.
- clii. In terms of ensuring the delivery of sufficient storage/distribution floorspace to meet future needs, particularly to serve the urban area of Hastings, it may be necessary to consider whether any existing stock can feasibly be redeveloped or repurposed to meet these needs. In suitable locations it may also be possible to re-designate

sites allocated for E(g)(iii)/B2 uses for more flexible employment use (including B8) across the wider FEMA area.

- cliii. Subject to relevant criteria being used to determine the suitability of sites such as highway capacity, impact on local character and access to labour allocations across the FEMA, sites should not be unnecessarily restricted from accommodating B8 storage and distribution uses.
- cliv. It is likely that further public sector interventions will be required to ensure that existing allocations are delivered, including those in Bexhill which form a large proportion of the committed supply pipeline. Plans should seek to address barriers to investment, including upskilling of local residents.
- clv. In terms of managing patterns of supply and demand control, reducing the perception of over-provision in rural areas (relative to existing concentrations of employment and floorspace) is likely to be partly dependent on bringing forward alternative sources of provision at Hastings and Bexhill. Non-delivery of the committed pipeline within the urban area could further increase actual or perceived increase in the synergy with the rural area in terms of supporting office-based employment needs.

1 INTRODUCTION

- 1.1 DLP Planning and Edge Analytics were instructed by Hastings Borough Council and Rother District Council to prepare an updated Housing and Economic Development Needs Assessment (HEDNA) to support their respective emerging Local Plans. A HEDNA was previously prepared by GL Hearn in August 2020, however an update to this document was required to ensure that each authority has the most up-to-date evidence available to inform the housing and employment policies of their new Local Plans, in particular taking account of the recent effects of the COVID-19 pandemic and changes to Government policy and guidance since the previous HEDNA was published.
- 1.2 This HEDNA Update also seeks to fill some of the gaps identified by the Councils in the 2020 HEDNA, including a more detailed analysis by sub-area for Rother District, updated employment and housing need projections to 2044 and recommendations to inform policy. Comparisons with the findings of the 2020 HEDNA have been made where necessary.
- 1.3 This HEDNA therefore presents an updated assessment of housing needs, including the type and tenure of housing required and the specialist housing needs of different groups, together with an assessment of future jobs growth and employment land needs. As such, the evidence presented in this report will help to ensure that communities across Rother and Hastings have access to jobs and the right type of housing to meet their needs.

Housing Needs Assessment

- 1.4 The first part of this report presents an updated housing needs assessment, in which Edge Analytics has used its DOMUS Housing Needs Toolkit, in combination with POPGROUP forecasting technology, to produce a range of evidence to inform the Rother and Hastings HEDNA Update. The DOMUS Toolkit combines data on demographics, housing, socio-economic and housing market indicators for all local authorities in England, providing key datasets and data visualisations to inform housing needs assessments. POPGROUP is a suite of demographic forecasting models, applying a 'cohort component' methodology to produce forecasts of population, households, dwellings, labour force and employment.
- 1.5 With the revisions to the National Planning Policy Framework (NPPF)², and subsequent updates to Planning Practice Guidance (PPG)³ that were introduced in July 2018, there is now a requirement to assess local housing need using the 'Standard Method'. The Standard Method provides a minimum Local Housing Need (LHN) figure for each local

² [National Planning Policy Framework](#)

³ [Planning Practice Guidance](#)

authority in England and is based on official household projections, an adjustment to account for affordability, a 'cap' to ensure deliverability, and, where applicable, a cities and urban centres uplift. In December 2023, a new NPPF was published which states that strategic policies should still be informed by a local housing need assessment conducted using the Standard Method unless there are exceptional circumstances that justify an alternative approach.

- 1.6 This study has been prepared in line with the NPPF and PPG, using the Standard Method as the starting point for determining the overall minimum Local Housing Need (LHN) figure for Rother and Hastings. The NPPF states:

“61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the Standard Method in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area [...]. There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need, in which case the alternative approach should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

63. Within this context of establishing need, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include (but are not limited to) those who require affordable housing, families with children, older people (including those who require retirement housing, housing with care and care homes), students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.”

- 1.7 As the Standard Method LHN figure does not provide a demographic profile to inform the assessment of the needs of the different groups, Edge Analytics has developed a range of demographic scenarios for Rother and Hastings. The scenarios, developed using POPGROUP technology, provide a range of population, household and dwelling growth outcomes, and, importantly, link planned employment growth to future population growth and housing needs.
- 1.8 In line with Rother and Hastings' requirements and the NPPF, the need for affordable housing in the two local authority areas is also considered. Affordable housing is housing that is available for sale or rent to people whose needs are not met by the market. This includes social and affordable rent, and affordable home ownership products, including First Homes. Also presented is an assessment of the overall housing mix implied by the household growth outcomes of the demographic scenarios.

- 1.9 This HEDNA Update also sets out the future needs for specialist older persons housing, and the needs of other specific groups, including accessible and adaptable homes, self and custom-build housing, affordable shared accommodation (including HMOs), provision for working from home, and second homes and holiday lets.

Employment Needs Assessment

- 1.10 Land and floorspace requirements identified by this HEDNA Update are for the purpose of preparing policies supporting economic development in Rother and Hastings. Requirement calculations relate to needs defined in relation to specific business and commercial activities. The current and pre-existing definition of these activities has been the subject of recent legislative changes⁴.
- 1.11 Specifically, these comprise office⁵, research and development⁶ or industrial processes⁷ (sometimes termed ‘light industrial uses’) where those activities could be carried out in a residential area without detriment to its amenity and separately provision for general industrial processes⁸ or storage and distribution (including open storage)⁹. The following table compares the former and existing use class definitions.

Table 1 Comparison of Former and Existing Use Classes

Land Use Description	Former Use Class	Existing Use Class
Offices	B1(a) A2 (financial and professional services)	E(g)(i)
Research and development of products or processes	B1(b)	E(g)(ii)
Industrial processes	B1(c)	E(g)(iii)
General industrial	B2	B2 (no change)
Storage or distribution	B8	B8 (no change)

- 1.12 For the purposes of current and future site or location specific planning control, there may remain references to different Use Classes. The outputs of the HEDNA refer to these floorspace needs in terms of these broad activities (e.g. office/industrial), rather than specific Use Classes. This supports planning flexibly for the needs of economic

⁴ Town and Country Planning (Use Classes) Order 1987 (as amended).

⁵ For the purposes of operational and administrative functions – Use Class E(g)(i)

⁶ Research and development of products or processes – Use Class E(g)(ii)

⁷ Use Class E(g)(iii)

⁸ Other than one falling within class E(g)(iii) and excluding incineration purposes, chemical treatment or landfill or hazardous waste)- Use Class B2

⁹ Use Class B8

development, while giving both local planning authorities scope to impose planning controls with specific reference to activities and related Use Classes where appropriate.

- 1.13 An example of this flexible approach is where there is a relationship between operational and administrative office activities and commercial and business needs that serve the general public, or translocational services.

Stakeholder Engagement

- 1.14 A key part of the research to inform this study involved engaging directly with stakeholders across the social and market housing, commercial property and employment sectors. A total of four virtual workshops were undertaken with senior individuals from a wide range of organisations and sectors. In each workshop the discussion was framed around a series of open questions to draw upon the expertise and locally-specific knowledge of each group of stakeholders. We also issued questionnaires to those who were unable or did not wish to attend the workshop sessions, to which we received two responses. The findings from the stakeholder engagement have been used to inform the baseline assessment and assessment of future needs presented in following sections of this report.

Report Structure

- 1.15 For clarity, this HEDNA Update presents housing needs followed by employment needs and is structured as follows:

Section 2 – Housing and Functional Economic Market Area

Housing

Section 3 – Demographic Profile

Section 4 – Development Trends and Housing Market Profile

Section 5 – Local Housing Need

Section 6 – Growth Scenarios

Section 7 – Affordable Housing Needs

Section 8 – Housing Mix

Section 9 – Meeting the Housing Needs of Older People

Section 10 – Meeting the Housing Needs of Other Specific Groups

Section 11 – Conclusions on Housing Needs

Employment

Section 12 – Economic Policy Context and Literature Review

Section 13 – Economic Baseline

- Section 14 – Commercial Market Signals and Completions Trends
- Section 15 – Future Economic Growth
- Section 16 – Risks due to Brexit and COVID-19
- Section 17 – Labour Supply versus Labour Demand
- Section 18 – Future Employment Land Needs
- Section 19 – Supply/Demand Balance to Address Future Needs
- Section 20 – Conclusions on Economic Growth and Employment Land Needs

1.16 The accompanying Appendices provide key context for the HEDNA Update analysis:

- Appendix A: Rother Sub-Area Profile
- Appendix B: POPGROUP Methodology
- Appendix C: Housing Register Summary
- Appendix D: House Prices, Incomes and Affordability
- Appendix E: Older Persons Specialist Housing Needs Model
- Appendix F: Existing Specialist Older Persons Housing in Rother and Hastings
- Appendix G: Employment Modelling Assumptions and Methodologies
- Appendix H: Abbreviations

2 HOUSING AND FUNCTIONAL ECONOMIC MARKET AREA

Summary

- The Housing Market Area (HMA) and Functional Economic Market Area (FEMA) definition set out in HEDNA (2020) has been reviewed in the context of Planning Practice Guidance (PPG) and recently published secondary data.
- On the basis of the strong commuting links and migration flows between the two authorities, and which are comparatively stronger than the links with other neighbouring authorities, it is concluded that Rother and Hastings comprise a self-contained HMA and FEMA.
- This conclusion aligns with the findings presented in the HEDNA (2020) and similar studies undertaken in adjoining authorities.

Introduction

- 2.1 This section of the report analyses the HMA and FEMA definition for Rother and Hastings with reference to their relationship with neighbouring administrative areas. This HEDNA Update represents the most up-to-date analysis to establish the geography of the HMA and FEMA within the Rother and Hastings area. The assessment utilises the latest available data on migration and commuting from the 2011 Census (the origin-destination data from the 2021 Census had not been published at the time of writing). While these datasets have been published for several years their contents are applied in the context of this study alongside other more recent information including details of house prices and annual estimates of internal migration flows.

HMA and FEMA National Policy and Guidance

Housing Market Areas

- 2.2 The analysis is consistent with the most recent version of the Planning Practice Guidance (PPG). Within the PPG, housing market areas are defined as:
- “a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.” (ID: 61-018-20190315)
- 2.3 In the context of the preparation of strategic policies, where the figure for local housing need is calculated as the number of homes identified as being needed through the application of the Standard Method set out in PPG, each local authority administrative area is effectively treated as forming its own housing market area as the local housing need figure is calculated for each individual local authority.
- 2.4 The HMA definition is also relevant to inform the housing policies of the local plans including those identified by paragraph 63 of the NPPF 2023 in terms of assessing the housing needs of different groups. Definition of the HMA may also assist with the understanding of current and future demographic trends.
- 2.5 In relation to housing needs it is also relevant to highlight that national policy seeks to ensure that the preparation of strategic policies assists in supporting conclusions on whether development needs that cannot be met wholly within a particular plan area could be met elsewhere (NPPF 2023, paragraphs 26 and 61). This reflects the Localism Act 2011, which includes the statutory Duty to Cooperate on strategic planning for cross-boundary issues.

- 2.6 Paragraph 31 of the NPPF 2023 establishes that the evidence base for strategic policies should be “adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals”. Setting out evidence for definition of the HMA is important in the context of satisfying these requirements for plan-making.
- 2.7 The PPG provides three key recommendations for analysis for broadly defining housing market areas:
- “The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.
 - Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).
 - Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g., work or service use).” (ID: 61-018-20190315)
- 2.8 The analysis within this section deals specifically with the first two bullets above in the context of defining the geography of the HMA. The third bullet, reflecting a wider range of contextual data, is presented as part of a broader summary of findings from the assessment of other secondary sources. This includes brief consideration of retail and education catchments, although these are typically less relevant to the definition of sub-regional housing market geographies. Travel to work catchments and commuting flows are also relevant for consideration under the third bullet but findings on these data should be considered together with definition of the appropriate Functional Economic Market Area (FEMA) for Rother and Hastings.
- 2.9 The three elements for definition of HMA boundaries (identified in paragraph 2.7) are essentially unchanged from previous iterations of Planning Practice Guidance and earlier best practice advice, albeit this was more prescriptive in terms of suggested thresholds for identifying containment. This makes it reasonable to compare previous definitions of the HMA and utilise these as one source of evidence for this report but noting that the plan-making context and available data may be different. This HEDNA Update must take account of revisions to PPG that specifically address the criteria for the definition of ‘self-containment’ relevant to definition of HMA boundaries.
- 2.10 Iterations of the PPG prior to September 2018 reflected recommendations identified in the 2007 CLG Advice Note ‘Identifying Sub-Regional Housing Market Areas’. This advised a 70% threshold for containment of moves on the demand-side (i.e., 70% of all those moving

into a dwelling have moved from that same area) and supply-side (i.e., 70% of all those moving out of a dwelling move within that same area). Planning Practice Guidance now states:

“Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a **relatively high proportion of short household moves** are contained, (due to connections to families, jobs, and schools).” (ID: 61-018-20190315) (SPRU emphasis)

- 2.11 The revisions to guidance to some extent better reflect the ability for flexibility and provide scope to respond to local circumstances when considering justification for HMA boundaries. Previous conclusions regarding the housing market area for Rother and Hastings can therefore be reassessed in this context.

Functional Economic Market Areas

- 2.12 The PPG sets out that authorities should identify the Functional Economic Market Area (FEMA) and provides the following guidance¹⁰ (and identification of relevant criteria) on how this should be undertaken:

“Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

- extent of any Local Enterprise Partnership within the area;
- travel to work areas;
- housing market area;
- flow of goods, services and information within the local economy;
- service market for consumers;
- administrative area;
- catchment areas of facilities providing cultural and social well-being; and
- transport network.”

- 2.13 This reflects that the contextual indicators potentially affecting the definition of HMA boundaries may also provide competing factors relevant to guidance for the definition of Functional Economic Market Areas. Planning Practice Guidance identifies that the HMA may be one relevant factor to consider, but as patterns of economic activity vary from place to place a standard approach cannot be used to arrive at a definition.

- 2.14 It should be noted that a FEMA is defined relative to each respective authority, and as such the FEMA that is defined below should not prejudice the FEMAs that have previously or may subsequently be defined by Hastings’ and Rother’s neighbouring authorities, nor

¹⁰ Paragraph: 019 Reference ID: 61-019-20190315

any other authority with which Hastings and Rother have an economic relationship, as part of their respective plan-making processes.

Summary of Previous Guidance and Best Practice

- 2.15 It is accepted that multiple potential outcomes may be justified when identifying relevant boundaries for HMAs. The relevant criteria that must be considered do not necessarily support identical conclusions in terms of the choice of individuals, comprising the population of an area, in terms of chosen locations for housing or employment. These choices can be affected by multiple factors not all of which are relevant to the criteria identified within guidance (e.g., physical geography) whereas aspects such as affordability can be a key driver. As a result, the potential boundaries of HMAs can and do overlap. It is therefore important to take a pragmatic approach to determining the housing and functional economic market area boundaries, accepting a small level of overlap, but where possible aligning with local authority boundaries.

Existing Evidence for the Definition of the Housing Market Area

- 2.16 Prior to undertaking an assessment of the available data, it is relevant to assess the existing body of evidence dealing with the definition of housing market area boundaries for Rother and Hastings. In order to structure this review of existing material and previous findings the following sources will be considered within this section:
- Hastings and Rother Strategic Housing Market Update (SHMA) Housing Needs Assessment (Wessex Economics, June 2013)
 - Rother and Hastings Housing and Economic Development Needs Assessment (GL Hearn, August 2020)
 - Previous Housing Market Assessments from neighbouring authorities
- 2.17 The summary of these sources is that a strong justification exists to determine that the HMA boundary for the Rother and Hastings area should be identified to correspond with the administrative boundary for the combined authorities.

Hastings and Rother SHMA Update Housing Needs Assessment (2013)

- 2.18 The SHMA Update Housing Needs Assessment (2013) concludes that the two Councils' administrative areas form a recognised Housing Market Area (HMA). The SHMA (2013) also references earlier SHMAs published in 2006 and 2010, both of which also identify Rother and Hastings as forming a single, self-contained HMA.

Rother and Hastings HEDNA (2020)

- 2.19 The previous HEDNA tested a number of indicators, including commuting patterns, migration, house price change and transactions. In doing so, the HEDNA (2020) reaffirmed that the housing market area identified in the 2013 SHMA remains relevant.

Previous Housing Market Assessments in Neighbouring Authorities

- 2.20 A review of recent Housing Market Assessments and Housing Needs Assessments in Rother and Hastings' neighbouring authorities reveals the following HMA definitions:
- Wealden District Council's Local Housing Needs Assessment (2021) concludes that Wealden's HMA is not self-contained but comprises five HMAs which overlap the District including Coastal West Sussex, Crawley & Horsham, Eastbourne, Hastings & Rother, and Sevenoaks & Tunbridge Wells.
 - The Tunbridge Wells Borough Council Housing Needs Study (2018) reaffirms a HMA comprising Tunbridge Wells and Sevenoaks, as previously defined in the SHMA (2015). Some cross-boundary interactions with the northern parts of Rother District are identified.
 - The Folkestone & Hythe District Council SHMA (2017) concludes that Dover and Shepway form a reasonable HMA for the purposes of assessing housing needs. Migration links with Hastings and Rother are found to be very weak.
 - The Ashford District Council SHMA (2014) notes no strong connections between Ashford District and Rother and Hastings Districts in terms of commuting or migration flows. The SHMA was updated in 2017 but the HMA was not redefined.
 - The Eastbourne Borough Council SHMA (2012) concludes that the Eastbourne housing market is not self-contained, noting strong housing market interactions with Wealden District. There were net migration outflows from Eastbourne to Rother Districts but no other significant linkages. The 2016 SHMA update notes a weak housing market relationship between Eastbourne and Hastings and Rother districts.

Review of Criteria for the Housing Market Area

- 2.21 This section undertakes a review of the criteria identified within the PPG for the purpose of defining housing market area boundaries for the Hastings and Rother area. Based on our summary of previous work and evidence from neighbouring areas this is focused upon reassessing the self-containment of the Hastings and Rother area as a standalone Housing Market Area notwithstanding the links that do exist with adjoining authorities in terms of migration and commuting flows.

Housing Demand and Supply

2.22 Comparison of median sale prices (Figure 1) shows that prices in both Rother and Hastings fall below the average for the South East region. Median sale prices in Hastings are lower than in Rother and the lowest of all neighbouring authorities.



Figure 1: Comparison of Median Sales Price (June 2012 – June 2022, All Dwellings)

Source: Land Registry Price Paid Data

2.23 Further analysis on housing market indicators in Rother and Hastings compared to the wider South East region are presented in Section 4, including analysis of net stock change, affordability ratios and price paid by dwelling type. In particular, this analysis indicates that affordability ratios in Rother are comparatively high compared to neighbouring authorities and the wider South East region (meaning residential property is more expensive). Property in Hastings is comparatively more affordable in Hastings where the affordability ratio was third lowest of all neighbouring authorities.

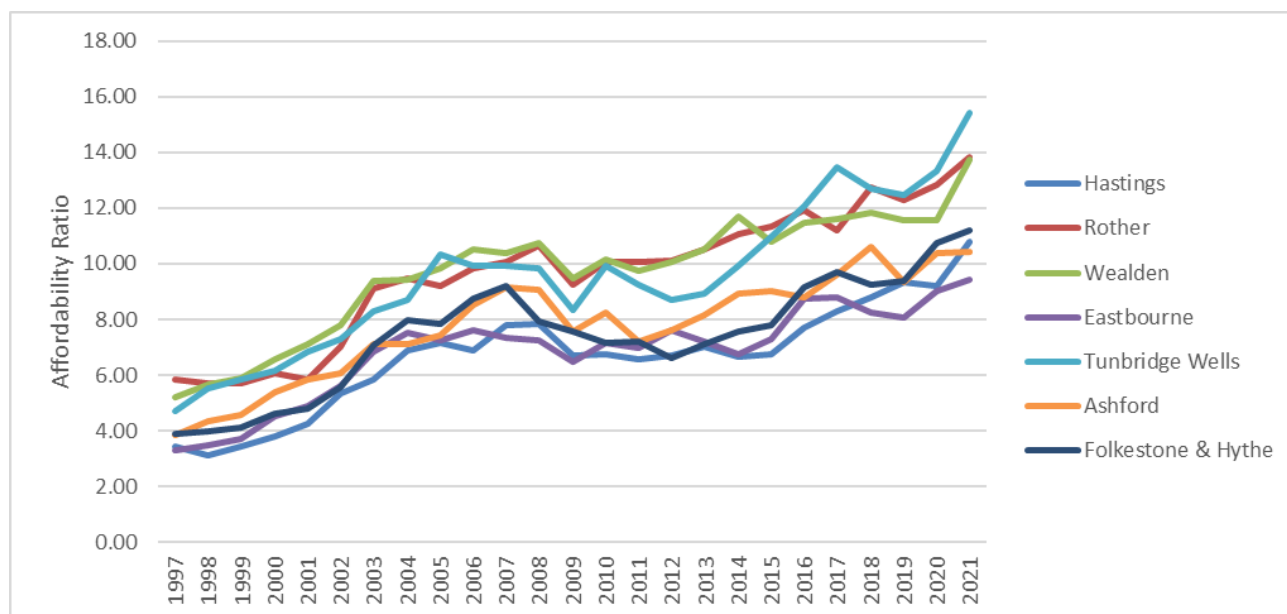


Figure 2: Ratio of Median House Price to Median Workplace Based Earnings (1997-2021)

Source: ONS

- 2.24 There are few similarities in the housing market characteristics of Hastings and Rother when compared with neighbouring authorities and the wider South East. However, considered in isolation these are not an appropriate basis on which to base an assessment of housing needs. Potentially more significant criteria relating to commuting patterns and migration flows are set out in the following sections.

Commuting Patterns

- 2.25 Section 3 of this report identifies a high level of commuter connectivity between Hastings and Rother with the highest commuter flow from Hastings to Rother (5,247) followed by the flow from Rother to Hastings (5,091) according to 2011 Census data.
- 2.26 This report identifies below in the FEMA evidence that the overall self-containment rate of Rother and Hastings combined is 79%, which exceeds the ONS's notional target for a Travel to Work Area which requires at least 75% of an area's resident workforce to work in the area and at least 75% of the people who work in the area to also live there.

Migration Flows

- 2.27 Section 3 of this report presents an analysis of internal migration flow data which highlights a strong relationship between Rother and Hastings, with the greatest in- and outflows of people over the period 2001/02 to 2019/20 occurring between the two authorities. Both areas also recorded relatively high in- and outflows from neighbouring authorities of

Wealden, Tunbridge Wells and Eastbourne, but to a lesser extent than between the two authorities of Rother and Hastings.

Existing Evidence for Definition of the Functional Economic Market Area

- 2.28 The following table reviews the existing economic evidence base for Hastings, Rother and the surrounding authorities to identify any functional economic links with and between Hastings and Rother.

Table 2 Summary of previously identified functional economic links

Authority	Document	Functional economic links identified
Hastings and Rother	Hastings and Rother Employment Strategy and Land Review (2008)	<p>This strategy does not identify a specific FEMA, however it considers travel to work areas (TTWAs) and commuting patterns derived from 2001 Census data.</p> <p>The Hastings Travel to Work Area embraces most of Rother (over 90% of its population) and is bordered by Eastbourne, Tunbridge Wells and Ashford TTWAs.</p> <p>The Parishes of Ticehurst, Burwash, Hurst Green and Etchingam fall within the Tunbridge Wells TTWA. The rest of Rother’s parishes, as well as Ninfield in Wealden District, lie within the Hastings TTWA.</p> <p>The commuting links between Hastings and Rother are strongest of all their neighbouring authorities.</p>
	Hastings and Rother Housing And Economic Development Needs Assessment (August 2020)	Assessment concludes that Hastings Borough and Rother District constitute a single FEMA.
Wealden and Eastbourne	Eastbourne and Wealden Employment and	Confirms that the FEMA geographies align with HMA boundaries, which identify five different FEMAs overlapping the two districts. The south eastern corner of Wealden district (including Hooe and

Authority	Document	Functional economic links identified
	Economic Study (2022)	Ninfield) is identified as being within the Hastings & Rother FEMA.
Tunbridge Wells	Sevenoaks and Tunbridge Wells Economic Needs Study (2016)	Concludes that Sevenoaks and Tunbridge Wells share a FEMA with the local authority area of Tonbridge and Malling. Some commuting from Hastings and Rother to Tunbridge Wells is evident due to high housing costs in Tunbridge Wells. There are also train links between Hastings, Sevenoaks and Royal Tunbridge Wells.
Ashford	Ashford Rural Economic Assessment (2014)	Ashford is identified as having a relatively self-contained local economy, with some commuting links with adjoining authorities of Shepway, Maidstone, Canterbury and Tunbridge Wells. No significant links with Rother District and Hastings Borough are identified.
Folkestone and Hythe	Shepway Employment Land Review (2017)	Shepway is identified as having three distinct economic areas: Folkestone and Hythe, Romney Marsh and the North Downs. The most significant commuting relationships are with Ashford and Dover. The commuting links identified with Hastings and Rother are considered weak.

Wider economic geography

- 2.29 Hastings and Rother form part of the South East Local Enterprise Partnership (SELEP), which also includes the other East Sussex authorities of Lewes, Eastbourne and Wealden, in addition to the authorities in Greater Essex, Kent and Medway. As a whole, the SELEP area is identified as having strong linkages with London, and its sea ports, road and rail networks contribute towards the SELEP's role as an international gateway. However, as detailed in Sections 12 and 13 of this report, the coastal areas of SELEP have their own economic challenges and sectoral advantages which are distinct from those in other parts of the SELEP area. East Sussex is identified as an economic sub-area within the wider SELEP, having its own Growth Deal.
- 2.30 The economic connections between Hastings and Rother have been recognised through a history of collaborative and cross-boundary working between the two authorities. The Hastings and Rother Task Force (see Section 13) for example was established in 2001 as a means of delivering economic regeneration projects across the two authorities.

Transport links

- 2.31 As noted in the HEDNA (2020), Hastings and Bexhill are well connected via Southern and Southeastern rail lines with stations in Bexhill, St Leonards and Hastings town centre. Strategic road links include the A259 and A21 which link the authorities from west to east and north to south respectively. The Bexhill-Hastings link road, also known as Combe Valley Way (A2690) was opened in 2015 and enhanced the road transport connection between Hastings and Bexhill.
- 2.32 In terms of proposed or ongoing strategic infrastructure projects that may alter future connectivity between the two authorities, there are long-term plans to enhance the A259/A2036 Glyne Gap roundabout junction as well as safety improvements planned for the A21 route corridor between Sevenoaks and Hastings. The East Sussex Bus Service Improvement Plan (October 2021) also seeks to enhance public transport infrastructure connections between Hastings, Rother and wider East Sussex and introduce a Demand Responsive Transport (DRT) Service. These projects are primarily local rather than sub-regional in nature; however it is anticipated they will strengthen the links between Rother's coastal towns, its rural settlements and Hastings.

Travel to Work Areas and Commuting Patterns

- 2.33 No further data on Travel to Work Areas (TTWAs) or commuting have been published since the HEDNA (2020), therefore the evidence presented in the previous HEDNA is still the most up-to-date.
- 2.34 Self-containment can be calculated in two ways:
- Resident self-containment – the proportion of working residents in an area who also work within that area;
 - Workplace self-containment – the proportion of workers in an area who also live within that area.
- 2.35 Rother District has a relatively low resident self-containment rate of 45% and a workplace self-containment rate of 50%, both of which fall below the ONS threshold for forming a self-contained TTWA (66.7% for areas with a working population in excess of 25,000). The commuting self-containment rates for Hastings are slightly higher, with a resident self-containment rate of 63% and a workplace self-containment rate of 72%. However, these still fall below the threshold for a self-contained TTWA.
- 2.36 Combining Hastings and Rother results in a resident self-containment rate of 72% and a workplace self-containment rate of 85%, which results in an average self-containment rate of 79%. Whilst it is acknowledged that there are strong commuting links between Hastings, Rother and other neighbouring authorities, namely Eastbourne, Wealden and Tunbridge

Wells, the commuting links within and between Hastings and Rother are significantly stronger.

Sub-Area Characteristics of the FEMA

- 2.37 The geographical characteristics of the study area comprising Rother and Hastings are also highlighted as relevant for the purposes of analysis within this HEDNA and while not expressly stated within the PPG the identification of sub-areas provides some further support for the definition of a self-contained HMA and FEMA. Sub-areas adopted within the study are shown in Figure 3 below.

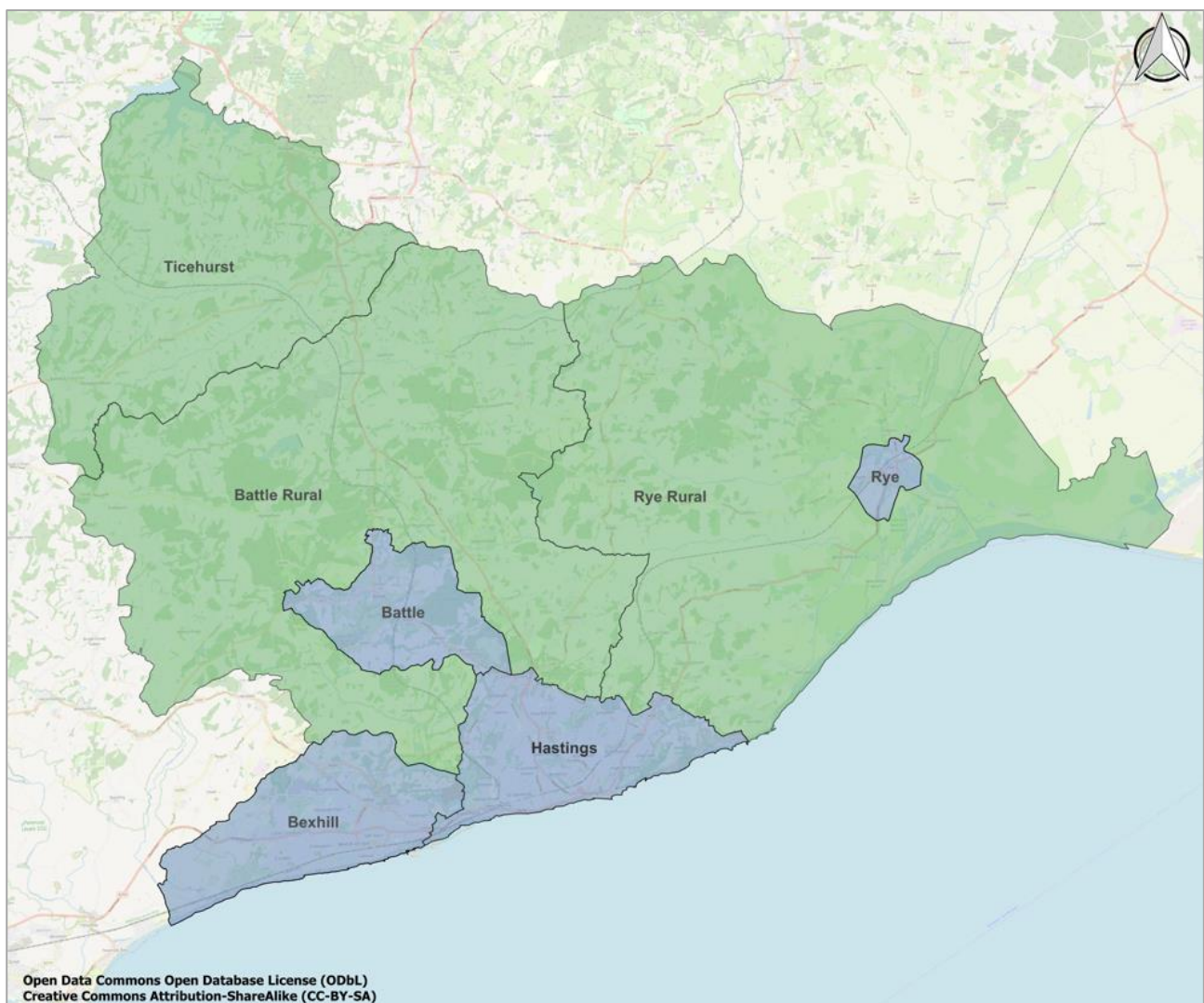


Figure 3: Rother and Hastings Sub-Area Boundaries

Source: ONS

- 2.38 Hastings forms the main urban centre within the study area. For the purposes of ONS urban and rural classification Hastings comprises an 'Urban area with City and town'. Rother is classified as 'Largely Rural' with around 50% of the population resident in the

rural area or rural settlements, and smaller hub towns up to 30,000 persons. Whilst Rother is largely rural, it also contains Bexhill which is a settlement of over 40,000 people which is geographically and functionally well-related to the main centre at Hastings. This is also partly true of the smaller settlement of Battle to the north of Hastings, which also serves the wider rural hinterland. The standalone settlement of Rye is the only urban sub-area located at a greater distance from Hastings and associated with its own surrounding rural sub-area definition encompassing the coast to the south but also extending west to Hastings. Notably, however, Rye and its surrounding sub-area together with the Ticehurst Rural sub-area in the north of Rother District are not substantially influenced by main urban centres in other adjoining authorities whereas the rural hinterland of Rye is likely to be more directly influenced by the characteristics of the Hastings urban fringe that it adjoins. These characteristics would indicate relatively stronger links between the urban and rural sub-areas within the combined Councils' areas and reinforce the self-contained nature of the FEMA as a whole.

- 2.39 When consideration is given to the classification of Rother and Hastings as a combined FEMA based on the broad distribution of the population and settlement pattern this would be considered as predominantly urban with significant rural influences. Only around 26% of the population (as of 2011) would be directly attributed to rural areas including hub town settlements (i.e., treating Rye and Battle as part of the rural total for the purposes of this classification). The geographic extent of the rural areas of Rother is significant indicating that some types of employment and patterns of land use might be highly dispersed (for example agriculture, hospitality and tourism). This does not in itself support the conclusion that either individually or combined the three rural sub-areas should be viewed as substantiating separate assessments of needs for economic development nor is there any requirement for this in national policy.
- 2.40 The three principal reasons for this relate firstly to the fact that Hastings acts as the single main urban centre within the FEMA combined with the aforementioned relatively limited influence of external centres.
- 2.41 Secondly, and partly related to this, it should not be assumed that economic development *within* the rural sub-areas is evenly distributed once consideration is given to the relationship with the main centres of activity at urban settlements. The main urban centre of Hastings and adjoining urban sub-areas of Battle and Bexhill provide an extensive geography and a large but permeable boundary with surrounding rural areas. This precludes an understanding of genuinely separate characteristics of economic activity in the rural area. Where the main drivers of land use reflect the proximity of potentially more suitable locations to share processes and operations supporting economic development in adjoining urban areas this only serves to reinforce the self-containment of the FEMA as a whole. It is possible to attribute a higher proportion of economic activity in the rural area overall specifically to the relationship with the main settlements at Bexhill and Hastings

due to the absence of other major urban areas in the FEMA, and the relatively weak influence of settlements outside the FEMA.

- 2.42 The final consideration reflects the relative lack of strategic road and rail connections crossing the FEMA. The characteristics of the rural areas at the edge of the study area are typically more dispersed and subject to additional land use constraints such as the High Weald AONB. The characteristics of economic development activity in the rural fringes of the FEMA have limited scope to meet different patterns of demand (which may exist, for example, for rural areas well-located to major ports, distribution corridors or locations within particular industrial specialisms) than those associated with the main urban centre. Likewise, the furthest edges of the FEMA typically remain linked to the North-South and East-West connections that do exist within the study area to strengthen the focus on the main centre at Hastings (together with Battle, Bexhill and the fringes of this urban area).
- 2.43 It is nevertheless appropriate that the HEDNA considers the relative distribution and characteristics of employment across the sub-areas to further support the conclusion that an overall understanding of needs for economic development can be understood on the basis of a self-contained total for the FEMA with its focus upon the strength of links between Hastings, Bexhill and Battle (and to a lesser extent Rye) as the main urban concentrations of employment and economic activity. The quantitative employment needs identified within this HEDNA are therefore presented at a local authority and/or FEMA totals, as appropriate. Details of baseline characteristics and a qualitative overview of needs is provided by sub-area reflecting that these represent the main geographies that comprise the overall FEMA and will be used as a basis for policy-making.

Conclusions

- 2.44 The above analysis identifies strong commuting links and migration flows between the two authorities of Rother and Hastings, which are comparatively stronger than the links with other neighbouring authorities. It is therefore concluded that the local authority areas of Hastings and Rother, together with their intrinsic sub-areas, comprise a self-contained Housing Market Area and Functional Economic Market Area, as shown in Figure 4 below. This conclusion aligns with findings presented in the Rother and Hastings HEDNA (2020) and similar studies undertaken in adjoining authorities.



Figure 4 Rother & Hastings FEMA and HMA
Source: ONS

3 DEMOGRAPHIC PROFILE

Summary

- The **2021 Census population counts** were 93,110 in Rother and 90,996 in Hastings. These counts are lower than the projected 2021 populations under the 2014-based and 2018-based SNPPs in both authorities and represent lower totals than indicated by official mid-year population estimates to 2020.
- The 2021 Census identifies 42,102 **households** in Rother and 40,453 in Hastings. The number of households in Hastings decreased between 2011 and 2021, and the **average household size** increased from 2.15 to 2.22. In Rother the **average household size** increased slightly from 2.16 to 2.17.
- Between 2001 and 2020 official mid-year estimates indicated that the **population** of Rother increased by 13.2% (11,245 people) and the **population** of Hastings grew by 8.4% (7,162 people).
- **Population growth** in both authorities was highest in the 65-79 age group, reflecting an increasingly ageing population.
- The **working-age population (15-64)** has also increased in both authorities but at a slower rate than across the South East and England as a whole.
- **Natural change** in Rother has been consistently negative between 2001 and 2020, as the number of deaths exceeded the number of births each year.
- There are strong **migration links** between Rother and Hastings with an average net loss of 282 people from Hastings to Rother each year. Both authorities have also seen a net increase in resident moves from London.
- Both Rother and Hastings have experienced a **net population outflow** in younger age groups, particularly in the 15-19 age category.
- **Net international migration** in both authorities has decreased in recent years but remains a positive driver of population growth, particularly in Rother District.
- The **annual rates of population growth** vary between 0.79% (2014-based SNPP) and 0.63% (2018-based SNPP) in Rother, and 0.55% (2014-based SNPP) and 0.14% (2018-based SNPP) in Hastings. The differences between the projections

are due to differences in the applied fertility, mortality and migration assumptions and assumptions relating to Higher Education Leavers.

- **Economic activity rates** in both Rother (63%) and Hastings (68%) are lower than the rate for England (70%).
- Since at least 2004 the **unemployment rate** in Hastings has been consistently higher than the rate in Rother and England as a whole.
- There are **strong commuter flows** between Rother and Hastings with the largest flow at the 2011 Census being from Hastings to Rother (5,247) followed by the flow from Rother to Hastings (5,091). Both Rother and Hastings experience a **net out-commute** to surrounding districts for employment.

Introduction

- 3.1 Rother and Hastings are in East Sussex in southeast England. Hastings is surrounded by Rother, which borders Ashford, and Folkestone and Hythe to the west, Tunbridge Wells to the north, and Wealden to the east (Figure 5). Rother is a predominantly rural district, covered in large parts (82%) by the High Weald Area of Outstanding Natural Beauty (AONB). Hastings is a popular seaside town, with rail connections to London, Ashford (Kent), and Eastbourne further along the south coast to the west.

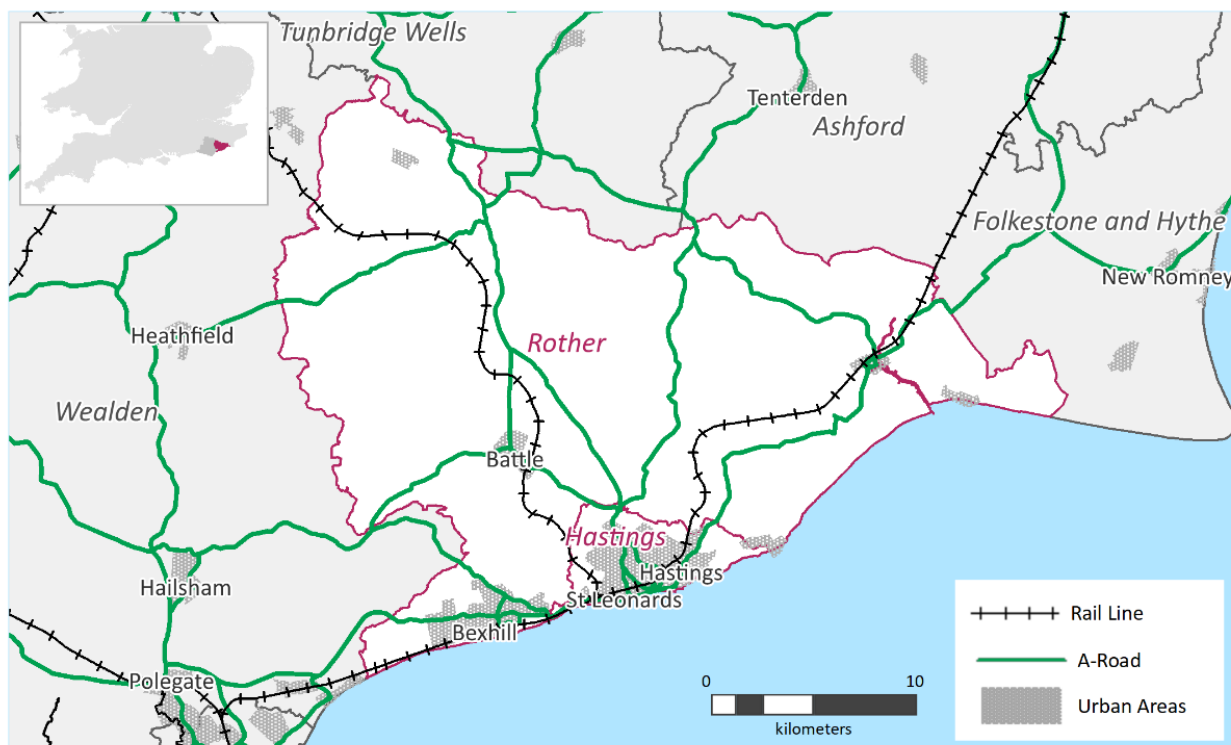


Figure 5 Rother and Hastings and surrounding area
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- 3.2 In this section, the latest available demographic and housing statistics, including the ONS mid-year population estimates, the initial 2021 Census results, and a range of other contextual datasets have been used to generate a demographic profile for Rother and Hastings. The data presented in this section provides the demographic context for the development of the growth scenarios presented in Section 6. In 0, a demographic profile of the six Rother sub-areas is presented, including a map illustrating the sub-area boundaries.

2021 Census

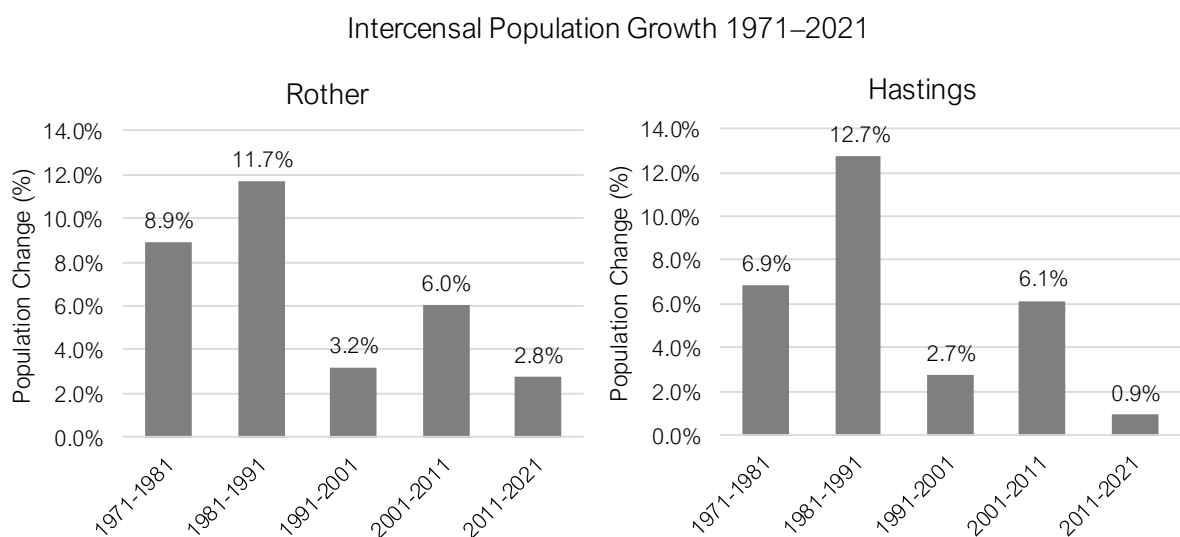
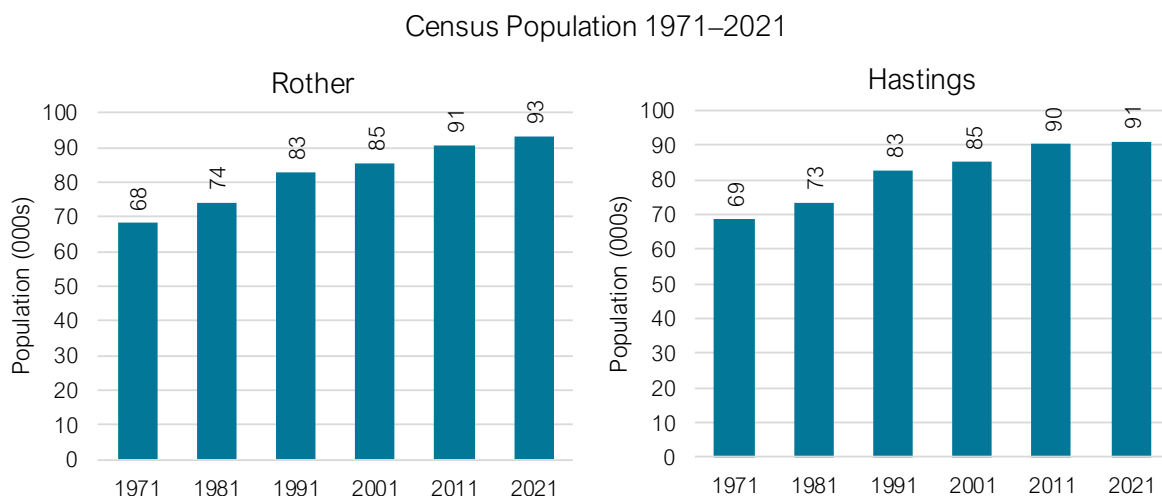
Data Releases

- 3.3 The initial population and household figures from the 2021 Census were released in June 2022, with more detailed population, migration and housing data released in November 2022. Further detail from the Census is expected over the coming months and years. In December 2022, the 2021 MYE (rolled forward from the Census population) was released. In spring 2023, ONS is expected to release its 'rebased' MYEs for mid-2012 to mid-2020, produced to better align the intercensal profile of population growth with evidence from the 2021 Census.

Census Population

- 3.4 At the 2021 Census, the population of Rother was 93,110, slightly higher than Hastings' Census population estimate of 90,996.¹¹ Although the two districts have similar sized populations, the population densities vary greatly due to the size of the districts, with 183 people per km² in Rother and 3,057 per km² in Hastings.
- 3.5 Rother and Hastings have similar profiles of intercensal population growth (Figure 6), with the highest level of growth seen between 1981 and 1991 and lower growth between 1991 and 2001. Between 2011 and 2021, Rother's population grew by 2.8%, comparable to the rate of change since in East Sussex as a whole (2.9%). In contrast, Hastings' population grew by only 0.9% over this time.

¹¹ ONS 2021 Census, Table TS008



Area	Intercensal Population Change					2021 Census Population	2021 Census Population Density (pop/km ²)
	1971-81	1981-91	1991-01	2001-11	2011-21		
Rother	8.9%	11.7%	3.2%	6.0%	2.8%	93,110	183
Hastings	6.9%	12.7%	2.7%	6.1%	0.9%	90,996	3,057
East Sussex	3.8%	10.8%	4.3%	8.1%	2.9%	823,100	460
England	2.2%	4.6%	2.6%	7.9%	6.6%	56,489,800	434

Figure 6: Rother and Hastings Census population summary

Source: ONS

Population Age Profile

3.6 At the 2021 Census, Rother had the second highest median age of all local authorities in England and Wales at 53, second only to North Norfolk (54). In Hastings, the median age was 43, slightly higher than the England median age (40). Hastings' 2021 Census population profile is similar to the England profile, but has a lower proportion of the

population in the 0–45 age groups, and a greater proportion in the 40–75 age groups. In Rother, the population is more heavily weighted towards the older 55+ age groups, with a comparatively smaller proportion of the population in the 0–45 age group compared to England (Figure 8).

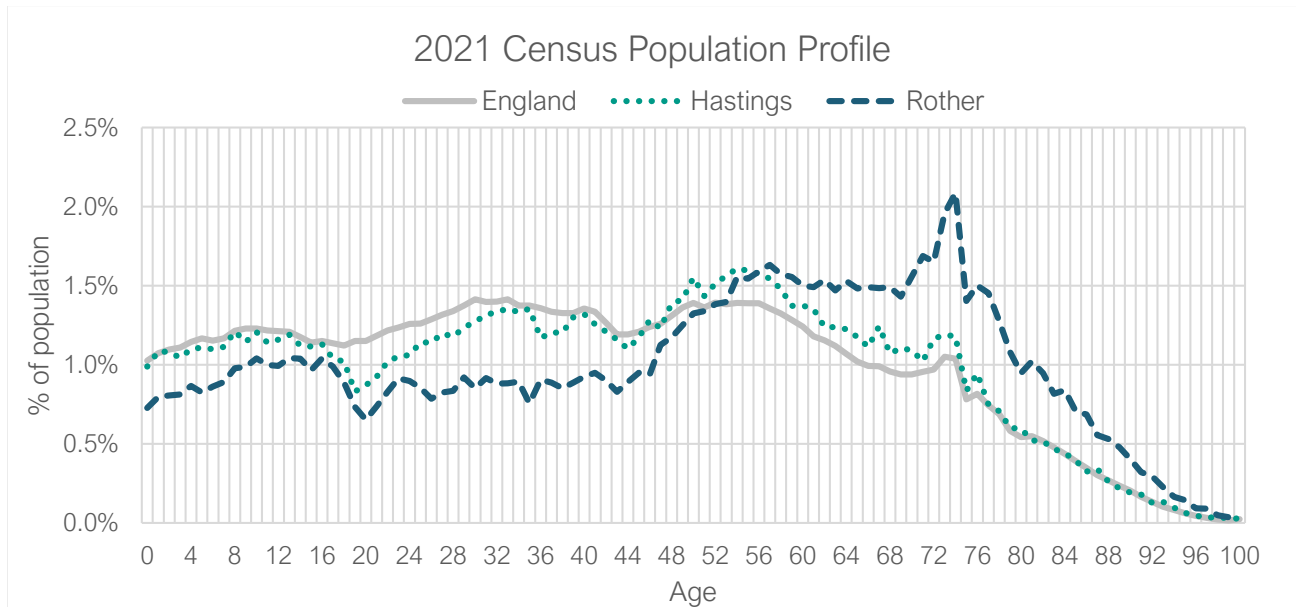


Figure 7: Rother, Hastings and England 2021 Census age profile
 Source: ONS

- 3.7 Since the 2011 Census, the populations of both Rother and Hastings have aged (in line with the UK picture), with the large post-war baby boom cohorts moving into the older age groups (Figure 8). In both areas, there has been a reduction in the size of the population in the 0–14 and 15–64 age groups, and growth in the 65–84 age group. These changes are linked to the ageing of the population, but also to migration (see paragraphs 3.26 and 3.27) and have important implications for the potential future needs of the resident populations. The housing needs of older people are discussed in Section 9 of this report.

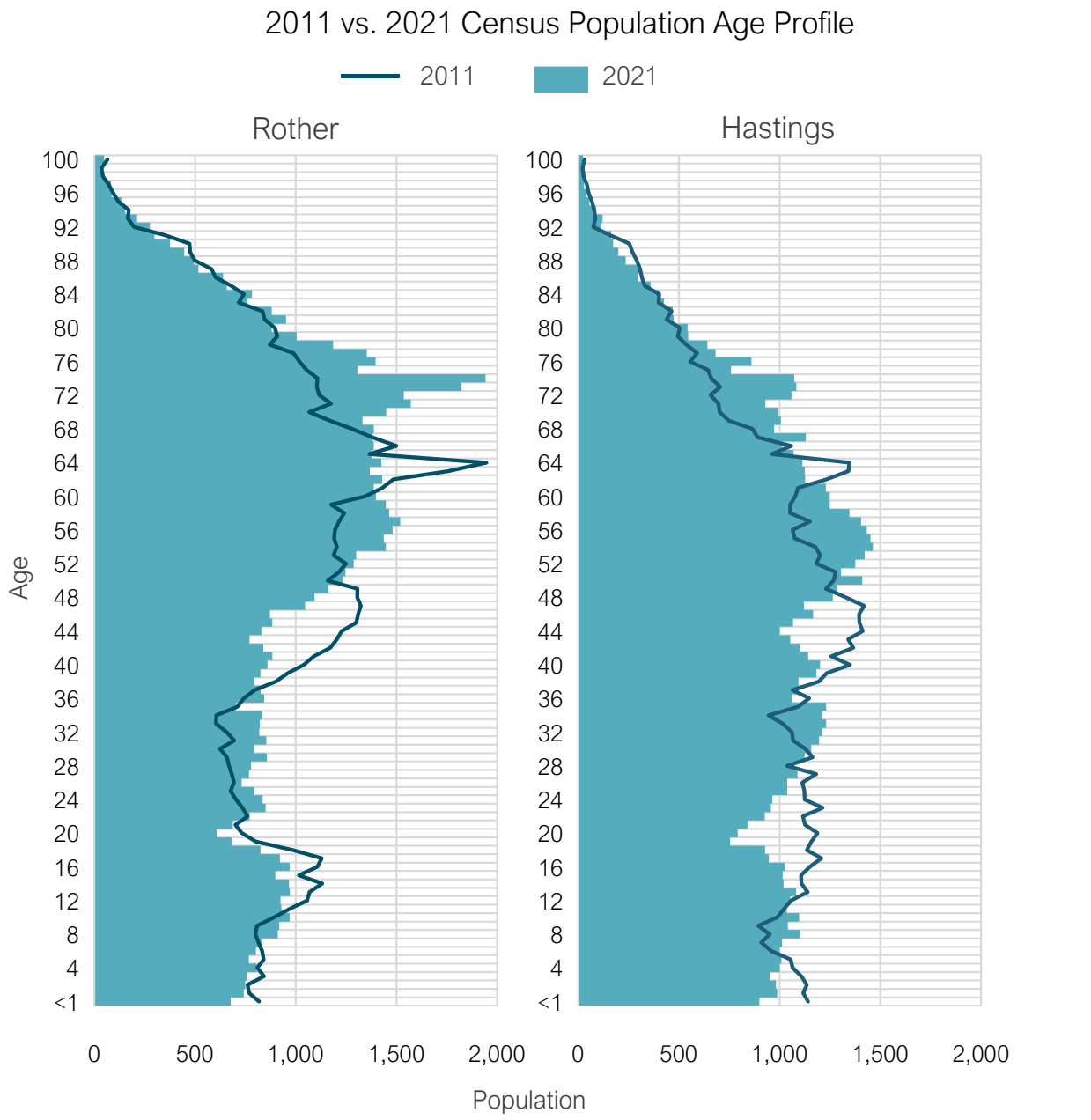


Figure 8: Rother and Hastings 2011 and 2021 Census age profile
Source: ONS

Census Households

Household Size & Composition

- 3.8 At the 2021 Census, approximately 98.5% of Hastings’ population was estimated to be living in households (89,637 people), compared to 98.1% in Rother (91,308) – the England figure is 98.3%. Just under 2% of Rother’s population lives in communal establishments, higher than the England average of 1.7%; this is reflective of the relatively aged profile of Rother’s population and the likelihood of these age groups residing in care homes.

- 3.9 At the 2021 Census, there were 42,102 households in Rother, and 40,453 households in Hastings. In both areas, the number of households *increased* between the 2001 and 2011 Censuses, with this growth continuing between 2011 and 2021 in Rother. In Hastings, however, the number of households is estimated to have *decreased* between 2011 and 2021 (Figure 9). Despite this decrease in the total number of households, the household population has grown in Hastings, resulting in an increase in the average household size since 2011, from 2.15 to 2.22 (i.e. more people living in fewer households). In Rother, average household size has increased only slightly, from 2.16 to 2.17. Although the average household sizes in 2011 and 2021 are both lower than the England figures (which were 2.36 and 2.37 respectively), the rate of change is similar in Rother (1.2% change, compared to 0.9% across England, and 6.4% change in Hastings).
- 3.10 There could be a number of factors causing the reduction in the number of households in Hastings, such as an increase in the proportion of properties used for holiday lets and second homes (see Section 4 for commentary on this), issues with the 2011 and/or 2021 Census estimates, reduced affordability supressing household formation (resulting in younger people living with family for longer), and/or the timing of the 2021 Census during the COVID-19 pandemic.

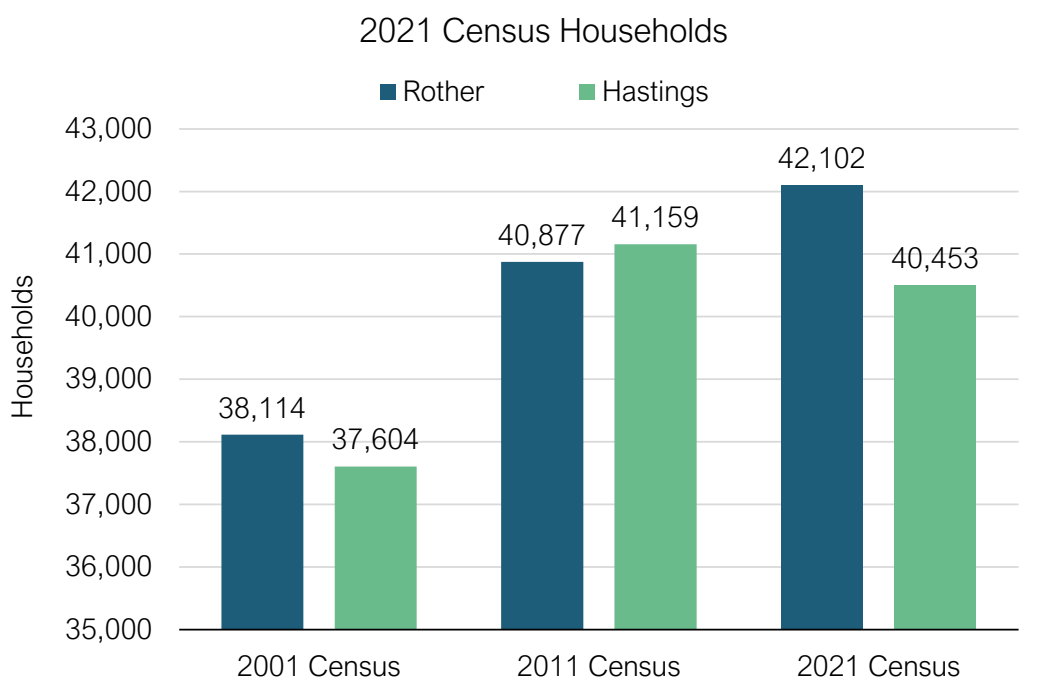


Figure 9: Rother and Hastings Census household summary
Source: ONS

- 3.11 Rother has a larger proportion of 2-person households (40%) compared to Hastings (33%) and the wider South East region, but has a slightly smaller proportion of 1-person households. Both areas have similar proportions of 3+ person households (Figure 10). Since the 2011 Census, the number of 1-person households has decreased, most notably

in Hastings (from 38% of the total, to 35%), In both areas, the number of 3- and 4-person households have increased, which aligns with the overall increase in average household size seen, particularly in Hastings.

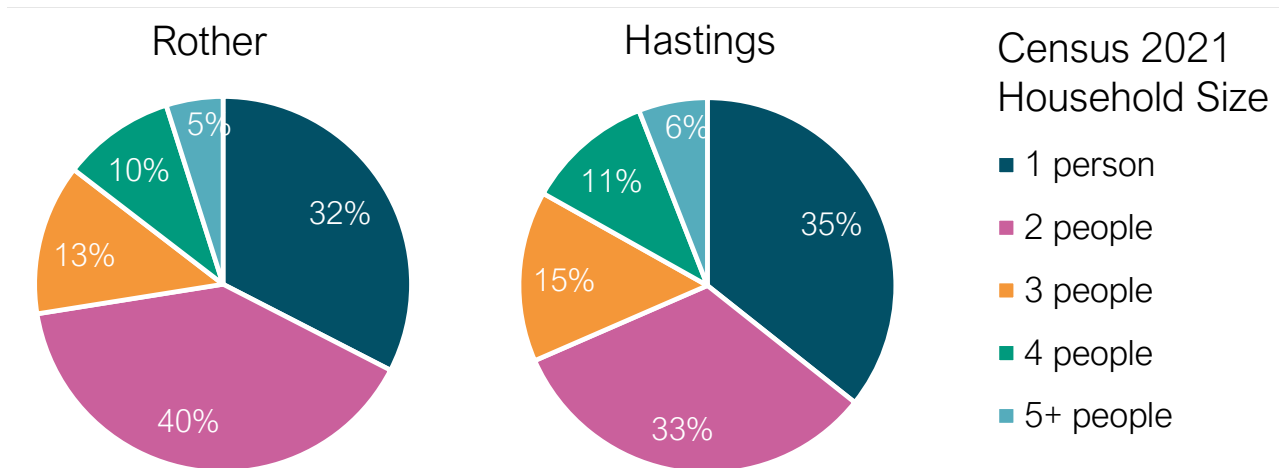


Figure 10: Rother and Hastings Census household size

Source: ONS

- 3.12 In terms of household composition, Rother has a higher proportion of one-person households (20%) aged 66+ compared to Hastings (15%) and England (13%), emphasising the heavily aged profile of the population. It also has a far higher proportion of households categorised as ‘single family: all aged 66+’ (16%), compared to Hastings (8%) and England (9%) (Figure 11). Hastings has a higher proportion of ‘other’ one person households (i.e. single person households under 66 years of age), as well as a larger proportion of households with a couple who have dependent children compared to Rother. Hastings also has a higher proportion of lone parent households with both dependent and non-dependent children compared to Rother and England. The ‘other’ category includes students and other households with all members aged 66+.

2021 Census Household Composition

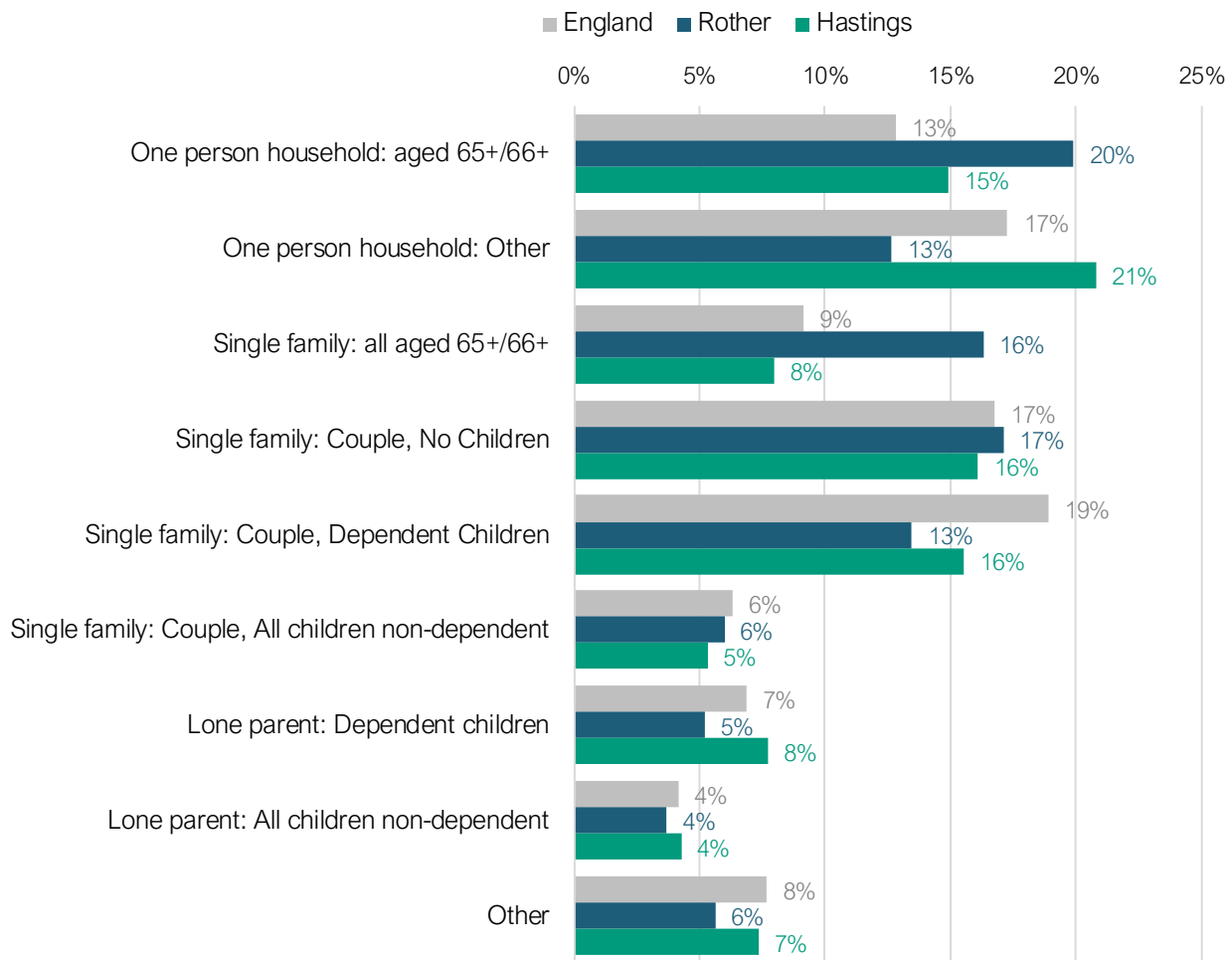


Figure 11: Rother and Hastings 2021 Census household composition

Source: ONS

- 3.13 Since the 2011 Census, the proportion of one family households with no children (i.e. a married couple or a couple in a civil partnership, or two cohabiting adults) has decreased in both Rother and Hastings (Figure 12). In Hastings, the drop in overall household number between 2011 and 2021 appears to be predominantly in one-person households aged under 66 years; there has been a reduction of over 1,960 in this household category.

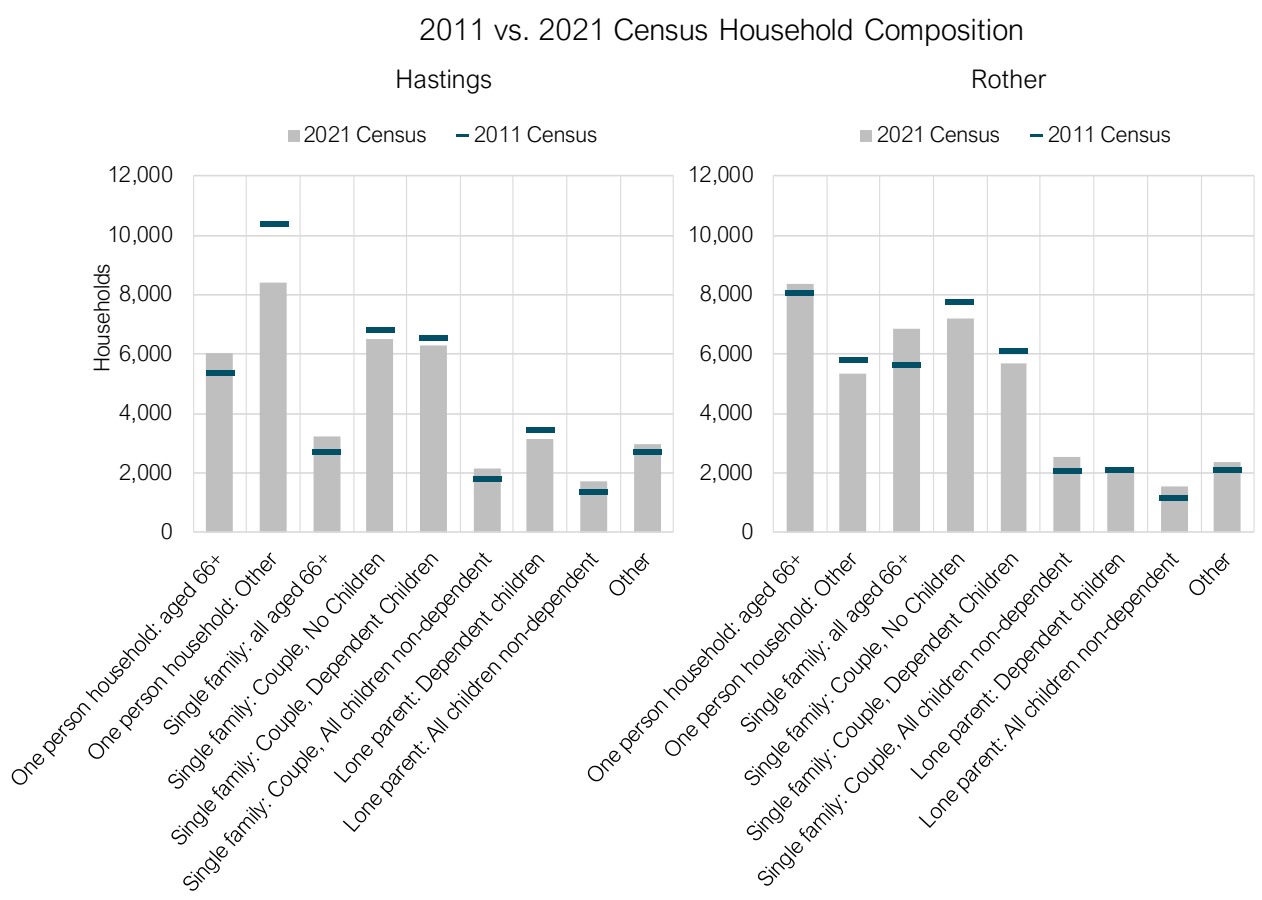


Figure 12: Rother and Hastings 2021 Census household composition

Source: ONS. Note that at the 2011 Census, the older person households are aged 65+; at the 2021 Census, older person households are aged 66+

Mid-Year Population Estimates

- 3.14 Between successive Censuses, population estimation is necessary. Mid-year population estimates (MYEs) are derived by applying the ‘components of population change’ to the previous year’s MYE.¹² These components of change are natural change (the balance between births and deaths), internal (domestic) migration and international (overseas) migration. Figure 13 presents an illustration of the MYE population estimates for Rother and Hastings to mid-year 2021. The MYEs are important for our understanding of how the population has changed between the Censuses, and the relative importance of each component of change.
- 3.15 It is important to note that the 2021 MYE (rolled forward from the 2021 Census) was released in December 2022, although the underpinning 2020/21 components of change were not available at the time of writing. The 2021 MYE is included here for context but is

¹² ONS [Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2020](#).

not used in the demographic scenarios presented in this report. The demographic scenarios draw their migration assumptions from the latest available MYEs (2001/02–2019/20) and are re-based to the 2021 Census population and household estimates.

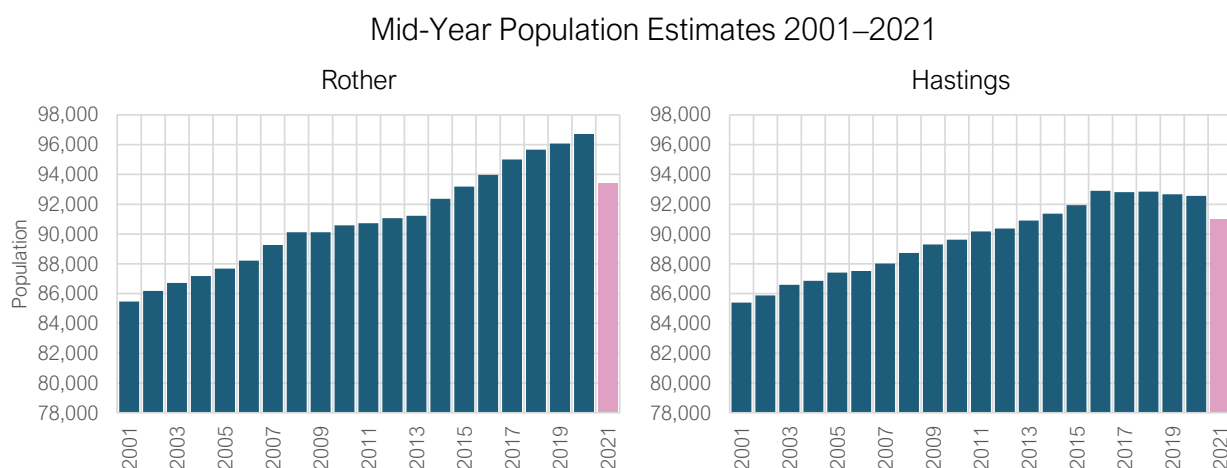
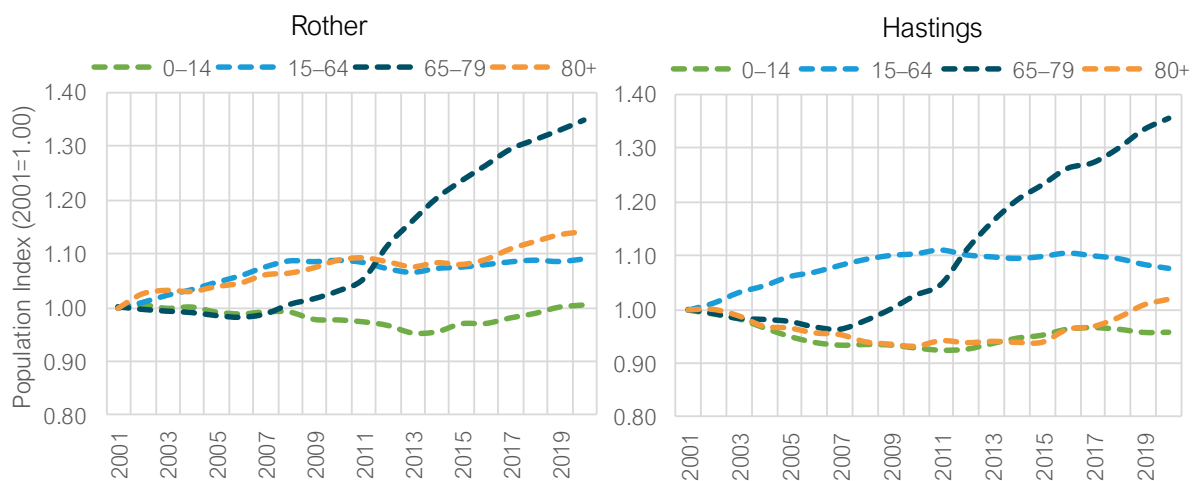


Figure 13: Rother and Hastings MYEs

Source: ONS MYEs

- 3.16 According to the MYEs, between 2001 and 2020, the population of Rother increased by 13.2%, equivalent to an additional 11,245 people. Over the same time period, the population of Hastings grew by 8.4%, an additional 7,162 people. The rate of population growth since 2011 is estimated to have been higher in Rother than in Hastings, with a small decline in the size of the population seen in the most recent years in Hastings. Population growth is estimated to have been lower in Rother and Hastings than that seen across the South East (14.9%) and England (14.4%).
- 3.17 Based on the MYEs, population growth between 2001 and 2020 has been most pronounced in the 65–79 age group in both Rother and Hastings (Figure 14), growing by 34.8% and 35.6% respectively, slightly lower than the South East rate of 38%. This equates to an additional 9,425 people across the two districts. Growth in the other age groups has been less pronounced; in Rother, the youngest age group has increased in size by only 0.4%; in Hastings, there has been a small decline in this age group (-4.2%). The working-age population (15–64) has increased in size in both Rother and Hastings, equivalent to an additional 8,421 people, but at a slower rate than across the South East and England as a whole.



Age Group	Rother	Hastings	South East	England
0-14	0.4%	-4.2%	11.6%	10.0%
15-64	9.2%	7.6%	10.0%	10.9%
65-79	34.8%	35.6%	38.0%	32.1%
80+	14.1%	2.0%	38.7%	37.4%
Total	13.2%	8.4%	14.9%	14.4%

Figure 14: Rother and Hastings MYE population growth by age group

Source: ONS

Components of Change

- 3.18 Figure 15 presents the MYE Components of Change from 2001/02 to 2019/20 (note that the 2021/21 Components of Change are not currently available). Commentary of the individual components for Rother and Hastings is presented in the following sections.
- 3.19 Note that the orange bars on the Components of Change charts relate to what is referred to as ‘Unattributable Population Change’ (UPC). UPC relates to the rebasing of the 2002–2010 MYEs to align with the 2011 Census population count. ONS has not explicitly assigned the UPC adjustment to any one component of change, although it is likely due to issues around the estimation of migration (specifically international migration), given that births and deaths are recorded in ONS Vital Statistics. In the case of Hastings, the UPC adjustment is positive, suggesting that the intercensal MYEs underestimated the scale of population growth between the 2001 and 2011 Censuses. In Rother, the UPC component is negligible.

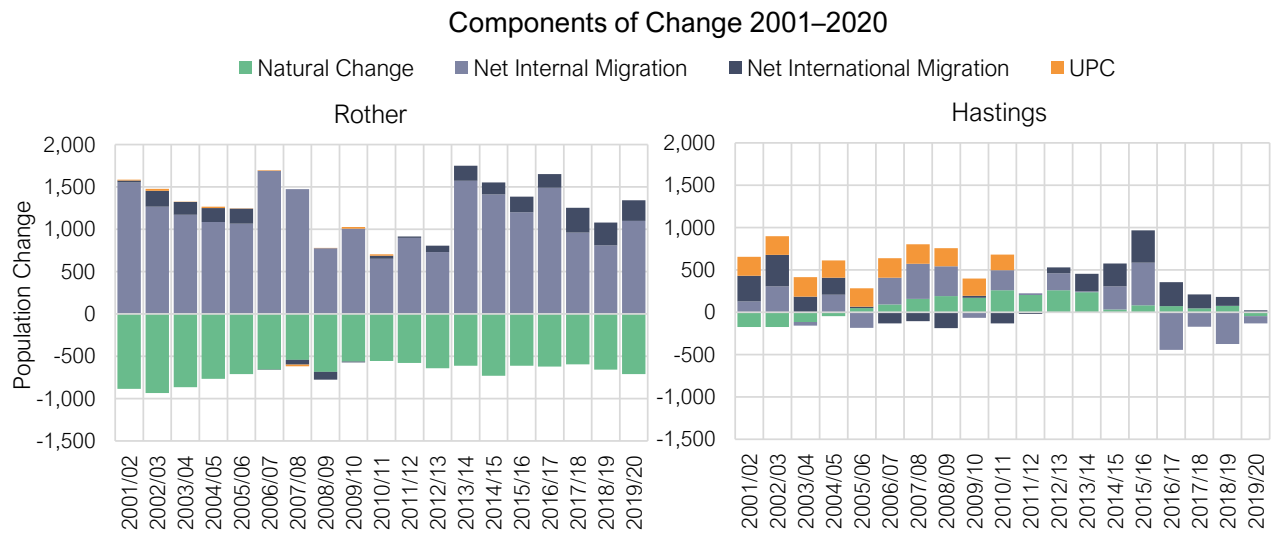


Figure 15: Rother and Hastings Components of Change
Source: ONS

Natural Change

- 3.20 In Rother, natural change (the balance between births and deaths) has been consistently negative between 2001 and 2020, as the number of deaths has exceeded the number of births in all years since 2001 (Figure 16). This is linked to the ageing of Rother’s population (see paragraph 3.17). Deaths have averaged 1,379 per year since 2001, and births 701 per year, resulting in an average natural change of -679 per year.
- 3.21 Natural change has contributed little to population growth in Hastings since 2001, showing a negative balance between 2001/02 and 2004/05 (see green bars in Figure 15). From 2005/06, natural change has been largely positive, as the number of deaths declined below the 20-year average of 1,012 per year, and the number of births rose, peaking at 1,222 in 2012/13 (Figure 16).

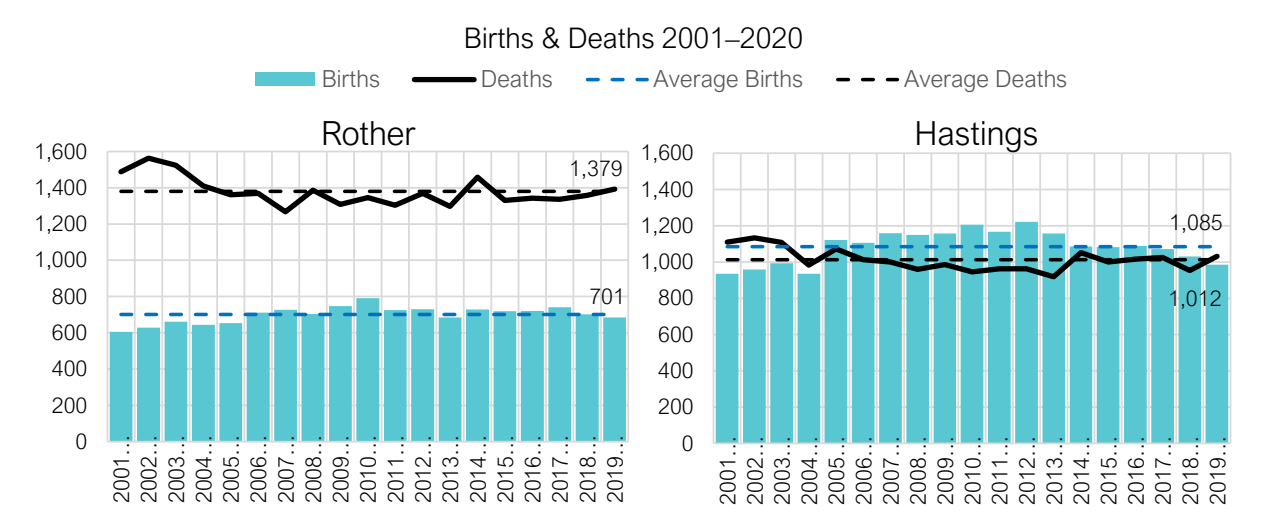


Figure 16: Rother and Hastings Births & Deaths

Source: ONS

- 3.22 The increase in the number of deaths in 2019/20 in both areas is linked to the ongoing COVID-19 pandemic; in 2020, coronavirus was the leading cause of death in England and Wales.¹³ During the middle of the 2001–2020 historical period, the number of births rose, a trend that was mirrored nationally. In recent years, birth rates have declined; in 2020, the Total Fertility Rate (TFR) across England and Wales reached a record low of 1.58.¹⁴

Internal Migration

- 3.23 According to the MYEs, net internal migration (domestic migration to and from elsewhere in the UK) has been the dominant driver of population growth in Rother since 2001, averaging +1,154 per year.

¹³ [Deaths Registered in 2020](#), ONS

¹⁴ [2020 Births Summary](#), ONS

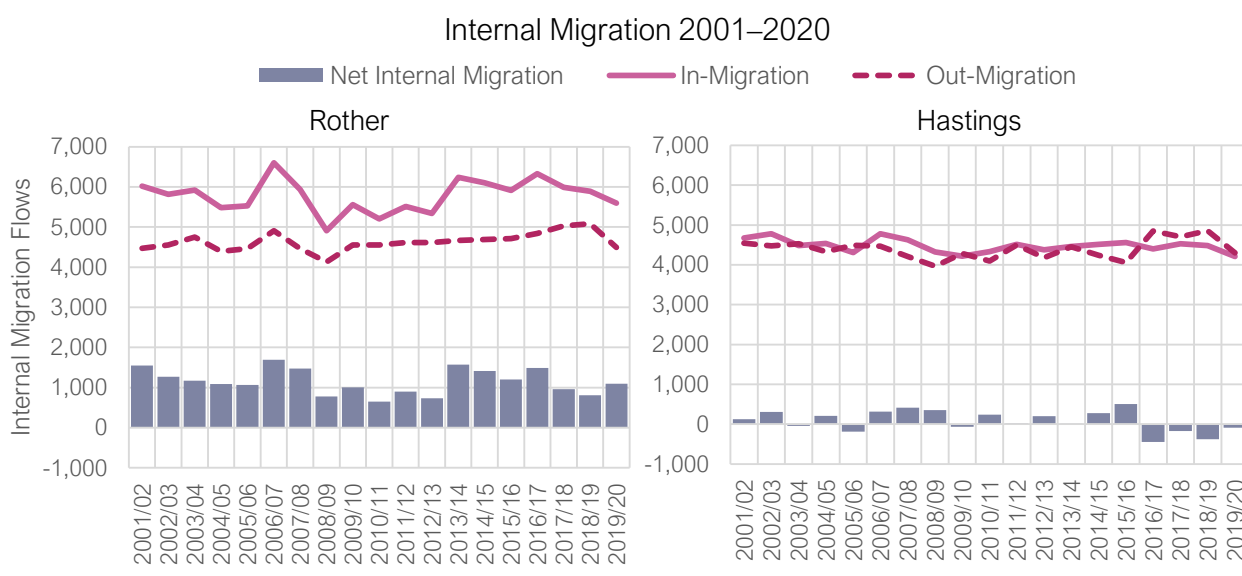


Figure 17: Rother and Hastings Internal Migration profile

Source: ONS

- 3.24 Between 2008/09 and 2012/13 net internal migration was lower (averaging +813 per year), a result of a reduced inflow likely linked to the recession and impact that this had on house building, home moves and household finances. In Hastings, the internal migration in- and outflows have been relatively balanced over the historical time period, averaging 4,480 and 4,395 per year respectively. Net internal migration averaged +178 per year up to 2015/16, after which point the internal migration outflow increased, resulting in negative net internal migration averaging -269 per year. The dip in both the inflows and outflows seen in 2019/20 in both areas are likely a result of the ongoing COVID-19 pandemic, which had an unprecedented impact on population movement during 2020.
- 3.25 The internal migration flow data highlights the strong relationship between Rother and Hastings, with the greatest in- and outflows of people over the 2001/02–2019/20 period occurring between the two authorities. On average, 1,348 people have moved from Hastings to Rother each year, and 1,066 have moved from Rother to Hastings, resulting in a net loss of people from Hastings (-282 per year). Both areas also record relatively high in- and outflows from the neighbouring authorities of Wealden, Tunbridge Wells, and Eastbourne further to the west. Both areas have also seen a net increase in their resident populations with moves from London, particularly the southeast London boroughs of Bromley, Croydon and Lewisham.

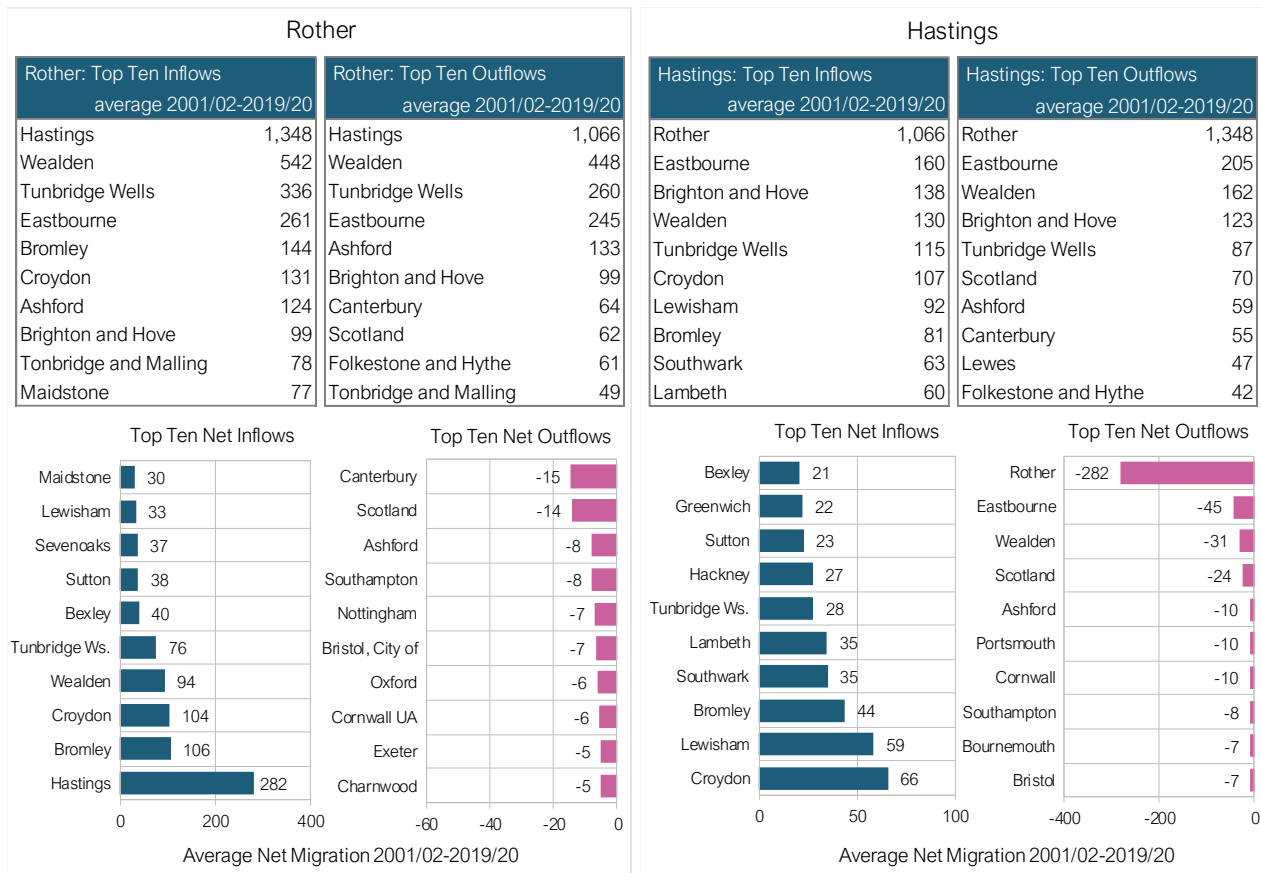


Figure 18: Rother & Hastings internal migration: Top 10 flows & net flows

Source: ONS

3.26 When viewed by age, both Rother and Hastings have seen a net outflow of population in the 15–19 age group, associated with young people leaving the area to study elsewhere in the UK. In Rother, the net outflow is greater, averaging -217 per year 2001/02–2019/20, compared to -99 per year in Hastings. In Hastings, there has been a net outflow in all the younger age groups 0–29, and small net inflows in the older age groups. Rother has historically seen its highest net inflows in the 55–69 age groups, linked to people moving to the area around retirement age.

Average Internal Migration Net Flows by Age Group (2001/02-2019/20)

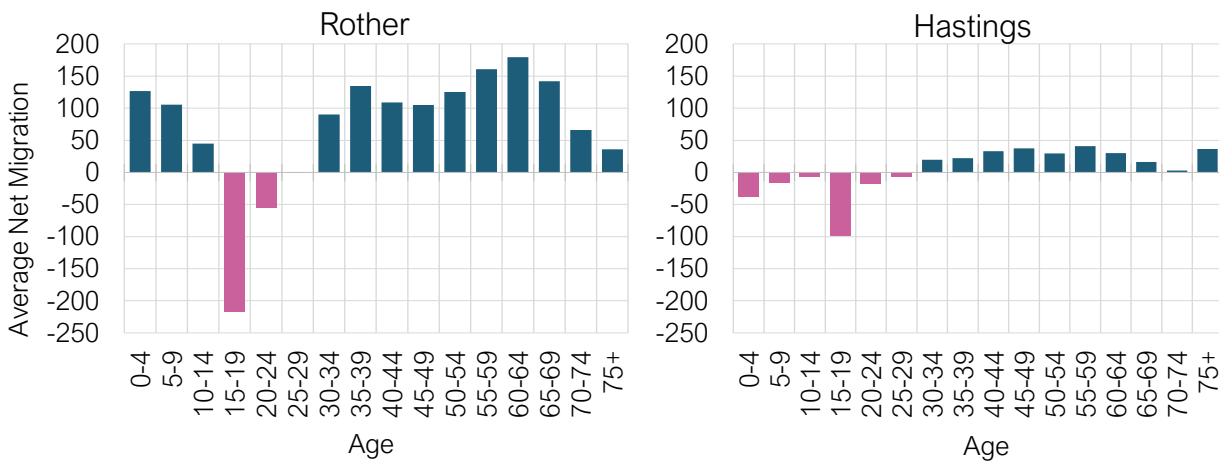


Figure 19: Rother and Hastings net internal migration by age group
Source: ONS

International Migration

3.27 Net international migration (immigration to the UK and emigration from the UK) has fluctuated over the historical period since 2001 (Figure 20), contributing only slightly to population growth in Rother, averaging 113 per year since 2001. In Hastings, net international migration has been a more dominant driver of growth over the historical period, averaging 106 per year since 2001, and accounting for 28% of the annual average population growth figure of 377 (and 58% if the UPC component is included within the net international migration estimate).

International Migration 2001–2020

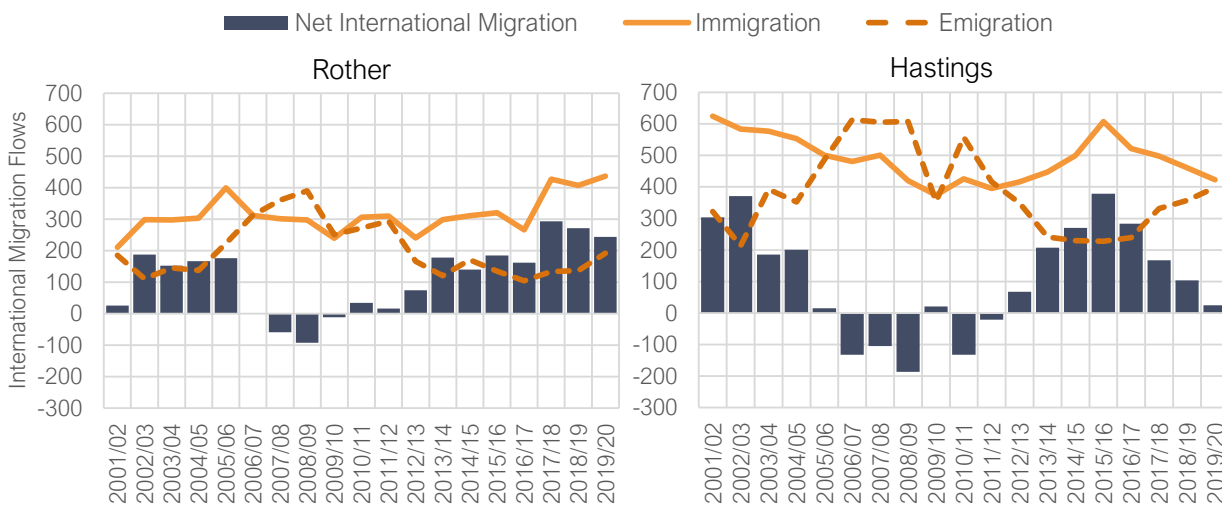


Figure 20: Rother and Hastings International Migration profile
Source: ONS

- 3.28 Between 2006 and 2012, net international migration in both areas was predominantly negative, a result of a reduced immigration flow (particularly in Hastings) and an increased rate of emigration. From 2012, net international migration increased in both areas, peaking at +293 in Rother in 2017/18 and +379 in Hastings in 2015/16. In recent years, net international migration has decreased.

Census Population vs. MYEs

- 3.29 At the 2021 Census, the populations of Rother and Hastings were 93,110 and 90,996 respectively.¹⁵ Across all local authorities in East Sussex, the 2021 Census population estimate is *lower* than the 2020 MYE, a trend that is also seen at the national level. This difference is stark in Rother, where the 2021 Census population count is 3,616 *lower* than the 2020 MYE (Figure 21).
- 3.30 According to the ONS MYEs, between 2001 and 2011, population growth averaged 0.60% per year in Rother, increasing to 0.71% per year between 2011 and 2020. The 2021 Census population figure is 3.7% lower than the 2020 MYE, representing the greatest year-on-year change over the historical time period. In Hastings, the MYEs have estimated a slight population decline since 2016, averaging -87 per year. Although the 2021 Census figure continues this downward trend, the scale of change is higher; the 2021 Census figure is 1,454 *lower* than the 2020 MYE in Hastings.
- 3.31 Whilst the population 'decline' seen between 2020 and 2021 in Rother could reflect reality, it is more likely a result of population overestimation between the 2011 and 2021 Censuses. The reasons for the 2021 Census/MYE discrepancies will likely become clear with future data releases, specifically the rebased intercensal MYEs, due for release in early 2023. It is possible that an intercensal population overestimation has occurred due to difficulties in robustly estimating migration flows to and from the authority, as births and deaths are robustly recorded in each year.

¹⁵ 2021 Census Table TS008. Note that the Census population may sum to different totals depending on the Census table used.

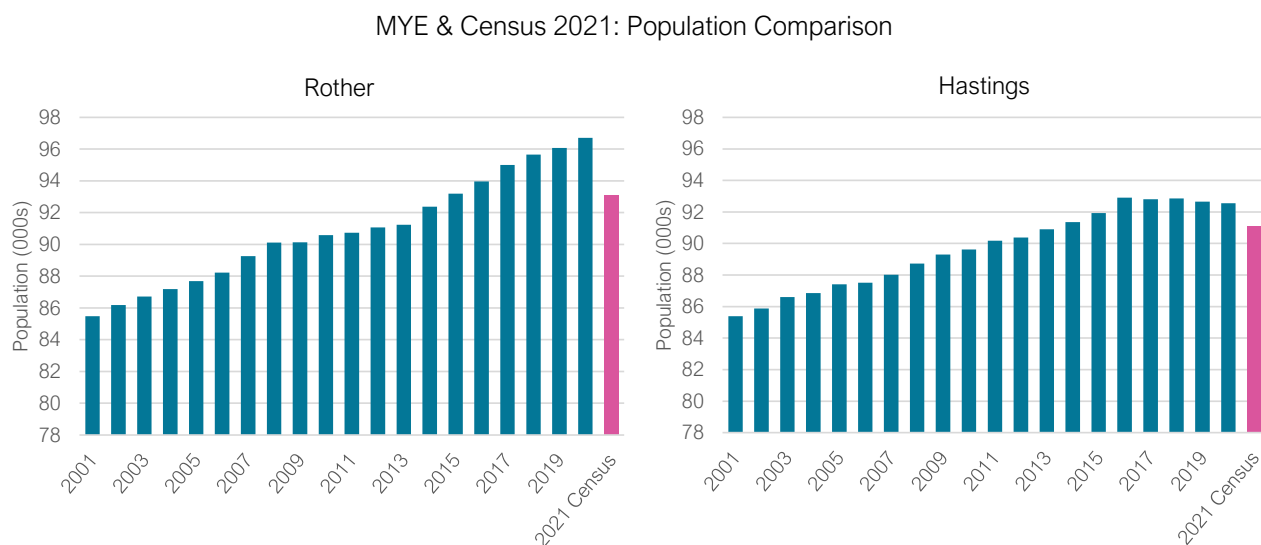
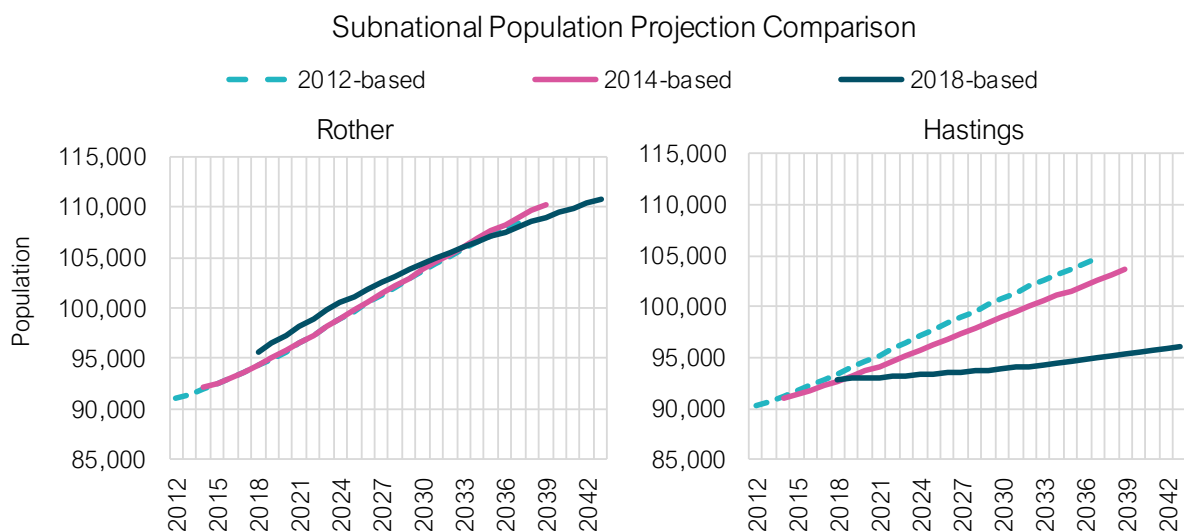


Figure 21: Rother and Hastings MYEs and 2021 Census populations
Source: ONS

Official Population Projections

- 3.32 The historical profile of growth and the relative scale and importance of each of the components of change have important implications for the formulation of future scenarios of population growth.
- 3.33 The official projections produced by ONS are trend-based, drawing their migration, fertility and mortality assumptions from the historical period preceding the base year (with no adjustment to account for Unattributable Population Change). The latest 2018-based sub-national population projection (SNPP) for Rother and Hastings projects average growth of 0.63% and 0.14% per year respectively over its 25-year projection period, lower than the earlier 2014-based SNPP (Figure 22). The 2014-based SNPP, from which the associated household projections that underpin the Standard Method are derived, projects average annual growth of 0.79% in Rother and 0.55% in Hastings.
- 3.34 Under the 2014-based projections, the rate of annual population growth is lower in Rother and Hastings than across East Sussex (0.82%) but is higher than the England average (0.66%). Under the 2018-based projection, population growth in Hastings is relatively low, at only 3.4% across the full 25-year projection period, compared to 15.8% in Rother, 10.5% across East Sussex, and 10.3% across England.



Projection	Time Frame	Annual Growth			
		Rother	Hastings	East Sussex	England
2012-based	2012–2037	0.76%	0.64%	0.72%	0.65%
2014-based	2014–2039	0.79%	0.55%	0.82%	0.66%
2018-based	2018–2043	0.63%	0.14%	0.42%	0.41%

Figure 22: Subnational population projection comparison

Source: ONS SNPPs

- 3.35 The differences between the 2014-based and 2018-based projections are a result of the different time periods from which ONS have calibrated the underpinning assumptions, as well as methodological changes that have occurred between the two rounds of projections. Combined, this results in variations in the components of change between the two projections (Figure 23).
- 3.36 In the latest 2018-based projection, ONS has assumed a dampened fertility and mortality outlook, which, for Rother, with its rapidly ageing population, results in a greater population loss through natural change over the projection period compared to the 2014-based projection (-662 per year under the 2014-based SNPP, -905 per year under the 2018-based SNPP).
- 3.37 In Hastings, natural change switches from positive in all years of the 2014-based SNPP (at an average of +167 per year), to negative under the 2018-based SNPP (averaging -182 per year). This is the result of the differences in the births/deaths profile over the time periods from which future fertility and mortality assumptions have been derived under each projection, combined with the changes to the fertility and mortality outlook.
- 3.38 The profiles of international migration are also different in Rother and Hastings under the two alternative projections, more so in Hastings than in Rother. In Rother, net international migration is projected to increase, averaging +141 per year under the latest projection,

compared to +39 per year under the 2014-based SNPP. This is influenced by the higher rates of international migration seen prior to 2018, compared to the years preceding 2014. In Hastings, net international migration under the 2018-based SNPP is projected to be the dominant driver of growth over the projection period, averaging +179 per year, compared to a net loss in each year (-47 per year) under the 2014-based SNPP. As in Rother, this is a result of the differences in the historical profiles of migration prior to 2014 and 2018.

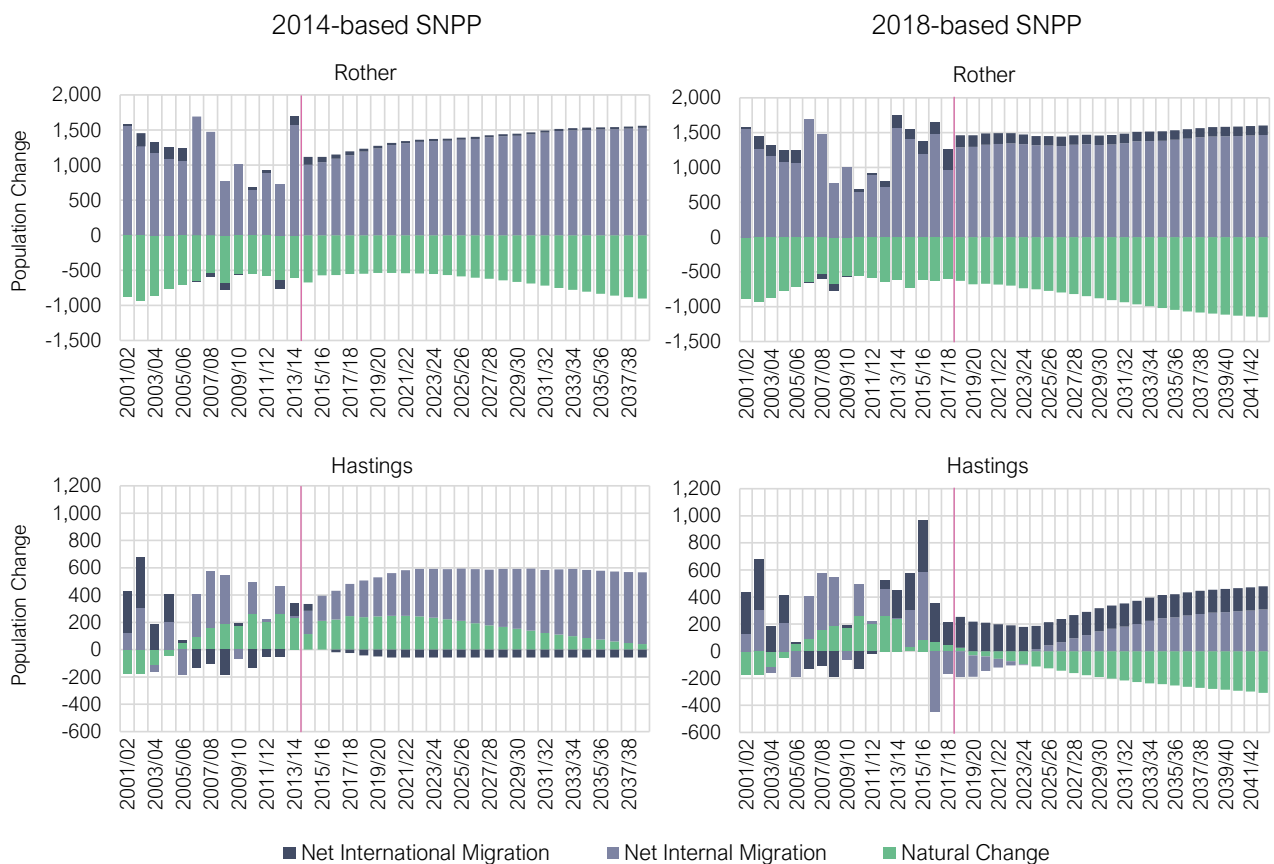


Figure 23: Rother and Hastings 2014-based and 2018-based SNPP components of change comparison

Source: ONS Subnational Population Projections

- 3.39 In Rother, net internal migration continues to be the dominant driver of population growth, but at slightly lower levels under the 2018-based SNPP. In Hastings, the importance of internal migration as a driver of population growth is reduced under the 2018-based projection, averaging +128 per year, compared to +383 per year under the earlier projection. In the 2018-based SNPP, internal migration assumptions have been drawn from the 2 years preceding the base year, rather than the usual 5-year period (as was done in the 2014-based projection). This change was made by ONS following the introduction of its Higher Education Leavers Methodology (HELM), which aims to better account for the movement of people leaving higher education each year. ONS has applied this methodological change from 2016/17 onwards. HELM seeks “to increase the outflow

of graduates from local authorities with higher education institutions at ages 22 and 23 years and to increase the inflow of graduates to local authorities that are popular graduate destinations (such as London and other major urban centres) at the same age”.¹⁶

3.40 Whilst the HELM methodological changes are an important update, in that they go some way to correcting any potential misestimation in the younger age groups, there is limited corroborative evidence to validate this estimation method. The future data releases from the 2021 Census and the rebasing of the intercensal MYEs will provide a timely update to our understanding of how Rother and Hastings’ populations have changed in recent years.

Census vs. Projections

3.41 In both Rother and Hastings, the 2021 Census population estimates are *lower* than the projected 2021 populations under both the 2014-based and 2018-based official subnational population projections (SNPPs) (Figure 24). In Rother, the 2021 Census population is 5% lower than the projected population under the latest 2018-based SNPP, and 3.6% lower than under the 2014-based SNPP, the projection that underpins the Standard Method LHN. The larger population projected under the 2018-based SNPP in Rother is a result of the higher rates of population growth seen under the MYEs between 2014 and 2018, linked to higher estimates of net internal migration (see paragraphs 3.32 to 3.40). Given the 2021 Census population estimate is lower than the trajectory of growth implied by the intercensal MYEs, it is possible that the upcoming revisions to the 2011-2020 MYEs will identify an overestimation in the migration estimates during this period of time.

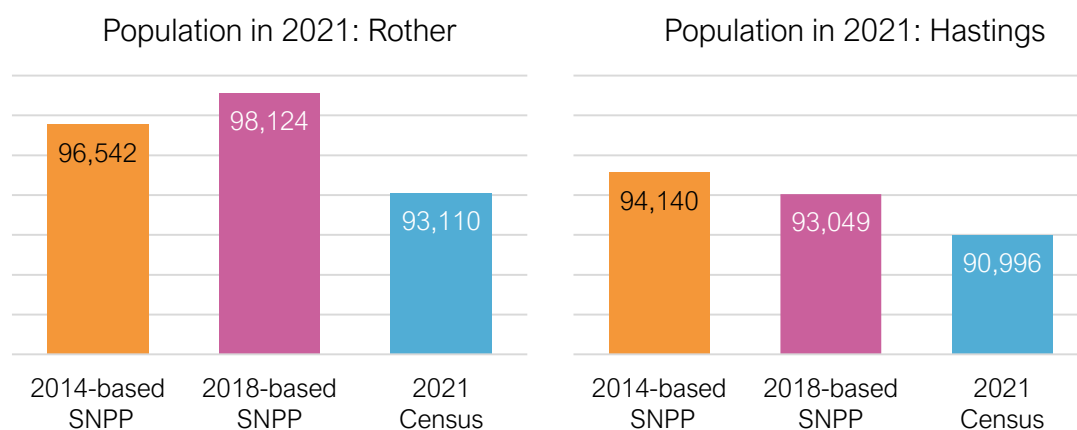


Figure 24: Rother and Hastings population in 2021: Census and projection comparison

Source: ONS

¹⁶ [Population estimates for the UK, mid-2019 methods guide, July 2020](#)

- 3.42 In Hastings, the 2021 Census population is 3.3% lower than the population projected under the 2014-based SNPP, and 2.2% lower than under the 2018-based SNPP. The relatively smaller difference with the official Census estimate when comparing against the 2018-based SNPP is likely to reflect the more recent subnational projections being informed by a longer time-series of mid-year estimates which towards the end of the decade in Hastings indicate a small annual decline in the population associated with reduced net migration and negative natural change, both of which comprise a departure from trends informing the 2014-based SNPP.
- 3.43 In both Rother and Hastings, the number of households at the 2021 Census is smaller than the projected household total under both the 2014-based subnational household projection (SNHP) and the 2018-based SNHP. While the level of population growth indicated by the official Census estimate is lower than anticipated under either the 2018-based or 2014-based SNPP the official Census household estimate corresponds to an increase in average household size over the last decade (see paragraphs 3.7 - 3.8) that was not previously reflected in projected trends. The corresponding SNHP for these series projected a fall in average household series in the period to 2021 as a function of overall assumptions for household formation. The official 2021 Census household estimate is therefore suggestive of constraints to household formation, or a substantial increase in dwelling vacancy (household spaces without usual residents) as well as differences in the components and age-sex characteristics of population change relative to previous MYEs.

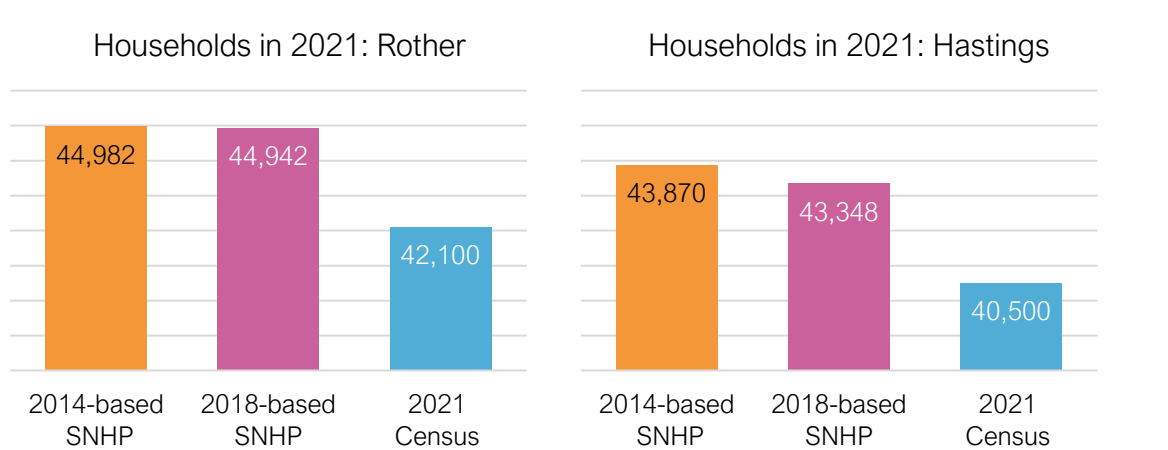


Figure 25: Rother and Hastings households in 2021: Census and projection comparison

Source: ONS, DLUHC

Labour Force & Employment Profile

Labour Force & Economic Activity Rates

- 3.44 At the 2011 Census, there were an estimated 39,859 people in Rother and 44,759 people in Hastings who were classified as 'economically active', equivalent to around 63% and 68% of the usually resident working-age population respectively (Table 3). The rate for Hastings aligns with the economic activity rate for East Sussex, whereas the rate for Rother is lower, linked to the aged profile of Rother's population. The rates for both districts are lower than the England rate of 70%.

Table 3: 2011 Census aggregate economic activity rates

	Rother	Hastings	East Sussex	England
Usually resident population (16–74)	62,861	66,036	374,518	38,881,374
Economically active population	39,859	44,759	254,952	27,183,134
Economically active population (%)	63%	68%	68%	70%

Source: 2011 Census (ONS)

- 3.45 The size and structure of the resident labour force is reflected in the economic activity rates. Figure 26 presents these rates by five-year age group (16-89) from the 2001 and 2011 Censuses, showing the difference between males and females and the changes over time. In both Rother and Hastings, the economic activity rates amongst males are higher than females in most age groups apart from 16-19. Rates on the whole, increased since 2001, particularly for females, with the exception of the 16-19 age group where rates declined for both males and females. The decline in this age group is likely a reflection of a greater proportion staying in education/training beyond the age of 16.

Economic Activity Rates: 2001 & 2011 Census Comparison

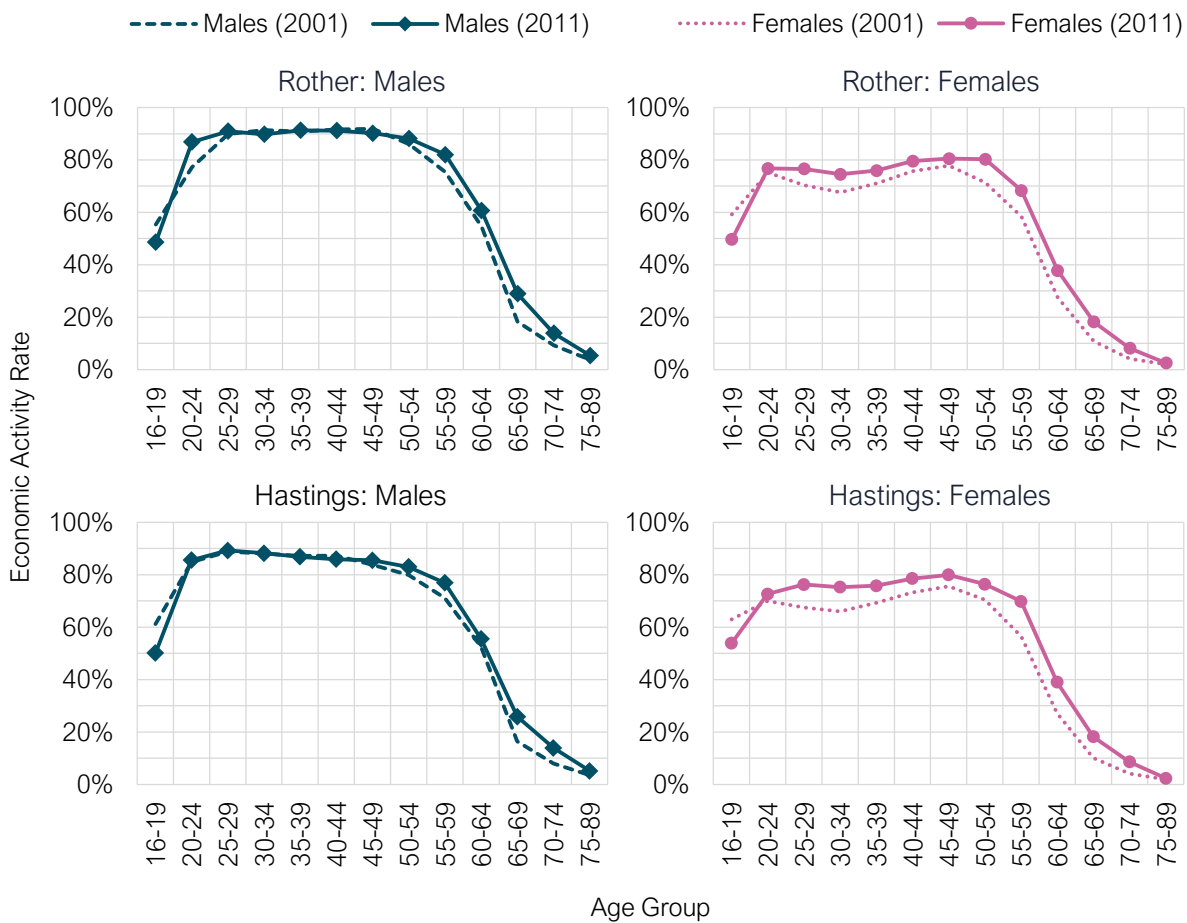


Figure 26: Rother and Hastings - Economic activity rates, 2001 & 2011
Source: 2001 & 2011 Census

3.46 In the absence of 2021 Census economic activity rates, evidence on potential changes to economic activity rates since 2011 and beyond is drawn from the Office for Budget Responsibility's (OBR) analysis of labour market trends within its 2018 Fiscal Sustainability Report.¹⁷ The OBR report presents long-term labour force forecasts, including estimated changes to age and sex-specific economic activity rates. The forecasts are informed by age and sex-specific population projections and historical economic activity rates whilst also accounting for the rising state pension age and its impact upon economic activity rates of older age groups. The OBR forecasts suggest that in both Rother and Hastings, the increases seen between 2001 and 2011 will be continued, across all but the 16-19 age group for females and 16-24 age groups for males.

¹⁷ OBR [Fiscal Sustainability Report, July 2018](#)

Unemployment

- 3.47 The unemployment rate measures the proportion of unemployed people within the resident labour force. Data from ONS shows Hastings has had a consistently higher unemployment rate than both Rother, and England as a whole (Figure 27). Rother’s unemployment rate has consistently been below the England average, apart from in 2011, where Rother’s unemployment rate was the same as the England rate (8%).
- 3.48 In both districts and nationally, unemployment rates rose sharply following the 2008 recession, peaking at 10.2% in Hastings in 2010, and 8.0% in Rother in 2011. Since then, unemployment rates have gradually declined, reaching rates lower than pre-recession levels in 2019 (4.3% in Hastings and 3.3% in Rother). Unemployment increased in Hastings in 2020, likely a result of the economic impact of the COVID-19 pandemic, whereas in Rother, the unemployment rate has increased only slightly since 2019. The current (2021) unemployment rates are 5.5% in Hastings, and 3.6% in Rother.

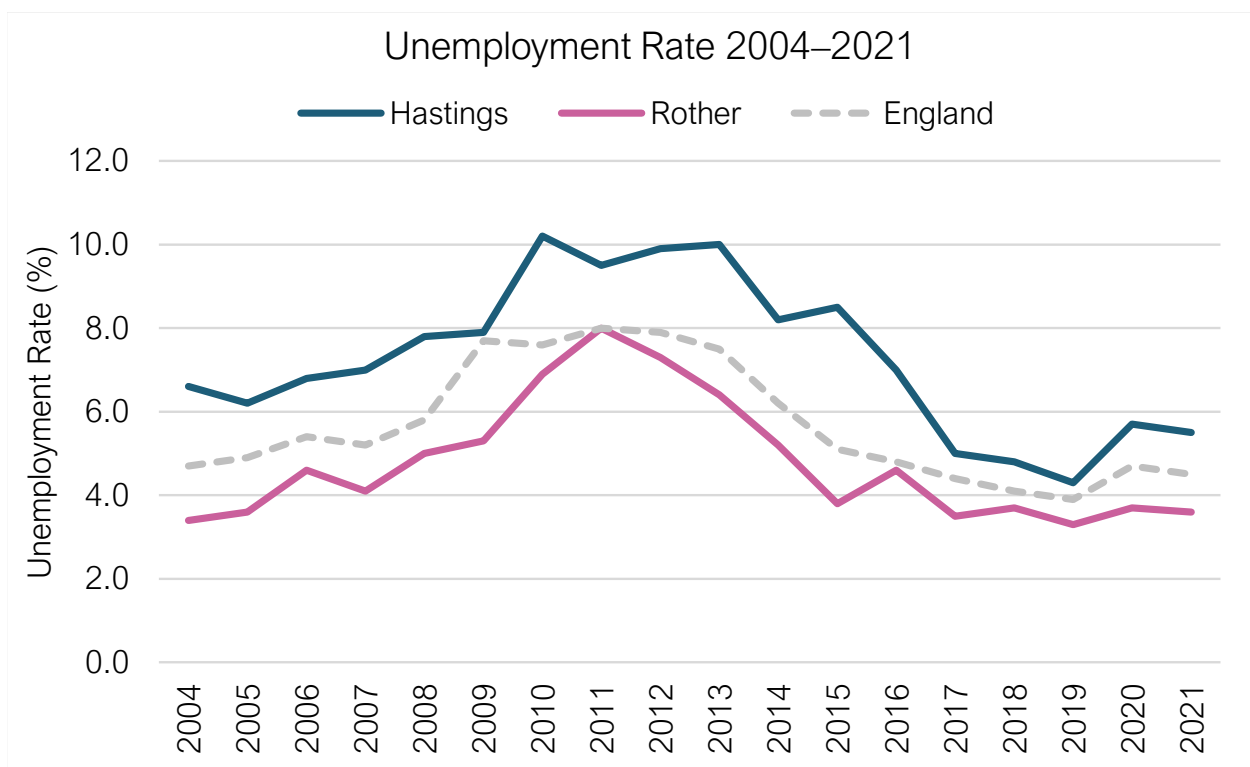


Figure 27: Rother and Hastings - Unemployment rates (%), 2004–2021

Source: ONS model-based estimates of unemployment.¹⁸

Commuting Patterns

- 3.49 Figure 28 presents the top 5 commuting inflows and outflows for Rother and Hastings, highlighting the high level of connectivity between the two areas: the largest flow at the

¹⁸ Model-based Estimates of Unemployment, ONS (via Nomis)

2011 Census was from Hastings to Rother (5,247), with the flow from Rother to Hastings slightly lower (5,091). Smaller flows are seen between the two authorities and the other surrounding districts, including Eastbourne, Wealden, Tunbridge Wells, Westminster/City of London, Ashford, and Lewes.

- 3.50 The difference between the level of employment in an area and the size of the resident workforce can be used to infer a 'commuting ratio'. A ratio higher than 1.00 indicates a net out-commute (the number of resident workers exceeds the level of employment in the area). A commuting ratio lower than 1.00 indicates the reverse: a net in-commute (the level of employment in the area exceeds the size of the resident workforce). The closer the ratio is to 1.00, the greater the balance between the size of the resident workforce and the level of employment.
- 3.51 In Rother and Hastings, the size of the resident workforce exceeds the level of employment in the districts, indicating a net out-commute to surrounding districts (Table 4). The net out-commute is higher in Rother (1.17) than in Hastings (1.10).

Top 5 Commuting Flows: Origins & Destinations

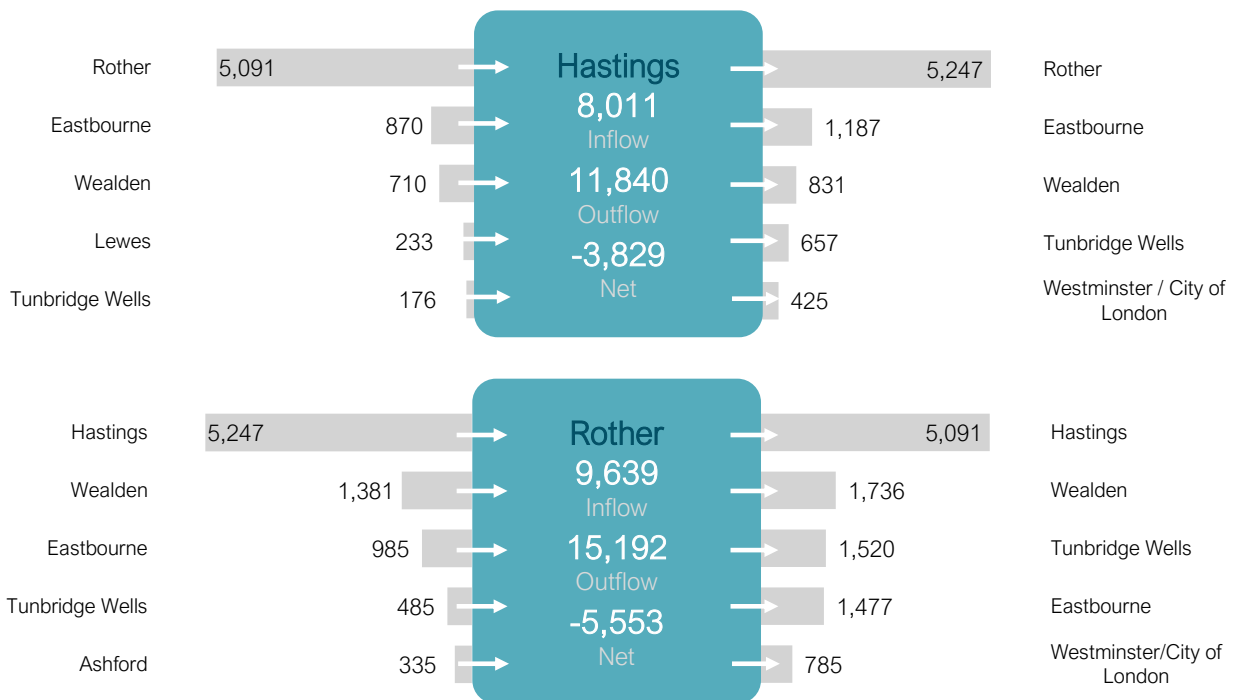


Figure 28: Rother and Hastings – 2011 Census commuting flows: Top 5 inflows and outflows

Source: 2011 Census (ONS)

Table 4: 2011 Census commuting ratios

	Rother	Hastings
Resident workers	38,065	40,924
Total employment	32,512	37,095
Commuting Ratio	1.17	1.10

Source: 2011 Census (ONS) Table WU02UK. Note that these figures are people-based. Resident workers includes people who are 'usually resident' in the relevant area and work anywhere in the UK, including in the relevant area; offshore or abroad; from home; in 'no fixed place'. Employment includes all people who: work in the relevant area; work from home; in 'no fixed' place.

Employment Forecast

- 3.52 Section 15 of this report presents the forecast economic growth in each authority over the plan period. The local jobs growth scenario that has been developed for Rother projects a total increase in jobs of 3,800 over the period 2020 to 2040, which represents a compound annual growth rate (CAGR) of 0.52%. In Hastings, the local jobs growth scenario projects a total jobs growth of 4,150 over the period 2020 to 2040 (CAGR 0.55%). This is illustrated in Figure 29 below.

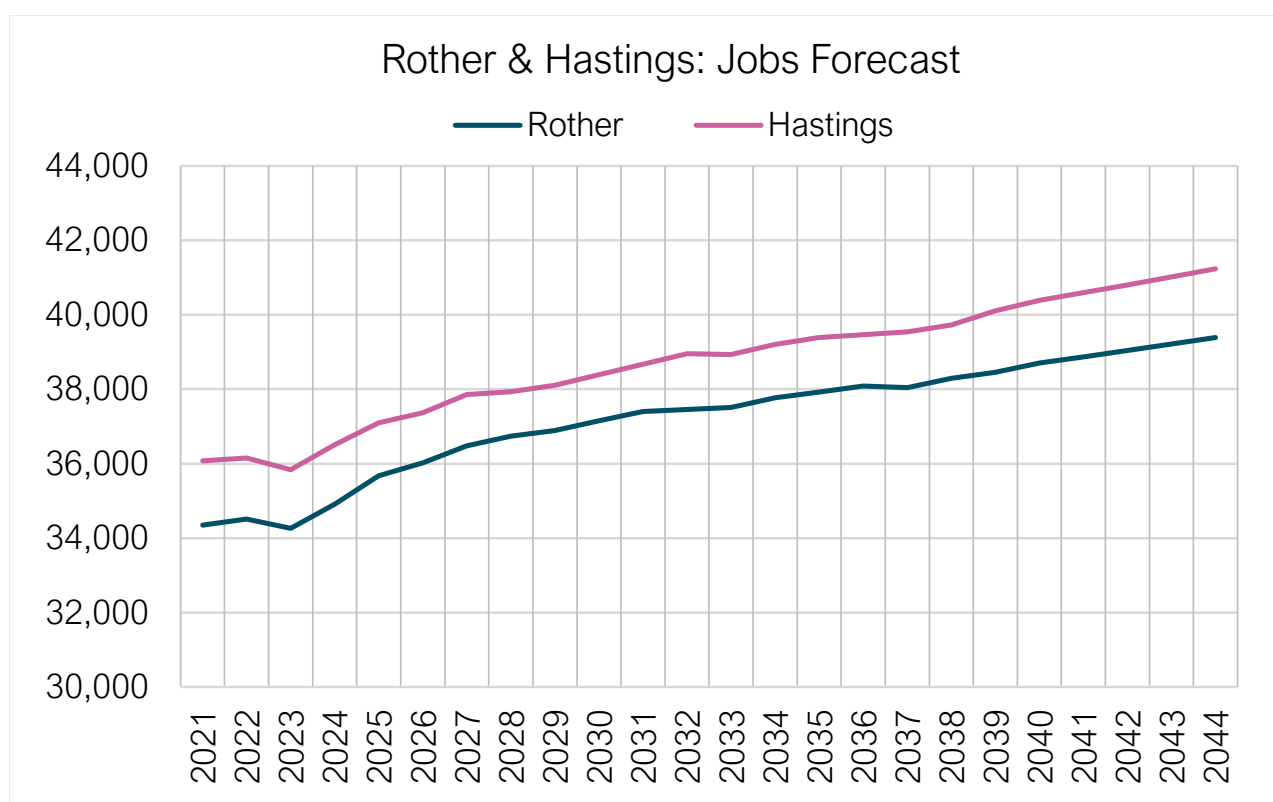


Figure 29: Rother and Hastings – Growth Scenario Jobs forecast

Source: SPRU analysis based on OE baseline forecast

- 3.53 Section 17 of this report considers whether the labour demand generated by the above employment Growth Scenario (i.e. number of jobs) can be met by the labour supply as derived from the projected population and household change.

Conclusions

- 3.54 The population in Rother and Hastings is ageing, which aligns with trends previously reported in HEDNA (2020). This trend is particularly significant in Rother which has the second highest median age of all local authorities in England and Wales. As reported in HEDNA (2020), this demographic characteristic may be due to lower levels of affordability in Rother, particularly the more rural parts of the District, which can result in fewer job opportunities for people of working age (16-64). The ageing population is likely to have an impact on housing requirements, particularly older persons housing needs, as discussed further in Section 9 of this report.
- 3.55 Another key finding of this section is that according to the 2021 Census figures, the number of households in Hastings is estimated to have decreased between 2011 and 2021, although the household population has increased resulting in an increase in average household size. Average household size has increased slightly from 2.16 to 2.17 in Rother (between the 2011 Census and 2021 Census) and in Hastings has increased from 2.15 to 2.22¹⁹. The reasons for this are not fully known but may include an increase in dwelling vacancy (for example due to second homes and holiday lets – see Section 4 for further discussion) and a reduction in affordability suppressing household formation (see Section 7). This may have implications for future housing mix requirements, as discussed in Section 8.

¹⁹ Note that the HEDNA (2020) reports average household sizes of 2.19 and 2.17 in Rother and Hastings respectively. These are derived from the ONS 2014-household projections rather than Census data.

4 DEVELOPMENT TRENDS AND HOUSING MARKET PROFILE

Summary

- The **total number of dwellings** in Rother and Hastings increased by around 13% between 2001 and 2021, from 80,470 to 90,670 dwellings.
- **Market sector housing stock** has increased by an average of 168 dpa in Hastings and 201 dpa in Rother over the period 2011 to 2022.
- Rother delivered a higher proportion of **affordable housing** (37% of total delivery between 2011 and 2021) compared with Hastings (28% of total delivery).
- Based on 2021 Census data, the proportion of unoccupied properties was 8.6% in Hastings (compared to 4.4% in 2011) and 9.3% in Rother (compared to 7.2% in 2011), although the reliability of these data may be impacted by the effects of the Coronavirus pandemic.
- The **median house price** in Rother is substantially higher than that in Hastings and the average for the wider South East. The **affordability ratio** in Rother (13.82 in 2021) is also higher than in Hastings (10.78), meaning housing is less affordable. This represents an increase on the figures presented in the 2020 HEDNA.
- High rates of change in the **mean price of detached properties** in both Rother and Hastings, compared to the South East, suggests a strong demand for this type of property across both authorities.

Introduction

- 4.1 This section presents an overview of recent trends in residential development and assesses the key characteristics of the housing market in Rother and Hastings.

Housing Growth

Historical Dwelling Growth

- 4.2 Between 2001 and 2021, the number of dwellings in Rother increased by 5,115 (+12.5%) and in Hastings by 5,082 (+12.8%). Between 2001/02 and 2007/08, net dwelling growth averaged ++349 per year in each authority. In the years following the 2008/09 recession, dwelling growth decreased, reaching a low of +246 in 2012/13. Since then, dwelling growth has increased but has not returned to the levels seen pre-recession.

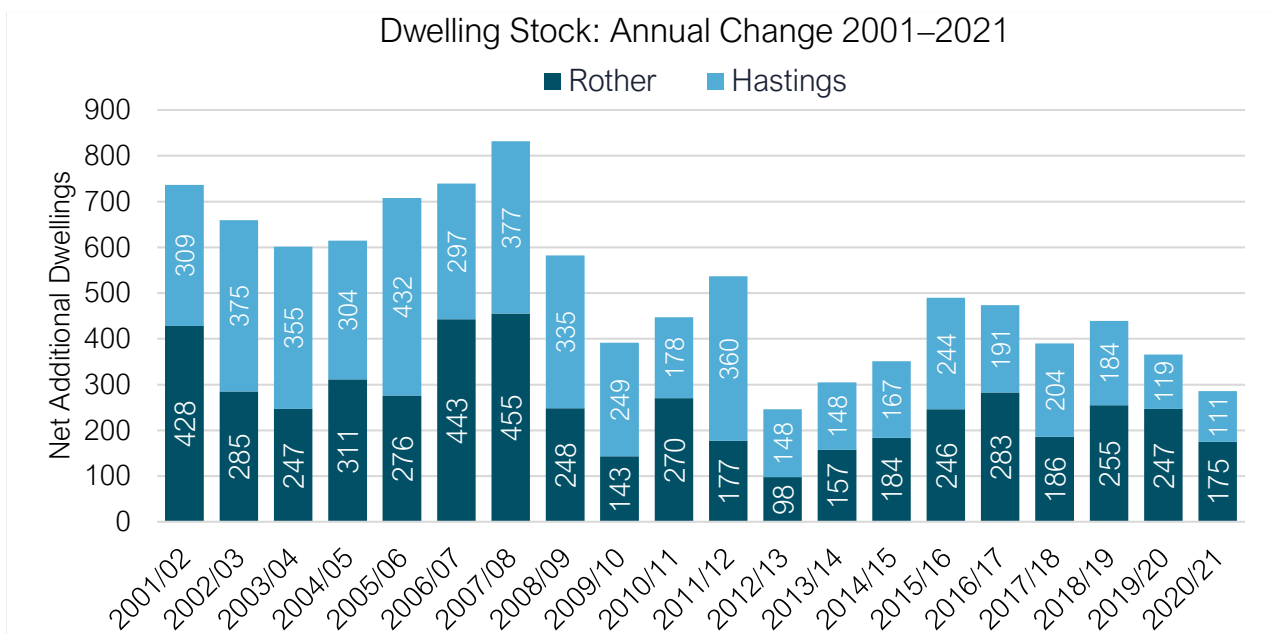


Figure 30: Rother and Hastings Net Additions to Dwelling Stock

Source: DLUHC Live Table 125.

- 4.3 Data from the councils provides a more detailed picture of historical housing delivery by tenure (Figure 31). As a proportion of total housing delivery, Rother has delivered a higher proportion of affordable housing compared to Hastings, averaging 37% and 28% of total delivery between 2011 and 2021 respectively. Both areas have delivered higher proportions of homes for affordable rent than social rent, or shared ownership.

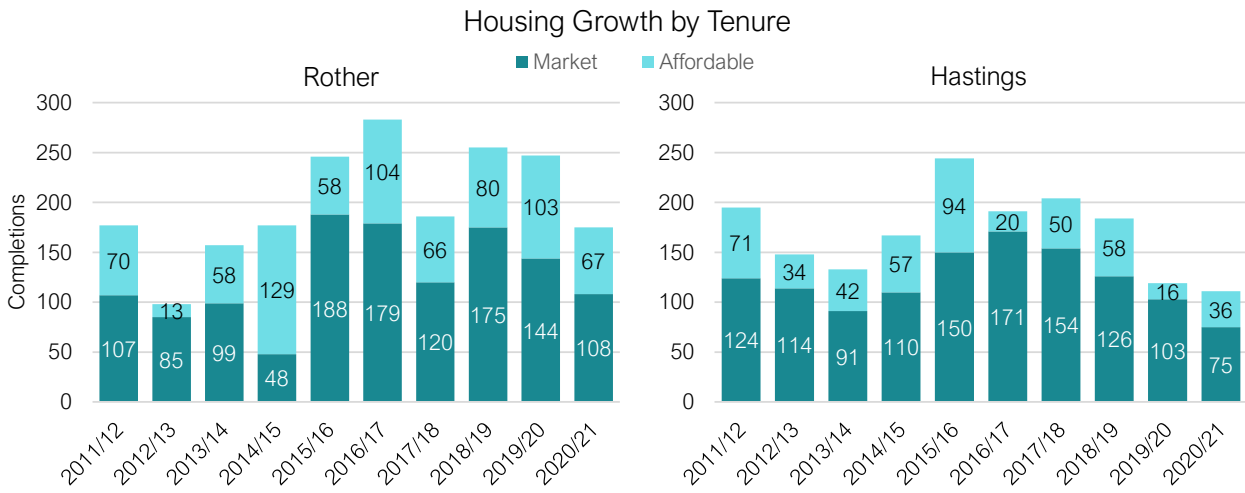


Figure 31: Rother and Hastings Housing Growth by Tenure

Source: Councils Annual Monitoring Reports. Note that totals may not sum to those presented in Figure 30, due to differences between the types of housing data recorded in Live Table 125 and those presented in the AMRs.

Occupation of Dwellings

- 4.4 At the 2021 Census, the percentage of unoccupied dwellings was 8.6% in Hastings and 9.3% in Rother. This represents a considerable increase since the 2011 Census, particularly in Hastings (Figure 32 and Table 5), when the figure was 4.4% (in Rother it was 7.2% in 2011). In Hastings, the number of *occupied* dwellings decreased between 2011 and 2021, whereas in Rother there was an increase (see Table 5).

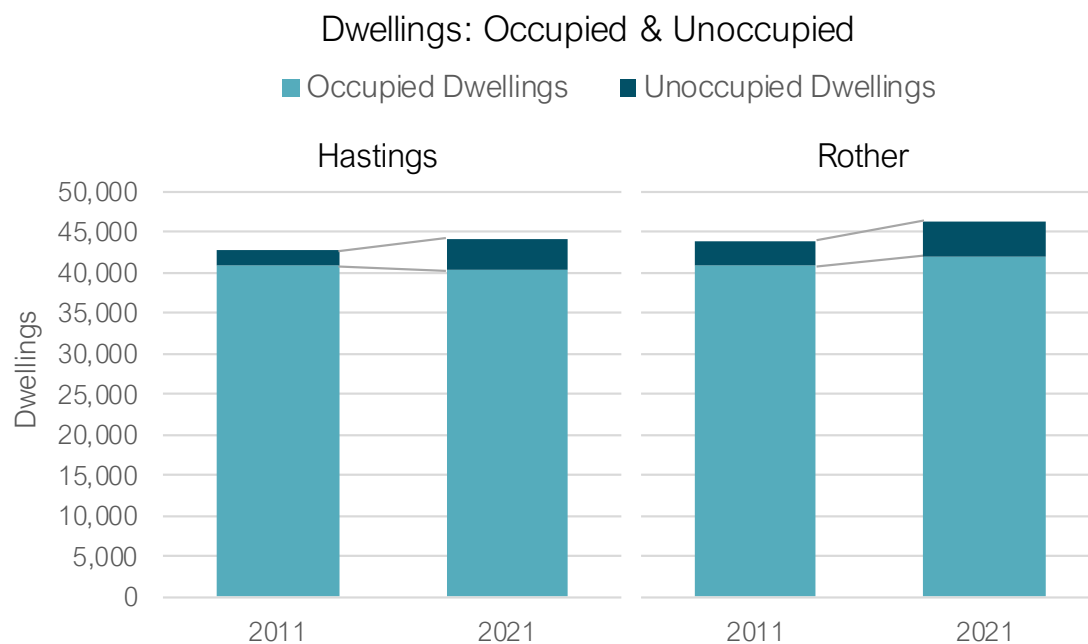


Figure 32: Hastings and Rother

Source: ONS

- 4.5 ONS defines an unoccupied dwelling as “a unit of accommodation with no usual residents” that may be used by short-term residents or visitors on Census day. Unoccupied dwellings are further categorised into either (a) a second residence, holiday home or vacant home, or (b) dwellings occupied by short-term residents of visitors only.²⁰ As of August 2023, this detailed breakdown is not currently available from the 2021 Census.

Table 5: Occupied and unoccupied dwellings: Census Comparison

Census Dwellings	Hastings			Rother		
	2011	2021	Change	2011	2021	Change
Unoccupied Dwellings	1,873	3,820	1,947	3,187	4,310	1,123
Occupied dwellings	40,898	40,370	-528	40,829	42,100	1,271
Total dwellings	42,771	44,190	1,419	44,016	46,410	2,394
% unoccupied	4.4%	8.6%	4.2% pp	7.2%	9.3%	2.1% pp

Source: 2011 and 2021 Census (ONS)

- 4.6 This increase in the proportion of unoccupied dwellings between 2011 and 2021 is also seen at a national level. ONS suggests that one reason for the increase may be the timing of the Census during the COVID-19 pandemic, during which time “...some people, for example overseas students or those privately renting, may have moved back in with family members leaving more unoccupied dwellings”.²¹
- 4.7 It may be the case that at least some of the increase in the proportion of unoccupied dwellings is due to an increase in the number of holiday lets and/or second homes, although, as outlined above, this data is not currently available from the 2021 Census. To illustrate the changes to the stock of second homes/holiday lets, the latest local authority Council Tax evidence has therefore been scrutinised.
- 4.8 In Rother, the proportion of properties that are classified as second homes/holiday lets has remained relatively constant since 2011, decreasing slightly from 3.7%, to 3.3% in 2021/22. This decrease has been driven by a slight reduction in the number of second homes (Figure 33), although the number of holiday lets has increased. In Hastings, the proportion of all properties categorised as second homes or holiday lets has increased from 1.6% to 2.0%, with growth in the number of both.

²⁰ ONS (March 2023) [Housing in England and Wales: 2021 compared with 2011](#)

²¹ ONS (March 2023) [Housing in England and Wales: 2021 compared with 2011](#)

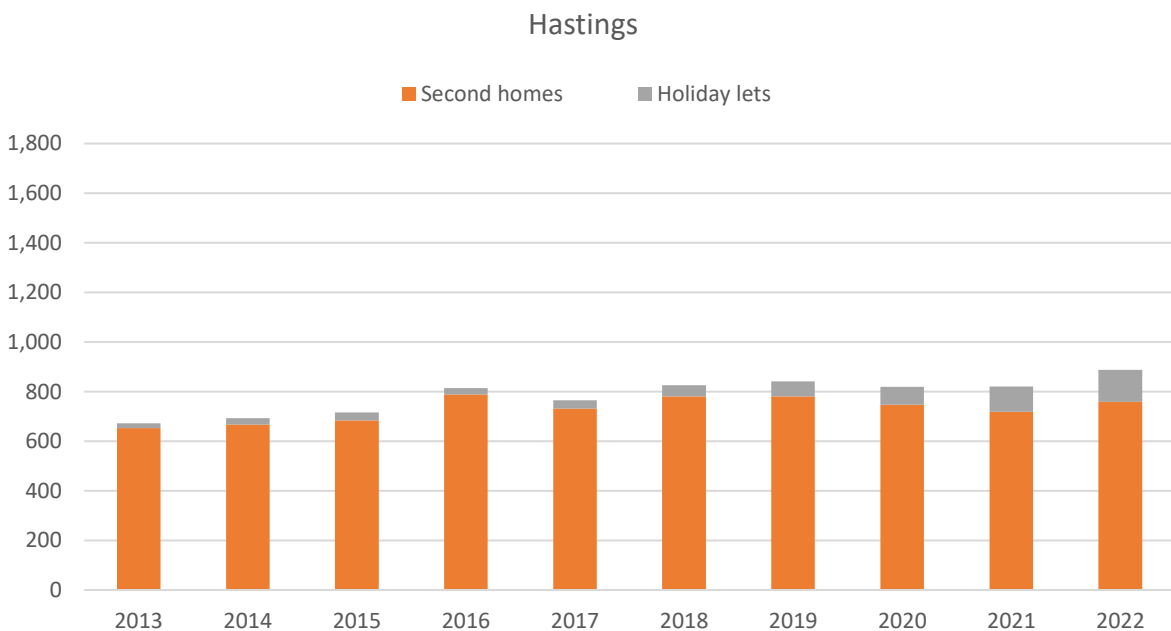
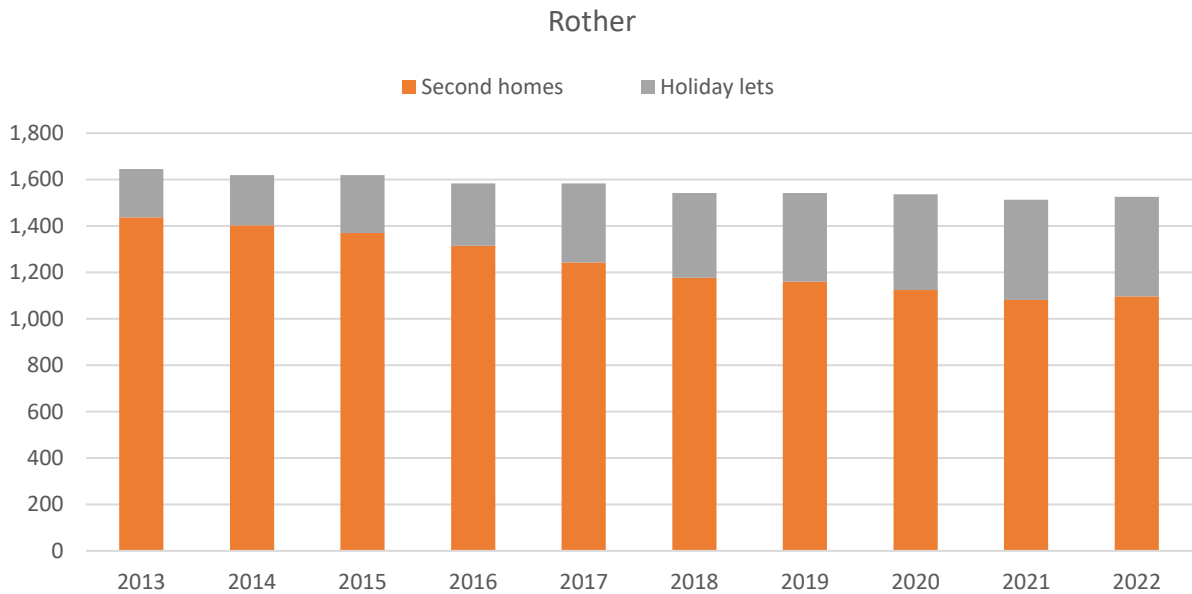


Figure 33: Rother and Hastings Second Homes and Holiday Lets
Local Authority Council Tax Records

4.9 Figure 34 below shows the trend in total number of second homes and holiday lets by sub-area in Rother District over time, as derived from council tax records.²² This shows the largest number of second homes and holiday lets is in the Rye Rural sub-area, which

²² See 0 for Rother sub-area map

includes Camber and Icklesham, both of which have high numbers of second homes in particular and are popular tourist destinations. Bexhill also has a relatively high proportion of second homes compared with other sub-areas. The total number of second homes in these two sub-areas has however gradually decreased over time. Although the number of holiday lets in these areas increased slightly over the same period. The other four sub-areas have shown a relatively stable yet lower total number of second homes and holiday lets.

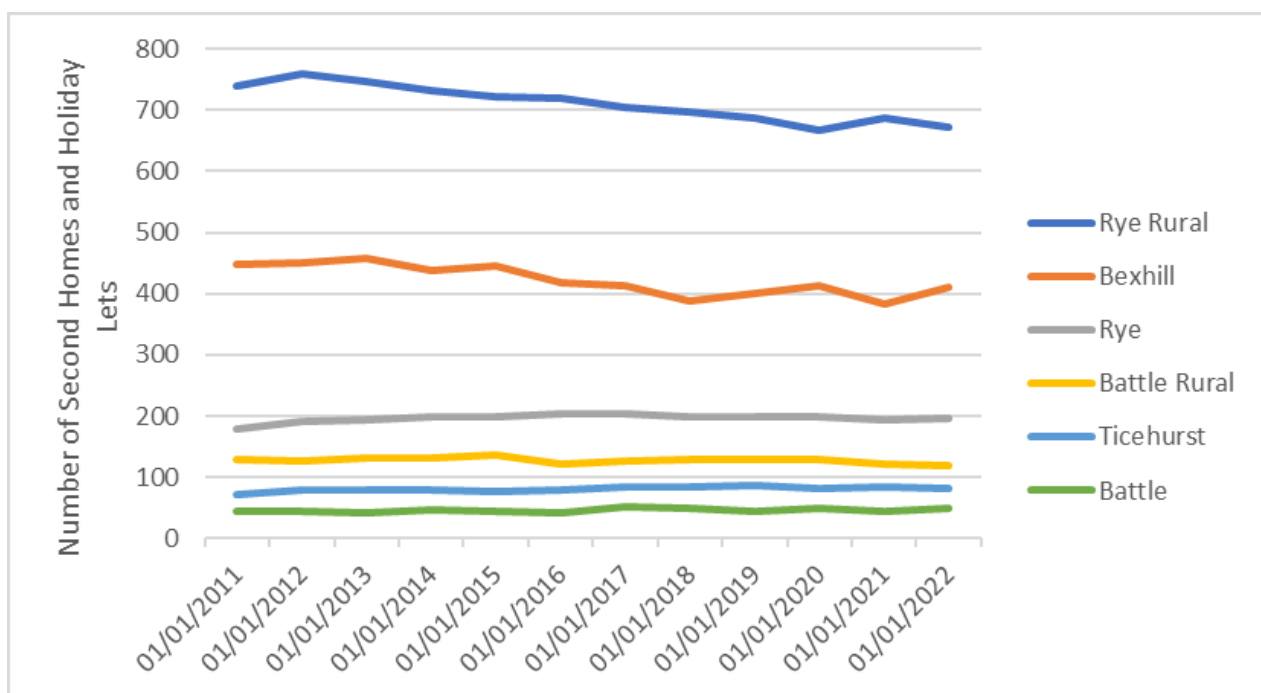


Figure 34: Total Number of Second Homes and Holiday Lets by Sub-Area (2011-2022)

Rother Council Tax Records

- 4.10 The number of properties in Rother and Hastings that are second homes/holiday lets are not, at present, considered to represent a significantly large proportion of the existing dwelling stock and indeed overall figures are declining in some locations. However, there are likely to be some locations where proportions are much higher, such as Camber where it is understood that 31.6% of all residential dwellings (according to Council Tax records²³) are either second homes or holiday lets. This level of detail is not shown in an examination of sub-areas due to the relatively large geography covered by the sub-areas. It is also important to note that some holiday lets may not be picked up in Council Tax records, such as those available through AirBnB.
- 4.11 At present, second homes/holiday lets fall within land use class C3 (residential). This use class does not make a distinction between whether the dwelling is used as a main home,

²³ As set out in Old Lydd Road BLRF Funding Bid, Appendix 3 (December 2022)

second home or short term holiday let. As such, it is difficult to preclude conversion of residential dwellings to second homes or holiday lets through planning policy. It is noted however that the government is, at the time of writing, consulting on proposals to introduce a new use class for short term holiday lets and the potential introduction of a new permitted development right for the change of use from a dwellinghouse to a short term let. Were this to be implemented, it would be possible to subsequently remove these permitted development rights through the introduction of an Article 4 Direction. In this instance, further evidence would be needed to understand the localised impacts of second homes/holiday lets on the availability of residential properties.

- 4.12 Note that in the development of demographic forecasts in POPGROUP, an implied vacancy rate is used to model the relationship between households and dwellings. This conversion factor is drawn from 2011 Census statistics, households (occupied household spaces) and dwellings (shared and unshared). For Rother, this results in a vacancy rate of 7.1%, and for Hastings, 3.8%, similar to the dwelling vacancy figures from the 2011 Census. Comparable figures from the 2021 Census have not been used due to the uncertainty around the reasons for the considerable increase in 'empty' properties.

COVID-19 Context

- 4.13 The MYE migration estimates cover the time period to mid-year 2020, covering the first 3 months of the COVID-19 pandemic only (the 2021 MYE was released December 2022, although the associated components of change for 2020/21 are not currently available). For an indication of the impacts on the mobility and movement of people since the start of the pandemic, a range of data from Royal Mail, Google, and Land Registry are presented below.

Home Movers

- 4.14 Royal Mail provides a mail redirection service to home movers, the data from which provides a proxy measure of migration within the UK during the COVID-19 pandemic.²⁴ Since January 2020, the net balance of moves in Rother has been positive (Figure 35), continuing the net in-migration trend seen historically in the MYE data (see Figure 15).
- 4.15 In April-May 2020, during the first COVID-19 'lockdown' in the UK, the number of net moves fell below the pre-COVID 5-year average in Rother. Net moves increased above the 5-year average between July 2020 and June 2021, linked to the introduction of the Stamp Duty Land Tax (SDLT) reductions that were in place until October 2021.²⁵ A similar

²⁴ Royal Mail [Annual statistics for UK home movers](#)

²⁵ From 8th July 2020 to 30th June 2021, the UK Government increased the starting threshold for SDLT to £500,000. Between 1st July 2021 and 30th September 2021, this threshold was reduced to £250,000, returning to the standard £125,00 threshold on 1st October 2021 ([UK Government SDLT Temporary Reduced Rates](#))

pattern of increased in- and outflows was seen in Hastings in March 2021, June 2021, and September 2021, although the net picture is different to Rother. Net moves in Hastings have fluctuated since early 2020, averaging only +2 per year.

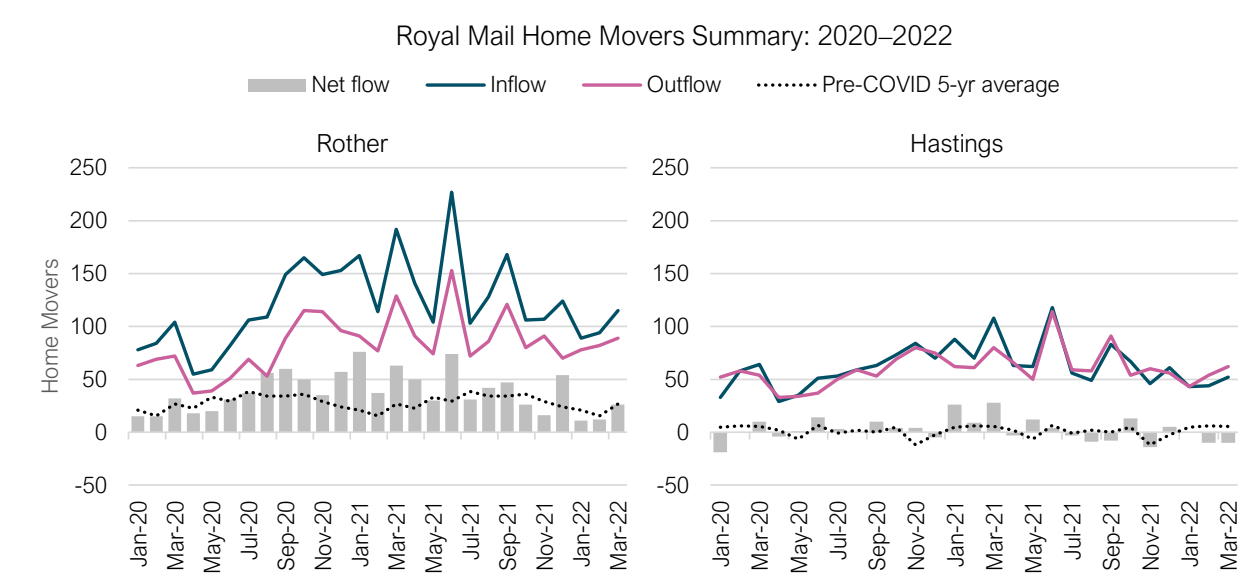


Figure 35: Rother and Hastings - Home Movers, January 2020–March 2022

Source: Royal Mail. Note that each chart is on a different scale.

Google Mobility

- 4.16 The unprecedented impact of COVID-19 is evident in the Google mobility statistics, which have been derived from aggregated and anonymised data from Google users. Google has made its data available for analysis during the pandemic through a series of ‘Community Mobility Reports’²⁶, showing the movement trends across different categories of place.
- 4.17 For the Workplaces and Residential categories, the Google data illustrates the daily change in mobility against a ‘baseline’, which represents a *normal* value for that day of the week (calculated from a 5-week period 3rd Jan–6th Feb 2020). For illustration, the daily statistics for Workplaces and Residential locations have been aggregated to produce a monthly profile for the combined Rother and Hastings area (Figure 36).

²⁶ Google Community Mobility Reports

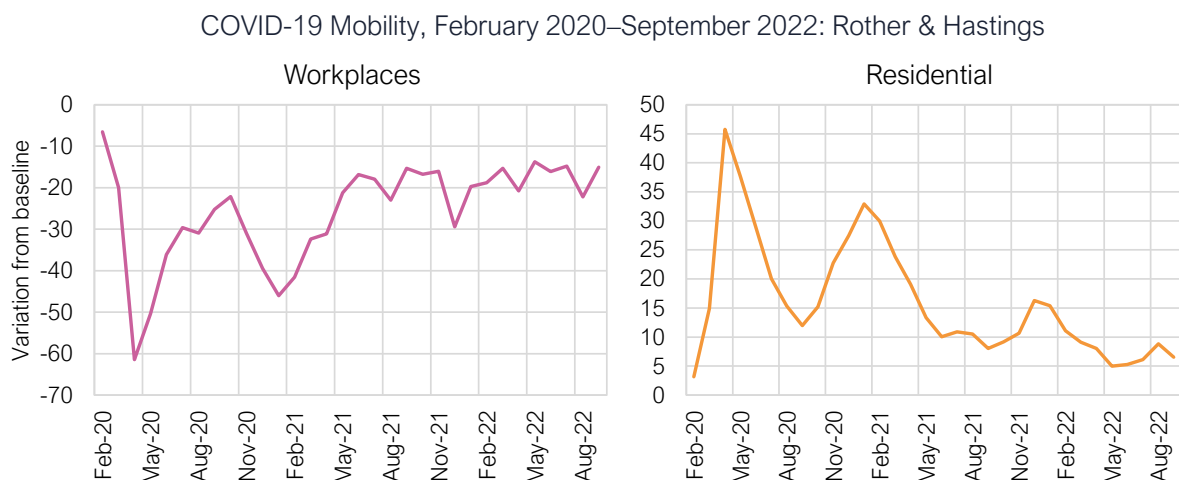


Figure 36: Rother and Hastings – Google mobility data summary

Source: Google

- 4.18 A sharp reduction in movement was recorded between February 2020 and April 2020 in Workplaces, in contrast to Residential, which saw a sharp increase against the baseline, reflecting the location of people during the first national lockdown. A recovery in movement in Workplaces was recorded as restrictions were eased during Summer 2020, followed by less severe reductions during the second and third lockdowns throughout late 2020 and early 2021. Since the lifting of all COVID-19 restrictions in February 2022, movement in both Workplace and Residential locations remain below and above their respective pre-pandemic levels, reflecting the increased trend for hybrid- and home-working.

Land Registry Transactions

- 4.19 Land Registry data provides an indication of how house sale transactions have been impacted by the COVID-19 pandemic.²⁷ Figure 37 illustrates the drop in transactions in Rother and Hastings from March 2020. Transactions returned to pre-pandemic levels following the easing of restrictions in Summer 2020, followed by a further drop in early 2021 with Lockdown 3. Transactions peaked in June 2021, with a further peak in September 2021 following the changes to the SDLT thresholds. By March 2022 transactions appeared to have broadly returned again to pre-pandemic levels.

²⁷ HM Land Registry [Open Data](#)

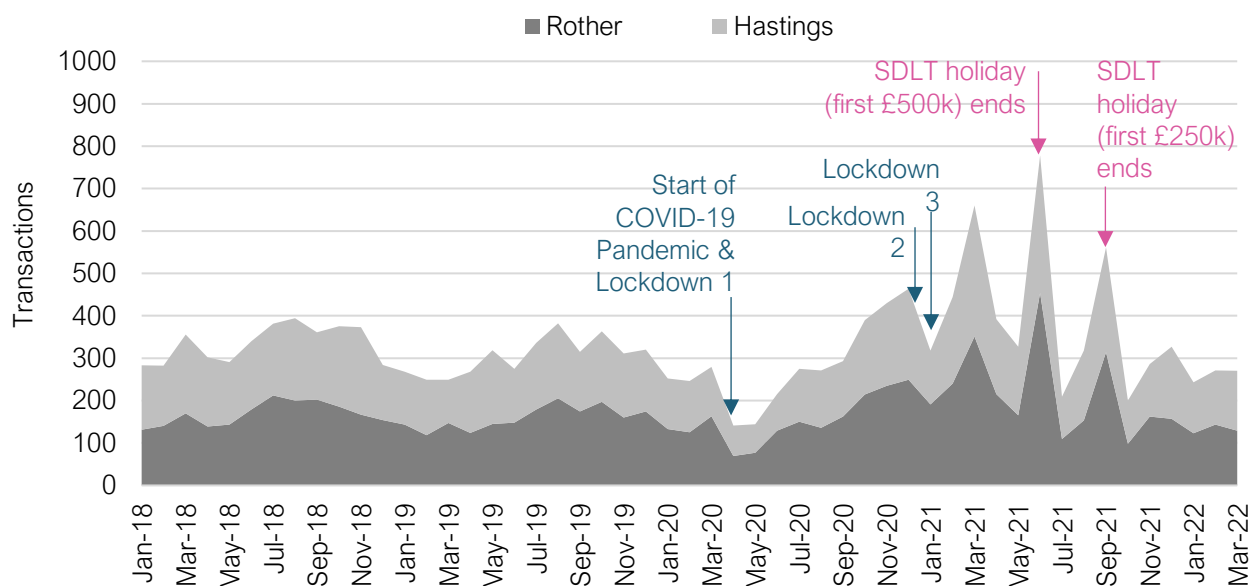


Figure 37: Rother and Hastings - Land registry transactions, January 2018–March 2022

Source: HM Land Registry

Housing Market Indicators

Net Stock Change

- 4.20 The table below illustrates the changes to the housing stock in both districts as recorded by the Government’s live tables (LT 100). This highlights that there have only recently (since 2019) been noticeable net additions to Local Authority stock. Between 2011 and 2018 net additions to Local Authority stock were negligible.
- 4.21 While both districts have lost housing association stock (including through Right to Buy) in a number of years since 2011 (as shown by negative net change in Figure 38 and Figure 39) there was still a modest increase in the overall level of provision. By far the largest contributors to the stock have been the market sector averaging 168 dpa (Hastings) and 201 dpa (Rother).



Figure 38: Net Change in Stock 2011 to 2022 – Hastings
Source: Live table 100 Dwelling Stock

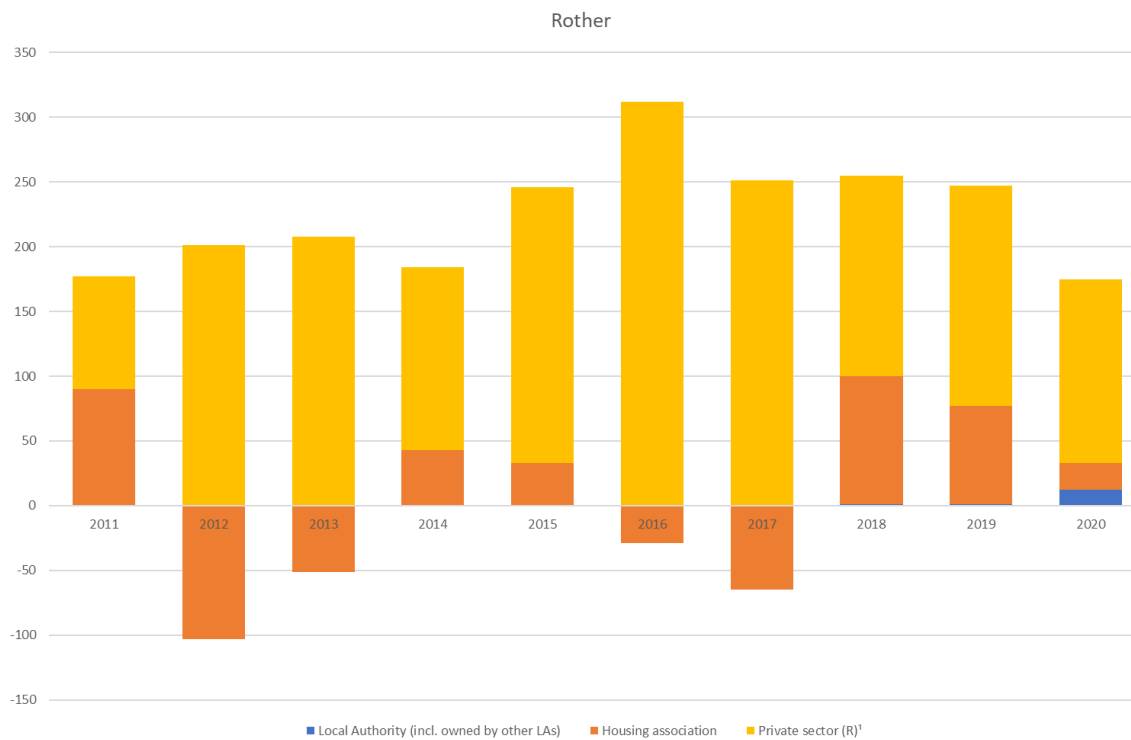


Figure 39: Net Change in Stock 2011 to 2022 – Rother
Source: Live table 100 Dwelling Stock

Median House Price and Affordability Ratios

- 4.22 The inputs to the Standard Method are the median house price which, when combined with median workplace-based earnings statistics, result in the affordability ratio. The following chart (Figure 40) set out the median house price data for the two districts compared to the South East.

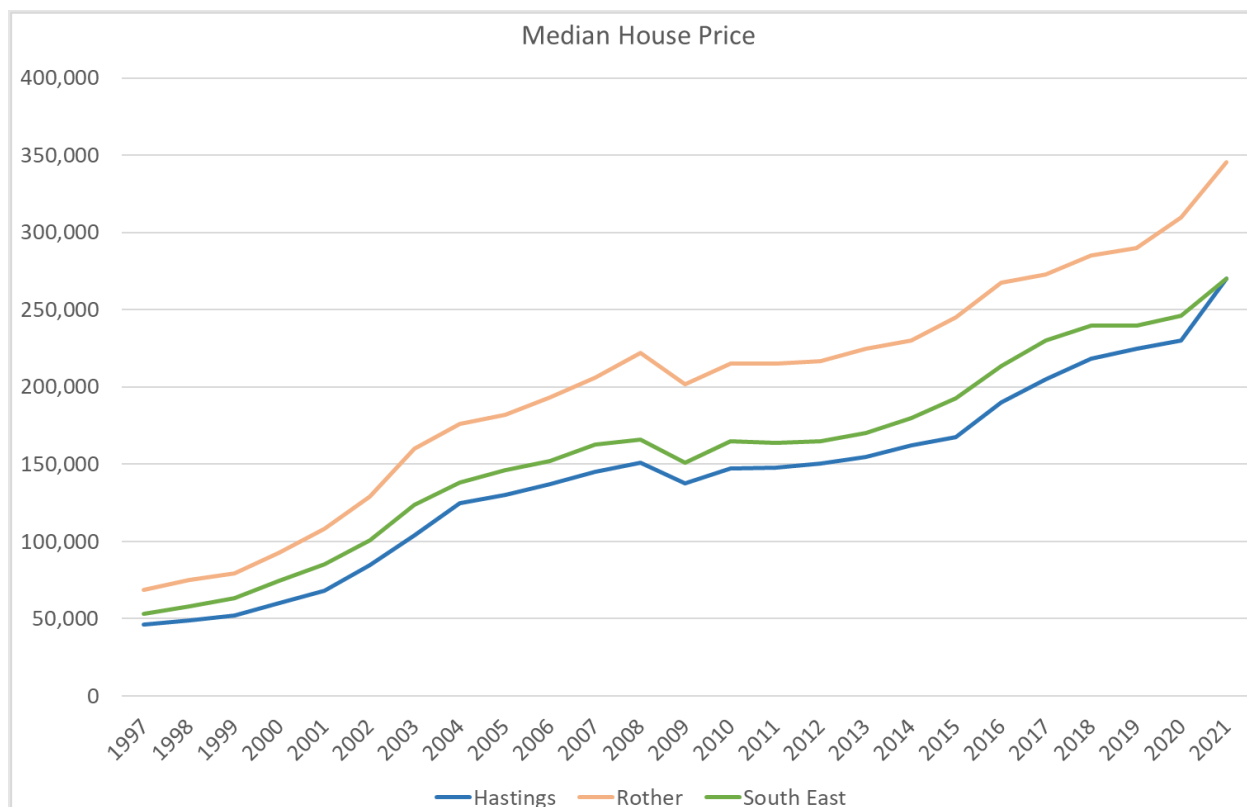


Figure 40: Median House Prices

Source: ONS House price to workplace-based earnings ratio

- 4.23 This illustrates that the median house price in Hastings has for the past decade tracked just below that for the region but has now increased to be roughly the same as the region. The median house price in Rother has tracked above that for the South East and continues to be substantially higher than both the South East and Hastings. House prices in Rother by sub-area are detailed in Appendix D. In 2021, the median house price was highest in Battle Rural, at £428,000, and lowest in Bexhill, at £284,950. Lower quartile house prices were similarly most expensive in Battle Rural (£327,500) and cheapest in Bexhill (£200,000). The increase in house prices since 2011 has been greatest in Rye Rural, where median house prices have increased by 70% and lower quartile house prices by 62% (see Appendix D).
- 4.24 A similar pattern exists in terms of the affordability ratio (Figure 41) with Hastings remaining slightly more affordable than the South East in general, but becoming much

closer in 2021. Worsening affordability ratios since 2020 are predominantly considered to be a function of the effect of the Coronavirus pandemic on the housing market driving an increase in prices (associated with features such as a cut in Stamp Duty and demand for larger property). Rother, as well as having higher median house prices, also has a higher affordability ratio indicating that this is not compensated for by the level of workplace-based earnings.

- 4.25 Part of the justification for an affordability adjustment through operation of the standard method, as specified in Planning Practice Guidance, relates to addressing needs of those who want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford. This supports the rationale for the use of the median workplace-based affordability ratio within the standard method calculation. Within Rother and Hastings the workplace-based figure produces a consistently higher ratio (i.e., lower levels of affordability) and reflects the circumstances outlined in the PPG in terms of the relationship between indicators of housing need and the profile of the local labour market and housing market.
- 4.26 Worsening levels of affordability is a nationwide issue, but there may be localised factors affecting affordability, anecdotally including relocation of people from areas with higher property values (such as London) to the south coast. At the time of writing, detailed migration data from Census 2021 to corroborate these assertions has not yet been released.

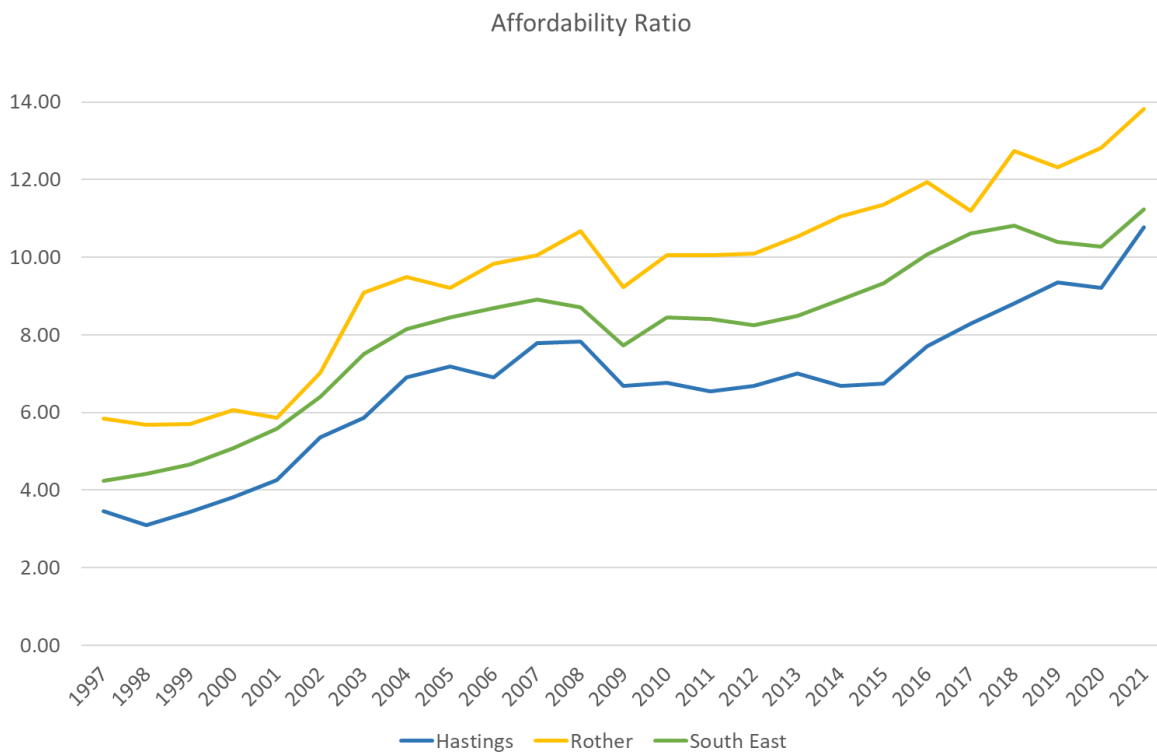


Figure 41: Affordability Ratio

Source: ONS House price to workplace-based earnings ratio

4.27 Further detailed analysis of household incomes and affordability is presented in Appendix D. The CAMEO Income data shows that the median household income is £31,170 in Rother District and £25,200 in Hastings Borough. The equivalent median household income by sub-area is as follows:

- Ticehurst £45,000
- Battle Rural £37,500
- Battle £35,500
- Rye Rural £32,000
- Bexhill £28,000
- Rye £26,500

4.28 This illustrates a discrepancy in certain areas between house prices and income, for example in Rye Rural, which has experienced the greatest increase in house prices but has one of the lower median household incomes.

Trends in price paid by dwelling type

4.29 As shown in the tables below, the mean (rather than the median) house prices for both Rother and Hastings are below that for the South East, although the mean prices for Rother are closer to the average for the South East. This indicates that there are a larger number of less expensive properties in Rother and Hastings compared to the South East as a whole. What is noticeable is that the mean prices for the cheaper types of accommodation such as Flats and Terrace properties are closer to the mean for the South East (at between 80 to 93%) than the Detached properties. This suggests that relatively, the larger detached properties in Hastings and Rother are better value than the South East in general.

4.30 While properties in the two districts might be cheaper on average compared to the South East, the rate of price increase since 2012 has been higher for all types of property in both districts with the exception of Terraced properties in Rother.

4.31 The highest comparative rate of change in average house prices (between 2012 and 2022) compared to the South East for both districts was for Flats: 106% and 31% above the rate of change in the South East for Hastings and Rother respectively. This would suggest that Flats are the fastest growing market, but care needs to be taken because while this market might be growing comparatively to the South East one also has to consider how the market is changing across all types of property and the overall availability of stock (including transaction volumes and turnover).

4.32 For example, the rates of change for detached properties (2012 to 2022) at 94% and 87% (Hastings and Rother respectively) compared to an 67% increase for the South East still

suggests a very strong element of demand for this type of property. Transaction volumes indicate a lower rate of turnover for detached properties with the increase since 2012 volumes (+39% Rother; +42% Hastings) being below the increase across the South East (+52%). In fact, in both districts the average price and percentage change in the price of flats was the lowest of all property types between 2012 and 2022. This strongly suggests that focusing on the delivery of this dwelling type would not meet the demands of the whole market.

- 4.33 The greater percentage rate of change in price relative to the South East is likely a function of the lower absolute starting point in 2012 but while the comparative rate of change with the South East in terms of transactions is also greatest for flats (197% for Hastings and 45% for Rother) this increase in activity in the market has not contributed to a greater percentage increase in prices locally relative to 2012 levels.
- 4.34 These housing market indicators have been combined with demographic indicators and household growth scenarios to identify a recommended housing mix for each authority, as set out in Section 8 of this report.

Table 6: Average (mean) House Price Changes 2012 to 2022

	Area	Detached (Sale Price £)	Semi-det (Sale Price £)	Terraced (Sale Price £)	Flat/ maisonette (Sale Price £)	Overall average (Sale Price £)
2012	South East	£444,105	£256,502	£213,718	£168,002	£278,045
	Hastings	£248,501	£175,276	£157,185	£101,992	£167,079
	Rother	£330,079	£221,953	£202,467	£135,278	£246,127
2022*	South East	£741,334	£440,309	£367,888	£242,004	£434,899
	Hastings	£482,641	£345,560	£316,639	£194,593	£295,954
	Rother	£615,797	£394,434	£340,490	£213,438	£399,996
Comparison to SE in 2022	South East	100%	100%	100%	100%	100%
	Hastings	65%	78%	86%	80%	68%
	Rother	83%	90%	93%	88%	92%
Change 2012 to 2022	South East	67%	72%	72%	44%	56%
	Hastings	94%	97%	101%	91%	77%
	Rother	87%	78%	68%	58%	63%
Comparative rate of	South East	0%	0%	0%	0%	0%

	Area	Detached (Sale Price £)	Semi-det (Sale Price £)	Terraced (Sale Price £)	Flat/ maisonette (Sale Price £)	Overall average (Sale Price £)
change compared to SE						
	Hastings	41%	36%	41%	106%	37%
	Rother	29%	8%	-5%	31%	11%

* Partial year data

Table 7: Transactions 2012 to 2022

	Area	Detached Sales	Semi-det Sales	Terraced Sales	Flat/ maisonette Sales	Total Sales
2012	South East	45,666	44,219	47,639	32,407	169,931
	Hastings	272	261	343	321	1,197
	Rother	707	278	256	374	1,615
2022*	South East	69,385	64,997	62,755	43,040	240,177
	Hastings	386	399	531	634	1,950
	Rother	986	451	362	552	2,351
Change 2012 to 2022	South East	52%	47%	32%	33%	41%
	Hastings	42%	53%	55%	98%	63%
	Rother	39%	62%	41%	48%	46%
Comparative rate of change compared to SE	South East	0%	0%	0%	0%	0%
	Hastings	-19%	13%	73%	197%	52%
	Rother	-24%	32%	30%	45%	10%
Market Proportion	South East	27%	26%	28%	19%	
	Hastings	23%	22%	29%	27%	
	Rother	44%	17%	16%	23%	

* Partial year data

Stakeholder Engagement

- 4.35 An important part of the evidence base to inform this HEDNA Update was a series of workshops and interviews undertaken with stakeholders to understand their views and experience of the local housing market, including its current performance, gaps in provision and opportunities for meeting current and future housing needs. As part of this engagement we spoke to individuals from the local authority planning and housing strategy teams, affordable housing providers, residential developers and local property agents.
- 4.36 A summary of the findings from the engagement with housing stakeholders is presented in Table 8 below.

Table 8: Housing Stakeholder Responses Summary

Theme	Stakeholder Response Summary
Recent performance in housing property market	<p>The housing market has performed moderately well over the past couple of years within both Hastings Borough Council and Rother District Council. There was a downturn during the COVID-19 pandemic between 2020 and 2021, which echoed the impacts of the pandemic nationally. However, this has now largely settled, and the housing market has returned to its pre-pandemic performance.</p> <p>The increased cost in building materials has also had an effect on the housing market given its subsequential impacts on house prices to allow developers to maintain their expected levels of profits.</p> <p>Additionally, the recent flux in guidance and impact on the value of the pound internationally has had an instant impact on the housing market throughout September-to-October 2022, however it is highlighted that the lasting impact of this is yet to be determined. Stakeholders have highlighted that the increase of interest rates and future uncertainty of the property market has had a significant impact on the market in the councils' areas, as it has nationally.</p>
Housing types provided by housing mix and location	2-to-3-bedroom residential dwellings have been provided and continued to perform well within the housing market within the Hastings and Rother Council areas.

Theme	Stakeholder Response Summary
	<p>A smaller number of 4+ bedroom units, compared with the above, have been delivered in either council area in recent years.</p> <p>Developments in Rother District Council, notably those in Bexhill, have performed exceptionally well within the area. Stakeholders indicate that properties in the Hastings Borough Council area are valued less than those in Rother District Council. Consequently, some people opt to move to areas within Rother where others are unable to do so.</p>
<p>Gaps in provision of suitable housing</p>	<p>There is a demand for 1-to-2-bedroom bungalows however it is difficult to incentivise developers to provide this type of accommodation given its diminished profit compared with other forms of housing.</p> <p>There is also a significant demand for specialist housing, including housing for disabled people, older persons housing, and affordable housing – both rented and shared ownership – in both council areas which is not being met. This is discussed further within the entry below.</p>
<p>Provision of specialist housing (including affordable homes, older persons accommodation, housing for disabled people and others)</p>	<p>There is a significant deficit of affordable housing in both Council areas which has, historically, not been met. Stakeholders denote that they do not believe the existing system is working to ensure adequate delivery of the need for affordable housing.</p> <p>It is acknowledged that providing affordable housing is a multifaceted issue. Stakeholders raised comments regarding both the existing high demand for affordable homes within the area as well as the lower wage when benchmarked against the increased price of residential properties.</p> <p>Demand for shared ownership housing in particular was noted as being high in both authorities, especially in the more rural areas of Rother District. Stakeholders also noted an affordability gap, particularly in terms of enabling social housing tenants to access housing in the private rented sector, as the social housing rents are so much lower than private rents and the stock and quality of private rental properties is very low.</p> <p>There was anecdotal evidence that the increased trend in working from home has promoted in-migration which has increased property prices locally and made housing less</p>

Theme	Stakeholder Response Summary
	<p>affordable for local residents with fewer properties available to meet demand.</p> <p>Stakeholders also noted a particularly high demand for temporary accommodation in Hastings and Rother, some of which is being converted from the private rental sector which is further reducing the supply of private rental accommodation.</p> <p>In terms of social rental properties, it was noted that in Rother it is easier to re-let 2 bedroom than 3 bedroom properties. There are also some larger families in temporary accommodation requiring 5-7 bedrooms whose housing needs are not currently being met. Social housing providers don't tend to build properties with more than 4 bedrooms due to viability and lack of demand. Social housing providers also struggle to increase on-site densities as provision of flats above 2 storeys requires a lift which makes such properties less viable due to high maintenance costs for tenants.</p> <p>Registered providers noted that they often don't deliver a mix of affordable rent and social rent on the same scheme, as this is frowned upon by lettings teams.</p> <p>It was noted that in Rother they have recently introduced a 'Rent Plus' model (affordable rent-to-buy). This is considered to be a benefit on larger schemes, as it gives you on-site provision of an affordable form of housing in the absence of affordable/social rental products. Ideally Rent Plus units would be accessible by low-income households, but in reality it is a product only really affordable to those on intermediate level incomes.</p> <p>Amongst social housing providers there is resistance to delivering schemes comprising wholly 1-bedroom rental units due to difficulties associated with managing these, particularly as they often house vulnerable residents. There are also requirements for sufficient outdoor/amenity space provision which can be difficult to deliver and manage.</p> <p>There is also a demand for properties which are adapted to be wheelchair accessible. While there are a number of older buildings designed for this purpose, they occasionally do not meet the most up-to-date Building Regulation requirements for this type of unit. It is also noted that, due to the terrain, these properties are sometimes located on hills and other locations</p>

Theme	Stakeholder Response Summary
	<p>with accessibility issues which exacerbate the issue for those who require more readily accessible homes.</p> <p>Social housing providers stated that they tend to only deliver adapted units to meet identified needs by directly matching new housing to prospective future tenants.</p> <p>Specialist accommodation, particularly for older people, is a significant area of housing need but is currently largely unmet.</p> <p>‘Supported housing’ was noted as being fairly separate to other forms of affordable housing. Clearer definition may be needed on what is meant by this.</p>
<p>Does the current supply meet the needs of the communities?</p>	<p>The provision of market housing is, generally, considered to meet the needs of the community. However, continuous increase in supply is expected to continue for the coming years.</p> <p>Notwithstanding the above, the current supply of affordable housing, and other forms of specialist housing, does not meet the needs of the community. This is primarily due to the extreme deficit of these types of housing within both the Hasting and Rother councils’ areas.</p>
<p>Future prospects for growth and potential strengths / opportunities for housing growth</p>	<p>Hastings and Rother Councils are both ‘age friendly’ communities and a large proportion of the people who live there are older persons. As such, one opportunity for growth shall be to support the provision of older persons housing, which itself shall require further jobs and housing. It is noted that the housing registers are unlikely to denote the demand for this form of housing given the older peoples who require them oftentimes already own their own property.</p>
<p>Potential barriers / threats for housing growth</p>	<p>The increased cost of building materials could make it unviable for developers to provide housing. The subsequent increased price of residential units could make it more unaffordable for people to buy houses in the area. This circular issue shall exacerbate the deficit of affordable housing. Moreover, with the above considered, it shall also take away the onus on providing other forms of specialist housing, such as adaptable and accessible housing, in the area.</p> <p>Oftentimes, people do not move into the area unless they have a pre-existing personal connection (such as family) to the Rother and Hastings council areas. Consequently, a barrier to housing</p>

Theme	Stakeholder Response Summary
	<p>and economic growth together shall be the ability to attract new people into the area.</p> <p>The above is strongly correlated with employment considerations. Moreover, when compared to other areas with greater housing and employment prospects and opportunities, the Hastings and Rother Council areas fail to compete with attracting new people into the area. This is a challenge which East Sussex as an entirety is facing.</p>

5 LOCAL HOUSING NEED

Summary

- The Standard Method is used as the starting point to assess local housing needs, following the steps outlined in PPG.
- The Standard Method calculation results in a minimum Local Housing Need (LHN) figure of **737 dwellings per annum (dpa)** for Rother and **481 dwellings per annum** for Hastings (using a 2022 base year).
- These LHN figures are considerably higher than currently adopted housing requirement policies (**335 dpa in Rother** and **200 dpa in Hastings**).
- The LHN figures are also higher than recent average rates of delivery in both authorities since 2011/12 (**204 dpa in Rother** and **170 dpa in Hastings**).

Standard Method

- 5.1 The starting point in assessing housing needs is the Government's Standard Method, used to calculate a minimum annual Local Housing Need (LHN) figure for an area. The Standard Method combines the Ministry of Housing, Communities and Local Government (MHCLG) 2014-based official household projection (for a 10-year baseline period) with an adjustment to account for affordability, a cap to the level of increase based on the status of the Local Plan, and a 35% cities and urban centres adjustment²⁸. This final step is not applicable to Rother and Hastings.
- 5.2 Using the approach detailed below, as outlined in PPG, the Standard Method results in a minimum LHN figure of **737** for Rother and **481** for Hastings (using a 2022 base year). The calculation steps and LHN figures for the individual authorities are summarised below in Table 9.²⁹

Step 1: Set the baseline

- 5.3 The baseline level of growth is calculated from the 2014-based sub-national household projections³⁰, with the average level of household growth calculated over a 10-year period (from 2022). The 2014-based projections are used to align with the government's housing growth ambitions and "to provide stability for planning authorities and communities [and] ensure that historic under-delivery and declining affordability are reflected".³¹
- 5.4 For Rother, this results in a baseline figure of **527** per year. For Hastings, the baseline figure is **344** per year.

Step 2: Apply Affordability Adjustment

- 5.5 The baseline figure is adjusted to account for affordability, using the latest available median house price to workplace-based earnings ratios³². No adjustment is applied where the affordability ratio is 4 or below. For each 1% the ratio is above 4, the average household growth baseline is increased by a quarter of a percent:

²⁸ The current Standard Method is summarised in PPG, paragraph 004 Reference ID: 2a-004-20190220.

²⁹ On the 22nd March 2023, ONS released its [YE September 2022 house price to workplace-based earnings ratios](#), which feed into the Standard Method. Using these ratios to update the affordability adjustment in the Standard Method, in combination with an updated Step 1 baseline (household growth 2023-2033) results in LHN figures that are slightly different: 733 for Rother and 486 for Hastings. As this update occurred shortly before issue of the final draft of this document, and the adjustment is not substantial, the previous LHN figures are used here.

³⁰ MHCLG [2014-based household projections](#) in England, 2014 to 2039, Live Table 406

³¹ PPG paragraph 005 Reference ID: 2a-005-20190220

³² ONS [House price to earnings ratios](#)

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

- 5.6 The local affordability ratio is high in Rother, at 13.82, a reflection of the relatively high median house price compared to the workplace-based earnings figure (see Table 9). Applying the resulting adjustment factors results in an uncapped figure of **850**. For Hastings, with a lower median house price compared to workplace-based earnings, the local affordability ratio is lower, at 10.78. This results in an uncapped figure of **489**.

Step 3: Cap the Level of Increase

- 5.7 A cap is applied to limit the level of increase, depending upon the stage that the local authority is at with regards to its strategic policies for housing. Where the policies have been adopted within the last 5 years, the LHN figure is capped at 40% above the average annual housing requirement figure as set out in the existing policies. Where the relevant policies were adopted more than 5 years ago (as is the case in both Rother and Hastings), the LHN is capped at 40% above whichever is higher of:
- The average annual projected household growth identified in Step 1; or
 - The average annual housing requirement figure as set out in the most recently adopted strategic policies.
- 5.8 In both authorities, the final LHN figure is therefore capped at 40% above the baseline figures of 527 and 344, resulting in LHN figures of **737** for Rother, and **481** for Hastings.

Table 9: Standard Method minimum Local Housing Need calculations

Calculation Step	Rother	Hastings
Step 1: Baseline		
Households 2022	45,489	44,187
Households 2032	50,755	47,624
10-year average	527	344
Step 2: Affordability Adjustment		
Median House Price	£345,625	£270,000
Gross Annual Workplace-based Earnings	£25,005	£25,053
Local Affordability Ratio	13.82	10.78
Adjustment Factor	1.614	1.424
Uncapped Growth	850	489
Step 3: Cap the Level of Increase		
Local Plan Date Adopted	29/09/2014	19/02/2014
Local Plan Adopted in Last 5 years?	No	No
Annual Local Plan Requirement (p.a.)	335	200
Capped Growth	737	481
Minimum Local Housing Need		
Final LHN Figure	737	481

Source: MHCLG 2014-based subnational household projections, ONS House Price to Earnings Ratios, year ending Sept 2021.

Benchmarking the LHN

- 5.9 As shown in Figure 42, the LHN figures of 737 and 481 per year for Rother and Hastings respectively are over double the current adopted housing requirements within relevant strategic policies of 335 and 200 per year. The LHN figures are also considerably higher than previous delivery rates since 2011/12, which have averaged 204 dwellings per year in Rother, and 170 per year in Hastings.
- 5.10 Rother's housing trajectory, extending to 2031, has higher rates of delivery between 2025 and 2028, tailing off thereafter, and averaging 473 per year. Delivery is expected to exceed the LHN figure between 2026 and 2028. In Hastings, the housing trajectory averages 294 per year, with anticipated delivery higher towards the end of the Local Plan period (2027/28).

Rother & Hastings: Housing Growth Comparison

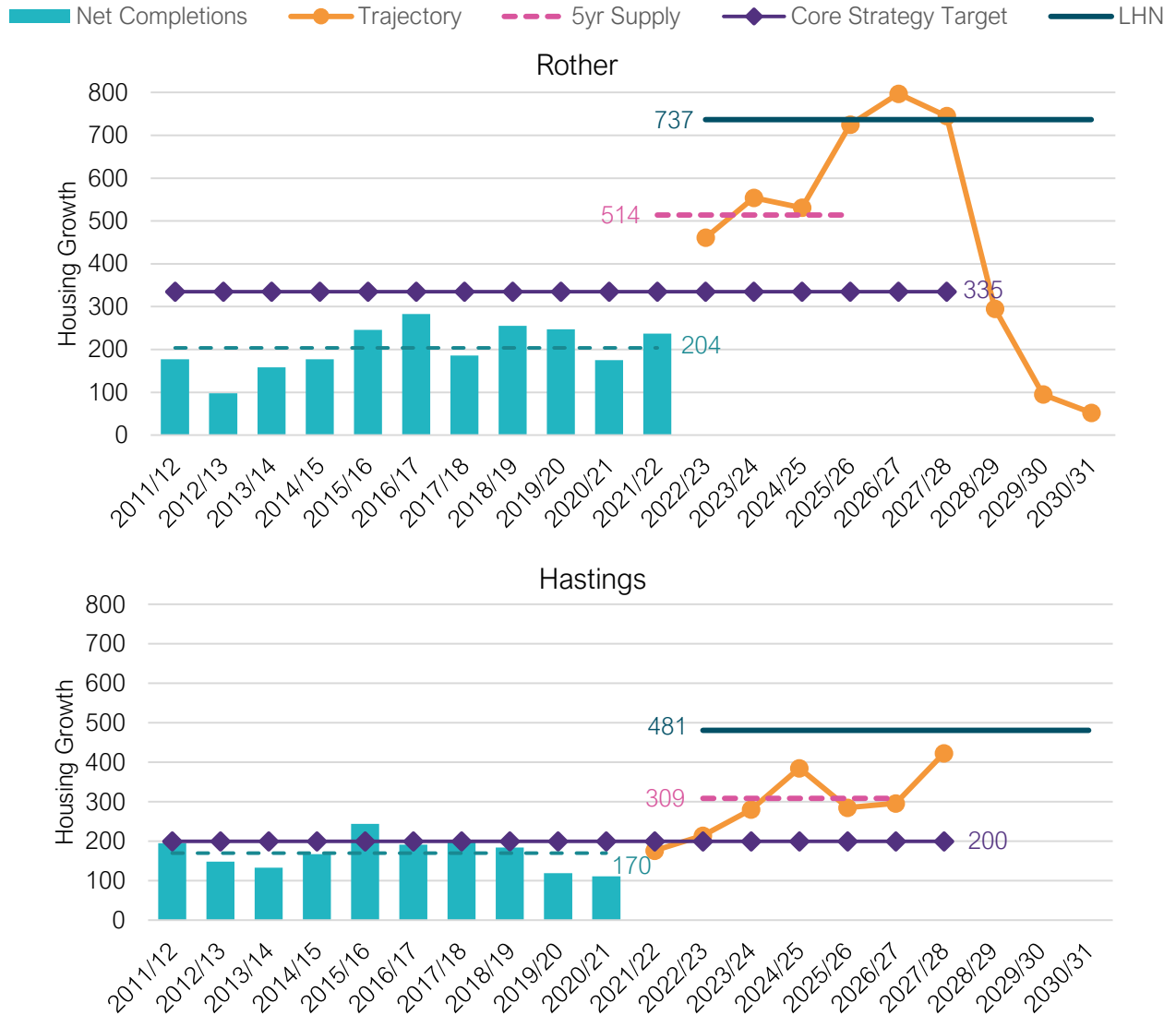


Figure 42: Benchmarking the LHN
Source: ONS, Edge Analytics, Councils, DLUHC

6 HOUSING GROWTH SCENARIOS

Summary

- A series of **eleven Growth Scenarios** have been developed including:
 - Six scenarios based on **official ONS projections (2014- and 2018-based)**.
 - A **Dwelling-led LHN scenario** which evaluates the population growth implications of an additional 737 dwellings per year in Rother and 481 dwellings per year in Hastings. An additional Dwelling-led LHN scenario has also been produced without the affordability uplift from the government's Standard Method (**Dwelling-led LHN (no uplift)**).
 - Two '**alternative trend**' **POPGROUP (PG) scenarios** based on a continuation of short-term (5-year) and long-term (19-year) migration histories.
 - An **Employment-led scenario** based on the Local Growth Forecast developed in Section 15.
- The scenarios identify a dwelling growth figure in Hastings of between 481 dpa (Dwelling-led LHN scenario) and 141 dpa (SNPP-2018-LOW scenario).
- The scenarios identify a dwelling growth figure in Rother of between 737 dpa (Dwelling-led LHN scenario) and 417 dpa (SNPP-2018-LOW scenario).
- The findings of the scenario testing, together with the foregoing analysis, indicate that there are no exceptional local circumstances in either Rother or Hastings that would justify deviating from the Standard Method and that together with the application of the affordability uplift at Step 2 its outputs are broadly reflect of available evidence for current and future demographic trends and market signals. This conclusion is consistent with the Government's latest position that the Standard Method provides stability for plan-making.
- Under each scenario, the size of the labour force and the level of employment growth that could be supported by the identified level of dwelling growth has been calculated. The highest dwelling growth (identified under the Dwelling-led LHN scenario) is capable of supporting a higher level of employment growth than that projected under the Employment-led scenario meaning that under the highest dwelling growth scenario there would not be a shortage of dwellings to support the growth in labour force anticipated under the employment growth scenario forecast (as set out in Section 15).

- It is not considered justifiable or necessary to increase the housing need above that set by the Standard Method. At the time of undertaking this assessment, the housing need is therefore concluded to be **737 dwellings per year** for Rother and **481 dwellings per year** for Hastings.

Introduction

- 6.1 In this section, a range of demographic growth scenarios are presented for Rother and Hastings. These scenarios have been developed using POPGROUP forecasting technology and the latest demographic statistics, including population and household statistics from the 2021 Census. The scenarios produce a range of population, household, dwelling, labour force and employment growth outcomes, to consider alongside the benchmark scenario linked to the Standard Method LHN figures for Rother and Hastings.
- 6.2 Refer to Appendix B for detail on the POPGROUP methodology, and detail on the data inputs and assumptions.

Scenario Definition

- 6.3 In total, eleven scenarios have been developed (Table 10), together with a range of 'sensitivity' scenarios, in which alternative headship rates have been applied.
- 6.4 Included within the range of scenarios are the official projections from ONS: the latest 2018-based SNPP (SNPP-2018) and associated variants, and the earlier 2014-based SNPP (SNPP-2014), which underpins the 2014-based household projections and LHN Standard Method. The official projections have corresponding base years of 2018 and 2014.
- 6.5 The LHN figures for Rother and Hastings have been used to develop the Dwelling-led LHN scenario. This scenario evaluates the population growth implications of an additional 737 dwellings per year in Rother and 481 per year in Hastings. The relationship between dwelling growth and population growth is determined by three key assumptions: a dwelling vacancy rate, communal population assumptions (i.e., the population not in households), and rates of household formation (headship rates). Internal migration is used to balance between population and dwelling growth; if the resident population is insufficient in size and structure to 'fill' the additional dwellings, a higher level of net in-migration will result.
- 6.6 To illustrate the impact of the Standard Method affordability uplift, an additional Dwelling-led scenario has been produced. Under this scenario, the average annual dwelling growth figure is drawn from Step 1 of the Standard Method, which identifies a 'baseline' growth figure of 527 dpa in Rother, and 344 dpa in Hastings using the average 10-year change in households.
- 6.7 Using the latest MYEs (to 2020), two 'alternative trend' scenarios have been developed, using alternative migration histories from which to calibrate future growth assumptions.

These ‘PG’ scenarios are based on a continuation of short-term (5-year) and long-term (19-year) migration histories.³³

- 6.8 An Employment-led scenario has also been configured, drawing on the latest economic forecasts for Rother and Hastings. In an employment-led scenario, the population, household, and dwelling growth outcomes are determined by the annual growth in the level of employment. To account for those individuals with more than one job, a ‘double-jobbing’ adjustment, derived from ONS Annual Population Survey (APS) data, has been applied to the jobs forecast. This is applied as the POPGROUP forecasting model requires a people-based measure of employment; the double jobbing adjustment is necessary to convert from a jobs-based measure of employment to a people based measure (as one person could have more than one job). Employment growth averages +211 per year between 2021 and 2044 in Rother, and +214 per year in Hastings.
- 6.9 The Dwelling-led, PG, and Employment-led scenarios have a 2021 Census population base year, with the number of households in 2021 also rebased to the 2021 Census household count. All scenarios have a 2044 forecast horizon, with the 2014-based and 2018-based SNPPs extended beyond their respective projection end years (from 2039 for the SNPP-2014, and 2043 for the SNPP-2018).

Table 10: Scenario Definition

SNPP-2014	Replicates the ONS 2014-based SNPP population projection using historical population evidence for to its 2014 base year
SNPP-2018	Replicates the ONS 2018-based SNPP Principal population projection, using historical population evidence for to its 2018 base year, drawing internal migration assumptions from a two-year period (consistent with the new ONS HELM methodology).
SNPP-2018-HIGH	Replicates the ONS 2018-based SNPP Higher Migration population projection, using historical population to its 2018 base year. This variant assumes higher levels of net international migration.
SNPP-2018-LOW	Replicates the ONS 2018-based SNPP Lower Migration population projection, using historical population evidence to its 2018 base year. This variant assumes lower levels of net international migration.
SNPP-2018-ALT	Replicates the ONS 2018-based SNPP Alternative Internal Migration population projection, using historical population evidence to its 2018 base year. This variant uses five years of internal migration data to inform the projection: two years using ONS’ new HELM methodology and three years using the previous ONS methodology.

³³ Migration assumptions in the PG scenarios have been drawn from the historical time period up to mid-year 2020, as the 2021 MYE and associated 2020/21 components of change are not yet available.

SNPP-2018-10YR	Replicates the ONS 2018-based SNPP 10-year Migration population projection, using historical evidence to its 2018 base year. This variant uses 10 years of all migration data to inform the projection.
PG-5Y	Future migration assumptions have been calibrated from a 5-year historical period (2015/16–2019/20), with fertility and mortality rates drawn from the 2018-based SNPP. This scenario has been rebased to the 2021 Census population and household totals.
PG-Long-Term	Future migration assumptions have been calibrated from a 19-year historical period (2001/02–2019/20), with fertility and mortality rates drawn from the 2018-based SNPP. This scenario has been rebased to the 2021 Census population and household totals.
Dwelling-led LHN	Models the population growth impact of the government’s Standard Method target of 737 dpa for Rother, and 481 per year for Hastings, applied from a 2021 Census base year. Migration assumptions have been calibrated from a 5-year historical period (2015/16–2019/20), with fertility and mortality rates drawn from the 2018-based SNPP.
Dwelling-led LHN (no uplift)	Models the population growth impact of the baseline household growth figure from the government’s Standard Method (i.e., the 10-year average change in households from Step 1 without the affordability uplift). For Rother, this equates to a target of 527 dpa, and for Hastings, 344 dpa. Migration assumptions are consistent with the Dwelling-led LHN scenario.
Employment-led	Models the population growth impact of an average employment growth of, as implied by the local Growth Scenario forecast set out in Section 15. Employment growth assumptions (derived using a double-jobbing adjustment) have been applied from a 2021 Census base year. Migration assumptions have been calibrated from a 5-year historical period (2015/16–2019/20), with fertility and mortality rates drawn from the 2018-based SNPP.

6.10 In all scenarios, household and dwelling growth have been estimated using headship rate and communal establishment assumptions from the 2014-based household projections model (HH-14), and a dwelling vacancy rate of 7.1% in Rother and 3.8% in Hastings, drawn from 2011 Census data. The potential for alternative rates of household formation amongst the young adult population has also been considered in a headship rate sensitivity. In these sensitivity scenarios, an alternative set of headship rates (**HH-14-R**) have been applied, in which the rates of the younger 25–34 age group have been adjusted to account for potential improvements in affordability and associated higher rates of household formation.

- 6.11 The relationship between population and employment growth in each scenario has been modelled using key assumptions on economic activity rates, unemployment and commuting. The economic activity rates (derived from the 2011 Census statistics, with adjustments in line with the Office for Budget Responsibility (OBR) 2018 labour market analysis) determine the estimated annual change in the size of the resident labour force, whilst the unemployment rate (from ONS) and commuting ratio (derived from the 2011 Census statistics) link the labour force to workplace-based employment in Rother and Hastings.³⁴ In the Employment-led scenario, these assumptions determine the level of population growth required to support the defined employment growth. In the **Dwelling-led**, **SNPP** and **PG** scenarios, these assumptions are used to derive the size and structure of the labour force and the level of employment growth that could be supported by the resulting population growth trajectory.

Scenario Outcomes

Scenario Summary

- 6.12 Figure 43 presents the population growth trajectories for each of the core scenarios, for 2001 to 2044. Note that the step change in the population in 2021 in the PG and Dwelling-led scenarios is the result of rescaling to the 2021 Census population, Table 11 summarises the population and household growth over the 2021–2044 forecast period, together with the annual average net migration (internal and international combined), the average annual dwelling growth, and employment growth outcomes.
- 6.13 In Rother, population growth ranges from 10.6% under the SNPP-2018-LOW scenario, to 30.4% under the Dwelling-led LHN scenario (and Table 11). In all scenarios, the average annual dwelling growth outcomes are *lower* than the Standard Method LHN figure of 737 per year.
- 6.14 In Hastings, population growth ranges from 0.2% under the SNPP-2018-LOW scenario, to 20.1% under the Dwelling-led LHN scenario (Figure 43 and Table 11). As with Rother, in all scenarios, the average annual dwelling growth outcomes are *lower* than the Standard Method LHN figure of 481 per year.
- 6.15 In both Rother and Hastings, the Dwelling-led LHN scenarios result in the highest population and household growth outcomes. This is a result of the higher levels of net internal migration that are required to meet the defined dwelling growth targets in each year of the projection with the HH-14 headship rates applied. With a lower level of projected dwelling growth, the Dwelling-led LHN (no uplift) scenario results in a lower level

³⁴ An unemployment rate of 3.6% has been applied in Rother, and 5.5% in Hastings. In both areas, a net out-commute is assumed; the 2011 Census commuting ratio of 1.10 has been applied in Hastings, and 1.17 in Rother.

of growth in both Rother and Hastings. In Rother, however, this scenario variant still results in higher growth than all other scenarios, at 19.5% population growth 2021–2044.

6.16 To support the level of employment growth under the Employment-led scenario (as set out in Section 15 of this report), an average of 423 dwellings per year are needed in Rother, and 375 per year in Hastings. Due to the higher levels of population growth seen under the Dwelling-led LHN scenario, a higher level of employment growth is supported than under the Employment-led scenario, averaging 494 per year in Rother, and 322 per year in Hastings.

Rother: Scenario Outcomes

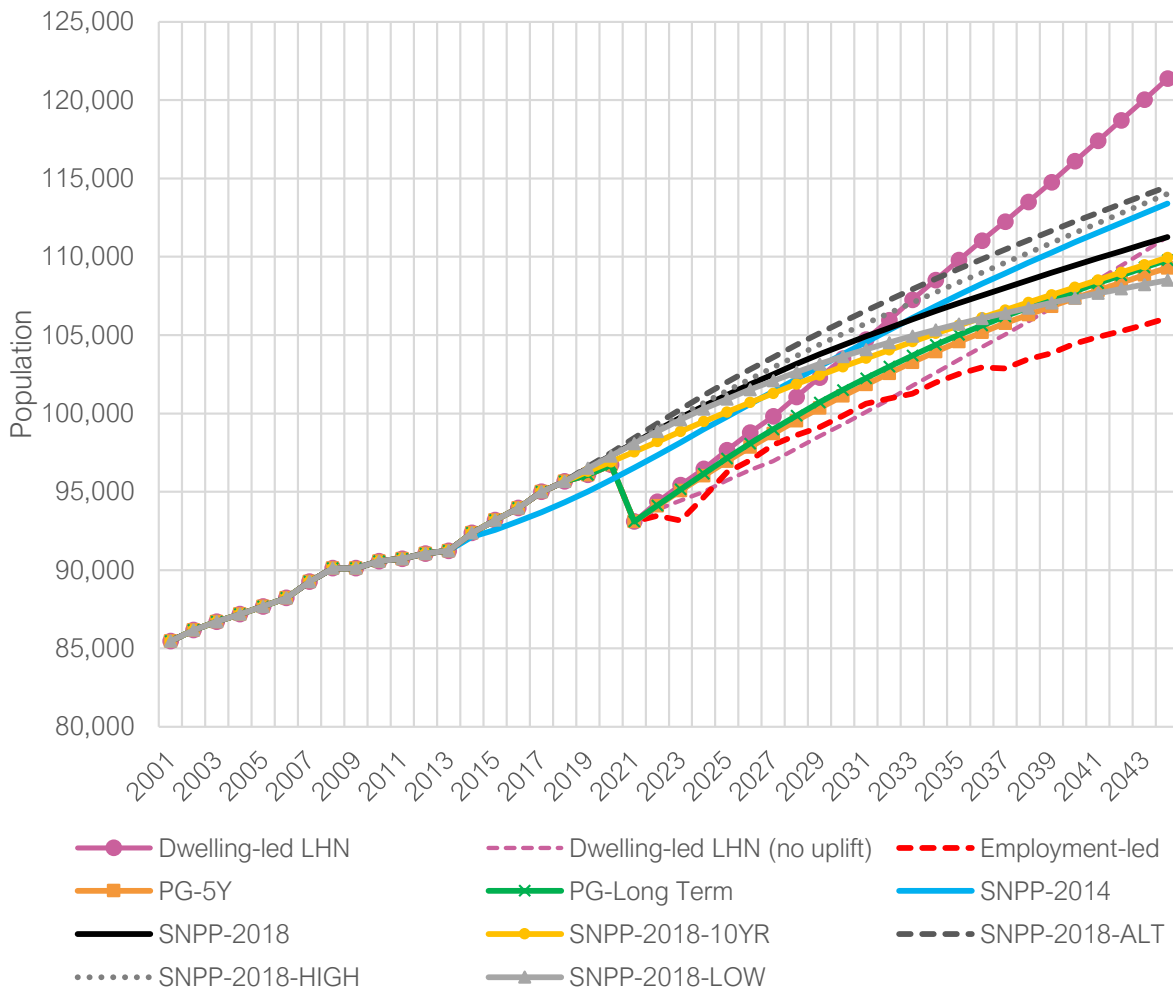


Figure 43: Rother – Population growth outcomes 2001–2044

Table 11: Rother – Scenario summary 2021–2044

Scenario	Change 2021 – 2044				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Employment
Dwell-led LHN	28,273	30.4%	15,742	37.4%	2,034	737	494
Dwell-led LHN (no uplift)	18,180	19.5%	11,257	26.7%	1,595	527	310
PG-Long Term	16,693	17.9%	10,755	25.5%	1,577	504	269
SNPP-2014	16,848	17.5%	11,064	24.6%	1,483	518	223
PG-5Y	16,186	17.4%	10,464	24.9%	1,512	490	269
SNPP-2018-ALT	16,047	16.3%	11,419	24.9%	1,632	535	250
SNPP-2018-HIGH	15,847	16.1%	11,144	24.3%	1,622	522	263
Employment-led	12,989	14.0%	9,031	21.5%	1,372	423	211
SNPP-2018	13,139	13.4%	10,105	22.1%	1,519	473	200
SNPP-2018-10YR	12,403	12.7%	9,409	20.7%	1,483	440	189
SNPP-2018-LOW	10,428	10.6%	8,912	19.5%	1,417	417	149

Note: All scenarios have been run using the HH-14 headship rates

Hastings: Scenario Outcomes

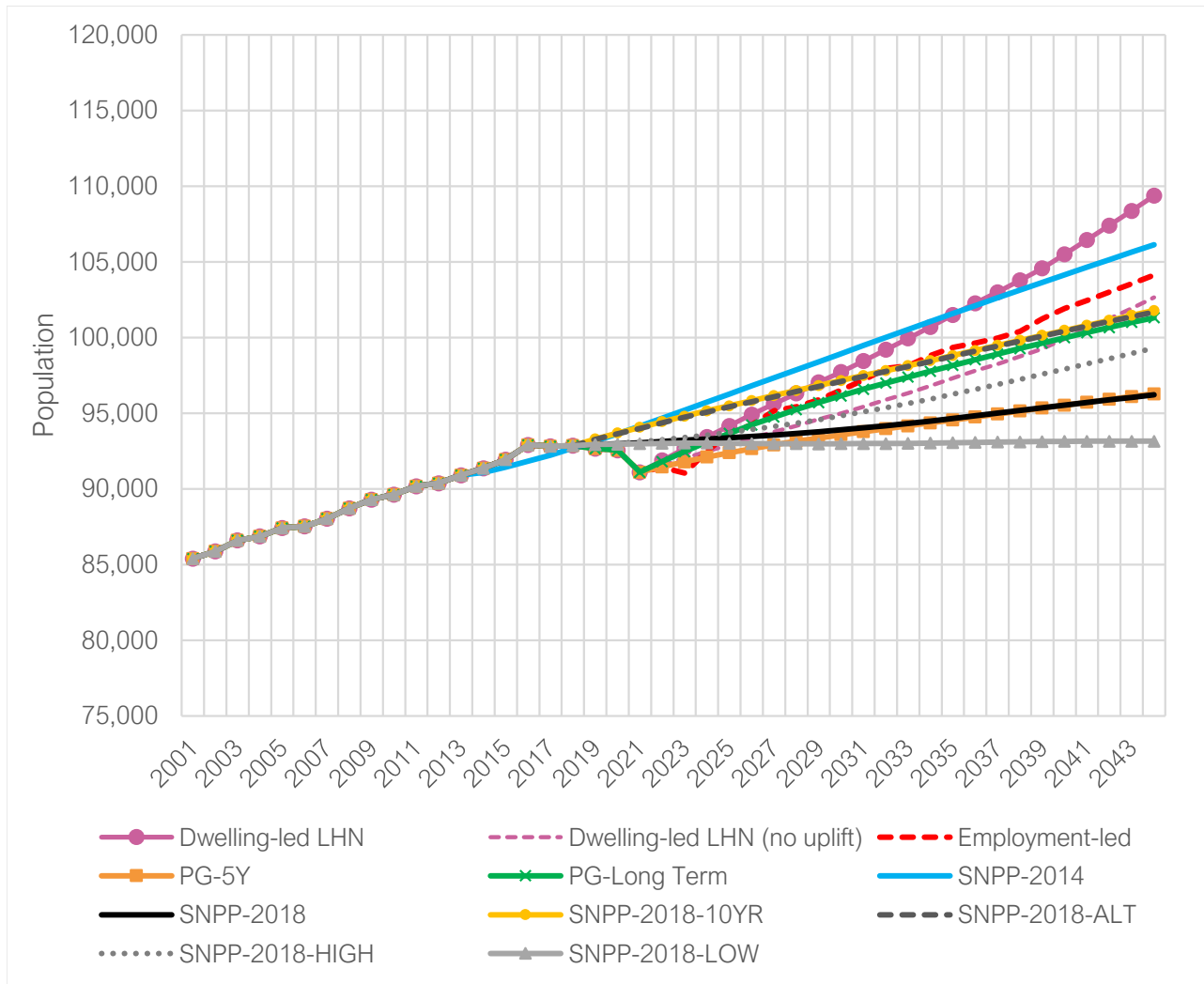


Figure 44: Hastings – Population growth outcomes 2001–2044

Table 12: Hastings – Scenario summary 2021–2044

Scenario	Change 2021 – 2044				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Employment
Dwell-led LHN	18,269	20.1%	10,646	26.3%	968	481	322
Employment-led	13,013	14.3%	8,301	20.5%	751	375	214
SNPP-2014	11,989	12.7%	7,526	17.2%	400	340	183
Dwell-led LHN (no uplift)	11,545	12.7%	7,614	18.8%	694	344	187
PG-Long Term	10,210	11.2%	6,511	16.1%	565	294	183
SNPP-2018-10YR	7,718	8.2%	6,270	14.2%	514	283	136
SNPP-2018-ALT	7,685	8.2%	6,316	14.3%	518	285	130
SNPP-2018-HIGH	6,171	6.6%	6,025	13.7%	458	272	118
PG-5Y	5,171	5.7%	4,763	11.8%	431	215	57
SNPP-2018	3,173	3.4%	4,580	10.4%	348	207	45
SNPP-2018-LOW	170	0.2%	3,122	7.1%	237	141	-16

Note: All scenarios have been run using the HH-14 headship rates

Headship Rate Sensitivity

- 6.17 In each of the scenarios presented above, the relationship between the household population and the number of households (by size and type) has been modelled using household headship rates from the 2014-based household projections (HH-14).
- 6.18 In the trend-based and Employment-led scenario, the headship rates (together with communal population assumptions) are used to derive the number of households (by age and type) from the resulting population growth trajectory. The dwelling vacancy rate is then applied to determine the number of dwellings required to accommodate the projected number of households. Adjustments to the headship rates therefore impact the level of household growth, and by extension, the dwelling growth figures in these types of scenarios.
- 6.19 In a dwelling-led scenario, however, the headship rates are used to determine the size of the population implied by the number of households in each year of the forecast, which is derived from the number of dwellings using the dwelling vacancy rate. Importantly, in a dwelling-led scenario, where there is an imbalance between population and dwelling

- growth, internal migration is used to balance between the two.³⁵ Therefore, adjustments to the headship rates and/or the dwelling vacancy rate in this type of scenario impact the resulting level of migration, household and population growth (and by extension employment growth) needed to meet the defined dwelling growth target. For example, a higher dwelling vacancy rate would also reduce the level of population growth required by the same dwelling growth figure. Higher rates of household formation will enable a larger proportion of the resident population to form households, thereby reducing the level of net migration needed to support dwelling growth,
- 6.20 The 2014-based household projections were influenced by the post-recession period, during which time migration and rates of household formation were suppressed, due to low levels of housebuilding and affordability constraints. This particularly impacted the younger age groups, resulting in lower levels of household formation, a trend which is carried forward in the 2014-based projections.
- 6.21 To model the potential impact of improved affordability and associated higher rates of household formation, each scenario has therefore been run with an adjusted set of headship rates, referred to here as HH-14-R. In this sensitivity, the headship rates in the 25–34 age group have been adjusted so that the rates gradually return to their 2001 levels by the end of the forecast period. This sensitivity is particularly applicable in the case of the Dwelling-led LHN scenario, which is underpinned by a housing growth target that aims to address affordability constraints.
- 6.22 The impact of these adjusted headship rates in the trend-based and employment-led scenarios is higher levels of household growth, and therefore higher dwelling growth figures compared to the HH-14 scenarios (Table 13 and Table 14).
- 6.23 In the Dwelling-led LHN scenarios, the higher rates of household formation result in *lower* population growth outcomes (Table 15 and Table 16). With higher rates of household formation in the 25-34 age group, a greater proportion Rother and Hastings' resident populations form households over the forecast period, reducing the level of net internal migration required to meet the defined dwelling growth targets. However, these scenarios still sit at the top of the range of growth outcomes for both Rother and Hastings.

³⁵ Note that in the Dwelling-led LHN and Employment-led scenarios, which both use internal migration to balance between dwelling/employment growth and population growth, the level of international (overseas) migration in each year are fixed (based on a five-year average). The profile of internal migration is also based on a 5-year historical period but is able to 'flex' to meet the defined dwelling or employment growth target in each year.

Table 13: Rother – Headship rate sensitivity scenario outcomes

Scenario	Household Growth 2021–2044		Average Dwellings per year	
	HH-14	HH-14-R	HH-14	HH-14-R
Employment-led	21.5%	23.9%	423	470
PG-Long Term	25.5%	27.8%	504	549
SNPP-2014	24.6%	26.6%	518	560
PG-5Y	24.9%	27.4%	490	539
SNPP-2018-ALT	24.9%	26.9%	535	579
SNPP-2018-HIGH	24.3%	26.5%	522	568
SNPP-2018	22.1%	24.1%	473	517
SNPP-2018-10YR	20.7%	22.7%	440	482
SNPP-2018-LOW	19.5%	21.4%	417	459

Table 14: Hastings – Headship rate sensitivity scenario outcomes

Scenario	Household Growth 2021–2044		Average Dwellings per year	
	HH-14	HH-14-R	HH-14	HH-14-R
Employment-led	20.5%	22.9%	375	420
SNPP-2014	17.2%	18.7%	340	370
PG-Long Term	16.1%	18.6%	294	340
SNPP-2018-10YR	14.2%	15.6%	283	312
SNPP-2018-ALT	14.3%	15.7%	285	314
SNPP-2018-HIGH	13.7%	15.1%	272	300
PG-5Y	11.8%	14.0%	215	255
SNPP-2018	10.4%	11.7%	207	233
SNPP-2018-LOW	7.1%	8.4%	141	166

Table 15: Rother – Dwelling-led LHN scenario sensitivity 2021–2044

Scenario	Change 2021 – 2044				Average per year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
Dwell-led (HH-14)	28,273	30.4%	15,742	37.4%	2,034	737
Dwell-led (HH-14-R)	25,549	27.4%	15,742	37.4%	1,916	737
Dwell-led LHN no uplift (HH-14)	18,180	19.5%	11,257	26.7%	1,595	527
Dwell-led LHN no uplift (HH-14R)	15,781	17.0%	11,257	26.7%	1,491	527

Table 16: Hastings – Dwelling-led LHN scenario sensitivity 2021–2044

Scenario	Change 2021 – 2044				Average per year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
Dwelling-led (HH-14)	18,269	20.1%	10,646	26.3%	968	481
Dwelling-led (HH-14-R)	15,980	17.5%	10,646	26.3%	875	481
Dwell-led LHN no uplift (HH-14)	11,545	12.7%	7,614	18.8%	694	344
Dwell-led LHN no uplift (HH-14R)	9,439	10.4%	7,614	18.8%	608	344

6.24 Testing the effects of the Dwelling-led LHN scenarios with and without application of the affordability uplift at Step 2, and under different assumptions for household headship sensitivity supports the conclusion that exceptional circumstances do not exist to suggest that use of an alternative to the Standard Method in either Rother or Hastings would be appropriate. This produces outputs that broadly reflect of available evidence for current and future demographic trends and market signals. This conclusion is consistent with the

Government's latest position that the Standard Method provides stability for plan-making. An example of the effect of these scenarios for Hastings is shown in Figure 45.

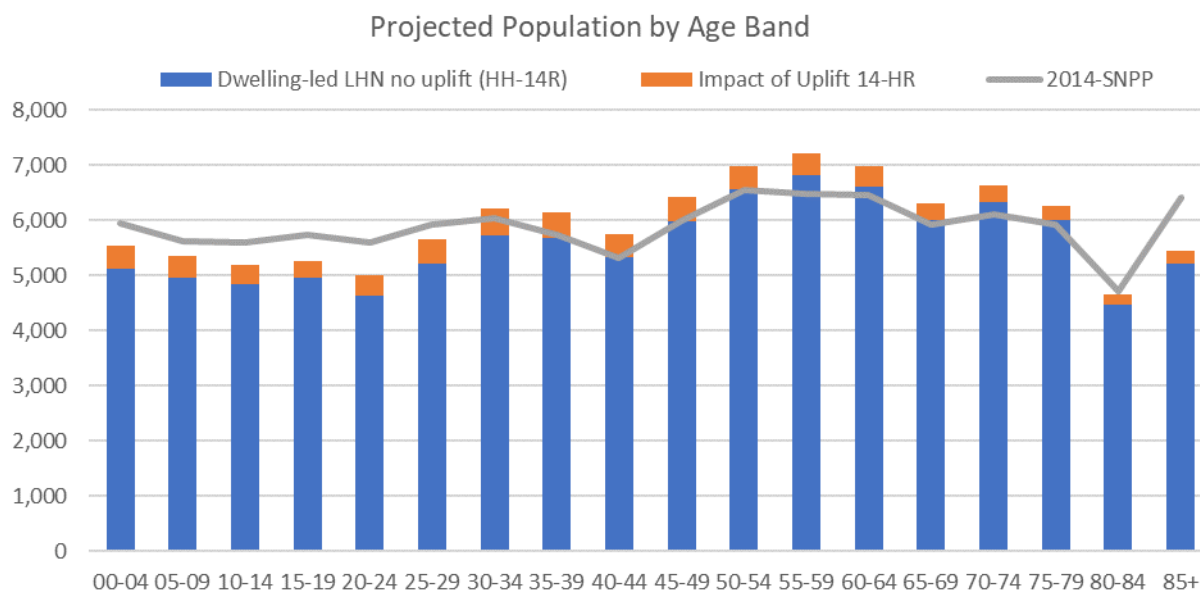


Figure 45: Hastings – Effect of Dwelling-led LHN and Affordability Uplift (2044)

- 6.25 For Hastings the projected level of population change to 2044, whether or not allowing for sensitivity adjustments to household formation rates, is lower (10.4% to 12.7%) than the SNPP-2014 projections providing the starting point to the Standard Method. This reflects that the assumptions within the Dwelling-led LHN scenario reflect more recent indicators of population change particularly in terms of fertility and mortality.
- 6.26 For Rother the equivalent outputs of Dwelling-led LHN scenarios without the effect of the affordability uplift indicate population change straddling the outputs of the 2014-SNPP (17.0% - 19.5% versus 17.5% from the official projections). On the basis that Dwelling-led LHN prior to the application of the uplift (equivalent to 527 dwellings per annum) would substantially exceed recent average additions to supply (204 dwellings per annum) it is reasonable to conclude that resultant outputs for projected population change would reflect some increase in rates of household formation reflecting the sensitivity scenario. Taking account of more recent components of the population change within the Dwelling-led LHN scenario (including changes to fertility and mortality) would therefore produce a lower level of population growth than the outputs of the official SNPP-2014 informing the Standard Method. This does not indicate significant potential anomalies or inaccuracies to their application as the starting point for the Standard Method calculation and currently specified in national policy and guidance.

Labour Force & Employment Growth

- 6.27 Under each scenario, the size of the labour force and the level of employment growth that could be supported has been derived through the application of economic activity rates, an unemployment rate and a commuting ratio. In the Employment-led scenario, these assumptions determine the population growth outcome of the defined employment growth trajectory.
- 6.28 The labour force and employment growth outcomes are summarised below in Table 17 and Table 18. The level of dwelling growth under the benchmark Dwelling-led scenario supports a higher level of employment growth than the Employment-led scenario. This means that even under the highest dwelling growth scenario there would not be a shortage of dwellings to support the growth in labour force anticipated under the employment growth scenario forecast (as set out in Section 17).

Table 17: Rother – Labour force and employment growth outcomes

Scenario	Labour Force (16–75+)		Average Annual Employment Growth	Change 2021 – 2044	
	Change	% Change		Employed People	Unemployed People
Dwelling-led LHN (HH-14)	13,789	32.2%	494	13,292	496
Dwelling-led LHN (HH-14R)	12,403	29.0%	444	11,956	446
Dwelling-led LHN no uplift (HH-14)	8,654	20.2%	310	8,343	312
PG-Long Term	7,525	17.6%	269	7,254	271
PG-5Y	7,510	17.5%	269	7,240	270
Dwelling-led LHN no uplift (HH-14R)	7,441	17.4%	266	7,173	268
SNPP-2018-HIGH	7,356	16.4%	263	7,091	265
SNPP-2018-ALT	6,976	15.5%	250	6,725	251
SNPP-2014	6,242	14.4%	223	6,017	225
Employment-led	5,900	13.8%	211	5,687	212
SNPP-2018	5,591	12.5%	200	5,390	201
SNPP-2018-10YR	5,268	11.8%	189	5,078	190
SNPP-2018-LOW	4,156	9.3%	149	4,006	150

Table 18: Hastings – Labour force and employment growth outcomes

Scenario	Labour Force (16–75+)		Average Annual Employment Growth	Change 2021 – 2044	
	Change	% Change		Employed People	Unemployed People
Dwelling-led LHN (HH-14)	8,633	18.6%	322	8,158	475
Dwelling-led LHN (HH-14R)	7,402	15.9%	276	6,995	407
Employment-led	5,752	12.4%	214	5,436	316
Dwelling-led LHN no uplift (HH-14)	5,018	10.8%	187	4,742	276
SNPP-2014	4,927	10.5%	183	4,656	271
PG-Long Term	4,910	10.6%	183	4,640	270
Dwelling-led LHN no uplift (HH-14R)	3,888	8.4%	145	3,674	214
SNPP-2018-10YR	3,661	7.7%	136	3,459	201
SNPP-2018-ALT	3,488	7.4%	130	3,296	192
SNPP-2018-HIGH	3,160	6.7%	118	2,986	174
PG-5Y	1,532	3.3%	57	1,448	84
SNPP-2018	1,213	2.6%	45	1,146	67
SNPP-2018-LOW	-439	-0.9%	-16	-415	-24

Comparison with Previous HEDNA (2020)

- 6.29 The previous HEDNA (2020), produced by GL Hearn, used the LHN Standard Method housing figures as the starting point for the assessment of future housing needs in Rother and Hastings. This identified annual dwelling need figures of 727 dpa for Rother, and 430 dpa for Hastings, lower than the updated figures used in this report. To evaluate the potential impact on population growth that these LHN figures could result in, GL Hearn states that a “scenario has been developed which increases migration to the local authorities and builds in an improvement to the household formation of younger people such that there are sufficient households for 430 and 727 additional homes each year”.
- 6.30 The exact projection methodology adopted by GL Hearn is unclear, however the analysis is underpinned by the 2016-based SNPP, which was the latest available at the time, and the growth scenario uses a 2017 MYE base year. Household growth assumptions were drawn from the previous 2014-based subnational household projections, which is consistent with this report (as these are currently the most appropriate available growth assumptions). However, this report utilises the latest fertility and mortality assumptions

from the latest 2018-based SNPP and all scenarios (apart from those replicating the official projections) have a 2021 Census base year, providing a vital update to the age/sex structure of Rother and Hastings' populations. The approach presented here also utilises an industry-standard cohort component forecasting model, modelling the population by single year of age and sex for each year of the forecast period.

- 6.31 Over the 2019–2039 forecast period, GL Hearn projects population growth of 12.1% in Hastings, and 23.5% in Rother, equivalent to 0.6% and 1.18% growth per year. These growth figures are slightly lower than the growth outcomes of the Dwelling-led LHN scenario (HH-14 and HH-14R variants) presented in this report.

Conclusions

- 6.32 Of the ten demographic growth scenarios identified, the Dwelling-led LHN scenario (Standard Method) projects the highest average annual dwelling growth outcomes and implications for projected population change, even when allowing for sensitivity adjustments to increase household formation rates. This scenario identifies a dwelling growth figure of 737 per year in Rother and 481 per year in Hastings and is principally the result of the affordability uplift applied at Step 2 of the Standard Method calculation. These outputs substantially exceed recent levels of housing delivery.
- 6.33 PPG identifies circumstances in which it may be appropriate to consider whether actual housing need is higher than the Standard Method. This includes circumstances where increases in housing need are likely to exceed past trends because of:
- Growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g., Housing Deals);
 - Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
 - An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.
- 6.34 The PPG recognises that the Standard Method is sensitive to changes in the rate of housing delivery, stating that there may occasionally be situations where previous levels of housing delivery in an area are significantly greater than the outcome from the Standard Method. Calculation of the Standard Method also does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour (Reference ID: 2a-010-20201216).
- 6.35 The PPG specifies that these factors, together with the assessment of the minimum starting point provided by the standard method, need to be assessed prior to, and

- separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan)³⁶.
- 6.36 The Dwelling-led LHN scenario also provides a higher housing requirement figure than the Employment-led scenario which is based on the local jobs growth forecasts set out in Section 15 of this report. Therefore, the level of housing required under the Standard Method will also exceed that required to support the level of economic growth anticipated in each authority.
- 6.37 In each authority, the average annual dwelling growth outcomes from all scenarios are lower than the Standard Method LHN figure. Therefore, on the basis of the assessment of demographic trends and market signals presented in these scenarios, circumstances are not considered to exist which would justify a need to increase the housing need above that set by the Standard Method.
- 6.38 Paragraph 61 of the NPPF also states:
- “To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the Standard Method in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area [...]. There **may be** exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need, **in which case the alternative approach should also reflect current and future demographic trends and market signals.** (emphasis added)
- 6.39 This is reiterated in PPG where it states:
- “There is an expectation that the Standard Method will be used and that any other method will be used only in exceptional circumstances.” (Ref. ID 2a-003-20190220)
- 6.40 The HEDNA Update concludes that there are no exceptional circumstances to depart from the inputs to the Local Housing Need calculation at Step 1.
- 6.41 The Government’s position remains that the Standard Method provides stability for plan-making where the Step 1 inputs are derived from the official 2014-based household projections. This aims to reflect historic under-delivery and declining affordability and is consistent with the Government’s objective of significantly boosting the supply of housing³⁷. The PPG specifies that more recently produced household projections would therefore represent an inappropriate basis for the standard method³⁸, although this does

³⁶ PPG ID: 2a-010-20201216

³⁷ PPG ID: 2a-005-20190220

³⁸ PPG ID: 2a-015-20190220

- not mean that the 2014-based projections are unaffected by impacts on household formation and population change.
- 6.42 The HEDNA Update has considered a range of information to illustrate that there are no significant anomalies within the demographic evidence underpinning Step 1 of the local housing need calculation in accordance with national policy and guidance. The inputs to Step 1 are considered to provide realistic assumptions for demographic growth. The application of resultant trends in household formation and composition considered in accordance with the 2014-based household projections do not appear to depart significantly from relevant long-term and short-term comparator trends. These scenarios set the context for how any deviation from the Standard Method inputs resulting in a lower figure for annual local housing need might be tested as examination³⁹.
- 6.43 Step 1 of the standard method calculation produces an output of 10-year average growth in households that acts as a constraint when projecting forward future trends in demographic change and household formation in-line with this figure. National policy and guidance identifies separate objectives for the remaining steps of the standard method, including the calculation of an affordability adjustment at step 2, to reflect that household growth on its own is considered insufficient as an indicator of future housing need⁴⁰. This ensures that the standard method for assessing local housing need responds to price signals and is consistent with the objectives of national policy. For both Rother and Hastings, the effect of the uplift produces figures for annual local housing need in excess of any other economic or demographic scenario. The HEDNA Update has demonstrated why this is not itself justification for identifying an alternative to the Standard Method.
- 6.44 Allowing for any improvements to household formation from within the step 1 figure would result in lower population growth than would otherwise be expected if the headship rates from the official household projections continued to be applied. Any exceptional circumstances to depart from the standard method therefore predominantly relate to the dynamics of applying the calculation at step 1 – including any significant anomalies with underlying population and household estimates or lack of data availability – rather than disapplying the effect of the affordability adjustment prescribed separately in policy and guidance.
- 6.45 The HEDNA Update illustrates that making provision for improved household formation within the dwelling-constrained figure from Step 1 of the calculation would result in lower population growth than generated through application of a selection of short-term or long-term projected population change scenarios. For Rother, sensitivity to household formation rates within step 1 of the ‘dwelling-led’ LHN calculation would result in population growth of 17% and below both short-term (17.4%) and long-term (17.9%) trends.

³⁹ See PPG ID: 2a-015-20190220

⁴⁰ PPG ID: 2a-006-20190220

- 6.46 For Hastings, sensitivity to household formation rates within step 1 of the 'dwelling-led' LHN calculation would result in population growth of 10.4%. This would be below long-term (11.2%) trends but in excess of recent short-term trends (5.7%) that are likely to be impacted by housing growth. This corresponds to observations upon the scenario findings for Hastings further suggest an uplift upon past trends (broadly in-line with the output of the standard method calculation) may be required to support market signals for economic development.
- 6.47 The scenarios assessed within the HEDNA Update indicate that the inputs to Step 1 of the standard method calculation do not correspond to a significantly unusual period of estimated population and household growth. Population change (included that estimated as part of the inputs to the official 2014-based projections as well as other scenarios tested in the HEDNA Update) may nonetheless have been affected by past rates of delivery. This may have impacted upon the demography of the study area, irrespective of the suppression to rates of household formation that forms part of the justification for the standard method in national policy.
- 6.48 This further reinforces that there are unlikely to be significant underlying anomalies within the 2014-based population and household projections. These are likely to be affected to some extent by previous and ongoing constraints to household formation which the step 2 affordability adjustment in-part seeks to address.
- 6.49 At the time of undertaking this assessment, the housing need is therefore concluded to be **737 dwellings per year** for Rother and **481 dwellings per year** for Hastings.

7 AFFORDABLE HOUSING NEEDS

Summary

- The HEDNA Update follows the approach outlined in the Planning Practice Guidance to model net affordable housing needs for the period 2021 to 2044, based on relative costs and incomes.
- This analysis takes account of current unmet needs, newly arising needs and the current annual supply of affordable housing (including commitments).
- The results of the assessment reflect the HEDNA Update's recommendations on the affordability of housing costs (i.e., assumption that 30% of income is spent on housing costs).

Findings & Recommendations

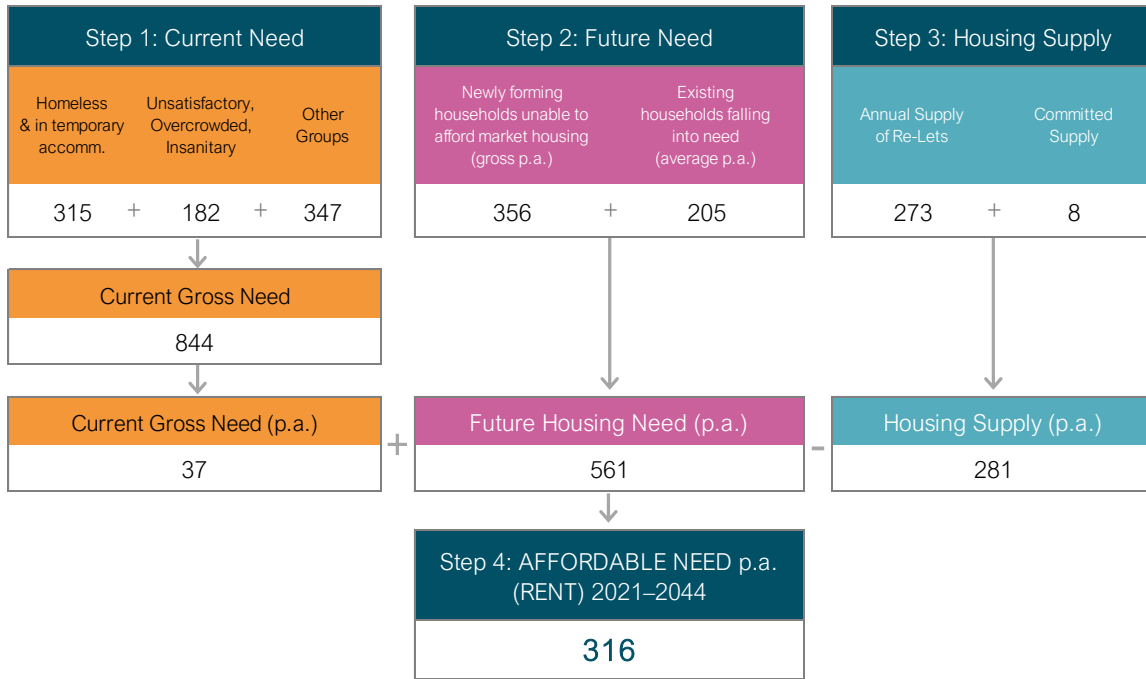
- It is estimated that just under 44% of newly forming households earn less than the threshold required to afford lower quartile rents in Rother, and just over 45% in Hastings.
- For Hastings, the total net annual affordable housing need for the period 2021 to 2044 is **432 dpa** (comprising around 89% of the figure for local housing need based on 481 dpa).
- For Rother, the total net annual affordable housing need for the period 2021 to 2044 is **325 dpa** (equivalent to 44% of the local housing need figure based on 737 dpa).
- These affordable housing need figures are based on Housing Register data correct as of September 2022 for Rother and August 2022 for Hastings.
- In terms of affordable housing to rent, once the new committed supply and supply of re-lets are taken into account, this results in a net annual affordable housing need (to rent) of 238 dpa in Rother and 316 dpa in Hastings for the period 2021 to 2044.
- In terms of affordable home ownership, once the new committed supply and shared ownership re-sales are taken into account, this results in a net annual affordable housing need (ownership) of 87 dpa in Rother and 116 dpa in Hastings for the period 2021 to 2044.

- The net affordable housing requirement set out in policy and how this is delivered will have to have regard to scheme viability and its contribution as a proportion of the total housing need.
- The overall level of affordable housing needs should be a consideration in choosing the housing requirement, in order to maximise delivery. Consideration should also be given to providing policy support for 100% affordable housing schemes.
- In terms of whether the overall total net need for affordable housing can be delivered in the plan period the following points should be noted:
 - The policy requirement for affordable housing to be delivered through S106 planning obligations only applies on qualifying sites (of 10 or more dwellings, qualifying rural exception sites or smaller sites within the AONB) and this may be challenged on viability grounds.
 - Not all affordable housing will be delivered on major sites via S106 agreements. Some may be delivered through Grant Funding and 100% affordable housing schemes.
 - The priority for affordable housing should be given to social rent, and is equivalent to 32% of total net affordable housing needs in Rother and 30% in Hastings.
- Of all households in Rother, 40% are unable to afford Lower Quartile (LQ) Open Market Rent, 23% are unable to afford Affordable Rent, and 10% are unable to afford Social Rent. For Hastings, the equivalent proportions of households unable to afford are 42% for LQ Open Market Rent, 34% for Affordable Rent and 14% for Social Rent.
- In Rother, the split between the need for affordable and social rent is for **56%/44%**. In Hastings, a slightly higher proportion of affordable rent is required (**58%**) and a slightly lower proportion of social rent (**42%**).
- PPG requires First Homes to account for at least 25% of all affordable housing units delivered through planning obligations. Adding in the requirement for First Homes results in the affordable housing split shown below:

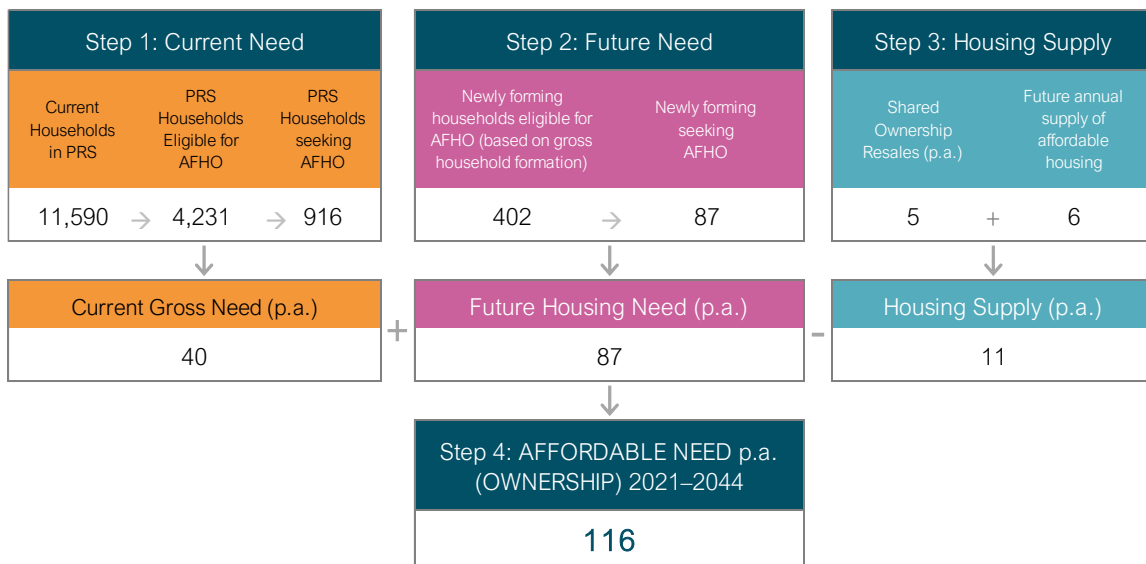
Affordable housing split	Rother	Hastings
Social Rent	32%	30%
Affordable Rent	26%	28%
Affordable Home Ownership	17%	17%
First Homes	25%	25%

Hastings: Affordable Housing Need Summary (2021–2044)

Affordable Need: Social & Affordable Rent



Affordable Need: Affordable Home Ownership

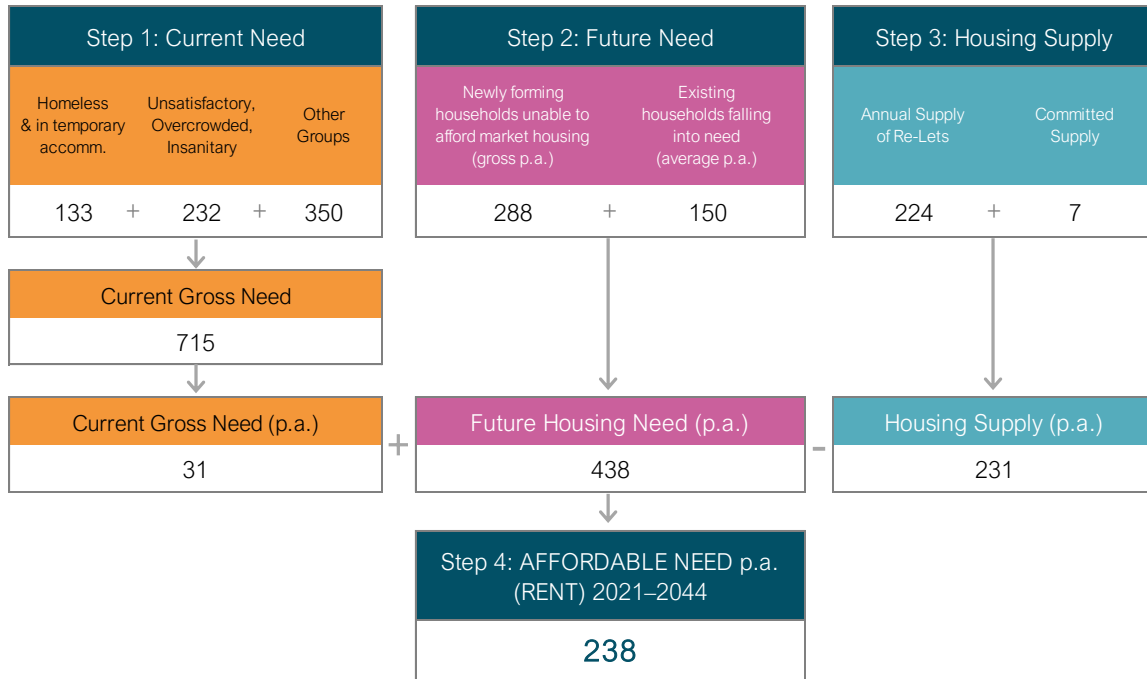


Net Annual Affordable Need (2021–2044)

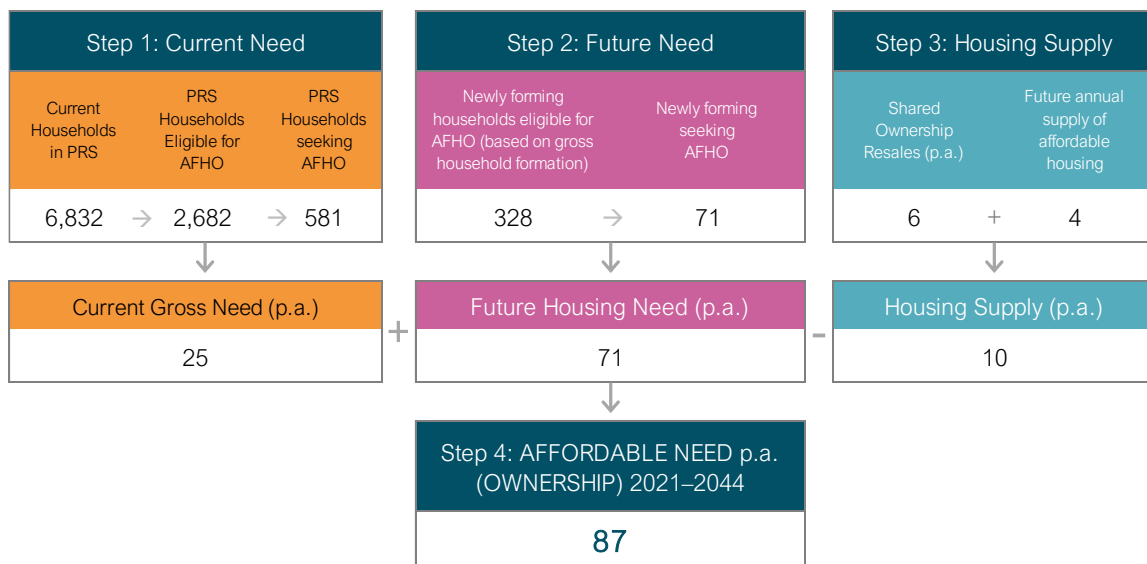
432	Social Rent	30%
	Affordable Rent	43%
	Affordable Home Ownership	27%

Rother: Affordable Housing Need Summary (2021–2044)

Affordable Need: Social & Affordable Rent



Affordable Need: Affordable Home Ownership



Net Annual Affordable Need (2021–2044)

325	Social Rent	41%
	Affordable Rent	32%
	Affordable Home Ownership	27%

Introduction

- 7.1 In this section, an assessment of affordable housing need is presented for Rother and Hastings, in line with the requirements of the NPPF and following the method outlined in the PPG.⁴¹
- 7.2 Affordable housing is defined in the NPPF as: "...housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)".⁴² This includes affordable housing for rent (either social or affordable), including starter homes, discounted market sales housing, and other affordable routes to home ownership (including shared ownership, relevant equity loans, rent to buy).
- 7.3 The need for affordable housing has been assessed following the steps outlined in the PPG. This includes an assessment of current and future need, estimates of current affordable housing stock and potential future affordable housing supply. The total net need for affordable housing (calculated by subtracting total available stock from the gross need) is converted into an annual flow based on the plan period (Figure 46). This section is split into two. The first section considers the need for social and affordable rent, with the second section considering the need for affordable home ownership.

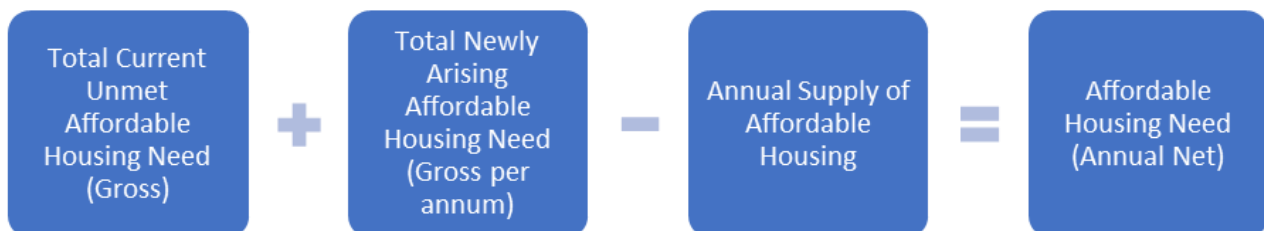


Figure 46: Methodology for the Assessment of Affordable Housing Need

Affordable Need: Social & Affordable Rent

Step 1: Current Need

Data Sources

- 7.4 As outlined in PPG, the assessment of current affordable need should include only those households who cannot afford to access suitable housing in the market, including (but not limited to): homeless households and those in temporary accommodation, overcrowded households, concealed households, and households in unsuitable housing. PPG suggests

⁴¹ [PPG](#) paragraph 020 Reference ID: 2a-020-20190220

⁴² NPPF Annex 2: Glossary

a range of data sources from which this evidence can be drawn, although cautions that practitioners should be aware of the risks of double counting households.

- 7.5 To assess the current ‘backlog’ of need for affordable housing in Rother and Hastings, evidence has been drawn from the latest Housing Register (Sussex Homemove) data for each authority. The housing registers will not include all households that fall into the PPG categories of need (as these rely on people applying to join the register and meeting relevant eligibility criteria), but these datasets are considered preferable to relying on Census and other secondary data sources (e.g., the English Housing Survey, DLUHC homelessness data) due to the possibilities of double-counting. It is noted that the previous GL Hearn SHMA utilised a range of secondary data sources to calculate the net need for affordable homes in Rother and Hastings, although it has not been possible to directly replicate this approach due to the ‘survey-based’ method used for elements of the calculations (existing affordable tenants in need and households from other tenures in need).
- 7.6 The secondary data sources that are available and comparable with the previous GL Hearn approach include the DLUHC homelessness statistics and Census tables. With regards to the DLUHC homelessness data, there is a lack of data availability for the latest calendar year (2021/22) for Rother, making it challenging to produce a profile of homelessness comparable to Hastings. Using this data to identify homeless households and those in temporary accommodation results in an annualised figure of 1,281 in Hastings and 588 in Rother (calculated by annualising the latest quarter’s data).
- 7.7 The latest 2021 Census data on overcrowded and concealed households suggests that there are 1,042 households in Hastings that are either overcrowded or concealed, and 626 in Rother. Whilst these figures have been adjusted to account for potential overlap between these two categories (reducing the number of concealed households by 25%), it is more challenging to identify the overlap between homeless and overcrowded/concealed households. For this reason, the Housing Register is the preferred data source for the identification of households in need (although it should be noted that this is likely to represent the ‘minimum’ number of those in housing need).
- 7.8 In Rother, households are not eligible to join the register if they have sufficient equity to rent or buy housing or have a combined income in excess of £35,000. Households with more than £24,000 in savings are also considered ineligible (unless this is the only source of income).⁴³ In Hastings, there are no defined income or savings thresholds; the financial eligibility of each applicant is assessed, considering individual circumstances and the housing market at the time of application. Households will usually be ineligible if they have sufficient income and/or savings to rent or buy on the open market, or if they own a

⁴³ Rother District Council [Housing Allocations Policy](#) – note that these policies are subject to review.

property that could be sold to generate income to solve their housing needs.⁴⁴ It is therefore assumed that most households on the Hastings register will be unable to afford open market housing.

- 7.9 There are currently 2,054 households on the Rother housing register and 1,311 on the Hastings register, categorised into four bands of priority/need (as of August 2022). Of these households, 155 are recorded as living outside Rother, and 31 outside of Hastings; these households have been excluded from the calculations. In Rother, Band A indicates the highest priority need; applicants in band D have no identified need or are intentionally homeless (see Appendix C for housing register band descriptions). For the purposes of estimating the current level of need in Rother, only those applicants falling into Bands A to C are therefore included within the calculation. In Hastings, applicants are placed in one of four bands depending on their category and priority of need. Unlike in Rother, Band D is for applicants for sheltered/older person housing with no other housing need (in Rother, these people are included in Band C). Therefore, applicants from all four bands are included here. In Hastings, there are an additional eight households in temporary accommodation that are not represented on the housing register but that are included in the calculation.
- 7.10 Of the applicants in the relevant priority bands in Rother, 36% are currently living in accommodation that is rented from the councils or housing associations. In Hastings, the equivalent figure is 34%. These households are *excluded* from this step of the calculation, as it is assumed that once they are re-housed, they will free up affordable housing and therefore will have a net nil effect in terms of housing need. Table 19 summarises the number of households in each authority that fall into the relevant categories of need, totalling **715** in Rother, and **844** in Hastings.

⁴⁴ Hastings Borough Council [Homemove Allocation Scheme 2018](#)

Table 19: Current affordable need

Housing Register Summary	Rother	Hastings
Total households on the housing register	2,054	1,311
Total households living outside the authority	155	31
Households in relevant priority bands within the authority*	1,112	1,265
% applicants in council/housing association accommodation	36%	34%
Category of Need (households not in council/housing association accommodation)		
Homeless/in temporary accommodation	133	315
Overcrowded	232	182
Medical/welfare/hardship	128	205
Multiple/severe needs/high support needs	88	28
Requires sheltered accommodation	128	109
Other	6	5
Total households in need (gross)	715	844

Source: Rother Housing Register, September 2022; Hastings Housing Register, August 2022. *Note that for Rother, Bands A to C are included; for Hastings, all four bands are included. In Hastings, the temporary accommodation figure includes an additional 8 households that are not represented on the Housing Register. The total number of households Hastings Council is accommodating in temporary accommodation is 520 (as of 3rd January 2023). This is higher than the figure (315) reported here due to overlap between the categories of need in the Housing Register. The 315 figure reflects those households whose priority category of need is 'Homeless/in temporary accommodation'.

- 7.11 The highest level of need is for 1-bedroom properties (Figure 47), particularly amongst those requiring sheltered accommodation in Rother, and amongst those categorised as homeless or in temporary accommodation in Hastings. Households that are in overcrowded, unsatisfactory, or insecure housing tend to require larger 2-. 3- or 4+ bedroom properties.

Households in Need: Bedrooms Needed

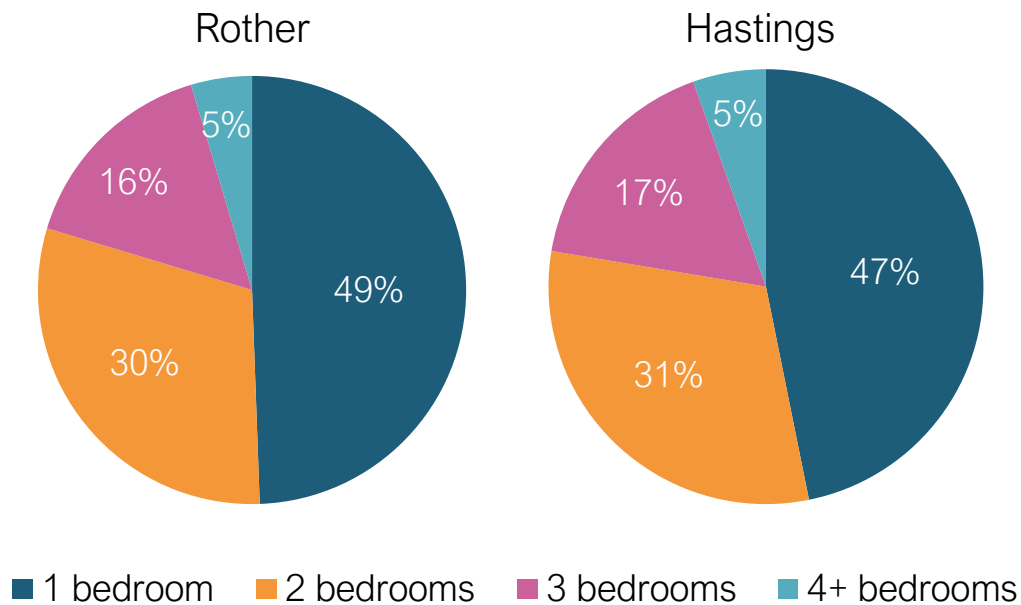


Figure 47: Rother & Hastings – current households in need by bedrooms needed

Source: Rother Housing Register, September 2022; Hastings Housing Register, August 2022

- 7.12 In the 2020 HEDNA, produced by GL Hearn, the current level of affordable housing need was identified using secondary data sources, including MHCLG (now DLUHC) Live Tables on homelessness, 2011 Census tables on overcrowding and concealed households, and “modelling data linked to past survey analysis”. GL Hearn acknowledges the potential for overlap and double-counting between these categories. With the application of an affordability adjustment, the identified gross current need was 841 for Rother and 1,368 for Hastings. The figures presented here are slightly higher for Rother and lower for Hastings, which is due to the different sources of data used.

Step 2: Future Need

- 7.13 The second step of the affordable need calculation involves an assessment of the number of newly arising households likely to be in affordable housing need in the future which includes:
- New household formation, and the proportion of these unable to rent in the market area.
 - An estimate of the number of existing households falling into need.

New Household Formation

- 7.14 The number of newly forming households has been estimated through demographic modelling and the application of an affordability test. By considering the change in the number of households by 10-year age group and household type over 10-year periods from 2021, the annual change in the number of households aged 15–44 has been calculated. Household growth in the 45+ age groups has not been considered as new household formation is concentrated in the younger age groups.
- 7.15 Based on the latest ONS population projection (2018-based SNPP), gross household formation is calculated at 659 per year in Rother and 783 per year in Hastings⁴⁵.
- 7.16 As set out in PPG⁴⁶, the affordable housing need calculation should include an assessment of the proportion of newly forming households that are unable to afford housing in the market area. This process involves identifying the minimum household income required to access entry-level (i.e., lower quartile) market housing, then estimating the proportion of households that earn less than the calculated threshold. As this section of the affordable need calculation considers the need for *rent*, only those households that are unable to afford lower quartile market rents are considered here.
- 7.17 The latest lower quartile rental figure indicates costs of £700 per month in Rother, and £580 per month in Hastings.⁴⁷ This equates to annual housing costs of £8,400 and £6,960 respectively. On the assumption that 30% of a household's income is spent on housing costs,⁴⁸ the minimum household income needed to afford lower quartile rents is estimated to be £28,000 in Rother, and £23,200 in Hastings.
- 7.18 To estimate the proportion of households that earn less than this threshold, CAMEO income data for Rother and Hastings has been adjusted to reflect the lower average income for newly forming households. On average, younger households (aged 16-44) earn 96% of the 'all households' average. With the CAMEO income bands adjusted accordingly, it is estimated that just under 44% of newly forming households earn less than the threshold required to afford lower quartile rents in Rother, and just over 45% in Hastings. Applying these proportions to the relevant gross household formation figures results in **288** newly forming households per year unable to afford open market rents over the plan period in Rother, and **356** in Hastings.

⁴⁵ SNPP-2018 scenario has been run with the 2014-based household headship rates applied, excluding the effect of dwelling-led local housing need including the effect of the affordability adjustment, which makes provision for both improvement to rates of household formation and increased population growth.

⁴⁶ PPG paragraph 021 Reference ID: 2a-021-20190220

⁴⁷ ONS [Private rental market summary statistics](#), April 2021 to March 2022

⁴⁸ Proportion of household income spent on housing costs derived from English Housing Survey 2020/21. Note that sensitivity testing has been carried out, including applying the previous CLG SHMA guidance proportion of 25%. See [Error! Reference source not found.](#) for details on the incomes required to afford various housing options.

- 7.19 The GL Hearn 2020 HEDNA identified a slightly higher level of ‘new household formation’, at 311 in Rother and 373 in Hastings (after an affordability adjustment). The same approach was taken as has been used here: using demographic modelling to identify gross household formation in ages 45 and under, with an affordability adjustment. The difference between the outcomes is a result of the different underpinning demographics, and a slightly higher affordability adjustment in the GL Hearn modelling. The HEDNA Update corresponds more closely with the relevant official (unadjusted) 2014-based household formation rates applied to official demographic projections.
- 7.20 Considering the impact of gross household formation of those unable to meet housing costs from official projections pre-dates the introduction of the Standard Method and produces a more objective starting point for this step of identifying future needs. The HEDNA Update provides a specific output for the effect of reasonable adjustments rates of household formation in response to this issue. Improvements in household formation would result in a lower total for projected population change for the equivalent dwelling-led local housing need figure. This is a potential effect of the affordability adjustment not specifically quantified in the 2020 HEDNA modelling. This is a perceived weakness of the previous HEDNA, which does not attempt to specifically quantify the extent to which the standard method is projected to result in additional projected population growth, relative to improvements in household formation.

Existing Households Falling into Need

- 7.21 The number of existing households that might be expected to fall into affordable need in the future is derived from COntinuous REcording of Lettings and Sales in Social (CORE),⁴⁹ which records information on the characteristics of new social housing tenants.
- 7.22 By examining the previous tenure of households that have secured social housing accommodation over the last four years (2017/18–2020/21), an estimated ‘flow’ of households onto the housing registers has been calculated, averaging **150** households per year in Rother, and **205** per year in Hastings (Table 20). This step *excludes* newly-forming households (those previously living with family) and those previously living in social or affordable housing (i.e., transfers). No affordability adjustment is applied, as it assumed that most social housing tenants will have household incomes below the threshold required to afford to rent in the open market.

⁴⁹ [DHLUC CORE](#)

Table 20: Existing households falling into need

Year	Total Social Housing Lettings (a)		Previous Tenure LA or PRP/HA (b)		Newly-Forming Households (other + living with friends or family) (c)		Existing households falling into need (a-(b+c))	
	Rother	Hastings	Rother	Hastings	Rother	Hastings	Rother	Hastings
2017/18	342	442	72	55	108	167	162	220
2018/19	306	413	75	82	79	139	152	192
2019/20	387	451	106	98	128	149	153	204
2020/21	289	399	81	90	76	105	132	204
Average	331	426	84	81	98	140	150	205

Source: DHLUC CORE, includes general needs and supported housing.

- 7.23 The GL Hearn 2020 HEDNA adopted a similar approach at this stage of the calculation, although the exact source of the past lettings data is not provided, nor is there a breakdown of the lettings categories to enable a direct comparison. The 'existing households falling into need' figures identified by GL Hearn are 131 for Rother, and 199 for Hastings, both lower than the figures presented here.

Total Future Need

- 7.24 Adding the number of newly forming households unable to afford lower quartile rents to the number of existing households falling into need produces an estimated gross figure of **438** households per year in Rother and **561** per year in Hastings falling into need over the plan period.

Step 3: Affordable Housing Supply

- 7.25 To calculate the net need for affordable housing, an estimate of the current and future affordable housing supply is required, to offset against the gross need figures identified above.
- 7.26 The supply of affordable housing is calculated from re-lets data and committed supply, based on past trends, in line with PPG. Re-lets data is drawn from CORE data for both general needs and supported housing (affordable and social rent). The re-lets estimate *excludes* internal transfers and renewals of tenancies. Over the 2017/18–2020/21 period, the rate of general needs re-lets averaged 119 per year in Rother, and 159 per year in Hastings. Supported housing⁵⁰ lettings data is only available for the year 2020/21, during

⁵⁰ Supported housing is defined within CORE as "...housing which is either purpose designed or designated for a particular client group. Further distinctions are made for housing for older people (formerly defined as sheltered or retirement housing)"

which there were 105 re-lets in Rother, and 114 in Hastings. Combined, this results in an annual re-lets estimate of **224** in Rother and **273** in Hastings.

Table 21: Estimated future supply of General Needs re-lets (2017/18–2020/21)

Year	Total Lettings (General Needs)		New Lets		Re-Lets*	
	Rother	Hastings	Rother	Hastings	Rother	Hastings
2017/18	196	265	39	74	135	160
2018/19	184	267	46	78	117	163
2019/20	228	233	69	35	116	151
2020/21	174	252	24	15	107	163
Average	196	254	45	51	119	159

Source: DLUHC CORE, Social Housing Lettings in England. *Categories excluded are: Internal transfers, Re-let to tenant who occupied same property as temp accommodation, and Renewal of fixed term tenancy. Note that supported housing re-lets data is available for 2020/21 only.

- 7.27 PPG also recommends considering the pipeline of affordable housing within the supply calculation, as an indication of committed supply. Drawing on commitments data provided by the councils (sites with extant planning permission not yet delivered), there are a total of 194 affordable homes for rent in the pipeline in Hastings, and 159 in Rother. Averaged over a 23-year period, this gives committed supply figure of 8 units per year in Hastings, and 7 per year in Rother.
- 7.28 PPG and the previous 2007 CLG SHMA guidance states that if the vacancy rate of the social and affordable housing stock exceeds 3%, it can be considered as surplus and therefore available for letting. The relevant data for this step of the analysis is drawn from DLUHC Local Authority Housing Statistics (LAHS) and Statistical Data Returns (SDR).^{51,52} For both local authority owned stock and that owned by private registered providers (PRPs), vacancy rates over the last three years have consistently been less than 1%. Therefore, the level of surplus stock is assumed to be **zero**.
- 7.29 To calculate the number of units taken out of supply, data on the number of demolitions of local authority and PRP stock have been analysed (based on the LAHS and SDR). Since 2017/18, there have been no recorded demolitions in Rother and Hastings.
- 7.30 To identify the possible future supply of affordable housing, the GL Hearn 2020 HEDNA also relied of CORE data, identifying an annual re-lets figure of 190 for Rother and 281 for Hastings, higher than the figures used here which provide a more up-to-date impression of

⁵¹ [Local Authority Housing Statistics](#), DLUHC 2022

⁵² [Statistical Data Return 2018 to 2019](#), ONS 2020

pressure on existing stock and limited levels of turnover. The HEDNA (2020) also does not include any committed supply element in their calculation, instead suggesting that this should be considered in annual monitoring.

Finalising the Calculation

- 7.31 The current and future supply of affordable rental housing is subtracted from the need to give a net annual affordable housing need (to rent) figure of **238** per year in Rother, and **316** per year in Hastings over the plan period (Table 22).

Table 22: Social and affordable rental housing need calculation

Affordable Need: Rent		Rother	Hastings
Step 1: Current Need			
1a	Total current gross need (based on Housing Register data)	715	844
1b	Annual quota of current need (1a / 23)	31	37
Step 2: Future Need			
2a	New household formation (gross p.a.)	659	783
2b	% households that cannot afford to rent in the open market	43.7%	45.4%
2c	Newly forming households that cannot afford to rent in the open market (2a x 2b)	288	356
2d	Existing households falling into need	150	205
2e	Total newly-arising housing need (gross each year) (2c + 2d)	438	561
Step 3: Housing Supply			
3a	Annual supply of re-lets (net)	224	273
3b	Committed Supply	7	8
3c	Surplus stock (vacant but available for letting)	0	0
3d	Units to be taken out of management (demolitions)	0	0
3e	Total affordable housing stock available ((3a + 3b) - (3c + 3d))	231	281
Step 4: Estimate of Annual Housing Need			
4a	Gross annual affordable need (1b + 2e)	469	597
4b	Annual affordable Supply (3e)	231	281
NET Annual Affordable Housing Need (to rent) (4a - 4b)		238	316

Note that figures may not sum due to rounding.

Comparison with Previous HEDNA (2020)

- 7.32 The affordable housing needs figures set out in the HEDNA (2020) are compared to those presented here in Table 23. Due to the differences in methodology at step 1 (the identification of current need) and the exclusion of committed supply within the GL Hearn calculations, the overall outcomes are *higher* in the previous HEDNA. However, the methodology applied in this HEDNA Update is considered to be more robust and representative of current levels of need. If the committed supply element was excluded from the updated calculations presented here, the affordable needs figures would be 245 for Rother, and 324 for Hastings.

Table 23: Affordable rent calculations: comparison with previous HEDNA

Affordable rent: calculation steps (annualised figures)	HEDNA 2023		HEDNA 2020 (GL Hearn)	
	Rother	Hastings	Rother	Hastings
Current households in need	31	37	42	68
Future need	438	561	442	572
Gross need (current + future need)	469	597	484	640
Future supply	231	281	190	281
Net need (gross need – supply)	238	316	295	360

Source: GL Hearn and DLP/Edge Analytics

Affordable Home Ownership

- 7.33 PPG states that households that cannot afford to buy their own homes should also be considered in the estimation of affordable need. To estimate the current need for affordable home *ownership* in Rother and Hastings, a similar approach has been followed to that taken to calculate the need for affordable housing to rent, starting with an estimate of current and future needs, and taking into account the supply of affordable housing through re-sales.
- 7.34 Households that fall into the ‘gap’ between being able to afford lower quartile market rents and open market property prices are the ones targeted for affordable home ownership products (such as First Homes, Shared Ownership, and Rent to Buy).⁵³ The modelling of needs for affordable home ownership and the identification of this ‘gap’ is informed by the same principles relating to identifying the minimum household income required to access lower quartile (entry level) market housing⁵⁴. The use of definitions that prescribe rents or purchase costs that are lower than in the open market place is well-established through

⁵³ See [Error! Reference source not found.](#) for a summary of the costs associated with these affordable home ownership products.

⁵⁴ ID: 2a-021-20190220

- best practice and guidance. It is closely tied to the statutory definition of affordable housing for rent providing accommodation at below market rates and let to people whose needs are not adequately served by the commercial housing market. Affordable home ownership products also fulfil a statutory definition of making available property to people whose needs are not adequately served by the commercial housing market when defined against these cost thresholds.
- 7.35 It is acknowledged, however, that these definitions are not necessarily an accurate reflection of the role the dynamics of the private rented sector play in determining the relationship between costs and the income at which households are able to access opportunities in the market. The primary indicator of this within the housing market relates to households within the private rented sector typically spending a higher proportion of their income on housing costs.
- 7.36 Both Councils, particularly Rother, have noted that a significant number of households renting property at above the lower quartile threshold but facing affordability pressures is a reality. This reflects the relatively small size of the private rented sector in absolute terms and relative to future assumptions for gross household formation underpinning the calculation of local housing need. This means that the number of dwellings becoming available at the lower quartile price point (taking account of lettings to existing private sector households) is likely to be limited.
- 7.37 As explained at Appendix D, the PPG supports the assessment of future costs when determining affordability. The 30% income threshold adopted in the HEDNA Update provides some contingency both for increases in rents and by extension capturing some current households who would currently be renting property at above the lower quartile threshold but spending a higher proportion of their income on housing costs within the estimates of affordable housing need. As a hypothetical example where the lower quartile cost of private rent is £750pcm a household with an income of £30,000 would meet the definition of inability to afford market housing costs at the 30% income threshold but could currently be renting at £875pcm if committing a not atypical 35% of their income on housing costs in order to access property. Nonetheless, even with the contingencies provided it would be reasonable to view the needs for affordable housing for rent identified by the study as minima.
- 7.38 The implications of these dynamics for opportunities to support affordable home ownership are less clear cut for households defined as able to meet market costs for private rent. Access to lower quartile property – albeit at the 30% income level providing for some contingency – would be determinative to some households within the ‘rent/buy’ gap being able to support their aspiration for affordable home ownership. Whether this notional ability to afford costs is realised at the thresholds determined in the study, the market is determined by the characteristics of the turnover of stock and the availability of specific properties where costs vary by unit size, location, age and condition.

- 7.39 This has the result that affordability pressures may be different than the thresholds for testing based on housing costs. The characteristics of supply and demand in the private rented sector also mean that the relationship between changes in rental costs and incomes is potentially uneven. Growth in the total number of households within the sector, and potentially changing demand for different types of stock such as private rented family housing, will have a potentially disproportionate effect on increasing the lower quartile price faster than incomes. This would have the effect of increasing the proportion of income spent on housing costs – and thus increased affordability pressure – even for those on potentially much higher incomes. This may negatively affect aspirations for home ownership such as the ability to save for a deposit. This further has the potential to negatively affect the assumption for the number of households expecting to buy and thus demand for affordable home ownership. By implication further increases in rents could negatively impact affordable rents relative to incomes.
- 7.40 This notwithstanding, supporting an increase in the supply of a mix of opportunities for affordable housing for sale and rent would provide opportunities to relieve pressure on the private rented sector. The practical effects of additional affordable housing supply in this context are the provision of opportunities to meet housing needs with costs requiring a lower proportion of earnings than is currently necessary partly due to factors such as absolute limits to the scale and turnover of stock in the private rented sector.
- 7.41 To afford lower quartile market rents, an income of £28,000 is required in Rother, and £23,200 is needed in Hastings. To purchase an entry-level (lower quartile) property, an income of £58,286 is required in Rother, and £47,357 in Hastings (assuming a loan to income ratio of 3.5 and a mortgage deposit of 15%⁵⁵). Using the CAMEO Income profiles (see Appendix D), it is estimated that 52% of all households fall into this 'rent/buy gap' in Rother, and 54% in Hastings. With lower overall household incomes, 39% of private renter households in Rother and 37% in Hastings fall into the same definition of the 'rent/buy gap' between being able to afford lower quartile rents and lower quartile property prices.
- 7.42 Based on the same income distribution for all private renters a total of 97% of private rented households in Rother are unable to afford lower quartile purchase prices in Rother (98% in Hastings). The 'rent/buy gap' is identified net of the proportion of households within the private rented sector where the income distribution indicates housing costs would exceed 30% of income based on lower quartile rents. This corresponds to 57% of households in Rother and 61% in Hastings, where in practice households (if renting privately) may be committing in excess of 30% of income on housing costs or relying on other sources of support including housing benefit. Of the remaining total of households, based on the income distribution applied, only 3% of private renters in Rother and 2% of

⁵⁵ These are standard assumptions that have been applied for the purposes of this assessment, although it is acknowledged that in reality the deposit a mortgage provider will require of any buyer will be determined by their individual circumstances and the state of the mortgage market.

private renters in Hastings are able to afford lower quartile property prices for purchase (i.e., the proportion with incomes in excess of £58,286 or £47,357 respectively).

Current & Future Need

- 7.43 To determine the current (backlog) need for affordable home ownership, the current number of households in the private rental sector has been drawn from the 2021 Census.⁵⁶ In Rother, there are an estimated 6,832 households in private rent, 16% of the household total. In Hastings, the proportion of households in private rent is higher, at 29% (equivalent to 11,590 households). Assuming that over a third of these households fall into the gap between being able to afford to rent and purchase lower quartile properties (see paragraph 7.41 above), an estimated **2,682** households in Rother and **4,231** households in Hastings are identified as being potentially in need (Table 24).

Table 24: Households in Private Rent

	Rother	Hastings
2021 Census household total	42,102	40,451
2021 Census households in private rent	6,832	11,590
% households in private rent	16%	29%
% private renters unable to afford LQ rents	57%	61%
% private renters unable to afford LQ property prices	97%	98%
% private renters in the LQ rent/purchase gap	39%	37%
No. private renter households in the LQ rent/purchase gap	2,682	4,231

Note: Figures may not sum due to rounding.

- 7.44 However, some of these households will remain in the private rented sector, either through choice or due to affordability issues (e.g., due to a lack of savings or inability to secure a mortgage). The English Housing Survey⁵⁷ reports that around three fifths of private renters (61%) expect to buy a property at some point in the future, with just under 36% of these expecting to buy in the next 2 years. With these assumptions applied to the estimate of private renters in the rent/buy 'gap', it is estimated that the current backlog of need is 357 in Rother, and 579 in Hastings. Annualised over the 2021–2044 plan period, this equates to **16** and **25** households per year respectively.
- 7.45 The future need for affordable home ownership is calculated by estimating the likely number of newly-forming households that will fall into this same 'gap' between being able to afford lower quartile rents and lower quartile property prices. As with the affordable need (rent) calculations, the future household growth assumptions are drawn from the

⁵⁶ ONS 2021 Census, table TS054

⁵⁷ [English Housing Survey 2019-20 Headline Report \(December 2020\)](#)

POPGROUP scenario modelling (SNPP-2018, with HH-14 headship rate assumptions applied) to identify the gross household formation. With the CAMEO Income data adjusted to account for the income differences of newly-forming households, it is estimated that 50% of newly forming households in Rother and 51% in Hastings fall into the rent/buy 'gap' between open market rents and purchase. Applying the same EHS home ownership aspiration assumptions as outlined above produces a future need figure of **71** per year in Rother, and **87** per year in Hastings. Combined with the current backlog of need, this suggests a gross affordable home ownership need figure of **96** per year in Rother, and **127** per year in Hastings.

Affordable Home Ownership Supply

- 7.46 Affordable home re-sales data has been used to estimate the 'flow' of stock that could be offset against the identified level of need. Affordable home ownership sales data from DLUHC suggests that, on average, 6 shared ownership properties per year have been re-sold in Rother between 2016 and 2019, and 5 per year in Hastings⁵⁸ As with the calculation of affordable need (rent), an element of committed supply is included in the affordable home ownership calculation, drawn from council commitments data, averaging **4** per year in Rother, and **6** per year in Hastings. Combining the identified level of need with the re-sales and committed supply data results in a net annual need for **87** affordable homes (for ownership) per year in Rother, and **116** per year in Hastings (Table 25).

⁵⁸ MHCLG CORE

Table 25: Need for Affordable Home Ownership

Affordable Need: Home Ownership		Rother	Hastings
Step 1: Current Need			
1a	Current households in private rent (2021 Census)	6,832	11,590
1b	No. private rent households in 'gap' between open market rent and purchase (1a x 39% in Rother, 37% in Hastings)	2,682	4,231
1c	No. seeking to become a homeowner ((1b x 61%) x 35.5%)	581	916
1d	Annual quota of current need (1c / 23)	25	40
Step 2: Future Need			
2a	New household formation (gross p.a.)	659	783
2b	No. newly-forming households in 'gap' between open market rent and purchase (2a x 50% in Rother, 51% in Hastings)	328	402
2c	Newly-forming households seeking to become a homeowner (EHS) ((2b x 61%) x 35.5%)	71	87
Step 3: Housing Supply			
3a	Affordable resales per annum	6	5
3b	Affordable Home Ownership committed supply	4	6
3c	Total supply (3a + 3b)	10	11
Step 4: Estimate of Annual Housing Need			
4a	Gross need for Affordable Home Ownership (1d+ 2c)	96	127
4b	Total annual supply (3c)	10	11
NET Annual Affordable Housing Need (home ownership) (4a - 4b)		87	116

Note that figures may not sum due to rounding.

Comparisons with Previous HEDNA (2020)

- 7.47 In the HEDNA (2020), the approach to assessing the need for affordable home ownership is similar to that adopted here, using housing costs and an income profile to calculate the households that fall into the 'gap' between being able to rent and to buy. However, the exact figures and assumptions applied are different, for example, the estimate of households in private rent used by GL Hearn (23,500 across the HMA) is higher than the 2021 Census total used here (18,422).
- 7.48 GL Hearn also used different income profiles for Rother and Hastings, generated from ONS modelled income estimates and data from the national English Housing Survey. The income profiles used in this report are based on CAMEO Income estimates for Rother and

Hastings, with an up-to-date household count drawn from the Royal Mail PAF (see Appendix D). The approach taken here is considered preferable due to the lack of up-to-date evidence from ONS on household income (the latest available is from 2018).

- 7.49 The affordable home ownership outcomes are compared below in Table 26. The main difference in the GL Hearn calculation is the way in which the future potential supply of affordable housing is calculated. GL Hearn relied on Land Registry transactions data to identify the number of sales in the HMA that were priced below the Lower Quartile price. On the assumption that half of these would be affordable to the target group for affordable home ownership, a future supply figure of 478 dwellings per annum was presented. This is provided without reference to the type, age and geographic concentration of lower quartile stock – for example whether this predominantly comprises older flatted property that might (in terms of housing costs) already be accessible to but not desirable for those renting privately. This approach is not considered appropriate as these homes will not necessarily meet the needs of those seeking affordable home ownership and do not correspond to the current stock and pipeline for affordable home ownership or the relationship with future newly arising needs. The recent strong demand for new affordable home ownership products reported by both Councils and stakeholders further supports this view.

Table 26: Affordable Home Ownership calculations: comparison with previous HEDNA

Affordable Home Ownership: calculation steps (annualised figures)	HEDNA 2023		HEDNA 2020 (GL Hearn)	
	Rother	Hastings	Rother	Hastings
Current households in need	25	40	14	20
Future need	71	87	189	190
Gross need	96	127	203	210
Future supply	10	11	243	235
Net need	87	116	-40	-25

Source: GL Hearn and DLP/Edge Analytics

Affordable Needs Split

- 7.50 The analysis presented above has identified a net need for **325** affordable homes per year to 2044 in Rother, and **432** per year in Hastings.

Rother:

- Social and affordable rent = **238** (73%)
- Affordable home ownership = **87** (27%)

Hastings:

- Social and affordable rent = **316** (73%)
- Affordable home ownership = **116** (27%)

Affordable/Social Rent Split & First Homes

- 7.51 To estimate an appropriate split between social and affordable rent, and to consider the implications of First Homes, the proportion of all households unable to afford each housing option have been calculated, using the CAMEO Income profiles and assumptions relating to the proportion of income spent on housing costs (Table 27). These proportions have then been used to calculate the number of households within each income range, generating a set of proportions of households that cannot afford social rent, affordable rent, and lower quartile rents.

Table 27: Housing costs and affordability

Housing Option	Rother			Hastings		
	Cost	Income Needed	% all HHs unable to afford	Cost	Income Needed	% all HHs unable to afford
Lower Quartile Purchase	£240,000	£58,286	93%	£195,000	£47,357	96%
Lower Quartile Rent (pcm)	£700	£28,000	40%	£580	£23,200	42%
Affordable Rent (pcm)	£563	£22,534	23%	£533	£21,324	34%
Social Rent (pcm)	£405	£16,196	10%	£367	£14,683	14%

Source: LQ Rents and LQ purchase prices, ONS, Affordable and social rent prices drawn from Regulator for Social Housing and CORE, %s unable to afford calculated using CAMEO Income profiles for Rother and Hastings.

- 7.52 It is estimated that, in Rother, the split between the need for affordable and social rent is for 56%/44% (Table 28). In Hastings, a slightly higher proportion of affordable rent is required (58%) and a slightly lower proportion of social rent (42%). As social rent is more affordable than affordable rent, if a scheme were to be delivered for 100% social rent this would be considered to meet the need for both affordable rent and social rent. It should also be noted that the above split is based on needs only, and does not take account of individual scheme viability and deliverability which may result in a different split being applied in policy.

Table 28: Housing need split

Housing Option	Rother			Hastings		
	No.	% of total Affordable Need	% affordable/social rent split	No.	% of total Affordable Need	% affordable/social rent split
Affordable Home Ownership	87	27%	-	116	27%	-
Affordable Rent	134	41%	56%	185	43%	58%
Social Rent	104	32%	44%	131	30%	42%
Total	325	100%	100%	432	100%	100%

First Homes

- 7.53 The above provides an indicative need for each social/affordable housing option, based on household income variations by tenure and housing costs in Rother and Hastings. However, with the introduction of the First Homes scheme in June 2021, there is now a requirement for 25% of all affordable housing units delivered by developers through planning obligations to be First Homes.⁵⁹
- 7.54 First Homes must be discounted by a minimum of 30% against the market value, at a value no greater than £250,000 for the first sale. For the remaining 75% of affordable housing, social rent should be delivered ‘in the same percentage as set out in the local plan’, with the remainder of affordable housing tenures delivered in line with the proportion set out in local plan policy. Recommendations on how local plan policies may be developed are set out at the end of this section.
- 7.55 The implications of this of the identified affordable need are summarised below in Table 29 and Figure 48, based on the proportional split between social rent, affordable rent, and affordable home ownership as identified in the analysis above.
- 7.56 The implications of this of the identified affordable need are summarised above in Table 29 and Figure 48, based on the proportional split between social rent, affordable rent, and affordable home ownership as identified in the analysis above.

⁵⁹ [PPG First Homes](#)

Table 29: Implication of First Homes requirement on affordable needs

Step	Calculation	Rother	Hastings
a	First Homes proportion (as per PPG)	25%	25%
b	Social Rent proportion (identified in affordable needs analysis)	32%	30%
c	Remaining proportion (100% - a - b)	43%	45%
d	Affordable Rent proportion	41%	43%
e	Affordable Home Ownership proportion	27%	27%
f	Affordable Rent proportion + Affordable Home Ownership proportion (d+e)	68%	70%
Affordable Needs Split Accounting for First Homes			
	Social Rent proportion (identified in affordable needs analysis)	32%	30%
	Affordable Rent proportion (c*(d/f))	26%	28%
	Affordable Home Ownership proportion (c*(e/f))	17%	17%
	First Homes proportion (as per PPG)	25%	25%
	Total	100%	100%

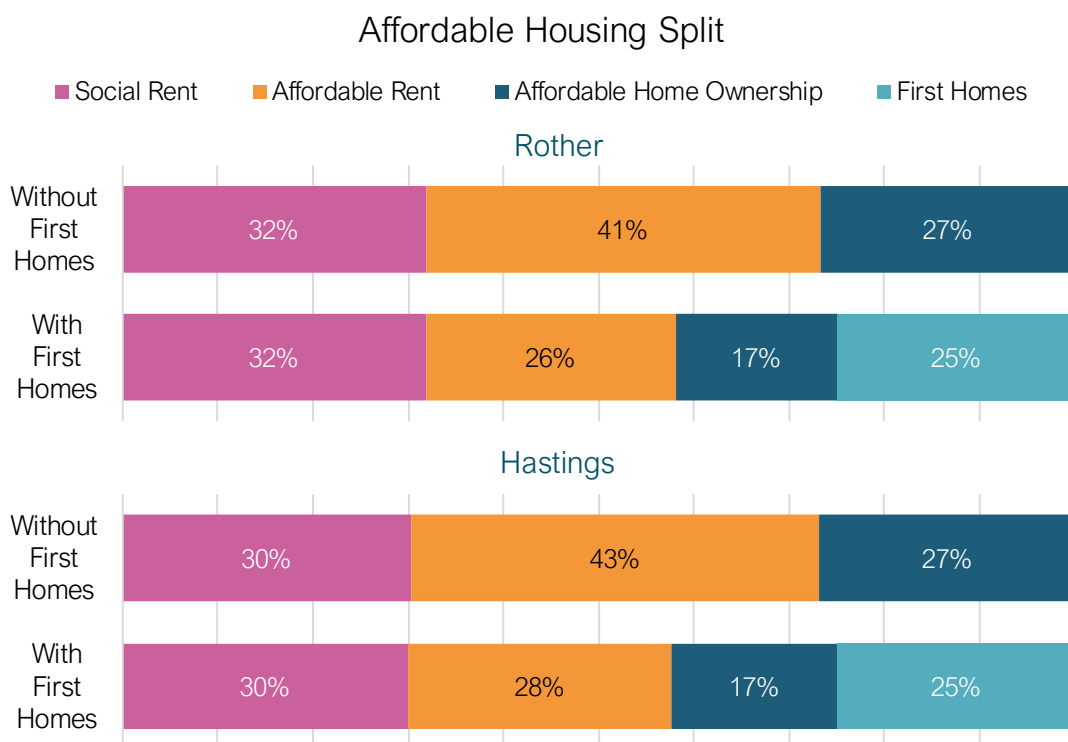


Figure 48: Rother & Hastings – affordable housing split with and without First Homes

- 7.57 With reference to the overall affordable housing contribution that may be achieved, these findings should be considered in the context of NPPF2023 paragraph 66, indicating:
- “Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”
- 7.58 The overall scale of affordable housing need and the extent of the ‘rent/buy’ gap in both Councils, together with the relative affordability of intermediate affordable tenures and routes to affordable home ownership, provide further considerations for policy recommendations in operating the Government’s First Homes definition.
- 7.59 Within both Rother and Hastings the suggested split of affordable housing tenures (comprising 42% for First Homes and other intermediate tenures) would satisfy the national policy objective for 10% of all units providing for affordable home ownership at total affordable housing contributions of 24.4% and above. Contributions in excess of this would further increase opportunities for affordable home ownership relative to the proportion of affordable housing for rent.
- 7.60 Evidence for the ‘rent/buy’ gap in Rother and Hastings indicates that this is substantial and increasing routes into affordable home ownership within this context is consistent with Central Government policy objectives. This is illustrated in Figure 49 below – this information demonstrates the wide income range covered for those able to afford costs for private rental but not private home ownership and its overlap with the income range for potential affordable home ownership options under the assumptions for costs for these products summarised by the analysis that follows.

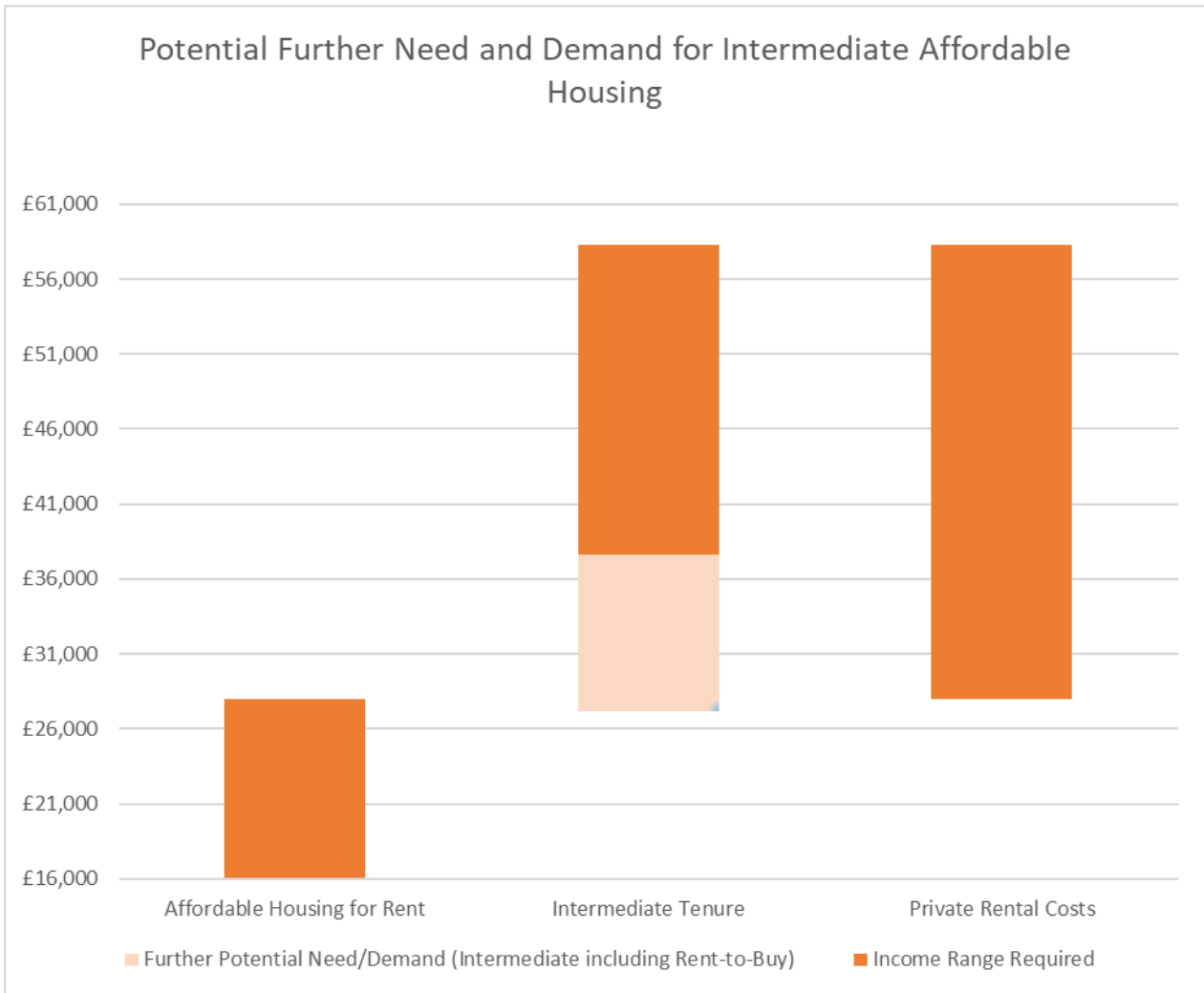


Figure 49: Illustration of the ‘Rent/Buy’ Gap – Hastings Borough

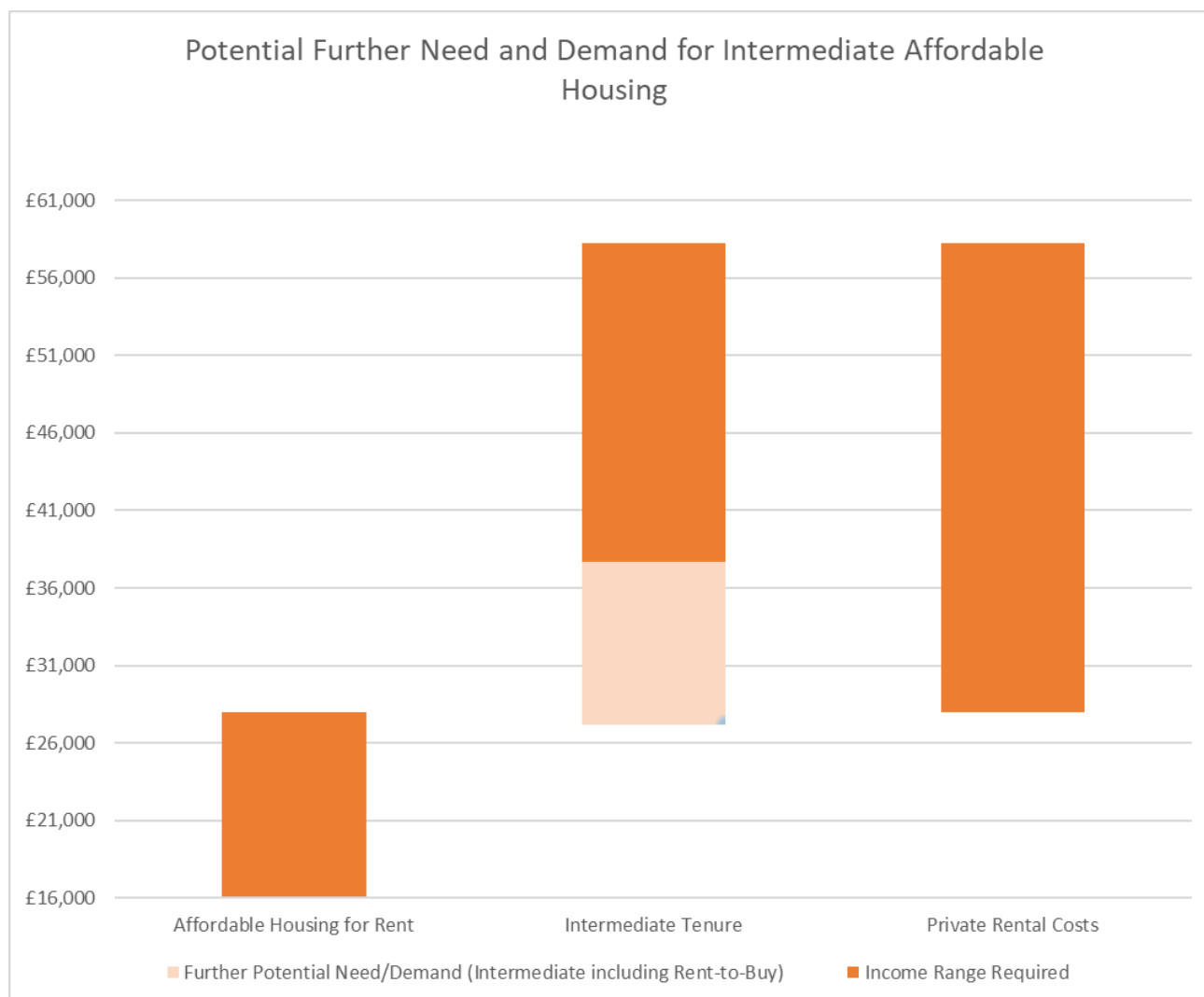


Figure 50: Illustration of the ‘Rent/Buy’ Gap – Rother District

- 7.61 Opportunities for shared ownership with a 25% equity share also indicate household income requirements in excess of £40,000 and would be affordable to a range of c.1,700 households in each Council area below lower quartile ownership costs. However, intermediate tenure costs are sensitive to assumptions such as equity share and deposit, and the full range of potential products may provide options across a wider range of the rent/buy gap. The illustration of the income range required for intermediate tenures shown above includes the lower income requirements based on 10% equity shares (£37,663 and £30,951 in Rother and Hastings respectively). This would provide opportunities for affordable home ownership for a much greater number of households.
- 7.62 Potential further demand for affordable home ownership exists amongst those able to afford market rents but below the income range required based on current affordability modelling of shared ownership products (shown in the light shaded areas above). This potential additional demand also corresponds to the income range where other intermediate affordable housing products (such as rent-to-buy) could provide discounted

market rents and eligibility to a wider range of households who are currently able to afford market housing. Were such products to provide a 20% discount on market rents (resulting in a required income of £27,200 or £23,200 in Rother and Hastings respectively) this would increase the ability of renting households currently unable to afford home ownership to save towards a deposit or equity share.

7.63 For both Council areas the potential role for First Homes and other intermediate tenures indicates that based on current prices and affordability the majority of products will only ensure a relatively small number of households are able to access alternative routes to ownership. These results are shown in Figure 51: Potential Demand for First Homes – Hastings Borough and Figure 52: Potential Demand for First Homes – Rother District.

7.64 First Homes with a minimum 30% discount would require household incomes of £57,270 and £46,750 in Rother and Hastings respectively - only marginally below lower quartile sales costs. This relatively high income range is based on the discount applied to full (median) market value. There will be instances where particularly for larger properties the resultant sales price will exceed the £250,000 cap within the PPG, particularly in Rother District. Equally the same level of discount applied to smaller properties would be more likely to fall below the £250,000 cap and represent a reduction on the income required.



Figure 51: Potential Demand for First Homes – Hastings Borough



Figure 52: Potential Demand for First Homes – Rother District

- 7.65 Taken together, these observations on opportunities to provide for affordable home ownership support an illustration of the provision of First Homes at increased discount levels of 40% and 50% as shown on the figures above. However, noting that other affordable home ownership products are also available. The impact of the additional number of households able to afford ownership at higher discount levels would be sensitive to the type and size of products where these were applied (the effect would be less when applied to larger properties resulting in a discounted price closer to the £250,000 cap). Both Councils have also highlighted that the potential effects of providing a higher discount across the product range would need to be considered carefully in terms of the impact on scheme viability.
- 7.66 In terms of overall recommendations these dynamics would support meeting as much need as possible for smaller units for affordable home ownership through the application of a policy for First Homes where the discount of 30% is maintained. Other intermediate affordable housing products (potentially at lower equity shares) would provide greater flexibility in providing opportunities for affordable home ownership for those in need or larger (3+ bedroom affordable properties). Provision of a combination of intermediate affordable housing products should be supported to meet national policy objections to ensure 10% of all units within development provide routes to affordable home ownership.

- 7.67 The extent of the rent/buy gap indicates that both Councils should strongly support opportunities for schemes proposing 100% provision of affordable housing. Both Councils have indicated high recent demand for these schemes incorporating a high proportion of shared-ownership units.
- 7.68 Where such schemes include levels of affordable housing for rent over and above the proportions indicated by this HEDNA as a proportion of overall needs this should be encouraged particularly where the absolute increase in supply of larger affordable rented properties might be achieved consistent with recommendations on housing mix for these tenures. This reflects where policy objectives to support affordable home ownership as part of the total provision on conventional mixed-tenure developments may impact on overall levels of supply towards those in need of larger affordable properties. This is due to the income range required for intermediate tenures such as shared ownership generally indicating greater affordability constraints for 2+ bedroom properties.
- 7.69 The precise nature of proposals on schemes proposing 100% affordable housing will be influenced by scheme viability so an element of flexibility, starting with the recommended HEDNA housing mix, would be appropriate.
- 7.70 Sites that come forward with higher proportions of affordable home ownership are unlikely to prevent opportunities for meeting a fuller range of affordable housing needs. The HEDNA Update does not provide specific justification for requiring a given proportion of affordable housing for rent on schemes proposing 100% affordable housing. The rationale for any such approach depends heavily on individual scheme viability and access to funding and the delivery record within each Council area towards meeting the full needs for affordable housing identified in the HEDNA Update.
- 7.71 It would be appropriate to seek to ensure provision accords with the HEDNA Update's recommendations on housing mix and to potentially encourage provision for affordable housing for rent in-line with the proportion of dwellings that would be sought from policy-compliant contributions towards these tenures if secured as part of mixed-tenure development.
- 7.72 On sites providing a proportion of larger properties for affordable family housing this is more likely to be attainable for those on lower incomes as affordable housing for rent rather than affordable home ownership. In these circumstances securing a housing mix consistent with the findings of this HEDNA for affordable home ownership tenures should be encouraged, including provision of lower equity shares.

Conclusions and Recommendations

Affordable Housing Contributions

- 7.73 In terms of current policy requirements for the overall proportion of dwellings that should be delivered as affordable housing, in Rother, Policy DHG1 of the Development and Site Allocations Local Plan (2019) sets out the percentages of affordable housing that should be provided on individual development sites, which range from between 30% and 40% depending on location, with the highest proportion of 40% being required on sites of 6 dwellings or more in High Weald AONB and on sites of 10 dwellings or more in other rural areas.
- 7.74 In Hastings, Policy H3 of the Planning Strategy (2014) sets out the overall requirement for affordable housing, which ranges between 20% and 25% on brownfield sites and between 20% and 40% on greenfield sites, depending on site size. The proportion of affordable housing required on each allocated site is also specified in the Development Management Plan (2015).
- 7.75 When developing new planning policies for affordable housing contribution requirements, it is recommended that any percentage requirements have regard to scheme viability and that consideration is given to providing policy support for 100% affordable housing schemes subject to an appropriate housing and tenure mix being agreed.
- 7.76 In setting variable affordable housing contribution requirements across the different geographical areas, Rother Council should also take account of levels of affordability in the sub-areas (see Table 182 in Appendix D), which identifies comparatively greater levels of affordability in Ticehurst, Battle Rural and Battle, and comparatively lower levels of affordability in Bexhill, Rye and Rye Rural.

Affordable Housing Type and Tenure

- 7.77 In terms of affordable housing tenure types, Policy LHN1 of the Rother Core Strategy (2014) requires affordable housing to contribute an overall balance of 65% social/affordable rented and 35% intermediate affordable housing.
- 7.78 Policy H3 of the Hastings Planning Strategy (2014) states that the type of affordable housing provision on individual sites will be determined through negotiations, but that the Council's preferred approach is for the greater part of affordable housing to be affordable rent. The policy states that other forms may be acceptable where they would complement wider strategic priorities for tenure diversification.
- 7.79 Both of these policies were adopted prior to the introduction of First Homes. National policy now requires that First Homes account for at least 25% of all affordable housing units delivered by developers through planning obligations. National policy also requires at least 10% of the overall total number of homes that are being delivered on a site to be

available for affordable home ownership (unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups).

- 7.80 On the basis of the findings of this HEDNA Update, it is therefore recommended that the following split of affordable housing tenures (including First Homes) is considered as a policy option for the tenure split of affordable housing that is delivered on site, subject to viability considerations:

Affordable housing split	Rother	Hastings
Social Rent	32%	30%
Affordable Rent	26%	28%
Affordable Home Ownership	17%	17%
First Homes	25%	25%

- 7.81 In Rother this would represent a reduction from the 65% requirement for social/affordable rent currently set out in Policy LHN1 to 58%. Where possible, social rent should be prioritised over affordable rent – this being the most affordable of the two tenure types. Whilst it is recognised that the requirement for social/affordable rent set out above has been reduced as it factors in the requirement for 25% First Homes, this reduction may be offset through policies which provide support for 100% affordable housing schemes. On such schemes for 100% affordable housing it is recommended that an appropriate tenure mix for the additional provision is agreed on a site-by-site basis with the Registered Providers.
- 7.82 It is also recommended that the First Homes discount rate of 30% against market value is retained in both authorities. No evidence was found to justify the application of a higher rate of discount as this would have impacts on scheme viability.
- 7.83 While the HEDNA Update has not identified significant existing demand for build-to-rent schemes within either Rother or Hastings there are a significant proportion of households identified satisfying current affordability thresholds for the costs of private rent, and potentially aspiring to home ownership, but for whom the current costs of intermediate affordable housing tenure are out of reach. Due to the nature of build-to-rent schemes, it is anticipated that any affordable housing required as part of these schemes would be delivered as affordable private rent, in accordance with the NPPF (Annex 2).

8 HOUSING MIX

Summary

- To support the overall housing mix across both Rother and Hastings it is recommended that accommodation of all sizes continues to be provided. The outputs from this section consider the total HEDNA household projection and cover all tenures.
- A purposefully broad range has been adopted in terms of the expectations for overall housing mix, including:

Hastings

- 1-bedroom 20-25%
- 2-bedrooms 30-35%
- 3-bedrooms 30-40%
- 4-bedrooms 10-15%

Rother

- 1-bedroom 15-20%
- 2-bedrooms 25-30%
- 3-bedrooms 35-45%
- 4-bedrooms 15-20%
- Bringing forward a greater proportion of smaller dwellings would be likely to assist in supporting turnover in the market and affordability and encouraging 'rightsizing' of older households.
- New development of affordable family sized housing could help to alleviate current pressures and address expected future trends in family households in this sector.
- For affordable rented housing, the future tenure mix taking account of stakeholder feedback and needs for family housing may support diversifying the existing stock and pattern of lettings of predominantly 1 and 2-bed

properties to include a slightly higher proportion of 2-bed, 3-bed and 4-bed units relative to the proportion of 1-bed units.

- For intermediate affordable housing, prioritising the provision of 2-bed and 3-bed property would balance affordability considerations with the needs of young families and reflect existing trends in the private rented sector. Within Hastings this would reflect supporting a lower proportion of one-bedroom properties than specifically indicated via the modelling.
- Reflecting the overall average occupancy profile across the rental and owner occupied tenures for market housing generates a more balanced profile of 2-bed and 3-bed properties but does not specifically project forward growth in the private rented sector which contains a much higher proportion of smaller properties and may be less suited to meeting the longer-term needs of younger households.
- Growth in the private rented sector may inhibit the availability and turnover of open market housing stock to maintain modelled occupancy trends (for example access to larger properties for growing families). Larger households seeking to meet needs within the private rented sector may be exposed to greater affordability pressures. The delivery of new housing for market sale or affordable housing for sale and rent in accordance with the overall suggested mix (including 3+ bedroom properties) would assist with relieving some of the pressure on the housing market associated with these trends in terms of supporting existing occupancy patterns.
- In the Rother sub-areas, Rye Rural has the greatest older population (35.5% aged 65+), compared with Ticehurst and Battle whose populations aged 65+ are 25.7% and 25.6% respectively (Census 2021). This may have implications for requirements for smaller properties to encourage rightsizing for older residents.

Introduction

- 8.1 Paragraph 63 of the NPPF (2023) stipulates that the size, type, and tenure of housing needed for different groups in the community should be considered in the context of the housing needs assessment.
- 8.2 In this section, the overall mix of housing required is presented, in terms of size, type, and tenure, based on the projected level of household growth to 2044. The methodology utilises data on the future size and structure of Rother and Hastings' populations and the associated household characteristics from the **Dwelling-led LHN HH-14R** growth scenario, in combination with 2011 Census data on household composition, bedrooms and property type and Council Tax (VOA) data on accommodation type by number of bedrooms.⁶⁰ This produces a profile of growth for each dwelling size, type and tenure (owned, private rent, social rent), by age of the household representative person (HRP).
- 8.3 These outcomes are then combined with data from the Council's housing register to produce a suggested mix profile across market and affordable housing at district-level (split between social/affordable rent, and affordable home ownership). For Rother, the housing mix implications at a sub-district level have also been evaluated, using a similar approach to the district-level modelling. The household growth and housing mix outcomes for Rother are presented at the end of this section.

Household Growth Profile

Projected Household Growth

- 8.4 Under the Dwelling-led LHN HH-14R scenario, the number of households in Rother and Hastings is projected to increase by 15,742 and 10,646 respectively over the 2021–2044 plan period. Household growth is concentrated in the 75+ age groups, particularly in Rother, and largely in the one person and 'other' category, which includes couples with no children (67% of the 'other' category in Rother and 52% in Hastings), and couples with other adults (19% of the 'other' category in Rother and 12% in Hastings). In Rother in particular, the growth is most substantial in the 'other' category, which is broadly a feature of the increased ageing population.

⁶⁰ Note that corresponding data from the 2021 Census is not currently available.

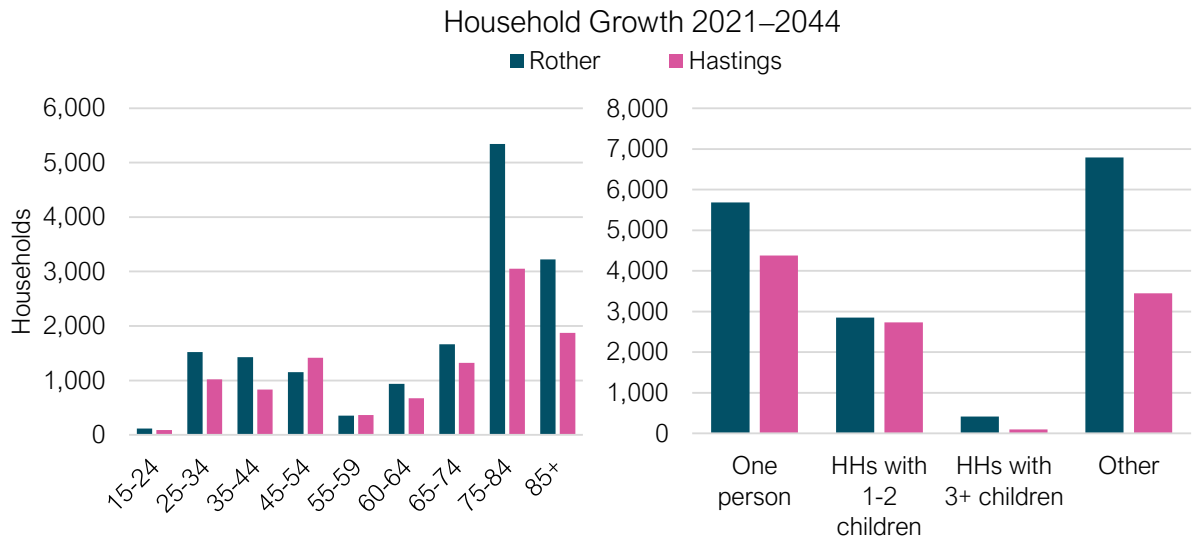


Figure 53: Household growth by age of household representative person (HRP) and household type

Source: Edge Analytics POPGROUP modelling

- 8.5 The growth in one person households is linked to the increase in the size of the older age groups, reflecting the continued ageing of Rother’s population and (to a lesser extent) Hastings’ population.

Household Growth by Age, Dwelling Size & Type

- 8.6 Data from the 2011 Census⁶¹ and Council Tax data on accommodation type by number of bedrooms has been used to model the potential impact of the projected household growth by age of the household representative person (HRP) on the future profile of housing by type and size in Rother and Hastings, as shown in Table 30 to Table 33 below. It is important to note that this split does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing.

⁶¹ 2011 Census Table CT0345 - Tenure by number of bedrooms and accommodation type by age & sex of Household Reference Person (HRP)

Table 30: Projected Change in Households by Household Type - Hastings

Household Type	2021	2044	Net Change	% Change
Single Person 65+	5,476	7,654	2,178	40%
Single Person <65	10,034	12,231	2,197	22%
Families No Children/Non-Dependent Children 65+	4,783	7,862	3,079	64%
Families No Children/Non-Dependent Children <65	6,245	5,383	-862	-14%
Families with Dependent Children	11,047	13,874	2,826	26%
Others	2,915	4,142	1,227	42%
Total Change	40,500	51,146	10,646	26%

Table 31: Projected Change in Households by Household Type – Rother

Household Type	2021	2044	Net Change	% Change
Single Person 65+	8,478	11,708	3,230	38%
Single Person <65	5,881	8,339	2,458	42%
Families No Children/Non-Dependent Children 65+	9,673	15,820	6,147	64%
Families No Children/Non-Dependent Children <65	7,045	6,731	-314	-4%
Families with Dependent Children	8,982	12,248	3,266	36%
Others	2,040	2,996	956	47%
Total Change	42,100	57,842	15,742	37%

Table 32: 2044 Projected Households by Type and Bedroom Number based on Existing Occupancy – Hastings

Household Type 2044 % by bedroom number by household type	1 bed	2 beds	3 beds	4 beds	Total
Single Person 65+	28%	37%	31%	5%	7,654
Single Person <65	42%	38%	17%	3%	12,231
Families No Children/Non-Dependent Children 65+	4%	24%	53%	19%	7,862
Families No Children/Non-Dependent Children <65	13%	33%	40%	14%	5,383
Families with Dependent Children	3%	33%	46%	18%	13,874
Others	5%	34%	45%	17%	4,142
Total	17%	34%	37%	12%	51,146

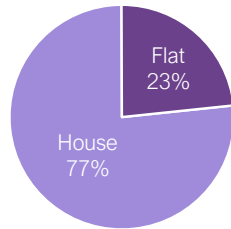
Table 33: 2044 Projected Households by Type and Bedroom Number based on Existing Occupancy – Rother

Household Type 2044 % by bedroom number by household type	1 bed	2 beds	3 beds	4 beds	Total
Single Person 65+	17%	33%	42%	7%	11,708
Single Person <65	24%	38%	31%	8%	8,339
Families No Children/Non-Dependent Children 65+	3%	16%	56%	25%	15,820
Families No Children/Non-Dependent Children <65	5%	25%	45%	25%	6,731
Families with Dependent Children	2%	25%	44%	29%	12,248
Others	3%	23%	50%	25%	2,996
Total	9%	26%	45%	20%	57,842

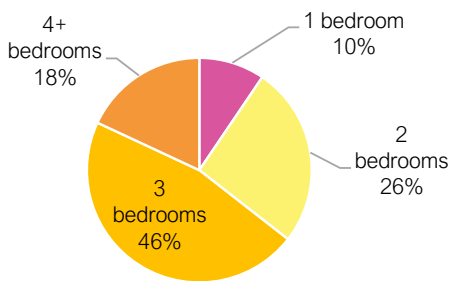
- 8.7 Across all tenures, the projected patterns of household growth in Rother suggests a high level of growth in 3-bedroom houses (46%), underpinned by the growth in the 75+ population (Figure 53), as these older age groups tend to ‘under-occupy’ larger properties. In Hastings (Figure 55), growth in flats (36%) is higher than in Rother (23%) (Figure 54). Note that this is reflective of current (2011 Census) occupancy patterns, and is not reflective of a significant need for more 3-bedroom houses for the older age groups over time. The figures below show projected growth in different types of households over time and do not reflect a ‘policy-on’ requirement.

HOUSEHOLD GROWTH BY DWELLING SIZE, TYPE & AGE OF HRP (2021–2044): ROTHER

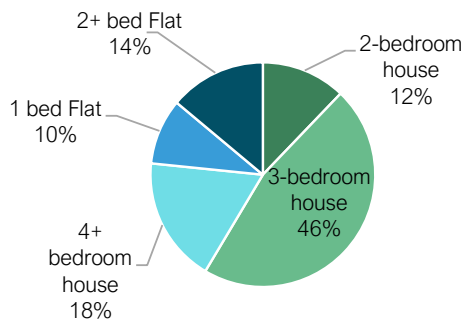
Household Growth by Dwelling Type



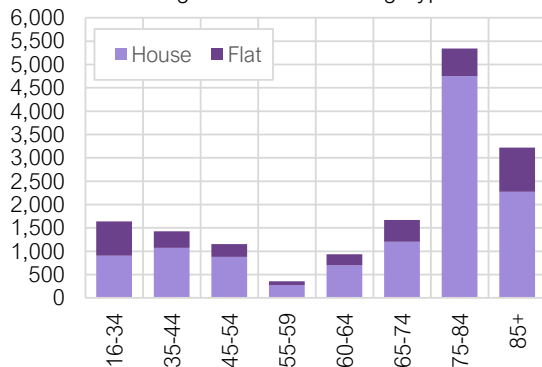
Household Growth by Dwelling Size



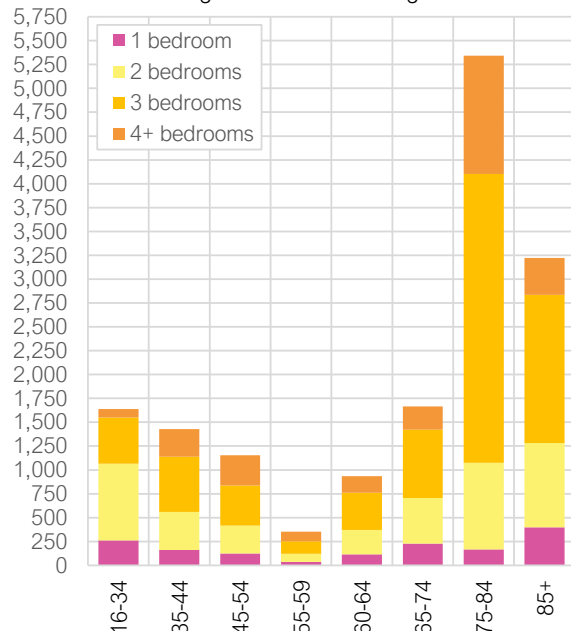
Household Growth by Dwelling Size/Type



Household Growth by Age of HRP & Dwelling Type



Household Growth by Age of HRP & Dwelling Size



Household Growth by Age of HRP & Dwelling Size/Type

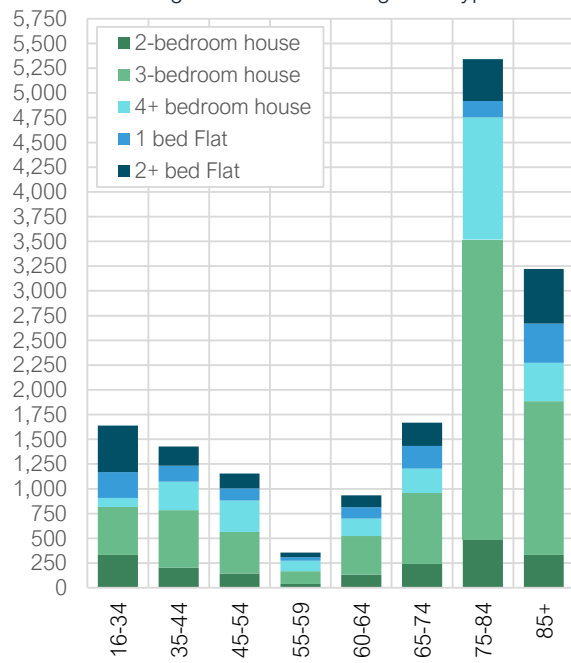
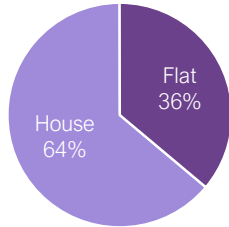


Figure 54: Rother – Household Growth by dwelling size, type and age of HRP, 2021–2044

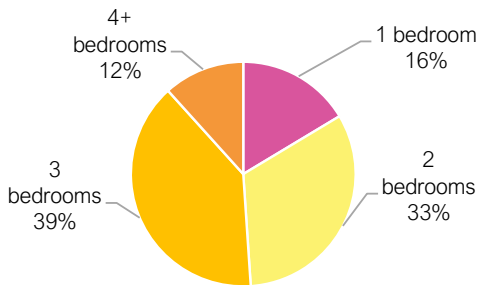
Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA)

HOUSEHOLD GROWTH BY DWELLING SIZE, TYPE & AGE OF HRP (2021–2044): HASTINGS

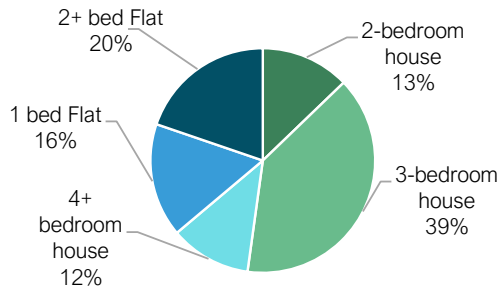
Household Growth by Dwelling Type



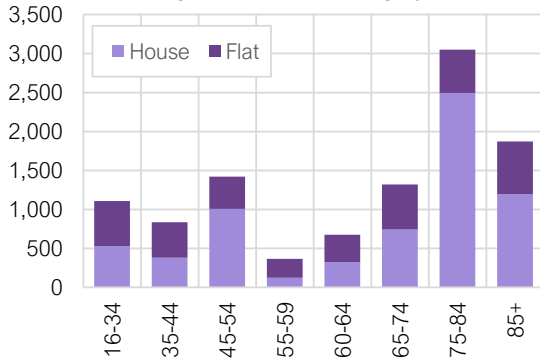
Household Growth by Dwelling Size



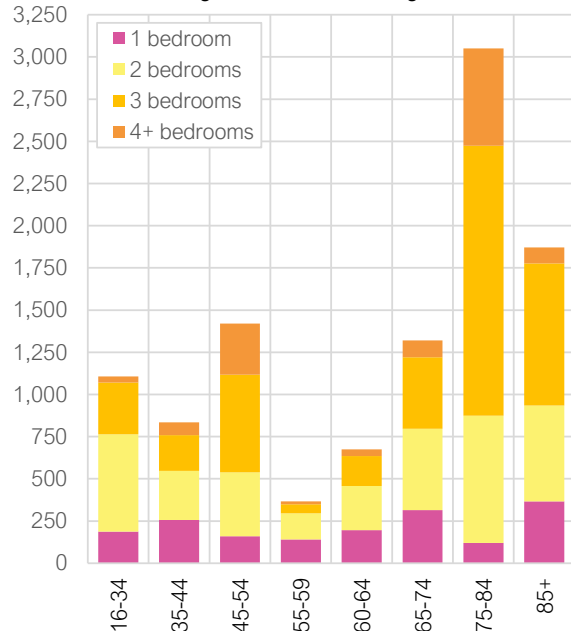
Household Growth by Dwelling Size/Type



Household Growth by Age of HRP & Dwelling Type



Household Growth by Age of HRP & Dwelling Size



Household Growth by Age of HRP & Dwelling Size/Type

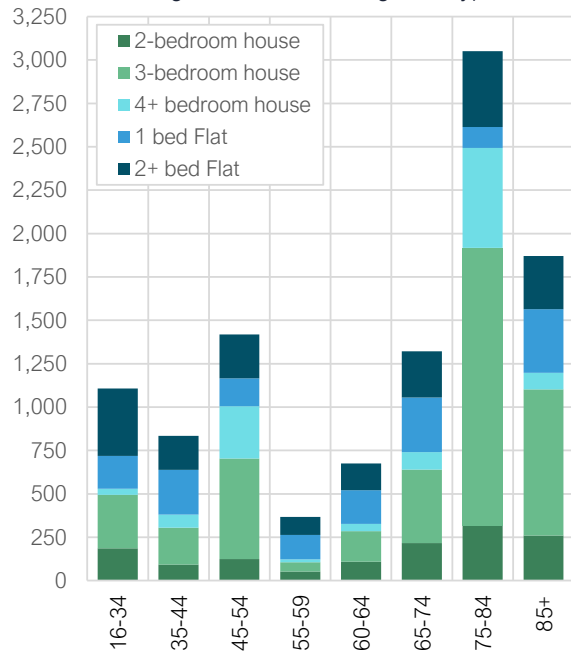


Figure 55: Hastings – Household Growth by dwelling size, type and age of HRP, 2021–2044

Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA)

- 8.8 When viewed by tenure (owner occupied, private rent and social rent), the Census-led analysis suggests that the greatest proportion of household growth will occur in the owner occupied sector, accounting for 61% of household growth in Hastings, and 74% in Rother (Table 34).

Table 34: Household growth by tenure (2021–2044)

	Rother				Hastings			
	2021	2044	Change	% share	2021	2044	Change	% share
Owner occupied	31,157	42,750	11,592	74%	22,660	29,112	6,453	61%
Private rent	6,491	8,859	2,368	15%	11,859	14,378	2,518	24%
Social Rent	4,452	6,233	1,781	11%	5,981	7,656	1,675	16%
All tenures	42,100	57,842	15,742	100%	40,500	51,146	10,646	100%

Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA)

- 8.9 For the owner occupied and private rent sectors, a greater proportion of household growth is in 3-bedroom properties; in both Rother and Hastings, this accounts for over half of the projected level of growth (Figure 56). In the social rent and private rent sectors in Hastings, over 60% of household growth is in 1-bed and 2+ bed flats.

HOUSEHOLD GROWTH BY DWELLING SIZE, TYPE & TENURE

■ 2-bedroom house ■ 3-bedroom house ■ 4+ bedroom house ■ 1 bed Flat ■ 2+ bed Flat

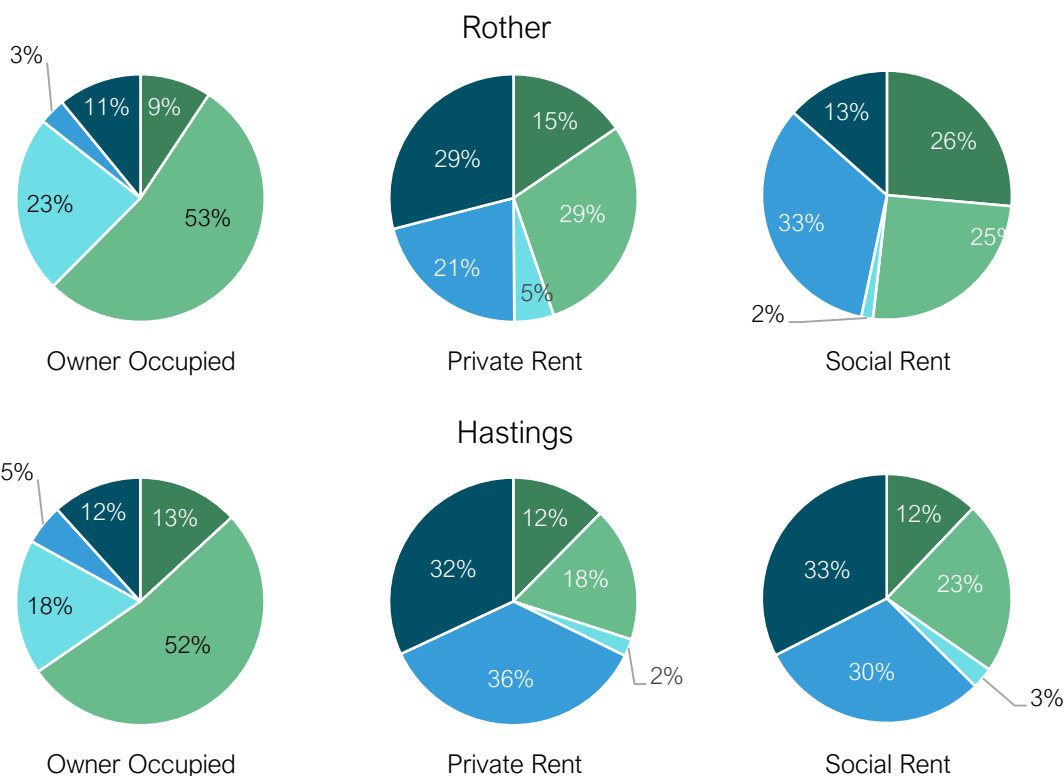


Figure 56: Household Growth by dwelling size, type and tenure, 2021–2044
Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA)

Housing Mix

- 8.10 To illustrate what a future housing mix might be across market, social/affordable rent, and affordable home ownership based on current patterns of occupation, the Census-led analysis has been combined with data from Rother and Hastings’ housing needs registers (Figure 57 and Figure 58). It is important to note that, as above, this assessment does not take into account future policy changes, nor socio-economic changes that might influence how households occupy housing over time, rather it assesses what the housing mix profile would look like with the current patterns of occupation.
- 8.11 For market housing, the mix across property size and type (dwellings/flats) has been derived from the Census-led analysis on occupancy characteristics in the owner occupied and private rented sector. For affordable home ownership, the profile of occupancy is based on the private rented sector characteristics, and for social/affordable rent, the mix is derived from the level of bedroom need from the

Rother and Hastings Housing Registers and the social rent Census/VOA occupancy profile.

- 8.12 Table 35 to Table 38 below set out recommendations for the overall housing mix by tenure and number of bedrooms for Hastings and Rother. This mix is based on an assumed overall tenure profile of 70% owner-occupied, 10% affordable ownership and 20% affordable rent.
- 8.13 A range of recommendations for housing mix by bedroom type is provided for each authority. The authorities may wish to make adjustments to these when developing policies to reflect localised property market characteristics and deliverability, for example.

Table 35: Recommendations for Overall Housing Mix - Hastings

Change by Delivery Modelling	1 bed	2 beds	3 beds	4+ beds
Total Projected Households (2044)	9,505	17,057	18,505	6,079
Total Net Change by Bedroom Number	2,415	3,386	3,724	1,121
% Of Total Change	23%	32%	35%	11%
Range	20-25%	30-35%	30-40%	10-15%

Table 36: Recommendations for Housing Mix by Tenure - Hastings

Housing Mix by Need	Hastings				Total
	1-bed	2-bed	3-bed	4+-bed	
Owner occupied (Market and Private, overall average)	14%	30%	43%	13%	100%
Affordable Home Ownership (based on PRS occupancy)	36%	44%	18%	2%	100%
Affordable/Social Rent (based on housing register)	47%	31%	17%	5%	100%

Table 37: Recommendations for Overall Housing Mix – Rother

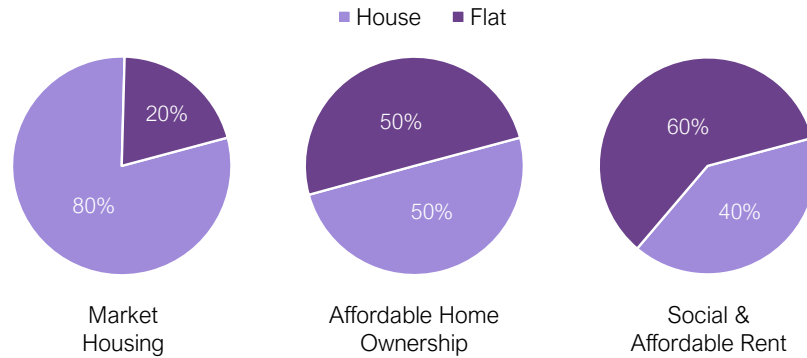
Change by Delivery Modelling	1 bed	2 beds	3 beds	4+ beds
Total Projected Households (2044)	6,156	15,165	25,384	11,136
Total Net Change by Bedroom Number	2,587	4,322	6,374	2,459
% Of Total Change	16%	27%	40%	16%
Range	15-20%	25-30%	35-45%	15-20%

Table 38: Recommendations for Housing Mix by Tenure - Rother

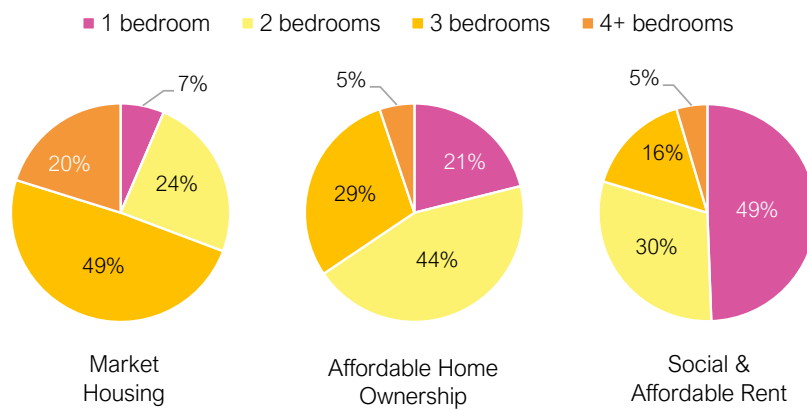
Housing Mix by Need	Rother				Total
	1-bed	2-bed	3-bed	4+-bed	
Owner occupied (Market and Private, overall average)	6%	24%	49%	20%	100%
Affordable Home Ownership (based on PRS occupancy)	21%	44%	29%	5%	100%
Affordable/Social Rent (based on housing register)	49%	30%	16%	5%	100%

ROTHER

HOUSING MIX BY DWELLING TYPE



HOUSING MIX BY DWELLING SIZE



HOUSING MIX BY DWELLING SIZE/TYPE

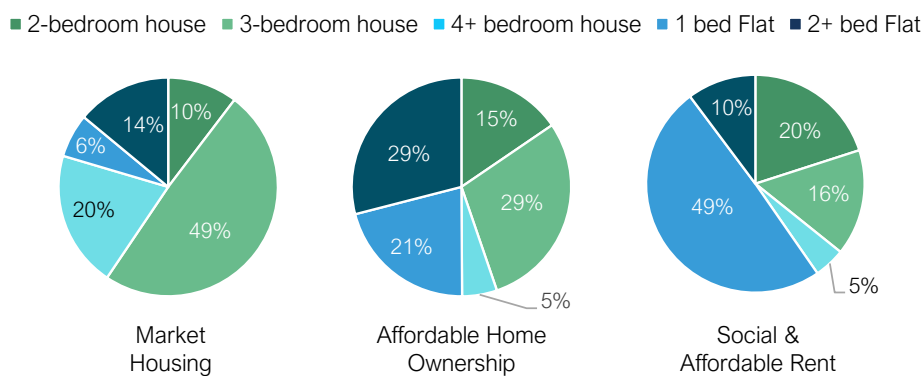
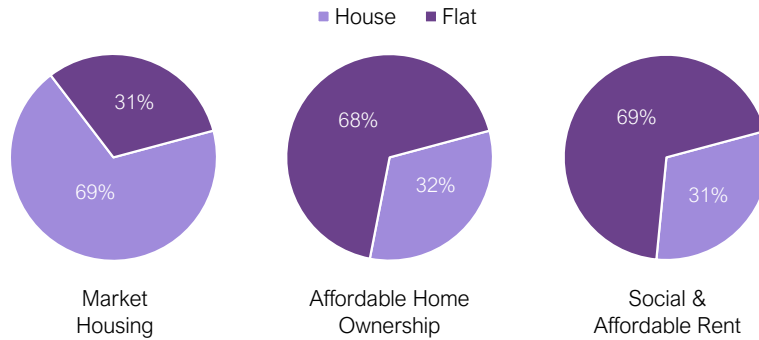


Figure 57: Rother – Housing Mix by dwelling size, type and tenure, 2021–2044

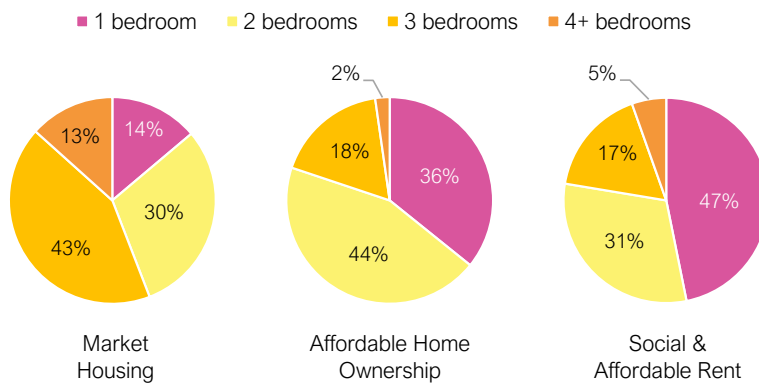
Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA), Rother Housing Register

HASTINGS

HOUSING MIX BY DWELLING TYPE



HOUSING MIX BY DWELLING SIZE



HOUSING MIX BY DWELLING SIZE/TYPE

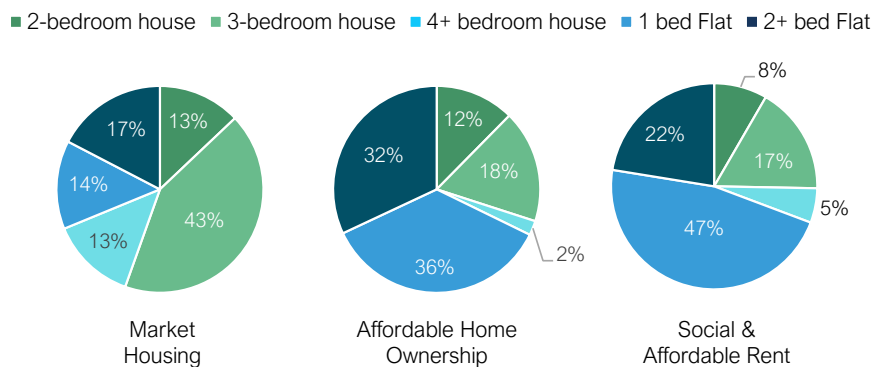


Figure 58: Hastings – Housing Mix by dwelling size, type and tenure, 2021–2044

Source: Edge Analytics POPGROUP modelling; 2011 Census, Council Tax (VOA), Hastings Housing Register

Rother Sub-Area Housing Mix

- 8.14 Using the POPGROUP forecasting model, a 'sub-district' Dwelling-led LHN (HH-14R) scenario has been configured, producing household growth profiles for each of the six sub-areas within Rother (Figure 59).

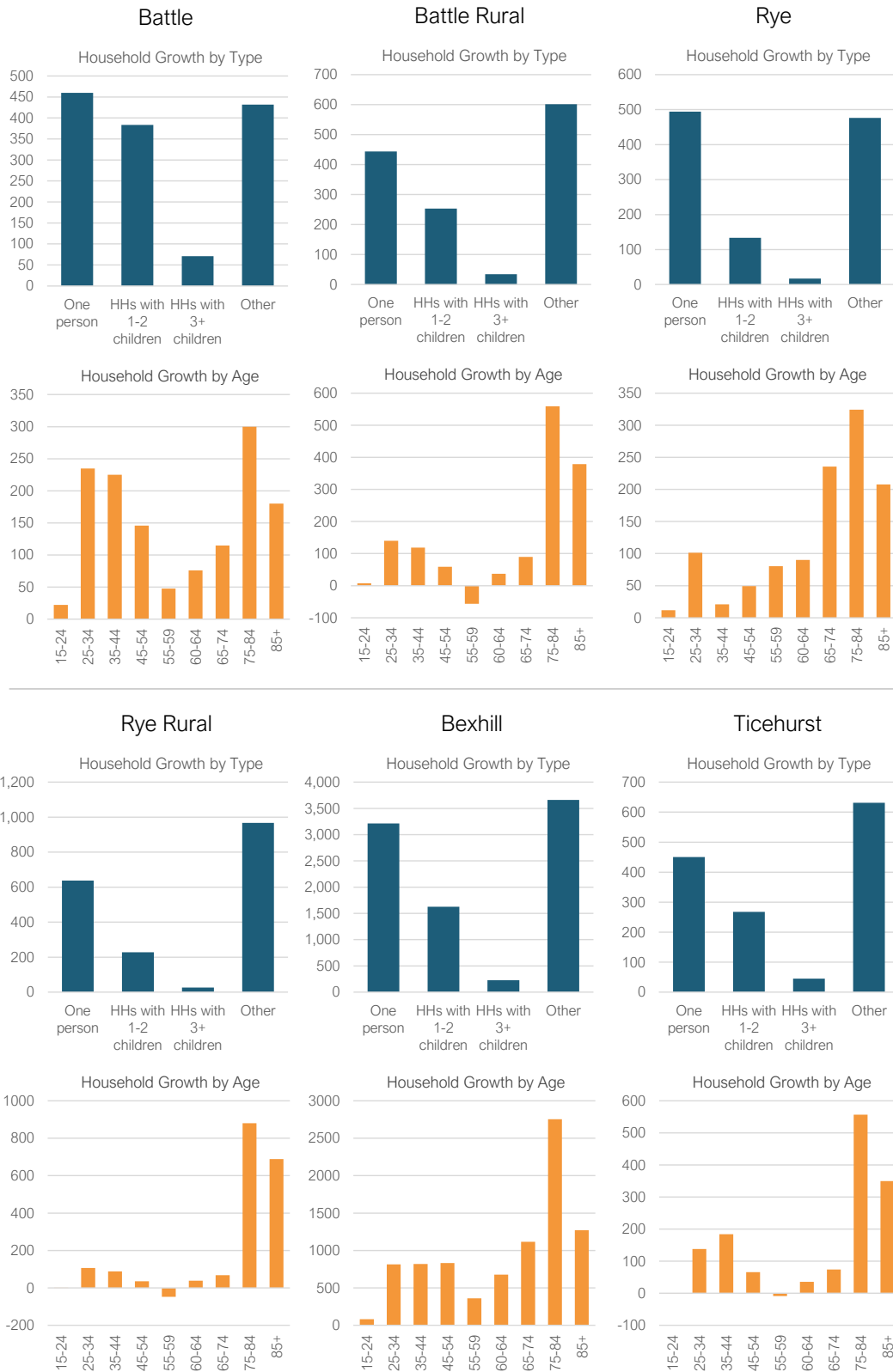


Figure 59: Rother Sub-Area Household growth 2021–2044 by age of household representative person (HRP) and household type
Source: Edge Analytics POPGROUP modelling

- 8.15 As with the district-level scenarios, the housing mix implications of the household growth profiles have been evaluated using assumptions from the 2011 Census (as detail from the 2021 Census on household occupancy by dwelling type is not yet available) and VOA Council Tax Base data. This produces a current estimate of households by bedroom number for 2021 (Table 39).

Table 39: Rother sub-area household profile by bedroom number, 2021

	1 bed		2 beds		3 beds		4+ beds		Total	
Battle	146	6%	771	29%	1,100	42%	612	23%	2,629	100%
Battle Rural	124	2%	923	17%	2,660	50%	1,570	30%	5,277	100%
Rye	264	12%	703	33%	933	44%	227	11%	2,127	100%
Rye Rural	246	3%	1,155	15%	4,227	57%	1,847	25%	7,475	100%
Bexhill	2,605	13%	6,248	30%	8,627	41%	3,351	16%	20,829	100%
Ticehurst	146	4%	1,003	28%	1,449	40%	1,019	28%	3,616	100%

Source: Edge Analytics POPGROUP modelling, ONS, VOA. Note that there are minor differences between the sum of the sub-area household growth outcomes and the Rother district-level outcomes due to differences in the underpinning POPGROUP modelling assumptions applied at district and sub-district level. Overall, household growth is 40 households *higher* at the sub-area level over the 2021–2044 forecast period.

- 8.16 The net change and percentage share of growth in the number of households by bedrooms is summarised in Table 40 and Figure 60 for the 2021–2044 forecast period. Growth is concentrated in the 3-bedroom properties, consistent with the district-level picture and a reflection of the older age groups characteristically under-occupying 3+ bedroom properties.

Table 40: Rother sub-area household growth by bedroom number, 2021-2044

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Net Change 2021-2044					
Battle	87	434	554	271	1,346
Battle Rural	45	240	725	323	1,333
Rye	163	370	488	100	1,121
Rye Rural	78	262	1,150	368	1,859
Bexhill	1,114	2,592	3,701	1,324	8,730
Ticehurst	78	398	595	323	1,393
% Share of Change 2021-2044					
Battle	6%	32%	41%	20%	100%
Battle Rural	3%	18%	54%	24%	100%
Rye	15%	33%	44%	9%	100%
Rye Rural	4%	14%	62%	20%	100%
Bexhill	13%	30%	42%	15%	100%
Ticehurst	6%	29%	43%	23%	100%

Source: Edge Analytics POPGROUP modelling, ONS, VOA

Rother Sub-Areas: Housing Mix by Bedrooms (All Tenures)

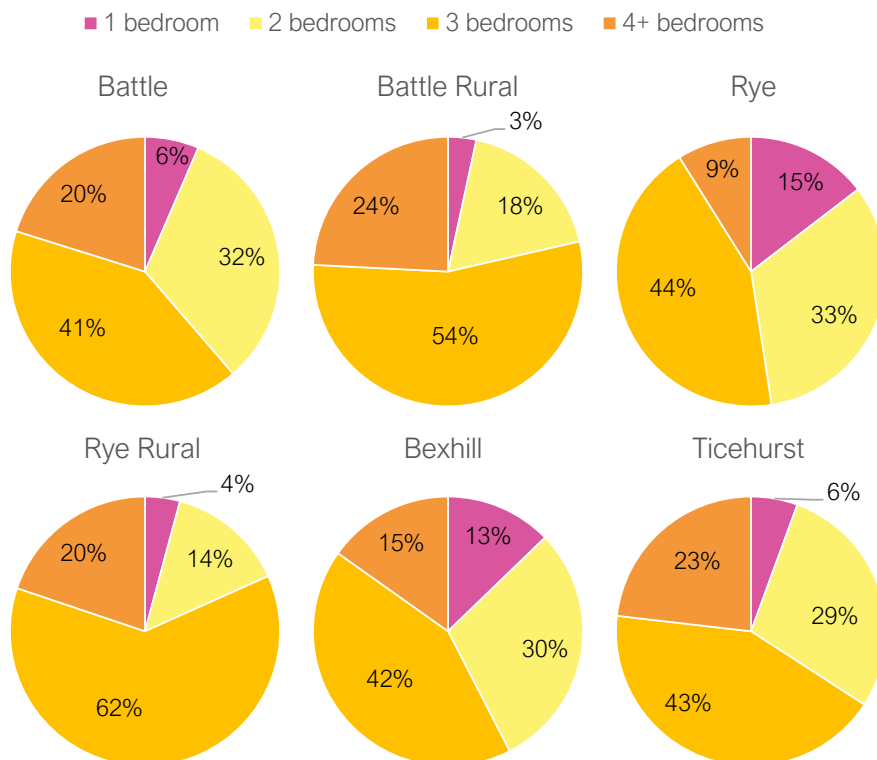


Figure 60: Rother Sub-Area housing mix 2021–2044 by bedrooms

Source: Edge Analytics POPGROUP modelling

- 8.17 In considering what an appropriate mix might look like at a sub-area level, the growth in the number of households aged 16-54 has been calculated and the housing mix assumptions applied.

Table 41: Rother sub-area household growth share by bedroom number, 2021-2044, ages 16-54

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Battle	7%	40%	35%	17%
Battle Rural	5%	30%	46%	19%
Rye	16%	45%	33%	7%
Rye Rural	9%	31%	43%	17%
Bexhill	17%	37%	32%	14%
Ticehurst	6%	38%	35%	21%

Comparison with HEDNA (2020)

- 8.18 The previous HEDNA (2020) adopted a broadly comparable approach to that used here to identify a recommended housing mix for Rother and Hastings, in that data from the 2011 Census was combined with household growth projections. There are, however, some differences in the approach taken then, and the approach taken here.
- 8.19 Firstly, the underpinning population and household growth trajectories used by GL Hearn are based on the 2016-based SNPP and 2014-based household projections. The underpinning projection used here is linked to the LHN figures for each authority, producing a household growth profile linked to the minimum levels of housing need. The 2021 Census also provides an important update to the size and structure of Rother and Hastings' populations, which influences the size and structure of the household population.
- 8.20 Secondly, the analysis presented here uses Council Tax data to 'update' the 2011 Census household occupancy tables by accommodation type by number of bedrooms. It is not immediately clear from the GL Hearn HEDNA whether a similar approach has been taken.
- 8.21 Thirdly, there are no sub-district recommendations on housing mix for Rother provided in the 2020 HEDNA; where sub-area evidence is provided in the previous HEDNA, it is by different geographies.

8.22 The recommended housing mix in the 2020 HEDNA is summarised below in Table 42 followed by the HEDNA Update recommendations in Table 43.

Table 42: GL Hearn 2020 HEDNA Housing Mix recommendations

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market – Hastings	5-10%	35-45%	35-40%	10-20%
Market – Rother	10-15%	35-45%	30-35%	10-20%
Affordable Home Ownership – HMA	20-30%	35-45%	20-30%	5-15%
Affordable Housing (rented) – Hastings	30-40%	30-40%	15-25%	5-15%
Affordable Housing (rented) – Rother	30-40%	25-35%	20-30%	5-15%

Source: GL Hearn

Table 43: HEDNA Update Housing Mix recommendations

	1 bed	2 beds	3 beds	4+ beds
Market – Hastings	15%	30%	40-45%	10-15%
Market – Rother	5%	25%	50%	20%
Affordable Home Ownership – Hastings	35%	45%	15%	5%
Affordable Home Ownership – Rother	20%	45%	30%	5%
Affordable Housing (rented) – Hastings	80%		15%	5%
Affordable Housing (rented) – Rother	80%		15%	5%

Source: Edge Analytics / DLP

Conclusions and Recommendations

8.23 In respect of housing mix, Policy LHN1 in the currently adopted Rother Local Plan (2014) requires housing to be delivered of a size, type and mix which reflects both current and projected housing needs at a district and local level, including:

- At least 30% one and two bedroom dwellings in rural areas (mostly two bed)
- An increased provision of family dwellings in Bexhill (subject to site-specific circumstances)
- A balance of 65% social/affordable rented and 35% intermediate affordable housing

- 8.24 The supporting text to Policy LHN1 also recommends that new social/affordable rented housing should focus on larger dwellings to address imbalances in the stock, with a recommended target mix of:
- 10-30% 1 bedroom properties
 - 30-50% 2 bedroom properties
 - 20-30% 3 bedroom properties
 - 20-30% 4+ bedroom properties
- 8.25 Policy H2 of the adopted Hastings Planning Strategy (2014) aims to deliver a balanced mix of housing on each site and across the Borough as a whole. The policy does not set a specific required mix however it states that the mix should meet both current and projected housing needs, taking account of existing local household characteristics and sizes, and should address local tenure mix and whether there is a concentration of a particular tenure of housing that would benefit from diversification or greater choice.
- 8.26 In terms of policy recommendations, to support the overall housing mix across both Rother and Hastings it is recommended that accommodation of all sizes continues to be provided.
- 8.27 Current occupancy trends for older households indicate an overrepresentation within the stock of larger properties, which disproportionately applies to owner-occupied tenures. For example in Rother 49% of single person households aged 65+ and 70% of households with no children/non-dependent children and couples ages 65+ are modelled to occupy 3 or 4 bedroom properties at 2044 relative to the representation of 3+ bedroom properties as c.60% of total stock. It is reasonable to project these occupancy characteristics as part of future trends, particularly where housing market activity amongst these age groups is more likely to reflect moves within an existing tenure supported by the availability of pre-existing equity and impacted by choice in the market.
- 8.28 Any material departure from these occupancy trends is likely to require an element of policy intervention. Equally it is not the case that the delivery of new development would itself be expected to correspond to – or provide for – the same occupancy profile for owner-occupied stock by age-group and bedroom number. There are typically marked differences in the demand for new build stock across different sectors of the housing market, which is also impacted by characteristics such as price-point and location, thus affecting the demographic profile of development.
- 8.29 Two overarching points assist with interpreting the overall recommendations for housing mix.

- 8.30 Firstly, the mix profile corresponds to total net change by household characteristics over the period 2021 to 2044. The vast majority of net change within a given age group or household type will correspond to pre-existing households in the area who may have had different occupancy characteristics at the base date before ageing or being subject to future assumptions in household formation. The vast majority of 'gross' needs for these households will therefore remain met within the existing stock of households – taking account of household dissolution and new gross household formation generating turnover in stock and patterns of demand that may affect overall occupancy trends over time. Within this context the role of new development – while broadly recommended to correspond to overall net change – has a more limited scope to directly affect occupancy patterns though it plays an important role in providing flexibility and potentially reducing pressure on different parts of the market.
- 8.31 Secondly, while the future potential household profile makes assumptions on how overall delivery is split by tenure the ability of future households to sustain a given pattern of occupancy characteristics is not directly subjected to affordability testing. The rationale for this is that affordability will affect households with different characteristics (principally age and existing equity) differently and will fluctuate over the projection period. This also reflects a role for the market in determining whether there is or is not demand for certain types and sizes of housing. Within the range of recommendations provided by the HEDNA Update there is very little evidence of 'oversupply' of any particular property. If, for example, market demand altered to suggest less ability to sustain the occupancy characteristics for the proportion of households in 3+ bedroom properties one would expect specific evidence of this type of stock becoming difficult to let or sell.
- 8.32 Both points, however, acknowledge some uncertainty in using existing occupancy characteristics as the basis for expected future housing mix including with reference to affordability pressures. The assumptions made regarding future delivery by tenure to correspond to evidence of affordable housing need, and thus informing the overall recommended mix (Table 35 for Hastings and Table 37 for Rother), are therefore significant. This should be considered in the context of responding to overall affordability pressures and noting that the delivery of smaller properties would likely be greater where the proportion of affordable housing need that can be met is increased.
- 8.33 Achieving the overall recommendation suggested by these outputs would ensure provision of a higher proportion of 1-3 bedroom properties relative to existing stock. The proportion of 1 bedroom properties would be specifically increased relative to 4-bedroom properties while balancing the provision between 2-bed and 3-bed housing

to reflect the latter as contributing more significantly to net additional demand (reflecting current occupancy trends and future household growth and housing market choices).

- 8.34 New market housing development corresponding to the modelled occupancy profile – reflecting an overall predominance of 3+bedroom homes influenced by the distribution of existing stock and (where attainable) comprising the preference for all non-single household types (see Table 32) - for the market sector provides a reasonable recommendation for future net additions to the overall housing mix. Net additions in accordance with this mix would comprise an important component of maintaining flexibility and choice in total supply to provide for housing market preferences as the overall profile of households changes but does not necessarily generate a rapid change in occupancy characteristics.
- 8.35 The modelled recommendations for housing mix reflect changes to the occupancy profile based on the characteristics of the private rented sector as incorporated within the recommendations at Table 36 for Hastings and Table 38 for Rother. When compared with Figure 56 for owner occupied tenures the proportion of smaller 1 and 2 bedroom dwellings is increased (44% versus 35% in Hastings and 30% versus 23% in Rother). This also partly reflects the characteristics of the overall projected household change (including some net increase in younger households and the effect of an increase in the very old population whose occupancy profile reverts to typically smaller properties). In terms of the overall housing mix, however, these effects are generally cancelled out by the very significant growth in households aged 65-84 where there is a very high proportion of occupancy within 3 bedroom homes.
- 8.36 The recommendations for housing mix support the net additional provision of c.13% of market housing for 4+ bedrooms in Hastings and 20% in Rother, both of which are below the representation within existing housing stock. It should be noted that while the characteristics of larger properties are unique to individual schemes there is typically more significant difference between the characteristics and price point of these types of new supply relative to exiting stock. Some existing properties may, for example, be substantially larger in scale or have increased running costs posing barriers to access to family housing. Equally, within new build development a proportion of notionally 4-bedroom properties will in-fact simply provide for flexibility in terms of living space or opportunities for home-working rather than necessarily representing an inefficient use of land or facilitating under-occupation.
- 8.37 One additional recommendation arising from the modelled housing mix in terms of policy choices for both Councils reflects that the provision of 4+ bedroom households as part of new development would support a more flexible approach to make the best use of existing stock to diversify supply. Changes in overall patterns of supply

and demand are likely to be relatively limited in terms of the effect on total stock. This recommendation is nevertheless consistent with a scenario where boosting supply in accordance with the suggested mix would marginally reduce the effective demand for very large properties taken up by current or prospective households that exceed actual requirements for space (for example as measured by the bedroom standard) that are currently occupied out of necessity due to lack of choice relative to overall growth in total households. The outcomes of any reduction in effective demand would include potential 'downsizing' by existing households and increasing the scope for the same property to address other aspects of market demand (such as through sub-division).

- 8.38 Both Councils are advised to monitor trends in the sub-division of pre-existing larger dwellings and/or their use as houses in multiple accommodation (or other multi-family property). Policies within the development plan could also be updated or introduced to consider how suitable opportunities for this pattern of development can be appropriately managed to provide further flexibility in the stock of 1 or 2-bed and studio accommodation.
- 8.39 Bringing forward a greater proportion of smaller dwellings would be likely to assist in supporting turnover in the market, affordability and encouraging 'rightsizing' for older households. It is important to note that the evidence is that older households who occupy larger family market housing are, where it is available, making the choice to move into specialist housing where they can have an escalating level of care when it is required.
- 8.40 This is important as the growth in households is greatest in the '75 and over' age groups (Figure 54) and that the greatest rate of change is households with no children (i.e. couples and single people over 65) and this group are predominately already occupying 3 and 4 bedroomed properties (Figure 55 and Table 30 to Table 33).
- 8.41 Within the context of the overall recommendations on housing mix it is recommended that the suggested 1-bedroom and 2-bedroom proportions within market tenure housing are treated as minima and higher proportions of smaller properties are encouraged, where appropriate. This is likely to depend on the characteristics of individual sites including the scope for incorporating flatted development within the overall housing mix.
- 8.42 Firstly, this partly responds to affordability pressures as there are many more households within the 'rent/buy' gap who may be able to rent privately but are unable to afford home ownership than may be able to find routes for affordable home ownership. The occupancy profile for these households – whether seeking

opportunities to rent or buy – is more likely to correspond to taking up 1-2 bedroom properties.

- 8.43 Secondly, the HEDNA Update does not recommend that delivery of any smaller 1 and 2 bedroom market specialist older persons housing products should be ‘netted off’ from the suggested growth in 1-bed and 2-bed households within the projected housing mix. This is because there are presently very limited incidence for this type of housing to influence existing occupancy patterns. While such patterns of development may significantly assist in freeing up family housing and potentially addressing underoccupancy of existing housing stock this should not detract from demand for smaller general needs market and affordable housing to further diversify stock.
- 8.44 The degree to which new general market housing will be attractive to these existing residents to encourage them to "right size" is limited. In Section 9 of this report it is recommended that a positive policy approach is adopted to providing the right type of specialist accommodation in terms of both tenure and level of care in order that these residents have a greater choice in terms of how and when to ‘right size’. This will have the benefit of releasing cheaper second hand family housing back onto the market.
- 8.45 Both Councils should nonetheless also encourage the provision of higher proportions of 1-bed and 2-bed properties that provide for age-inclusive design as part of the overall housing mix for general needs housing where this provides additional opportunities for ‘right-sizing’ and would optimise the range of opportunities for net additions in the supply of smaller homes to relieve pressure in the wider market.
- 8.46 New development of affordable family sized housing could help to alleviate current pressures and address expected future trends in family households in this sector.
- 8.47 For affordable rented housing, the future tenure mix taking account of stakeholder feedback and needs for family housing may support diversifying the existing stock and pattern of lettings of predominantly 1 and 2-bed properties to include a slightly higher proportion of 2-bed, 3-bed and 4-bed units relative to the proportion of 1-bed units. Based on the housing mix recommendations set out in Table 36 and Table 38, it is suggested that the Councils set a combined policy target for 1-2 bedroom affordable/social rent properties (around 80%) and that the Councils work with Registered Providers and developers to achieve an approximate 50/50 split by bedroom number. However, this should be applied flexibly where it might optimise the overall delivery of housing and supply of affordable homes.

- 8.48 It would, for example, be reasonable to reflect that achieving the modelled totals (assumed to be provided as flats) specifically for 1-bedroom affordable housing for rent may be impractical depending on the mix of dwellinghouses and flats in some typologies of development. Furthermore, concentrating certain types of provision by tenure (for example 1-bedroom flats) may be contrary to achieving mixed and balanced communities and providing a variety of property types and sizes across all tenures. It may therefore be assumed that most flatted and mixed development typologies would support a higher proportion of 2+ bedroom affordable homes for rent than generated by the modelling process.
- 8.49 For intermediate affordable housing, prioritising the provision of 2-bed and 3-bed property would balance affordability considerations with the needs of young families and reflect existing trends in the private rented sector. Within Hastings this would reflect supporting a lower proportion of one-bedroom properties than specifically indicated via the modelling.
- 8.50 Reflecting the overall average occupancy profile across the rental and owner occupied tenures for market housing generates a more balanced profile of 2-bed and 3-bed properties but does not specifically project forward growth in the private rented sector which contains a much higher proportion of smaller properties and may be less suited to meeting the longer-term needs of younger households. Growth in the private rented sector may inhibit the availability and turnover of stock to maintain modelled occupancy trends (for example limiting access to larger properties for growing families). Larger households seeking to meet needs within the private rented sector may be exposed to greater affordability pressures.
- 8.51 In these circumstances optimising the provision of 3+ bedroom properties within the mix of new development (generally assumed to provide for market sale or affordable housing for rent or ownership rather than private rent) at levels that broadly correspond to the profile of existing stock could provide an important means of providing flexibility within the total housing stock and relieving some pressure on this part of the market. This could be particularly important if the modelled occupancy trends amongst older households are expected to remain broadly unchanged in terms of barriers to downsizing and potentially occupying larger properties than strictly required until later in life i.e., further limiting the turnover in stock.
- 8.52 In the Rother sub-areas, Rye Rural has the greatest older population (35.5% aged 65+), compared with Ticehurst and Battle whose populations aged 65+ are 25.7% and 25.6% respectively (Census 2021). This may have implications for requirements for smaller properties to encourage rightsizing for older residents.

9 MEETING THE HOUSING NEEDS OF OLDER PEOPLE

Summary

- The housing needs of older people in Hastings and Rother have been assessed using a model developed by the Strategic Planning Research Unit (SPRU) at DLP Planning. Details of this model are presented in Appendix E.
- This models older persons housing needs in the two districts. It is based upon the projections derived for the Local Housing Need of the districts and as such it is not an additional housing need but a sub set of the overall housing need.
- While projections identify “new” one or two persons households some of these “new” households will be existing 3 or 4 persons households which are dissolving to create more than one household (for example when a child leaves the family home creating a 1 person and a two person household from the 3 person household or a two person household becoming a one person household through the death of a partner). This means than many of the “new” older persons households of one or two persons are already residing in existing accommodation. In the case of market accommodation this is likely to be housing with 3 or more bedrooms. It must be understood therefore that Model seeks to identify the level of provision of specialist older persons housing to meet the needs of these households, and in doing so, will release existing properties onto the second hand market to meet the needs of other generations.
- Based on the 2018-SNPP there is expected to be a 74% increase in the population aged 75+ in Hastings by 2043 and a 69% increase in Rother.
- The Standard Method Projection on which the future older persons housing need has been modelled projects an increase 105% increase in the population aged 75+ in Hastings by 2044 and an 82% increase in Rother.
- This assessment identifies a net need for **specialist older persons accommodation** in Hastings of **1,674 units between 2023 and 2044** (80 units per year) and in Rother of **3,542 units between 2023 and 2044** (169 units per year).

- This assessment identifies a range of net additional need for **care and nursing bed provision by 2044**. In Hastings the need is between **210 (continued declining prevalence rates) and 742 beds (constant prevalence rates)**. In Rother the need by 2044 is between **an oversupply of 137 beds (continued declining prevalence rates) and 800 beds (consistent prevalence rate)**.

Introduction

9.1 National Planning Practice Guidance states that:

“The need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing. In mid-2016 there were 1.6 million people aged 85 and over; by mid-2041 this is projected to double to 3.2 million. Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking.”

9.2 The PPG recognises that for plan-making purposes, strategic policy-making authorities will need to determine the needs of people who will be approaching or reaching retirement over the plan period, as well as the existing population of older people. In respect of the evidence to be considered when identifying the housing needs of older people, the PPG states:

“The age profile of the population can be drawn from Census data. Projections of population and households by age group can also be used. The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ (Strategic Housing for Older People Analysis Tool), which is a tool for forecasting the housing and care needs of older people. Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.”

9.3 Both policy and guidance are clear in the importance of addressing the needs of older people which are described as being “critical”. It is also clear that there needs to be a widening of the choice of the type of provision of specialist housing for older persons so that a better choice of accommodation is available.

9.4 The PPG⁶² goes on to require that plans need to provide for specialist housing for older people where a need exists.

⁶² Paragraph: 012 Reference ID: 63-012-20190626

- 9.5 There is also a requirement for local authorities to take a positive approach to schemes for specialist housing for older persons where they propose to address an identified unmet need for specialist housing.
- 9.6 This HEDNA Update is based upon an analysis of provision which uses the following definitions of tenures of older persons housing derived from the Elderly Accommodation Counsel (EAC) directory of specialist housing which has four main broad categories:
- **Age-exclusive** (i.e., designated for older people, but with no specific support or care provision).
 - **Sheltered housing** for rent, retirement housing for sale, and some shared housing models such as Abbeyfield houses.
 - **Enhanced sheltered housing, and assisted living**; Provides residents with the independence of having their own front door and self-contained flat whilst also having access to some on-site support service. Most developments will have scheme manager and alarm systems in the property, there may also be some personal care and home help services that can be arranged by the management.
 - **24/7 extra care housing** (both care and support are available). These schemes provide a more intensive level of support than traditional sheltered housing for older people who need some personal care or other types of help, but who are otherwise able to live safely and independently on their own. There will usually be at least one member of staff on hand 24 hours a day. Additional facilities are often available to cater for people who are not able to get out regularly, perhaps including a restaurant, shop, gym or hobby room.
- 9.7 The final conclusions will combine these categories to reflect the definitions in the NPPF (Paragraph: 010 Reference ID: 63-010-20190626) as set out below, but it will also make the distinction between the need for market and social housing within each of these categories as research suggests that there are different levels of need dependent upon tenure:
- Age-restricted general market housing
 - Retirement living or sheltered housing
 - Extra care housing or housing-with-care
 - Residential care homes and nursing homes

Indicators of Older Persons Housing Need

The population projections (2018 SNPP and LHN)

9.8 The figures below illustrate how according to the most recently available sub national population projections (ONS: 2018 SNPP) the population in both Hastings and Rother is projected to grow but the older age groups are projected to become a much larger part of the population.

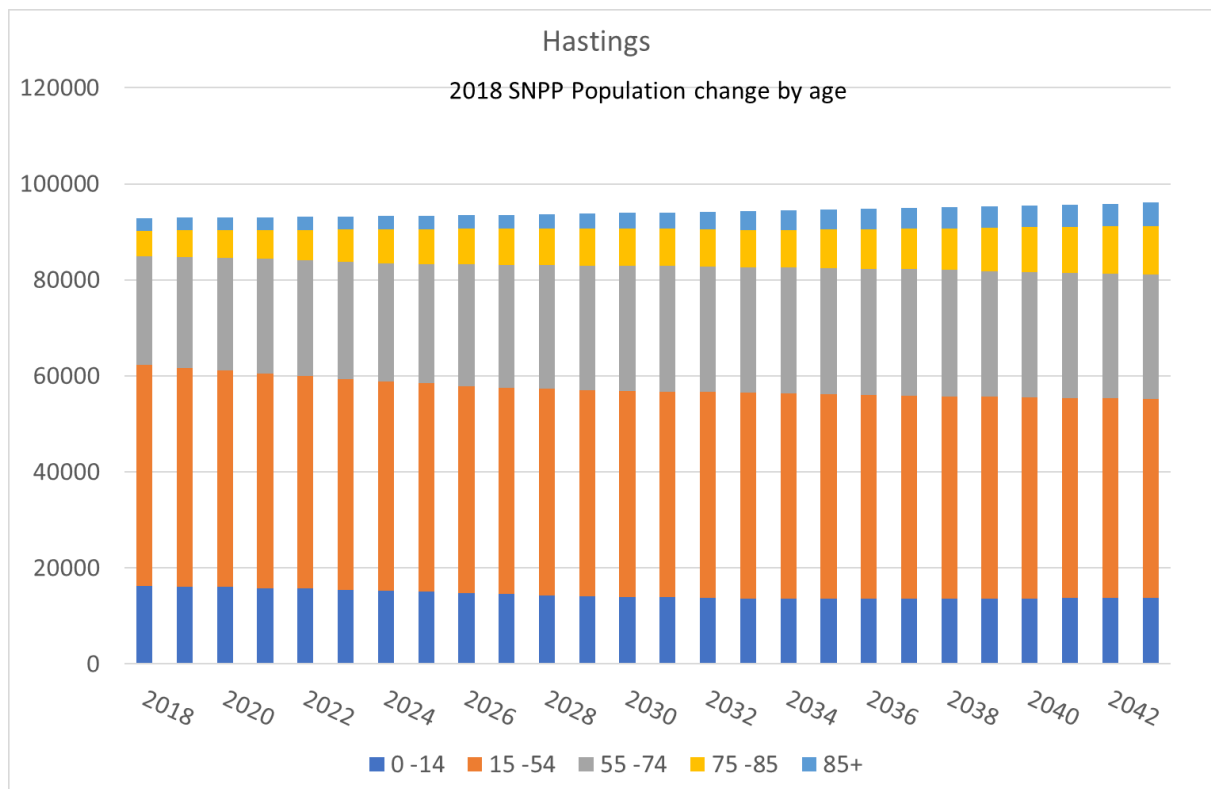


Figure 61: Population Change in Hastings by Age
2018 SNPP ONS

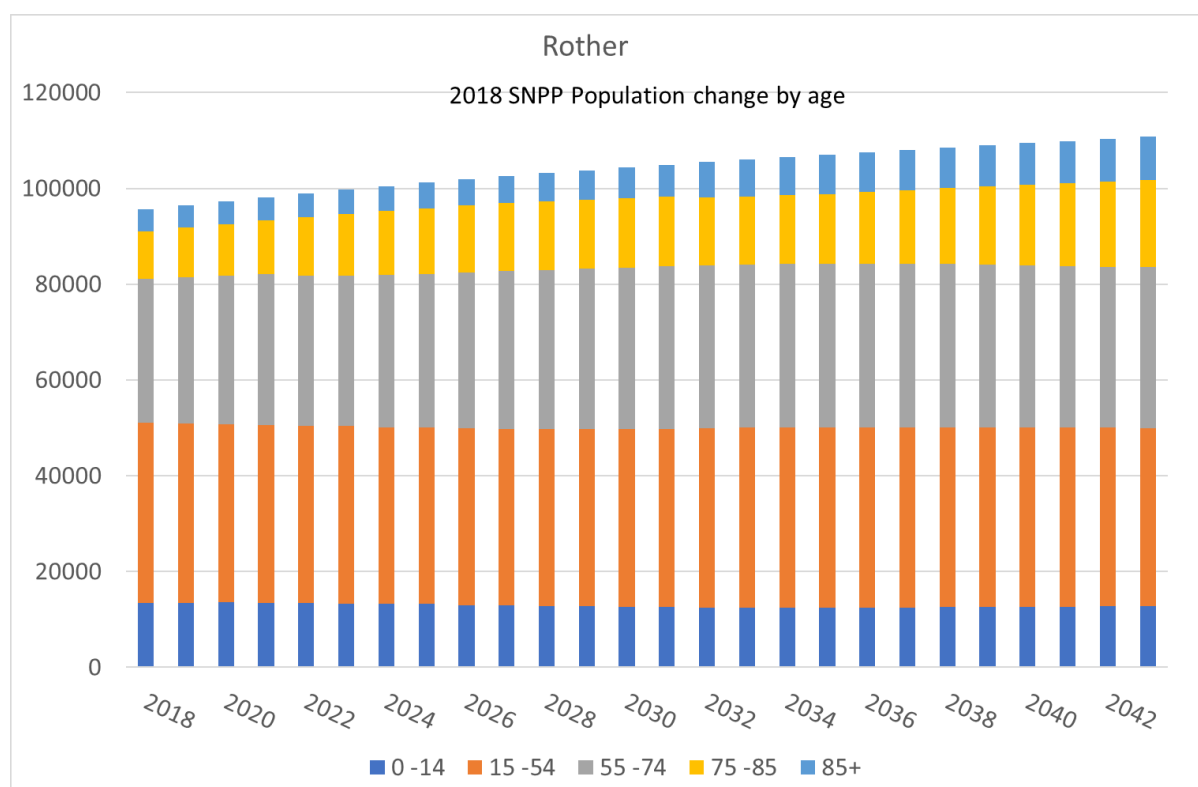


Figure 62: Population Change in Rother by Age
2018 SNPP ONS

- 9.9 As shown in the table below, according to the 2018 SNPP projections the population in Hastings that is over 75 years in age is projected to rise from 8,564 persons in 2021 to 14,900 persons in 2043. This is an increase of 6,336 persons equating to a 74% increase in the population aged over 75 in the district.

Table 44: Summary of 2018 Sub national projections for Hastings

Hastings	2021	2039	2043	Change	Percentage Change
0 -14	15,833	13,651	13,827	-2,007	-13%
15 -54	44,664	41,967	41,353	-3,311	-7%
55 -74	23,988	26,226	25,968	1,980	8%
75 -84	5,894	9,002	10,035	4,141	70%
85+	2,670	4,502	4,865	2,195	82%
75+	8,564	13,504	14,900	6,336	74%

Source: SNPP 2018

- 9.10 The table below shows that according to the 2018 SNPP projections, the population in Rother that is over 75 years in age is projected to rise from 16,062 persons in 2021 to 27,214 persons in 2043. This is an increase of 11,153 persons equating to a 69% increase in the population aged over 75 in the district.

Table 45: Summary of 2018 Sub national projections for Rother

Rother	2021	2039	2043	Change	Percentage Change
0 -14	13,517	12,585	12,790	-727	-5%
15 -54	37,024	37,463	37,193	169	0%
55 -74	31,521	34,002	33,614	2,093	7%
75 -84	11,185	16,344	18,081	6,896	62%
85+	4,876	8,580	9,133	4,257	87%
75+	16,062	24,924	27,214	11,153	69%

Source: SNPP 2018

- 9.11 The implications of delivering the full Local Housing Needs (LHN) as calculated by the Standard Method has been modelled and the results are set out in the tables below. This models higher levels of older persons in both districts.

Table 46: Summary of LHN projections for Hastings (including institutional population)

LHN	2021	2039	2044	Change	Percentage Change
0 -14	15,400	15,313	16,080	680	4%
15 -54	44,600	46,392	47,470	2,870	6%
55 -74	23,100	26,812	27,132	4,032	17%
75 -84	5,800	9,423	10,940	5,140	89%
85+	2,200	4,764	5,457	3,257	148%
75+	8,000	14,187	16,397	8,397	105%

Source: Dwelling-led LHN (HH-14R) (Edge Analytics)

Table 47: Summary of LHN projections for Rother (including institutional population)

Rother LHN	2021	2039	2044	Change	Percentage Change
0 -14	12,841	14,020	14,908	2,066	16%
15 -54	35,815	41,066	42,724	6,909	19%
55 -74	29,495	33,355	33,833	4,338	15%
75 -84	10,534	15,855	18,057	7,523	71%
85+	4,414	8,189	9,128	4,713	107%
75+	14,948	24,045	27,185	12,236	82%

Source: Dwelling-led LHN (HH-14R) (Edge Analytics)

- 9.12 The SNPP projections suggest a substantial increase in the over 75 population in both districts. The LHN modelling results in a further increase in the number of 75+ population. For Rother the 75+ population is projected to increase from 14,948 in 2021 to 27,185 in 2044. For Hastings, the LHN model results in an increase in the 75+ population from 8,000 in 2021 to 16,397 in 2044.
- 9.13 The LHN based projections increase the population in all age categories including those in the 75+ age group, which will have an impact on the rising need for older persons accommodation.

The tenure of existing older persons households

- 9.14 In terms of occupation, the 2021 census identifies that in Hastings there are 874 persons per 1000 who were over 75 years of age occupying a market dwelling (comprising 779 ownership and 95 market rent). This compares with the provision of specialist older persons market housing of 25 units per 1000 of the population over 75. In comparison there are some 110 specialist older person social rented houses per 1000 HRPs over 75 available for the 126 persons per 1000 over the age of 75 who occupy social rented accommodation.
- 9.15 For Rother there is a higher level of market housing occupied by persons aged over 75, with 935 persons per 1000 occupying a market dwelling (comprising 876 persons in ownership and 59 in market rent). There is also a higher level of provision of older persons specialist market units, with some 56 units per 1000 persons over 75. This contrasts with the 41 specialist older persons social rented units per 1000 persons

over 75 that are available for the 65 persons per 1000 over the age of 75 who occupy social rented accommodation.

9.16 This means that in both Hastings and Rother, most people aged over 75 live in market housing, the majority of which are owner-occupied. Only a small proportion of those people live in specialist older persons market housing. Comparatively, a higher proportion of people aged over 75 living in social rented accommodation occupy specialist older persons social rented housing compared to those owner occupiers and market renters who live in specialist older persons market housing.

9.17 The figures below illustrate the level of specialist older persons housing provision for each tenure.

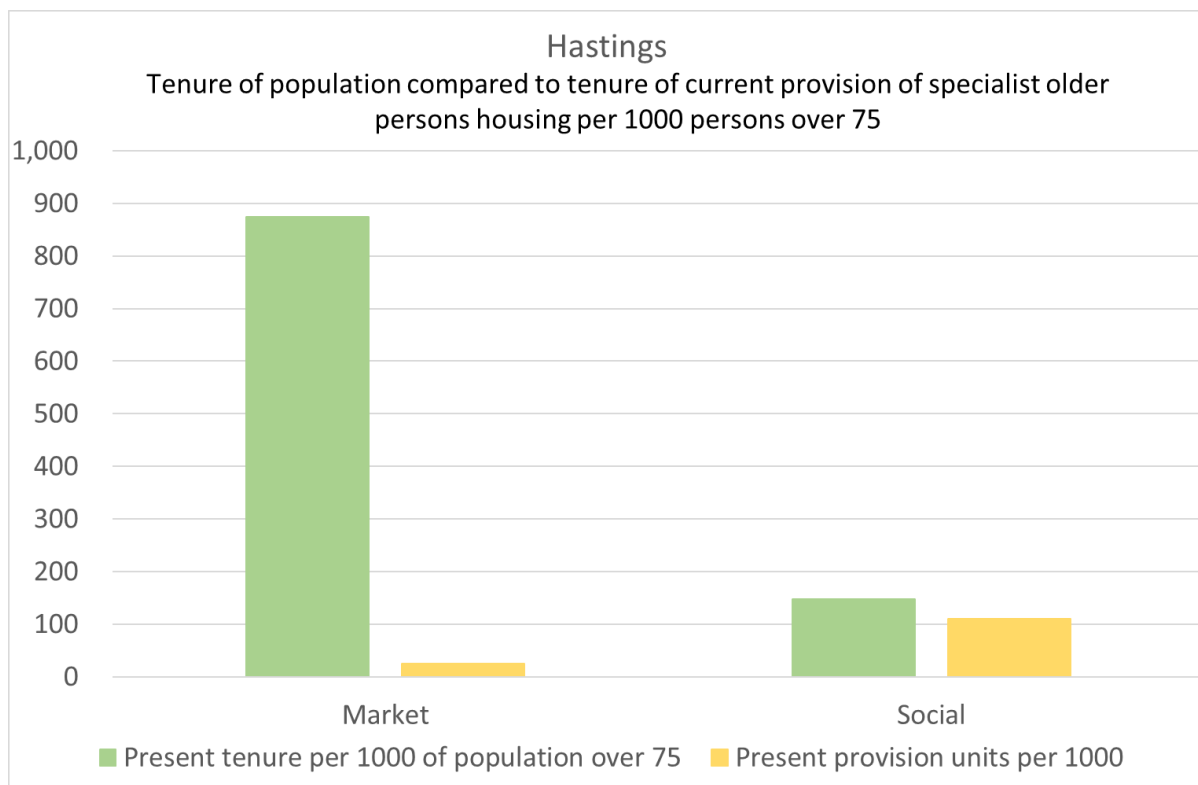


Figure 63: Older Persons Housing: Current tenure of population compared to current specialist provision by tenure in Hastings
Census 2021: SPRU/ONS/EAC

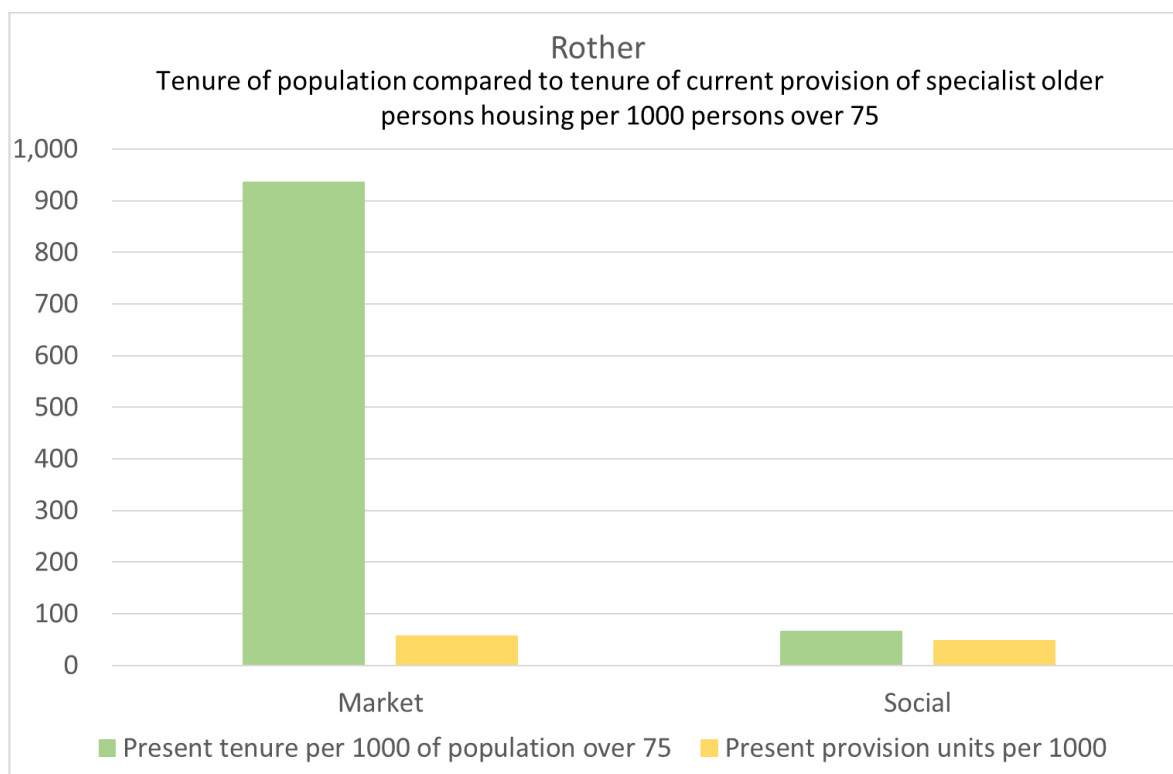


Figure 64: Older Persons Housing: Current tenure of population compared to current specialist provision by tenure in Rother
Census 2021: SPRU/ONS/EAC

Health and Disability of Older Persons by tenure

- 9.18 In Hastings there were 446 persons per 1000 over 75 years in age resident in market housing who were deprived in health and disability (Census 2021). This compares with the provision of 25 units per 1000 in terms of all specialist older persons market housing and no provision of specialist older persons market housing with care. There were 79 persons per 1000 aged over 75 residing in social housing who were deprived in health and disability compared with specialist older persons social housing provision of 110 units per 1000 (but just 5 units per 1000 provided care).
- 9.19 The position in Rother is that there were 449 persons per 1000 over 75 years in age resident in market housing who were deprived in health and disability compared with the provision of 56 units per 1000 in terms of all specialist older persons market accommodation but at present there is no provision of specialist older persons market housing with care. There were 41 persons per 1000 over 75 residing in social housing who were deprived in health and disability compared with specialist older persons social housing provision of 56 specialist older persons social rented units per 1000, with just 7 units per 1000 providing care.

9.20 This suggests that the availability of any type of specialist older persons housing is proportionally much more limited for those occupying market properties who are deprived in health and disability and wish to maintain their present tenure when compared to those who reside in the social rented sector.

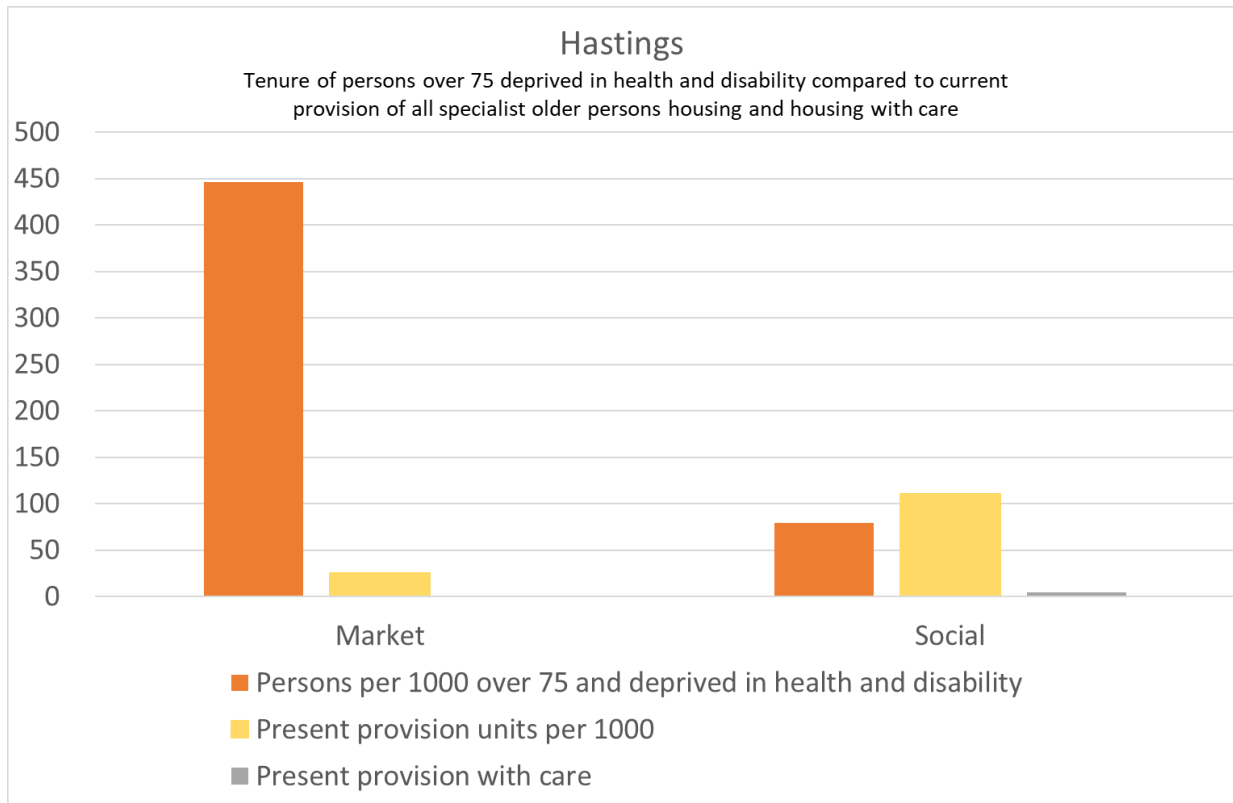


Figure 65: Older persons Housing: Mobility and Health by tenure compared to current provision in Hastings
Census 2021: SPRU/ONS/EAC

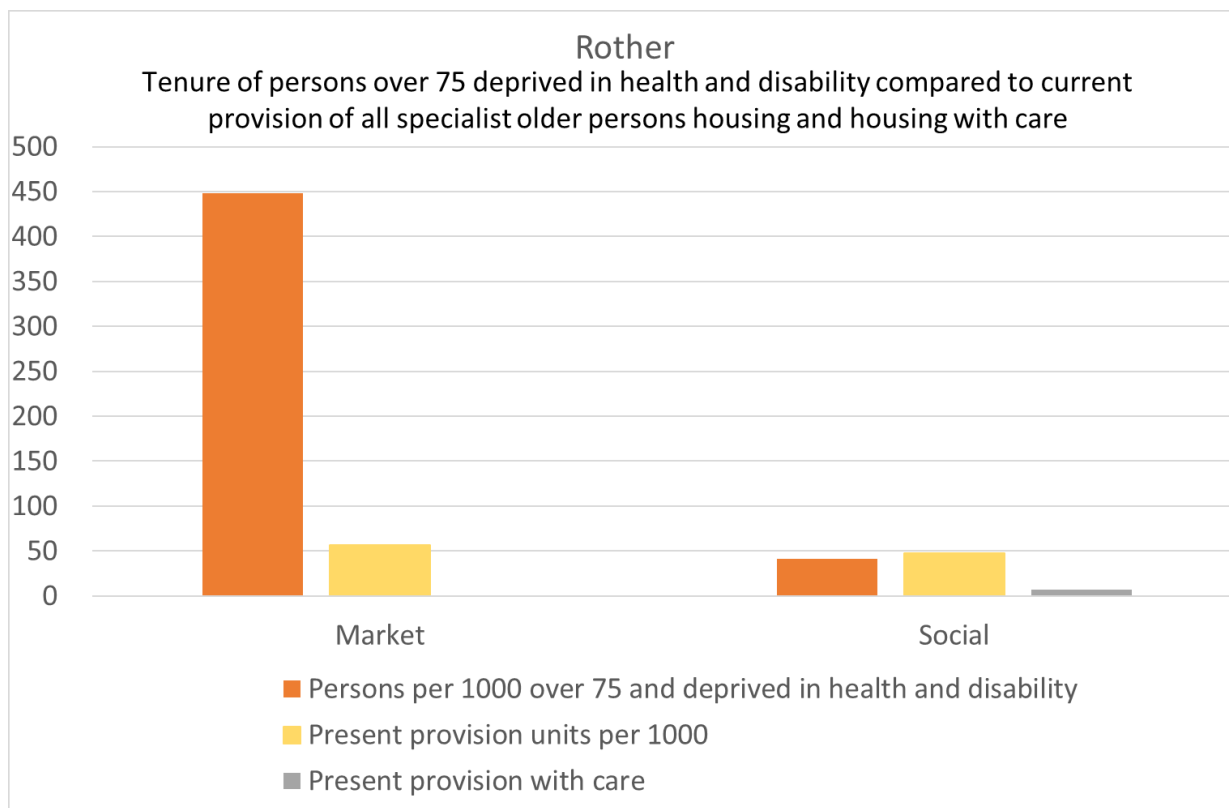


Figure 66: Older persons Housing: Mobility and Health by tenure compared to current provision in Rother
Census 2021: SPRU/ONS/EAC

Dwelling size and type of older persons households

- 9.21 In 2021, 7% of all residents in Hastings were over 75 and residing in properties that had 3 or more bedrooms. This compares with a higher proportion of 7.6% for England. By contrast, in Rother some 11.3% of all residents were over 75 residing in properties that had 3 or more bedrooms.
- 9.22 This means in Hastings there are 3,503 owner occupiers over 75 residing in market dwellings with 3 or more bedrooms. In Rother there are 3,589 owner occupiers over 75 residing in market dwellings with 3 or more bedrooms. Very few residents over 75 who reside in social rented accommodation occupy dwellings with 3 bedrooms or more in either Hastings or Rother.

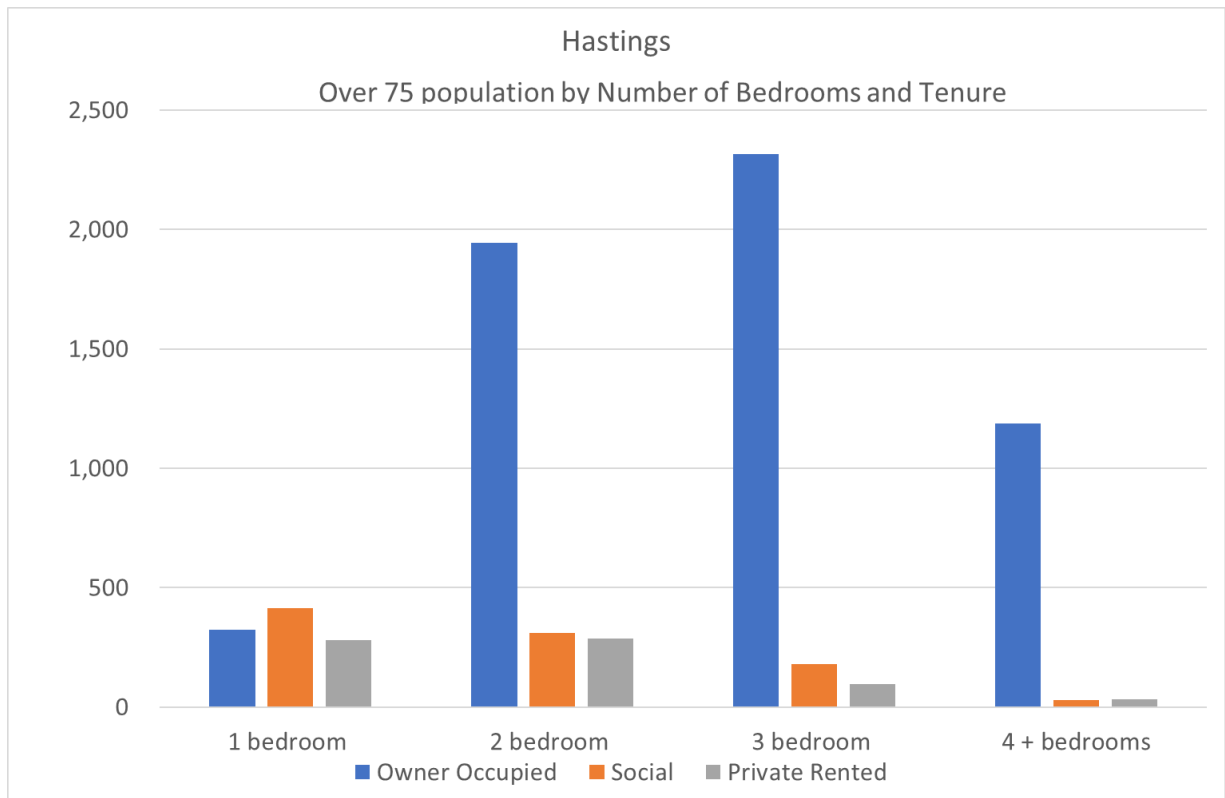


Figure 67: Hastings residents over 75 by number of bedrooms in dwelling and tenure
Census 2021

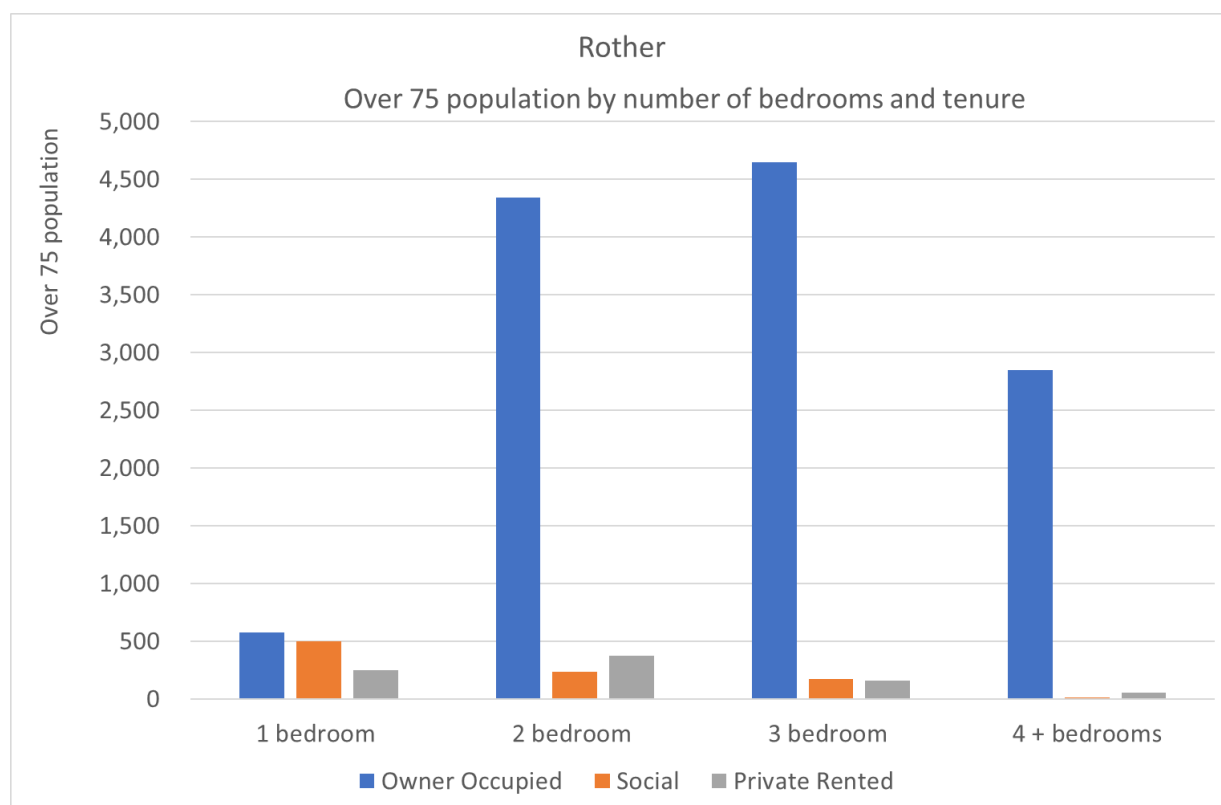


Figure 68: Rother residents over 75 by number of bedrooms in dwelling and tenure
Census 2021

Dwelling Occupancy by tenure and age of population

9.23 The tables below shows that age of residents residing in different tenures in properties that are being under and over occupied.

9.24 The definition of occupancy in the 2021 census is as follows:

“Whether a household's accommodation is overcrowded, ideally occupied or under-occupied. This is calculated by comparing the number of bedrooms the household requires to the number of available bedrooms.

The number of bedrooms the household requires is calculated according to the Bedroom Standard, where the following should have their own bedroom:

1. adult couple
2. any remaining adult (aged 21 years or over)
3. two males (aged 10 to 20 years)

4. one male (aged 10 to 20 years) and one male (aged 9 years or under), if there are an odd number of males aged 10-20
5. one male aged 10-20 if there are no males aged 0-9 to pair with him.
6. repeat steps 3-5 for females
7. two children (aged 9 years or under) regardless of sex
8. any remaining child (aged 9 years or under)

An occupancy rating of:

- -1 or less implies that a household's accommodation has fewer bedrooms than required (overcrowded)
- +1 or more implies that a household's accommodation has more bedrooms than required (under-occupied)
- 0 suggests that a household's accommodation has an ideal number of bedrooms"

- 9.25 The tables below illustrate that, for both authorities, owner occupied properties are mostly under occupied by the census definition and the level of underoccupancy increases as the age of the residents increases. Over 90% of owner occupiers over the age of 75 under occupy their property.
- 9.26 While underoccupancy also increases with age in social rented and private rented tenures, this is less pronounced.

Table 48: Hastings - Occupancy by tenure and age of residents

Number	Occupancy rating of bedrooms: +2 or more	Occupancy rating of bedrooms: +1	Occupancy rating of bedrooms: 0	Occupancy rating of bedrooms: -1 or less	Total
Owner occupied					
Aged 16 to 24 years	38	55	35	3	131
Aged 25 to 34 years	474	721	398	42	1,635
Aged 35 to 44 years	860	1,240	741	65	2,906
Aged 45 to 54 years	1,578	1,729	982	125	4,414
Aged 55 to 64 years	2,616	1,919	784	74	5,393
Aged 65 to 74 years	2,426	1,451	430	37	4,344
Aged 75 years and over	2,188	1,655	413	12	4,268
Social rented					
Aged 16 to 24 years	7	16	128	23	174
Aged 25 to 34 years	19	70	548	149	786
Aged 35 to 44 years	23	137	553	126	839
Aged 45 to 54 years	96	295	545	114	1,050
Aged 55 to 64 years	140	336	592	63	1,131
Aged 65 to 74 years	140	291	529	16	976
Aged 75 years and over	128	261	417	9	815
Private rented or living rent free					
Aged 16 to 24 years	27	113	312	26	478

Aged 25 to 34 years	158	745	1,516	204	2,623
Aged 35 to 44 years	180	792	1,357	218	2,547
Aged 45 to 54 years	241	752	1,272	174	2,439
Aged 55 to 64 years	178	641	962	63	1,844
Aged 65 to 74 years	104	399	544	21	1,068
Aged 75 years and over	71	225	280	12	588
%	Occupancy rating of bedrooms: +2 or more	Occupancy rating of bedrooms: +1	Occupancy rating of bedrooms: 0	Occupancy rating of bedrooms: -1 or less	Total
Owner Occupied					
Aged 16 to 24 years	29%	42%	27%	2%	100%
Aged 25 to 34 years	29%	44%	24%	3%	100%
Aged 35 to 44 years	30%	43%	25%	2%	100%
Aged 45 to 54 years	36%	39%	22%	3%	100%
Aged 55 to 64 years	49%	36%	15%	1%	100%
Aged 65 to 74 years	56%	33%	10%	1%	100%
Aged 75 years and over	51%	39%	10%	0%	100%
Social rented					
Aged 16 to 24 years	4%	9%	74%	13%	100%
Aged 25 to 34 years	2%	9%	70%	19%	100%
Aged 35 to 44 years	3%	16%	66%	15%	100%
Aged 45 to 54 years	9%	28%	52%	11%	100%
Aged 55 to 64 years	12%	30%	52%	6%	100%

Aged 65 to 74 years	14%	30%	54%	2%	100%
Aged 75 years and over	16%	32%	51%	1%	100%
Private rented or living rent free					
Aged 16 to 24 years	6%	24%	65%	5%	100%
Aged 25 to 34 years	6%	28%	58%	8%	100%
Aged 35 to 44 years	7%	31%	53%	9%	100%
Aged 45 to 54 years	10%	31%	52%	7%	100%
Aged 55 to 64 years	10%	35%	52%	3%	100%
Aged 65 to 74 years	10%	37%	51%	2%	100%
Aged 75 years and over	12%	38%	48%	2%	100%

Source: 2021 Census

Table 49: Rother - Occupancy by tenure and age of residents

Number	Occupancy rating of bedrooms: +2 or more	Occupancy rating of bedrooms: +1	Occupancy rating of bedrooms: 0	Occupancy rating of bedrooms: -1 or less	Total
Owner occupied					
Aged 16 to 24 years	41	49	29	3	122
Aged 25 to 34 years	406	651	309	33	1,399
Aged 35 to 44 years	772	973	539	60	2,344
Aged 45 to 54 years	1,866	1,670	806	104	4,446
Aged 55 to 64 years	3,590	2,138	703	92	6,523
Aged 65 to 74 years	4,276	2,300	488	27	7,091
Aged 75 years and over	4,773	3,531	727	16	9,047
Social rented					
Aged 16 to 24 years	2	15	71	12	100
Aged 25 to 34 years	8	45	335	111	499
Aged 35 to 44 years	10	92	346	93	541
Aged 45 to 54 years	62	233	433	83	811
Aged 55 to 64 years	113	269	390	38	810
Aged 65 to 74 years	99	194	431	18	742
Aged 75 years and over	104	196	487	5	792
Private rented or living rent free					
Aged 16 to 24 years	16	87	135	16	254

Aged 25 to 34 years	111	420	628	59	1,218
Aged 35 to 44 years	125	493	625	92	1,335
Aged 45 to 54 years	179	513	646	84	1,422
Aged 55 to 64 years	229	485	400	33	1,147
Aged 65 to 74 years	164	340	264	3	771
Aged 75 years and over	124	294	259	4	681
%	Occupancy rating of bedrooms: +2 or more	Occupancy rating of bedrooms: +1	Occupancy rating of bedrooms: 0	Occupancy rating of bedrooms: -1 or less	Total
Owner occupied					
Aged 16 to 24 years	29%	42%	27%	2%	100%
Aged 25 to 34 years	29%	44%	24%	3%	100%
Aged 35 to 44 years	30%	43%	25%	2%	100%
Aged 45 to 54 years	36%	39%	22%	3%	100%
Aged 55 to 64 years	49%	36%	15%	1%	100%
Aged 65 to 74 years	56%	33%	10%	1%	100%
Aged 75 years and over	51%	39%	10%	0%	100%
Social rented					
Aged 16 to 24 years	4%	9%	74%	13%	100%
Aged 25 to 34 years	2%	9%	70%	19%	100%
Aged 35 to 44 years	3%	16%	66%	15%	100%
Aged 45 to 54 years	9%	28%	52%	11%	100%
Aged 55 to 64 years	12%	30%	52%	6%	100%

Aged 65 to 74 years	14%	30%	54%	2%	100%
Aged 75 years and over	16%	32%	51%	1%	100%
Private rented or living rent free					
Aged 16 to 24 years	6%	24%	65%	5%	100%
Aged 25 to 34 years	6%	28%	58%	8%	100%
Aged 35 to 44 years	7%	31%	53%	9%	100%
Aged 45 to 54 years	10%	31%	52%	7%	100%
Aged 55 to 64 years	10%	35%	52%	3%	100%
Aged 65 to 74 years	10%	37%	51%	2%	100%
Aged 75 years and over	12%	38%	48%	2%	100%

Source: 2021 Census

- 9.27 The above tables illustrate that there are a large number of residents over the age of 75 who are under occupying dwellings in terms of the number of bedrooms.
- 9.28 In these circumstances the provision of specialist accommodation for older people in the context of the wider housing market is important. Such accommodation allows the market to work more efficiently, by releasing family housing.
- 9.29 At the national level, there is a recognition in the NPPF (paragraph 63) that the needs of older persons should be considered and reflected in planning policies and that these should encompass the full range of retirement and specialised housing including housing with care (Annex 2).
- 9.30 The evidence suggests that older persons moving or “rightsizing” into specialist accommodation is a sideways move in the housing market which releases family housing (3+ bedrooms) into the housing market and that this benefits not just the older households but extends across the housing market including to first time buyers.

- 9.31 In considering the benefits of specialised accommodation for older people provision, the Government, recent research⁶³ and appeal decisions⁶⁴ all highlight the importance of adopting a ‘whole chain’ view of the housing market – recognising that helping the private sector serve older people at the top of the ladder will have a trickle-down effect of unlocking supply, benefiting those at every other step of the ladder.
- 9.32 Extra Care is, according to research, likely to release the same number family houses (of 3 bedrooms or more) as Extra Care units delivered. In respect of more local impacts, research suggests that some 60% of those who take up these units will have moved less than 10 miles thereby resulting in the release family homes locally⁶⁵.

Conclusion on indicators of need

- 9.33 In conclusion, there are significant drivers of need for older persons market housing in the authorities of Hastings and Rother. These include:
- The increase in the population who will be over 75 years of age by 2043 according to the 2018 SNPP (74% in Hastings and 69% in Rother);
 - The disparity between the availability of all types of specialist older people market housing available to homeowners compared to the availability for social renters;
 - The low level of provision of specialist older persons market accommodation when compared to the proportion of the over 75 population presently residing in the market sector but who experience limited mobility or poor or very poor health.
 - The number of persons over 75 who are occupying dwellings with 3 beds or more.
- 9.34 Recommendations on the implications of these indicators of need for planning policy are provided at the end of this chapter.

⁶³ Knight Frank - Senior Living Survey, Senior Living Research (2019)

⁶⁴ Land to the east of Reading Road, Lower Shiplake 65 extra care APP/Q3115/W/19/3220425 14th October 2019 (Decision Letter paragraph 5); Site of the former Hazeldens Nursery, London Road, Albourne, West Sussex BN6 9BL APP/D3830/W/19/3241644 11 September 2020 (Decision Letter paragraph 94); and Little Sparrows, Sonning Common, Oxfordshire RG4 9NY Appeal Ref: APP/Q3115/W/20/3265861 (Decision Letter paragraphs 11 and 130)

⁶⁵ Knight Frank - Senior Living Survey, Senior Living Research (2019), page 5

Calculation of Future Older Persons Housing Needs

- 9.35 This section models the need for specialist older persons housing in the housing market area. It is based upon the projections derived for the Local Housing Need of each authority and as such it is not an additional housing need, but a sub set of the overall housing need.
- 9.36 To assist understanding of this process it should be noted that while projections identify “new” one or two persons households some of these “new” households will be existing 3 or 4 persons households which are dissolving to create more than one household (for example when a child leaves the family home creating a one person and a two person household from the 3 person household or they may be a two person household changing to a one person household through the death or a partner). This means that many of the “new” older persons households of one or two persons are already residing in existing accommodation. As highlighted earlier, in the case of market accommodation this is likely to be housing with 3 or more bedrooms. It must be understood therefore that the model seeks to identify the level of provision of specialist older persons housing to meet the needs of these households, and in doing so, will release of existing properties onto the second hand market to meet the needs of other generations.
- 9.37 The calculation of older persons housing needs is derived from a model developed by the Strategic Planning Research Unit (SPRU) at DLP Planning, as detailed in Appendix E. This includes the application of local prevalence rates. Prevalence rates are the number of units of each tenure type required per 1000 population aged 75+. It is important to note that this approach models forward the decisions made by real households about their future housing needs in their late years.
- 9.38 The tables below set out the implications of applying these prevalence rates to both the most recent government population forecasts (SNPP 2018) and then the higher projections based on the resulting population from the Standard Method (Dwelling-led LHN (HH-14 R)).

Table 50: Existing and future need for older persons accommodation in Hastings (SNPP 2018)

Type	Tenure	Proposed Prevalence rates	2021	2031	2039	2043
Hastings	75 +		8,564	11,189	13,504	14,900
Age Exclusive	Social	14	120	157	189	209
	Market	6	50	65	79	87
Sheltered Housing	Social	42	360	470	567	626
	Market	24	208	272	328	362
Enhanced Sheltered Housing	Social	1	9	11	14	15
	Market	3	25	33	39	43
Extra Care 24/7 support	Social	20	171	224	270	298
	Market	66	565	738	891	983
Total		176	1,507	1,969	2,377	2,623

Source: SPRU/ONS/EAC

Table 51: Existing and future need for older persons accommodation in Rother (SNPP 2018)

Type	Tenure	Proposed Prevalence rates	2021	2031	2039	2043
Rother	75 +		16,062	21,221	24,924	27,214
Age Exclusive	Social	14	225	297	349	381
	Market	7	108	143	168	184
Sheltered Housing	Social	42	675	891	1,047	1,143
	Market	28	452	597	701	765
Enhanced Sheltered Housing	Social	1	16	21	25	27
	Market	3	54	72	84	92
Extra Care 24/7 support	Social	20	321	424	498	544
	Market	76	1,228	1,623	1,906	2,081
Total		192	3,079	4,068	4,778	5,217

Source: SPRU/ONS/EAC/SNPP 2018

Table 52: Existing and future need for older persons accommodation in Hastings (Dwelling-led LHN (HH-14 R))

Type	Tenure	Proposed Prevalence rates	2021	2031	2039	2044
Hastings	75 +		8,000	11,495	14,187	16,397
Age Exclusive	Social	14	112	161	199	230
	Market	6	45	65	80	93
Sheltered Housing	Social	42	336	483	596	689
	Market	24	188	271	334	386
Enhanced Sheltered Housing	Social	1	8	11	14	16
	Market	3	23	32	40	46
Extra Care 24/7 support	Social	20	160	230	284	328
	Market	64	513	736	909	1,051
Total		173	1,385	1,990	2,456	2,838

Source: SPRU/ONS/EAC/Edge Analytics

Table 53: Existing and future need for older persons accommodation in Rother (Dwelling-led LHN (HH-14R))

Type	Tenure	Proposed Prevalence rates	2021	2031	2039	2044
Rother	75 +		14,948	19,966	24,045	27,185
Age Exclusive	Social	14	209	280	337	381
	Market	7	101	135	162	183
Sheltered Housing	Social	42	628	839	1,010	1,142
	Market	28	420	561	676	764
Enhanced Sheltered Housing	Social	1	15	20	24	27
	Market	3	50	67	81	92
Extra Care 24/7 support	Social	20	299	399	481	544
	Market	76	1,143	1,527	1,839	2,079
Total		192	2,866	3,828	4,610	5,212

Source: SPRU/ONS/EAC/Edge Analytics

- 9.39 As is expected the higher level of housing provision from the Standard Method does increase the need for specialist older persons accommodation in the period to 2044.
- 9.40 The need is also greater in Rother than in Hastings, although meeting the need in full for both authorities is likely to be challenging, particularly given the challenges in meeting the overall housing need as calculated by the Standard Method.
- 9.41 The evidence suggests that the fastest growing need is for Extra Care (both social and market).
- 9.42 In considering the scale of potential need it is important to recognise that very little of this specialised provision is required to meet an influx of population as it is predominantly driven by the need to supply many existing residents with a more appropriate type of accommodation for their old age. In both scenarios (in-migration and existing need) the provision of this type of accommodation counts towards meeting the overall housing requirement as set by the Standard Method as the provision of specialist housing will release family housing back into the market.

The existing supply of older persons housing

- 9.43 The existing supply is based on the data provided by the Elderly Accommodation Counsel (March 2023). All the existing facilities are listed in Appendix F.
- 9.44 The breakdown of the existing supply by tenure and type is set out in the table below. This suggests that despite having different levels of population aged over 75, there is a similarity in the overall level of provision between the two districts. What is noticeably lacking in the present supply is housing with care in both tenures. This is an area where there is growing need.

Table 54: Existing supply of specialist older persons accommodation by type and tenure as at March 2023

Type	Tenure	Hastings	Rother
Age Exclusive	Social Landlord	103	69
	Ownership	44	96
Sheltered Housing	Social Landlord	803	583
	Ownership	174	810
Enhanced Sheltered Housing	Social Landlord	0	0
	Ownership	0	0
Extra Care 24/7 support	Social Landlord	40	113
	Ownership*	0	0
Total		1,164	1,671

Source: EAC/SPRU

- 9.45 The tables below compare the existing supply with the projected need both in 2021 and in 2044. This highlights that there is significant unmet need in the private sector of the older persons housing market. It should be noted that the supply has been updated to March 2023, so the net need in 2021 takes into account additions to the supply up to March 2023.

Table 55: Existing supply of and demand for specialist older persons accommodation by type and tenure in Hastings (LHN)

Type	Tenure	Existing Supply	Gross need 2021	Existing net need*	Gross need 2044	Net Need* 2044
Age Exclusive	Social Landlord	103	112	9	230	127
	Ownership	44	45	1	93	49
Sheltered Housing	Social Landlord	803	336	-467	689	-114
	Ownership	174	188	14	386	212
Enhanced Sheltered Housing	Social Landlord	0	8	8	16	16
	Ownership	0	23	23	46	46
Extra Care 24/7 support	Social Landlord	40	160	120	328	288
	Ownership	0	513	513	1,051	1,051
Total		1,164	1,385	221	2,838	1,674

Source: EAC/SPRU, *Based on supply as of March 2023

Table 56: Existing supply of and demand for specialist older persons accommodation by type and tenure in Rother (LHN)

Type	Tenure	Existing Supply	Gross need 2021	Existing net need*	Gross need 2044	Net Need* 2044
Age Exclusive	Social Landlord	69	209	140	381	312
	Ownership	96	101	5	183	87
Sheltered Housing	Social Landlord	583	628	45	1,142	559
	Ownership	810	420	-390	764	-46
Enhanced Sheltered Housing	Social Landlord	0	15	15	27	27
	Ownership	0	50	50	92	92
Extra Care 24/7 support	Social Landlord	113	299	186	544	431
	Ownership	0	1,143	1,143	2,079	2,079
Total		1,671	2,866	1,195	5,212	3,541

Source: EAC/SPRU, *Based on supply as of March 2023.

Potential Supply of Specialist Older Person Housing

- 9.46 In determining the level of future provision to make for specialist older persons housing the councils may wish to take into account schemes that either have planning permission or are being considered although they will need to assess the deliverability of these schemes in accordance with the extant guidance. Summary of the need for Specialist Older Persons Housing
- 9.47 The tables below take into account existing provision as of March 2023 and sets out the net need for specialist older persons housing for both districts based upon the Local Housing Need using the definition in the NPPF. As discussed later the extent to which these needs can be addressed in full will depend upon the availability of suitable and deliverable sites and the competition for such suitable sites from other residential uses.

Table 57: Existing supply of and demand for specialist older persons accommodation by NPPF categories and tenure in Hastings (LHN)

Type	Tenure	Existing Supply	Gross need 2021	Existing net need*	Gross need 2044	Net Need* 2044
Age Exclusive	Social Landlord	103	112	9	230	127
	Ownership	44	45	1	93	49
Sheltered Housing	Social Landlord	803	336	-467	689	-114
	Ownership	174	188	14	386	212
Older Persons Housing with Care	Social Landlord	40	168	128	344	304
	Ownership	0	535	535	1,097	1,097
Total		1,164	1,385	221	2,838	1,674

Source: EAC/SPRU, *Based on supply as of March 2023

Table 58: Existing supply of and demand for specialist older persons accommodation by NPPF categories and tenure in Rother (LHN)

Type	Tenure	Existing Supply	Gross need 2021	Existing net need*	Gross need 2044	Net Need* 2044
Age Exclusive	Social Landlord	69	209	140	381	312
	Ownership	96	101	5	183	87
Sheltered Housing	Social Landlord	583	628	45	1,142	559
	Ownership	810	420	-390	764	-46
Older Persons Housing with Care	Social Landlord	113	314	201	571	458
	Ownership	0	1,194	1,194	2,171	2,171
Total		1,671	2,866	1,195	5,212	3,541

Source: EAC/SPRU, *Based on supply as of March 2023.

The need for care home accommodation for personal and nursing care

- 9.48 The report 'Future options for housing and care: Improving housing that facilitates care and support for older people - Commission on the Role of Housing in the Future of Care and Support – Policy Discussion Paper' (Social Care Institute for Excellence (SICE), Feb 2021) considers pressure within the wider context of older persons' housing.
- 9.49 The focus of the report is not on care homes specifically but considers the fragility of the market and observes that numerous operators are at risk of dropping out of the sector (p.8). This is within the context of the report noting that undersupply of care homes is a component of the current and forecast shortfall in accommodation. It was estimated we will need 71,000 more care home beds in England by 2025 (Lancet, 2017⁶⁶). This estimate specifically reflects the proportion of the older population with medium and high dependency care needs. The nature of the observations is similar to the Grant Thornton Paper referred to in Section 4 of the SICE report but does not include a separate assessment for demand and supply of Care Beds.
- 9.50 References to supply in the SICE Report are sourced from annual research produced by the King's Fund: 'Social Care 360' Factsheets. Essentially these look at the nature of issues within the social care sector and each annual report assesses care home bed provision, showing a declining rate of provision per head of population aged 75+.

⁶⁶ Lancet, Is late-life dependency increasing or not? A comparison of the Cognitive Function and Ageing Studies, 15 August 2017.

Beds per 100 people aged 75+

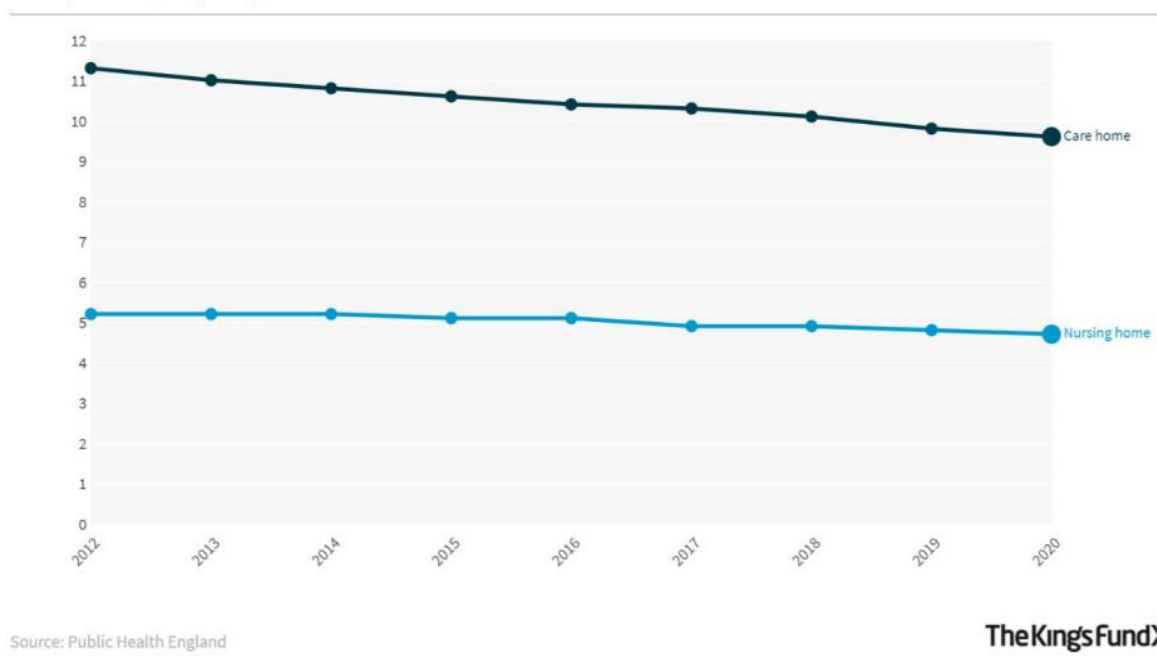


Figure 69: Level of Total Care Beds and Nursing Beds per 100 People Aged 75+ - England
Social Care 360 2021 Figure 6 pp.21

- 9.51 The reports also contain annual regional analysis of change in the number of care beds. This uses data reported nationally by the Care Quality Commission.
- 9.52 The King's Fund website records the following data sources:
- Care home beds per 100 people 75+ and Nursing home beds per 100 people 75+ - as reported by Public Health England: Palliative and End of Life Care Profiles, Public Health England
 - Nursing home beds, by region and Residential home beds, by region (% change by region): Data provided directly by CQC
- 9.53 The Public Health England data also enables reporting of the rate per 100 persons aged 75+ for local authorities and uses the same CQC data that the King's Fund use to record the net change in actual units.
- 9.54 The first issue with the data is that the 'Care Home Beds' total does not count separately the category of 'residential care without nursing' that forms part of the total. This would need to be calculated separately but a proxy can be provided through subtracting the '**with nursing**' figure from the total figure.

9.55 A second issue with both sources is that they are not derived from estimates of care home beds specifically available for older people. The PHE definition used for accommodation is:

“Number of beds in care homes (all; nursing and residential) in each area as reported by Care Quality Care (CQC) on the 31st of March each year.”

9.56 In practice that means that the actual number of beds is likely to be running above the number of residents specifically aged 75+. This inflates the prevalence rate and further work would be required with the CQC data to identify those beds specifically available for older people.

9.57 At the England level what these data mean in practice is that for 2011 the total prevalence rate of care beds per 1000 persons aged 75+ was very similar to the ‘norms’ reported in the ‘More Choice, Greater Voice’ toolkit⁶⁷ (see pp.44-45) (calculated based on 2001 levels):

- A rate of **45 beds per 1000 persons aged 75+ offering nursing with care** reflecting continuing dependency upon this category of provision to support the most physically frail and mentally confused older people but moderated by the awareness that those authorities that initially sought to respond to an ageing population by significantly increasing the ratio of nursing provision have now altered direction.
- A rate of **65 residential care beds per 1000 persons aged 75+** allowing a decline below the current (2001) national average of around 76 places per thousand people. This reflects the capacity to support older people who would otherwise be allocated to residential care in other forms of accommodation, such as extra care housing and improved support to people in their existing home.

9.58 The comparable positions using PHE/CQC data based on the mid-2011 and mid-2020 population aged 75+ are shown in Table 59 below.

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https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCG_Vdocument.pdf

Table 59: Comparison of Total Reported Care Beds per 1000 Persons Aged 75+ and MCGV ‘Norms’

England	MCGV per 1000 75+	PHE/CQC per 1000 75+ (2011)	PHE/CQC per 1000 75+ (2020)
Care with Nursing	45	52	46
Registered Care Home – Personal Care	65	60	48
Total	110	113	94

Source: More Choice Greater Voice / Public Health England

9.59 There has, however, been a notable decrease in actual prevalence rates of accommodation (particularly registered care) compared to the More Choice Greater Voice (MCGV) ‘norms’ between 2011 and 2020. This is shown in Figure 70 below.

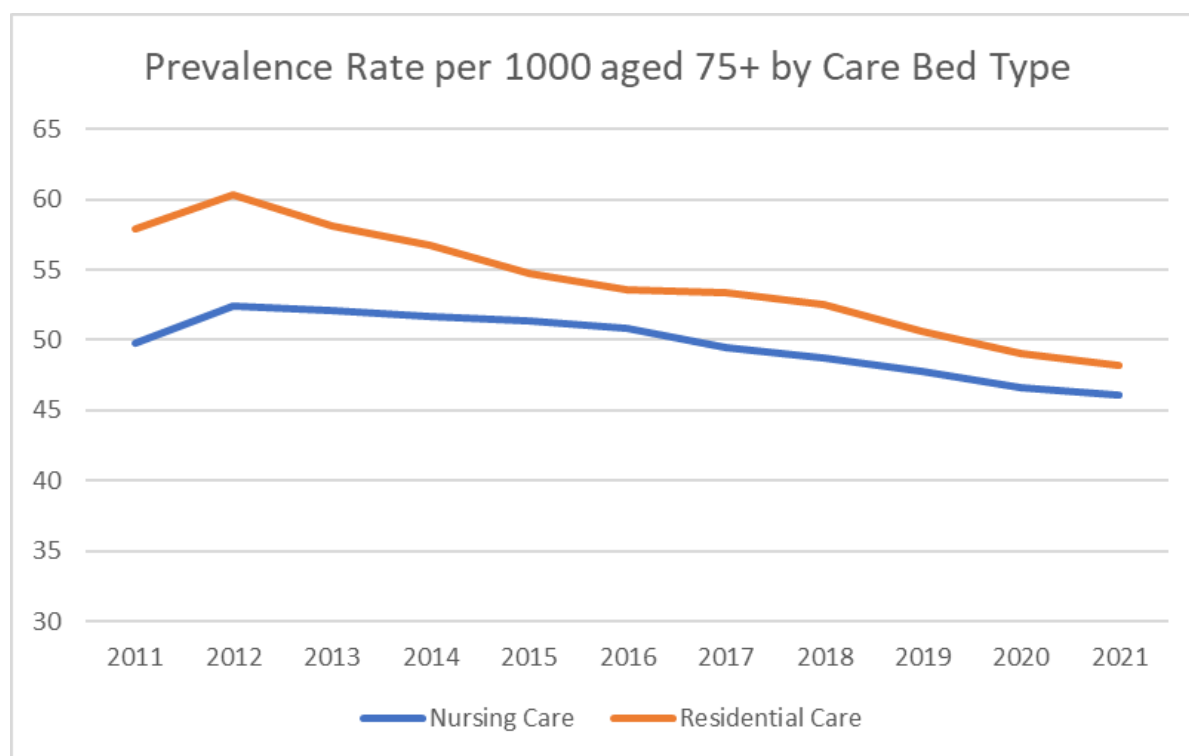


Figure 70: Trend in Rates of Care Bed Provision 2011-2021 - England
PHE; CQC; SPRU Analysis

9.60 The approach will include comparing the level of provision of care beds in each authority with the level of accommodation suggested by the ‘norms’ identified in More Choice, Greater Voice for the total population aged 75+. To undertake this analysis against the projected population aged 75+ in future periods it is also

necessary to look at the pipeline of future supply to provide a figure for total care beds to compare against the MCGV expectations.

Future requirement for care home beds, personal care and nursing

- 9.61 The SPRU approach takes a number of steps to test national prevalence rates⁶⁸ and identify the future requirement for care home beds and nursing beds at a local level. This approach seeks to address the issue that not all care home beds are occupied by older persons and that some are required for temporary convalescence and that there will be a level of vacancy in the system. Not all are permanently occupied.

Step 1

- Step one identifies the number of usual residents in the institutional population who reside in nursing beds and in residential care beds. It then identifies the number of residents in those beds that are over 75 and calculates the percentage of usual residents over 75 compared to total number of residents.
- Applying this percentage to the overall institutional population for 2021 onwards (as calculated by LHN) results in the number of beds occupied permanently by older persons (75+).

Step 2

- The number of nursing beds occupied permanently by those 75+ in 2011 is compared to the total number of nursing beds in 2011. This provides a percentage of residents who are 75+ residing permanently in nursing beds.

Step 3

- By comparing total residents (2011 census) against total provision (from PHE data 2011) the number of beds not occupied on a permanent basis can be calculated.

⁶⁸ National prevalence rates are the number of units of each tenure type required per 1,000 population aged 75+. These include prevalence rates published by More Choice Greater Voice (MCGV), for example, which are an accepted way of calculating future need but are somewhat dated and not locally specific.

Step 4

- Of the non-permanent bed spaces those which are meeting the needs of the older population are assumed to be at the same ratio as the permanent occupancy as calculated under Step 2. This provides an assessment of the non-permanent residents.

Step 5

- The final requirement for nursing care beds is then calculated by applying this percentage uplift to the need for permanent bedspaces.

Step 6

- The prevalence rate is calculated by dividing the resulting requirement by the total population 75+ (from the 2018 SNPP) and multiplying by 1,000.

9.62 The tables below set out these calculations for Hastings and Rother.

Care and Nursing Bed Need for Hastings

Table 60: Hastings Step 1 – Calculation

Census	2011 Census Usual Residents	2011 Census Usual Residents 75+	% of Usual Residents Aged 75+ by bed type	% of Total Population Aged 75+
Nursing Beds	410	289	36.4%	3.9%
Residential Care Beds (Proxy)	891	504	63.6%	6.8%
Total 75 + population				7,452

Table 61: Hastings Steps 2 to 5 Calculation

				Step 2	Step 3	Step 4	Step 5
Census	2011 Census Usual Residents	2011 Census Usual Residents 75+	Total Beds	% Usual Residents Aged 75=	Not Permanently Occupied	Non-Permanent Residents - Aged 75+	% Uplift for non-permanent 75+ beds
Nursing Beds	410	289	555	70.5%	145	102	35.4%
Residential Care Beds (Proxy)	891	504	1,043	56.6%	152	86	17.1%

9.63 The results of the calculation are set out in the table below. These show that if current prevalence rates persist for both Residential Care Beds and Nursing Beds the need is likely to grow alongside the continued projected growth in the institutional population.

Table 62: Hastings need for Care and Nursing Beds

Nursing Beds	2011	2021	2039	2044
Total Population 75+	7,452	8,000	14,187	16,397
Institutional Pop 75+	931	870	1,737	2,000
% of Usual Residents Aged 75+ by bed type - Nursing	36.4%	36.4%	36.4%	36.4%
Nursing Beds 75+	339	317	633	729
% Non-Permanent Nursing beds 75+	35.4%	35.4%	35.4%	35.4%
Non-Permanent Nursing beds 75+	120	112	224	258
Nursing Beds - Total permanent and non-permanent 75+	459	429	857	987
Nursing beds Prevalence Rate 75+	62	54	60	60
Residential Care Beds	2011	2021	2039	2044
Total Population 75+	7,452	8,000	14,187	16,397
Institutional Pop 75+	931	870	1,737	2,000
% of Usual Residents Aged 75+ by bed type - Residential Care	63.6%	63.6%	63.6%	63.6%
Residential Care Beds 75+	592	553	1,104	1,271
% Non-permanent occupancy / Vacancy Rate	17%	17%	17%	17%

Non-permanent occupancy / Vacancy Rate 75+	101	94	188	217
Residential Care Requirement 75+	693	647	1,293	1,488
Residential care Prevalence Rate 75+	93	81	91	91
Summary	2011	2021	2039	2044
Institutional Pop 75+	931	870	1,737	2,000
Nursing Beds - Total permanent and non-permanent 75+	459	429	857	987
Nursing beds Prevalence Rate 75+	62	54	60	60
Residential Care Requirement 75+	693	647	1,293	1,488
Residential care Prevalence Rate 75+	93	81	91	91
Total Care Home Beds 75+	1,152	1,076	2,150	2,475
Care Home Beds Prevalence Rate 75+	155	134	152	151

9.64 The above table calculates the total level of need, and the table below subtracts from this the level of provision as provided by Health England in 2021. This provides an indication of the net level of future provision against which the Council can monitor additions and losses.

Table 63: Hastings: Net need for Care and Nursing Beds assuming SPRU prevalence rates

Additional requirement	Supply 2021	Net Additional need 2021	Net Additional need 2039	Net Additional need 2044
Nursing Beds 75+	594	-165	263	393
Residential Care Beds 75+	869	-222	424	619
Total Care Beds 75+	1,463	-387	687	1,012

Source: SPRU/Public Health England

9.65 A note of caution needs to be exercised in that the table above suggests a substantial overprovision of beds within the current stock, which might suggest closures. However, there are a number of additional considerations to take into account which are set out in the conclusions below.

9.66 The table below shows that if prevalence rates remain constant then there will be a continuing need for care and nursing beds in Hastings to meet the LHN projected population.

Table 64: Hastings: Net need for Care and Nursing Beds in Hastings assuming constant prevalence rate

Additional requirement	Change in prevalence rate 2011 to 2021	2021	2039	2044
Nursing Beds Reduction in Prevalence Rates 75+	0%	54	54	54
Care Beds Reduction in Prevalence Rates 75+	0%	81	81	81
Nursing beds additional requirement 75+		429	761	879
Care beds additional requirement 75+		647	1,147	1,326
Nursing Beds Net 75+ (including Pipeline)		-165	167	285
Care Beds Net 75+ (including Pipeline)		-222	278	457
Total Beds Net 75+ (including Pipeline)		-387	445	742

9.67 The final table of this series provides an indication as to the level of need for additional beds should the prevalence rates continue to reduce for the next two decades at the same rate as they did in the period 2011 to 2021.

Table 65 Net need for Care and Nursing Beds in Hastings assuming falling prevalence rates

Additional requirement	Change in prevalence rate 2011 to 2021	2021	2039	2044
Nursing Beds Reduction in Prevalence Rates 75+	0%	54	53	53
Care Beds Reduction in Prevalence Rates 75+	-22%	81	63	49
Nursing beds additional requirement 75+		429	758	874
Care beds additional requirement 75+		647	890	799
Nursing Beds Net 75+ (including Pipeline)		-165	164	280
Care Beds Net 75+ (including Pipeline)		-222	21	-70
Total Beds Net 75+ (including Pipeline)		-387	186	210

Source: SPRU/Public Health England/Hastings Planning Portal

- 9.68 Table 63 to Table 65 suggests a range of need and care needs to be exercised in the interpretation of the results. Modelling forward a continuation in the fall in the prevalence rates might suggest that there might only be a limited need for care or nursing beds in Hastings. However, this assumes that the reduction in prevalence rates is actually a result of falling need and not a result of the temporary impact on occupancy as a result of COVID, or longer term financial and other pressures reducing the supply while the need still remains within the population. Evidence from elsewhere is that care homes are being redeveloped into extra care so there appears to be emerging evidence that if the choice is available then extra care rather than care home is going to be people's preference.
- 9.69 A second consideration is the degree to which care and nursing needs can in the future be met by the new forms of accommodation especially in terms of specialist market housing with care (for example, extra care).
- 9.70 Lastly, as is already occurring in Hastings, there are losses from the sector especially as expectations as to the standard of care and accommodation increases (for example the demand for modern facilities and ensuite single rooms) and older

properties are retired from this use. It would therefore be appropriate to plan for a level of replacement.

Care and Nursing Bed Need for Rother

Table 66: Rother Step 1 Calculation

Census	2011 Census Usual Residents	2011 Census Usual Residents 75+	% of Usual Residents Aged 75+ by bed type	% of Total Population Aged 75+
Nursing Beds	618	515	48.8%	3.8%
Residential Care Beds (Proxy)	859	541	51.2%	4.0%
Total 75 + population				13,498

Table 67: Rother Steps 2 to 5 Calculation

Census	2011 Census Usual Residents	2011 Census Usual Residents 75+	Total Beds	Step 2	Step 3	Step 4	Step 5
				% Usual Residents Aged 75=	Not Permanently Occupied	Non-Permanent Residents - Aged 75+	% Uplift for non-permanent 75+ beds
Nursing Beds	618	515	610	83.3%	-8	-7	-1.3%
Residential Care Beds (Proxy)	859	541	1,312	63.0%	453	285	52.7%

- 9.71 The results of the calculation are set out in the tables below. These show that if current prevalence rates persist for both Residential Care Beds and Nursing Beds the need is likely to grow alongside the continued projected growth in the institutional population who are over 75.

Table 68: Rother need for Care and Nursing Beds

Nursing Beds	2011	2021	2039	2044
Total Population 75+	13,498	14,948	24,045	27,185
Institutional Pop 75+	1,220	1,161	1,993	2,239
% of Usual Residents Aged 75+ by bed type - Nursing	48.8%	48.8%	48.8%	48.8%
Nursing Beds 75+	595	566	972	1,092
% Non-Permanent Nursing beds 75+	-1.3%	-1.3%	-1.3%	-1.3%
Non-Permanent Nursing beds 75+	-8	-7	-13	-14
Nursing Beds - Total permanent and non-permanent 75+	587	559	959	1,078
Nursing beds Prevalence Rate 75+	44	37	40	40
Residential Care Beds	2011	2021	2039	2044
Total Population 75+	13,498	14,948	24,045	27,185
Institutional Pop 75+	1,220	1,161	1,993	2,239
% of Usual Residents Aged 75+ by bed type - Residential Care	51.2%	51.2%	51.2%	51.2%
Residential Care Beds 75+	625	595	1,021	1,147
% Non-permanent occupancy / Vacancy Rate	53%	53%	53%	53%
Non-permanent occupancy / Vacancy Rate 75+	330	314	539	605
Residential Care Requirement 75+	955	908	1,560	1,752
Residential care Prevalence Rate 75+	71	61	65	64
Summary	2011	2021	2039	2044
Institutional Pop 75+	1,220	1,161	1,993	2,239
Nursing Beds - Total permanent and non-permanent 75+	587	559	959	1,078
Nursing beds Prevalence Rate 75+	44	37	40	40
Residential Care Requirement 75+	955	908	1,560	1,752
Residential care Prevalence Rate 75+	71	61	65	64
Total Care Home Beds 75+	1,542	1,467	2,519	2,829
Care Home Beds Prevalence Rate 75+	114	98	105	104

9.72 The above table calculates the total level of need, and the table below subtracts from this the level of provision as provided by Health England in 2021. This provides an indication of the net level of future provision against which the Council can monitor additions and losses.

Table 69 Rother: Net need for Care and Nursing Beds assuming SPRU prevalence rate

Additional requirement	Supply 2021	Net Additional need 2021	Net Additional need 2039	Net Additional need 2044
Nursing Beds 75+	590	-31	369	488
Residential Care Beds 75+	1,278	-370	282	474
Total Care Beds 75+	1,868	-401	651	961

Source SPRU/Public Health England

9.73 A note of caution needs to be exercised in that the table above suggests a substantial overprovision of beds within the current stock, which might suggest closures. However there are a number of additional considerations to take into account which are set out in the conclusions below.

9.74 The table below shows that if prevalence rates remain constant then there will be a continuing need for care and nursing beds in Rother to meet the LHN projected population.

Table 70: Rother: Net need for Care and Nursing Beds in Rother assuming constant prevalence rate

Additional requirement	Change in prevalence rate 2011 to 2021	2021	2039	2044
Nursing Beds Reduction in Prevalence Rates 75+	0%	37	37	37
Care Beds Reduction in Prevalence Rates 75+	0%	61	61	61
Nursing beds additional requirement 75+		559	899	1,016
Care beds additional requirement 75+		908	1,461	1,652
Nursing Beds Net 75+ (including Pipeline)		-31	309	426
Care Beds Net 75+ (including Pipeline)		-370	183	374
Total Beds Net 75+ (including Pipeline)		-401	492	800

Source: SPRU/Public Health England/Rother Planning Portal

- 9.75 The final table of this series provides an indication as to the level of need for additional beds should the prevalence rates continue to reduce at the same rate as they did in the period 2011 to 2021 for the next two decades.

Table 71: Rother: Net need for Care and Nursing Beds in Rother assuming falling prevalence rates

Additional requirement	Change in prevalence rate 2011 to 2021	2021	2039	2044
Nursing Beds Reduction in Prevalence Rates 75+	-20%	35	28	22
Care Beds Reduction in Prevalence Rates 75+	-20%	56	45	36
Nursing beds additional requirement 75+		559	730	659
Care beds additional requirement 75+		908	1,186	1,072
Nursing Beds Net 75+ (including Pipeline)		-31	140	69
Care Beds Net 75+ (including Pipeline)		-370	-92	-206
Total Beds Net 75+ (including Pipeline)		-401	48	-137

Source: SPRU/Public Health England/Rother Planning Portal

- 9.76 Table 69 to Table 71 suggest a range of need and that caution needs to be exercised in the interpretation of the results. While modelling forward a continuation in the fall in the prevalence rates might suggest that there is no further need for care or nursing beds in Rother, this assumes that the reduction in prevalence rates is actually a result of falling need and not a result of the temporary impact on occupancy as a result of COVID, or longer term financial and other pressures reducing the supply while the need still remains within the population. Evidence from elsewhere is that care homes are being redeveloped into extra care so there appears to be emerging evidence that if the choice is available then extra care rather than care home is going to be people's preference.
- 9.77 A second consideration is the degree to which care and nursing needs can in the future be met by the new forms of accommodation especially in terms of specialist market housing for older people such as extra care.
- 9.78 Lastly, as is already occurring in Rother, there may be expected to be further losses from the sector especially as expectations as to the standard of care and standard of accommodation increases (for example the demand for modern facilities and ensuite

single rooms). This could well mean that older properties are retired from this use. It would therefore be appropriate to plan for a level of replacement.

Conclusions and Policy Recommendations

- 9.79 There is a substantial need for older persons housing in both districts. This need is generated mainly from existing residents. The need is greater in Rother than in Hastings although meeting the need in full for both authorities is likely to be challenging for the same reasons that the two authorities cannot meet their Local Housing Need.
- 9.80 The greatest need is for specialist older persons market housing with care. Meeting this need would have a positive impact on the housing market as larger family homes will be released back into the housing market. While the social sector manages to move households into more appropriately sized accommodation as they age and become smaller, there remains a large number of older persons who own their own house who do not move into more appropriate housing and continue to occupy the family home. The provision of appropriate older persons market accommodation with the ability to escalate the level of care will meet the longer term needs of this group and encourage the move into more appropriate houses, thereby releasing larger family housing back onto the market. In summary the needs for older persons specialist accommodation is assessed against the typologies in the PPG, as set out in the table below.
- 9.81 The range of potential needs for care home beds will depend upon what happens to current prevalence rates and if the past rate of decline continues. There is clearly a range that may need to be met and careful monitoring will need to be incorporated as part of any policy response.

Table 72: Summary of Older Persons Specialist Accommodation Needs to 2043

Type	Tenure	Hastings net need*	Rother net Need*
Age Exclusive	Social Landlord	127	312
	Ownership	49	87
Retirement Living or Sheltered Housing	Social Landlord	-114	559
	Ownership	212	-46
Older persons housing with care	Social Landlord	304	485
	Ownership	1,097	2,171
Care Homes		210 to 1,012	-137 to 961

* Net need from 2023 for specialist older persons housing and 2021 for care homes.

Existing Policies and delivery of specialist older persons housing and care home beds

9.82 In Rother, Policy CO5 of the adopted Local Plan Core Strategy (2014) states that initiatives and developments will be supported which:

- “(i) Enables older people to live independently in their own home;
- (ii) Increases the range of available housing options with care and support services in accessible locations;
- (iii) Promotes active lifestyles;
- (iv) Increases older people’s engagement in community life, including through “hubs”.

9.83 Policy DHG5 of the Development and Site Allocations Local Plan (2019) also provides support for schemes comprising of specialist housing for older people to meet the needs set out in the East Sussex Bedded Care Strategy on suitable sites in the larger villages and towns. Specific schemes for older persons’ housing were also identified as allocations within the adopted plan in Bexhill (BX5), Fairlight (FAC2), Northiam (NOR2) and Westfield (WES2). These allocations identified up to 151 older persons housing units with a range of between 30% and 40% affordable units. None of the allocations were identified to provide housing with care, due to the different business models including the costs of providing facilities and care.

- 9.84 To date none of the allocations has delivered older persons housing as BEX5 and NOR2 both have approval for general housing; WES2 has a pending application for a care home which would effectively replace its previous use; and there are no pending applications on FAC2. To an extent this demonstrates the difficulty of allocating sites for older persons housing (as opposed to care homes and general housing) and especially specialist older persons housing with care as such uses are generally unable to compete with general market housing due to differing development and operational models between the newer forms of older persons housing with care and general market housing.
- 9.85 In Hastings, neither the adopted Planning Strategy (2014) nor the Development Management Plan (2015) contain any specific policies or allocations related to meeting older persons' housing needs.

Comparison with Previous HEDNA (2020)

- 9.86 Justification for the prevalence rates used to generate future older persons housing need in this HEDNA Update have been presented both in this section and in Appendix E. The previous HEDNA by GL Hearn utilised different prevalence rates derived from a toolkit developed by the Housing Learning and Information Network (Housing LIN).
- 9.87 As highlighted in section 4 (paragraphs 4.1 to 4.24) of the "Older Persons Housing Need Model" (SPRU/DLP), the tools published on the Housing LIN website are now recognised by Housing LIN as being out of date. Further limitations of using the starting prevalence rates in the 2016 Housing LIN Review and the SHOP@report are also explained in section 4 (page 34) of the "The Older Persons Housing Needs Model", including the use of adjusted survey data.
- 9.88 The DLP research which has informed this HEDNA Update is based on trends in real households making decisions on how they wish to meet their housing need in older age. DLP has tested the results against a range of published research material including the findings of the Mayhew Report. The prevalence rates utilised in this HEDNA Update are therefore considered to reflect a more up-to-date and robust methodology.

Policy recommendations

- 9.89 It is important to recognise that the need for specialist housing for older persons is part of and not additional to the overall housing requirement as set by the LHN. As such allocations and permissions for specialist older persons housing will count

towards the final housing requirement set by the plans both in terms of completions and as part of any land supply calculation.

- 9.90 The degree to which the Councils plan to meet the identified need for specialist older persons housing will be dependent upon whether the LHN is to be met in full and the degree to which suitable sites can be identified to meet this specialist need. In considering the policy response to this need it is appropriate to note that specialist housing for older persons is usually delivered at a higher density than family housing but has the impact of releasing second hand family housing back onto the market thus improving accessibility for all.
- 9.91 There is an argument that the increased number of larger dwellings (3 bedrooms and more) released by the provision of enhanced levels of specialist older persons market housing should impact on the percentages set for larger dwellings in Section 8. In principle, this could be adopted as a policy position but would require justification (it would not alter the outcome of Section 8 as this is based on current patterns of occupation). To justify seeking a lower percentage of larger properties would require a positive policy commitment to deliver a specified level of specialist older persons market housing (within the overall housing requirements set by the plan). This number may then be used to argue for a lower level of provision of larger homes. Such a policy is likely to be subject to challenge and we would recommend that this would require clear evidence that the older persons specialist units will be delivered, ideally including the identification of sites, commitments from operators and site owners and other evidence demonstrating that the sites are deliverable and developable. At present we would suggest that the level of specialist older persons market housing is subject to monitoring and that any policy on mix based on Section 8 is subject to review based upon this monitoring. A further complication is that the increased availability of family housing may increase the propensity for people to start families or have larger families. At this point monitoring of the situation is advised.
- 9.92 In respect of a policy response going forwards, it is recommended that consideration is given to identifying sites that are suitable to accommodate specialist older persons housing and allocating them for such purposes and in addition that any larger strategic allocations should deliver a proportions of specialist older persons housing. Both policy responses need to take into consideration the size of site that is required to deliver specialist older persons housing with care.
- 9.93 For specialist older persons housing without care there is no minimum size of site. However, to provide specialist older persons housing with care and especially 24 hour care (as is the case with the Extra Care model of provision) there is usually a

minimum number of units required to make such care provision viable. The following are indicators of the size and type of older persons housing with care:

- Smaller Extra Care providers (circa 60 units) would require sites of 0.4 to 1.4 hectares for new build in urban and suburban locations; and
- Integrated Retirement Communities (minimum 120 units) would require sites of 2.5 hectares.

9.94 It should be recognised that in many circumstances specialist older persons housing schemes (especially those that provide care) are often unable to compete against market housing as they are significantly different business models. As such, where there are policy requirements for the provision of older persons accommodation on strategic sites these will often be delivered by the social sector as these meet both the policy requirement for older persons accommodation and also the policy requirement for affordable housing provision. In this respect such policies requiring such provision on larger sites might be successful in increasing the supply of social housing with care.

9.95 Devising a policy for the provision of specialist older persons market housing with care is more difficult, however an appeal in Stockton on Tees (APP/H0738/W/23/3316364) determined on 11 August 2023 in which the inspector refused the development of a site for general purpose housing on the basis that it was allocated to meet the specific needs of the ageing population (DL Paragraph 13). In this case it was the only site identified to meet the needs of the aging population (DL paragraph 15) and these needs were identified in the SHMA (DL paragraph 16). It is further pertinent to note that the inspector did not consider providing two storey properties that met part 4(2) of the Building Regulations would adequately represent housing specific to meeting the needs of the ageing population and concluded the proposal for general market housing was in conflict with Local Plan policy (DL paragraph 22). In paragraph 22 the decision letter states:

“72. However I have found that the lack of housing specific to and adequately secured for the needs of the ageing population conflicts with policies H4(14) and SD3(2a) represents a departure from the housing commitment in the Local Plan and fails to comply with paragraphs 60 and 62 of the Framework.”

9.96 This application was refused and demonstrates that allocations that seek to provide specifically for specialist older persons housing can be upheld on appeal when supported by robust evidence.

9.97 The Councils have indicated that they will be unable to meet the full LHN and as such none of the needs of individual groups will be met in full including the need for specialist older persons housing. In these circumstances as well as considering what

if any sites are suitable for allocation, it is also appropriate to consider the inclusion of an “exceptions policy” either in addition to or as well as prosing specific allocations.

- 9.98 An exceptions policy would allow specialist older persons housing provision on unallocated sites in sustainable locations (including on the edge of settlements) and could be a way of achieving an increase in the level of provision. Such exceptions would of course need to be in accordance with the other policies within the plan. In terms of ensuring such schemes are delivered in sustainable locations, any policy requirements should ensure that locations are well-served by public transport (to enable easy access by workforce) and are within easy reach of healthcare and other local facilities (where these are not provided on site).
- 9.99 It may also be possible to promote the identification and allocation of suitable sites for older persons’ housing through the neighbourhood planning process.
- 9.100 Examples of an ‘exceptions policy’ and general older persons housing policy, based on those in the recently adopted South Oxfordshire Local Plan, are set out below.
- 9.101 The wording for an exceptions policy could be similar to the following:

Residential development on sites not allocated for residential development in the Development Plan will be permitted where:

- i) it is for affordable housing on a rural exception site or entry level housing scheme; or
- ii) it is for specialist housing for older people in locations with good access to public transport and local facilities...

- 9.102 A policy identifying which allocations are expected to deliver specialised housing for older people could be similar to the following:
1. Encouragement will be given to developments which include the delivery of specialist housing for older people in locations with good access to public transport and local facilities.
 2. Local communities will be encouraged to identify suitable sites for specialist housing for older people through the Neighbourhood Planning process.
 3. Provision should be made for specialist housing for older people within the strategic housing developments allocated in this plan.

- 9.103 In terms of recommendations for future policy for care homes it is in our opinion this is best addressed by a sperate policy as this a separate need to that of specialist housing for older persons.
- 9.104 There is a considerable range in the potential future need for care home beds which is dependent on whether the prevalence rate either maintains its present position or continues to fall in the future. Given the downward trend in the prevalence rate it is not considered appropriate to make provision for the higher levels of care home needs but instead to allow such provision, if required, to be provided though sites released though an exception policy as suggested above. It is noted that there will also be a loss of care home bed spaces as older properties become outdated (for example those with shared bedrooms or shared washing facilities). This need for the renewal of current stock should be recognised. In respect of resisting the change of use from existing care homes to other uses such as residential this will be difficult to resist unless the property concerned has up-to-date modern facilities.
- 9.105 The difference between the development model for specialist housing with care and the development model for specialist market housing is recognised by the PPG (Paragraph: 007 Reference ID: 10-007-20190509) and as such it is appropriate that the Councils should consider the degree to which they would wish such developments to deliver affordable housing. The Councils may decide that all dwellings (whether they are classified as C3 or C2) should make a contribution towards affordable housing needs.
- 9.106 There are clear benefits to the wider housing market of providing existing residents with the opportunity to “right size” and as such the policy response to the provision of such specialist housing can be different to that of general housing. At the very least it will be important to test the viability of affordable housing policies against all the different types of older persons provision if they are to be subject to such a policy. As such, the viability testing should include care homes, specialist older persons housing (with and without care) and include the integrated retirement community model.
- 9.107 Recommendations on the needs for accessible and adaptable dwellings are presented in Section 10.

10 MEETING THE HOUSING NEEDS OF OTHER SPECIFIC GROUPS

Summary

Accessible and Adaptable Housing

- The authorities need to ensure a proportion of all new qualifying residential development in Rother and Hastings provides for accessible and adaptable homes in accordance with the government's optional technical housing standards.
- In line with the recommendations in the HEDNA (2020), the evidence in this HEDNA Update would further support both Councils in considering a policy requirement for all new dwellings to be M4(2) compliant as a minimum, and 5% of new market housing to be wheelchair adaptable and up to 10% of affordable housing to be wheelchair accessible or adaptable in accordance with the optional technical standards for Part M4(3) compliant development.

Self and Custom-Build Housing

- In order to ensure that Rother and Hastings continue to comply with the requirements of the Self-build and Custom Housebuilding Act 2015 (as amended) it is recommended that local plan policies are introduced in Hastings (or retained in the case of Rother) that provide support for the delivery of self and custom build housing.

Build to Rent

- The Councils may wish to consider the introduction of permissive policies that support the introduction of BTR typologies to diversify supply. While such policies may be appropriate when applied to suitable schemes this would be subject to relevant viability testing. The potential for BTR typologies should be assessed with reference to levels of market rent necessary to ensure development is viable, including their ability to satisfy the benchmarks for affordable housing provision.

Affordable Shared Accommodation including HMOs

- It is recognised that forms of shared accommodation in Rother and Hastings provide an affordable housing option in the private rented sector and can help to 'bridge the gap' between social housing and private rent.
- It is recommended that the authorities consider policy options that support meeting the identified need for HMOs, co-living and other shared forms of accommodation as long as these contribute towards the provision of mixed and balanced communities (and do not result in over-concentration), are well-managed and provide access to appropriate facilities (including amenity space).

Working from Home

- There has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall housing need.
- The increased trend towards working from home in certain sectors may however result in an increased desire for dedicated homeworking space within residential units, which it is envisaged would be picked up through market demand for housing.
- The authorities may however wish to consider introducing more flexible policies that support the delivery of dedicated home working spaces within new residential dwellings.

Second Homes and Holiday Lets

- Although it is possible to impose principal residence conditions on new build (C3) residential developments where these meet relevant tests, this would only restrict the use of new build schemes. It is not currently possible to restrict the conversion of residential dwellings to second homes/holiday lets through planning policy as they fall within the same use class (C3).
- Should changes to the Use Classes Order (which were being consulted on at the time of writing) come into force, it is recommended that further evidence is

gathered to understand the localised impacts of second homes/holiday lets on the availability of residential properties and to introduce Article 4 Directions where necessary.

Accessible and Adaptable Homes

- 10.1 This section considers the housing needs of disabled people. Planning Practice Guidance states that this is an important component of the housing needs assessment in terms of reflecting the implications of an ageing population and how this affects the need to plan for the needs of individuals (including those with disabilities) over their lifetime⁶⁹.
- 10.2 This section specifically addresses recommendations for the provision of accessible and adaptable general needs housing to specialist housing with high levels of care and support. National planning policy recognises the need to address those with disabilities comprising a mental or physical impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities.
- 10.3 Planning Practice Guidance supports the assessment of the need to make provision for accessible and adaptable homes and the needs of wheelchair users in accordance with the optional technical housing standards. This recognises the health and social benefits of building accessible housing from the outset and avoiding the additional cost of adaptations at a later stage⁷⁰. This assessment considers recommendations for the following categories of accessible and adaptable homes following a review of indicators of housing need:
- M4(2) Category 2: Accessible and adaptable dwellings
 - M4(3) Category 3: Wheelchair user dwellings

Projected Growth in People and Households with Disabilities

- 10.4 Planning Practice Guidance recognises the relationship between trends in health conditions that limit day-to-day activities and the scope for local planning authorities to consider policy requirements to increase the supply of accessible and adaptable homes.
- 10.5 The tables and figures below show the prevalence rates of those living with a long-term health problem or disability (LTHPD) by age category. This distinguishes between those whose day-to-day activities are limited and those whose activities are limited a lot. The figures also show the prevalence rate of those whose day-to-day activities are limited a lot *and* are also in bad or very bad health.
- 10.6 According to 2011 Census data, in Hastings 21% of the population has a disability which means that their activities are either limited a little or limited a lot. In Rother, the figure is 22%. The figures for Rother and Hastings are higher than the equivalent figure for East

⁶⁹ PPG ID: 63-002-20190626

⁷⁰ PPG ID: 63-009-20190626

Sussex (19%) and England (17%). In both authorities, 5% of those whose activities are limited a lot also describe themselves as being in bad or very bad health.

10.7 The proportions of those aged 65 and over whose activities are limited are higher in Hastings than in Rother.

Table 73: Prevalence rates of household population with a long term health problem or disability in Hastings

Disability	All Ages	0-15	16-24	25-34	35-49	50-64	65-74	75-84	85+
Limited	21%	5%	7%	10%	17%	28%	41%	62%	82%
Limited a lot	10%	2%	3%	4%	8%	14%	17%	29%	48%
Limited a lot & Bad/V. Bad Health	5%	1%	1%	2%	5%	9%	10%	15%	21%

Source: Census 2011

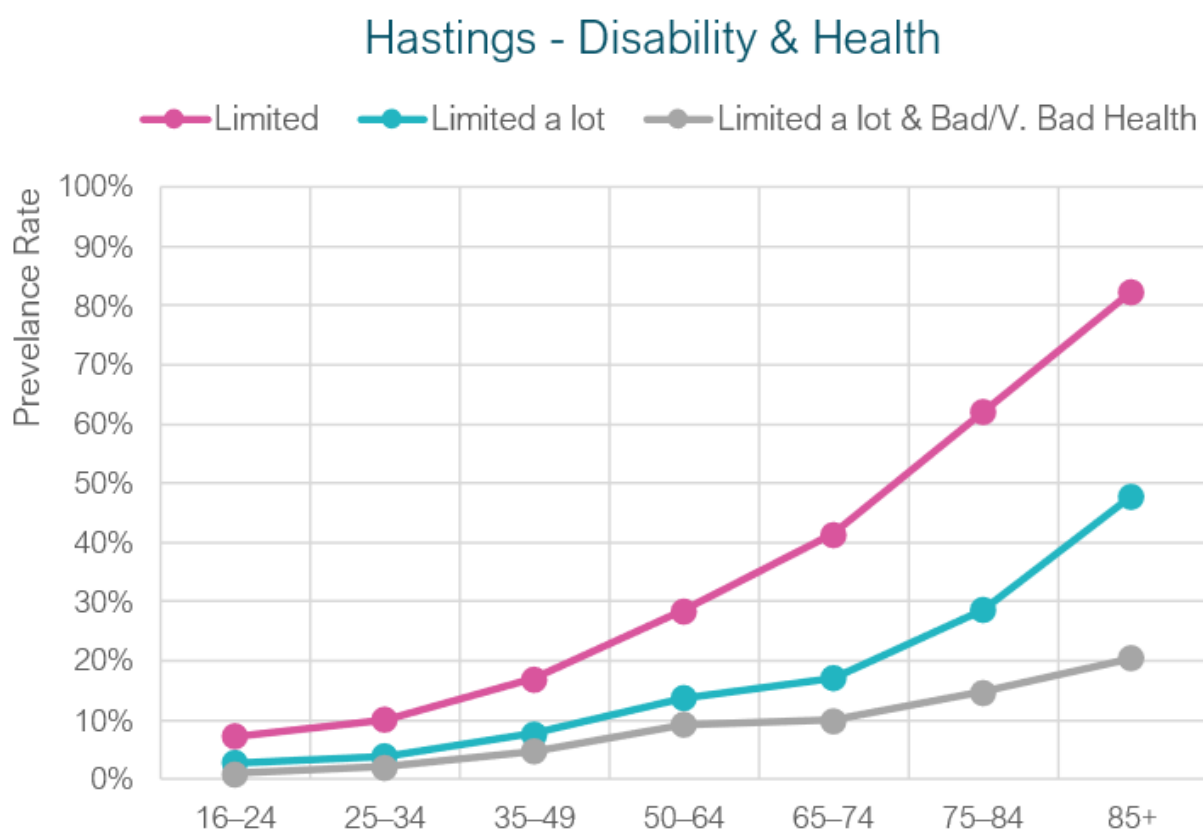


Figure 71: Household population with a long term health problem or disability in Hastings
Census 2011

Table 74: Prevalence rates of household population with a long term health problem or disability in Rother

Disability	All Ages	0–15	16–24	25–34	35–49	50–64	65–74	75–84	85+
Limited	22%	5%	7%	8%	12%	21%	33%	55%	80%
Limited a lot	9%	2%	3%	3%	5%	9%	11%	23%	47%
Limited a lot & Bad/V. Bad Health	5%	1%	1%	2%	3%	6%	7%	11%	18%

Source: Census 2011

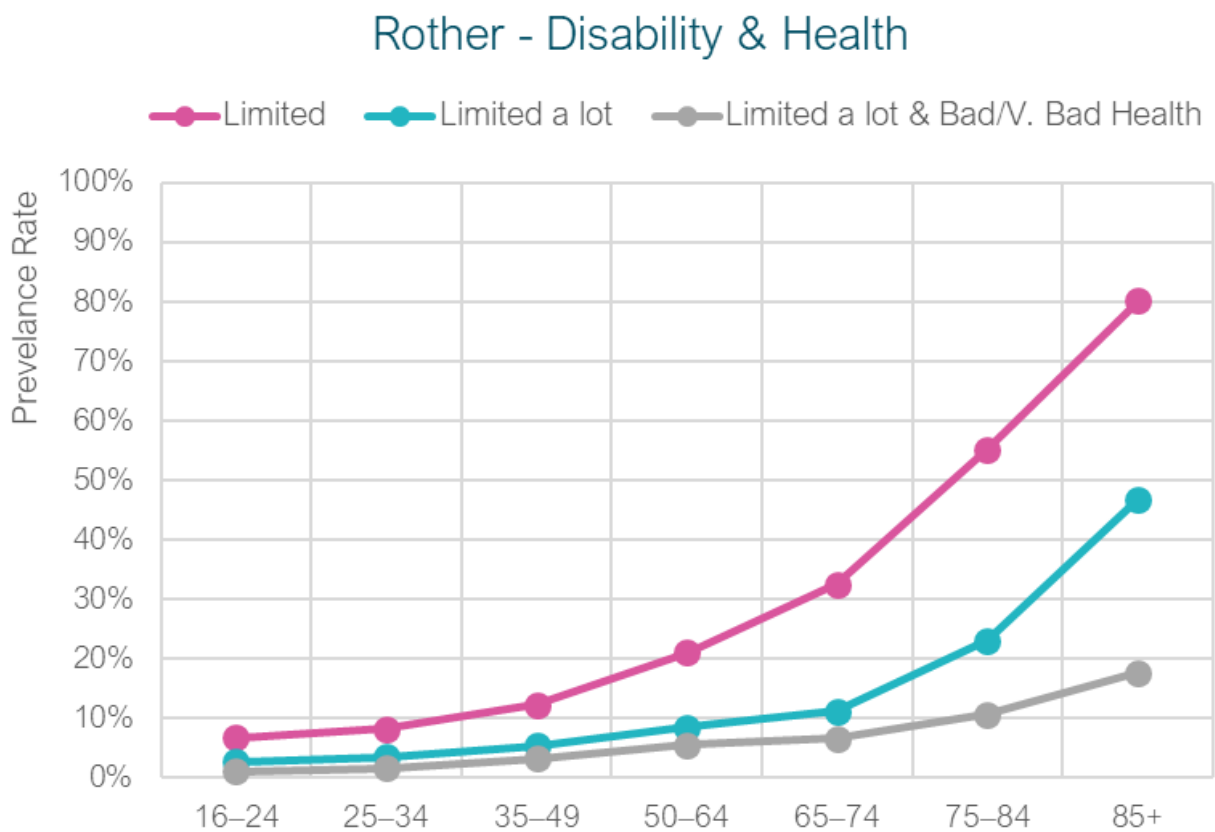


Figure 72: Household population with a long term health problem or disability in Rother

Census 2011

- 10.8 Using the **Dwelling-led LHN (HH-14R) Scenario** (see Section 6) and applying the prevalence rates by age category set out above to calculate the number of residents with a long-term health problem or disability whose activities are limited a lot indicates a net growth of 1,599 (19%) in Hastings over the period to 2044 and a net growth of 2,420 (29%) in Rother, as shown in Table 75 and Table 76.

10.9 The tables and figures below also show the projected growth in residents claiming DWP disability- related benefits over the period to 2044. This includes an anticipated growth in DWP benefit recipients in Hastings of between 20% and 59%, and a growth in DWP benefit recipients in Rother of between 29% and 50%.

Table 75: Hastings Disability Growth Indicators based on Dwelling-led LHN (HH-14R) Scenario

	2021 est.	2044 est.	Growth	Growth pa	Growth %
Long Term Health Problem or Disability					
Activities Limited a Lot	8,286	9,885	1,599	70	19%
Activities Limited a Lot & Bad or Very Bad Health	4,817	5,746	930	40	19%
DWP Benefits					
Disability Living Allowance	3,866	4,654	788	34	20%
Personal Independence Payment Entitlement	5,672	6,829	1,157	50	20%
Attendance Allowance Entitlement	2,405	3,833	1,429	62	59%

Source: 2011 Census, DWP, Edge Analytics

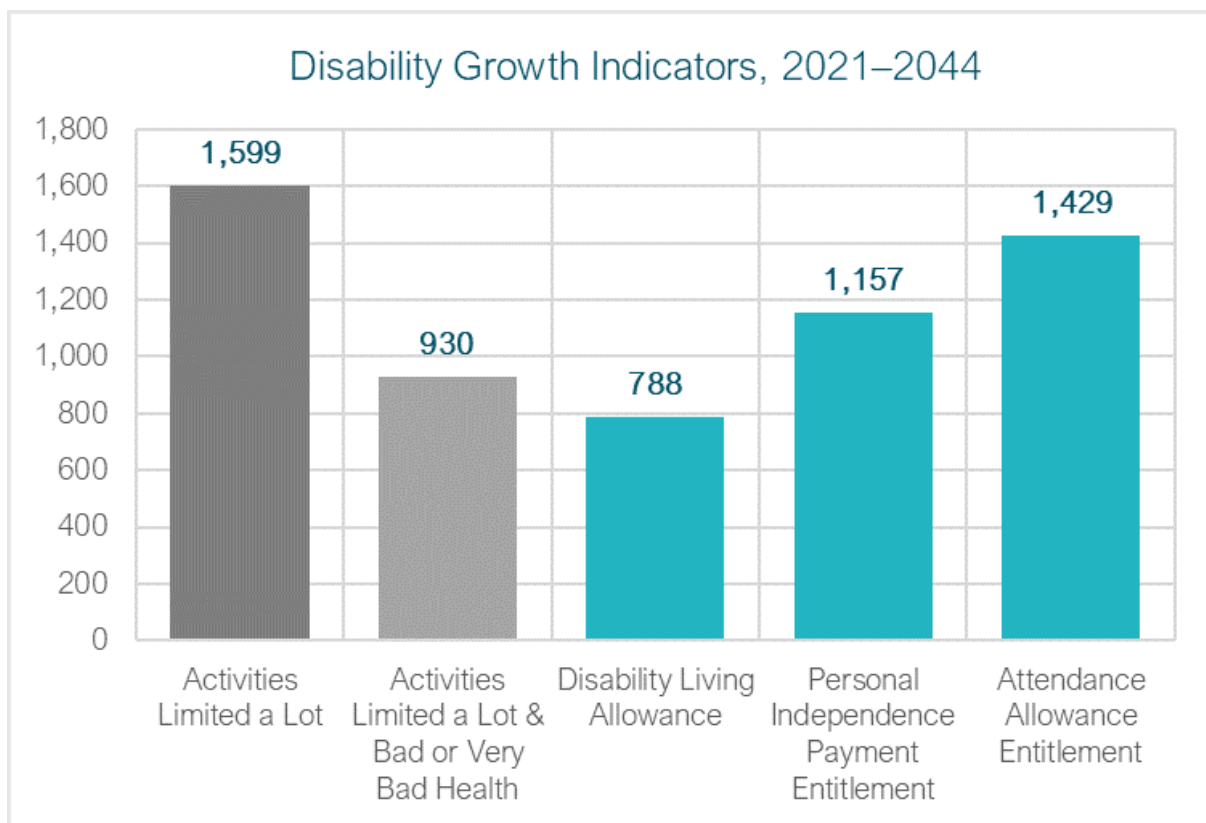


Figure 73: Hastings Disability Growth Indicators, 2021-2044

2011 Census, DWP, Edge Analytics

Table 76: Rother Disability Growth Indicators based on Dwelling-led LHN (HH-14R) Scenario

	2021 est.	2044 est.	Growth	Growth pa	Growth %
Long Term Health Problem or Disability					
Activities Limited a Lot	8,395	10,815	2,420	105	29%
Activities Limited a Lot & Bad or Very Bad Health	4,349	5,602	1,253	54	29%
DWP Benefits					
Disability Living Allowance	4,106	5,313	1,207	52	29%
Personal Independence Payment Entitlement	3,952	5,113	1,161	50	29%
Attendance Allowance Entitlement	3,673	5,519	1,847	80	50%

Source: 2011 Census, DWP, Edge Analytics

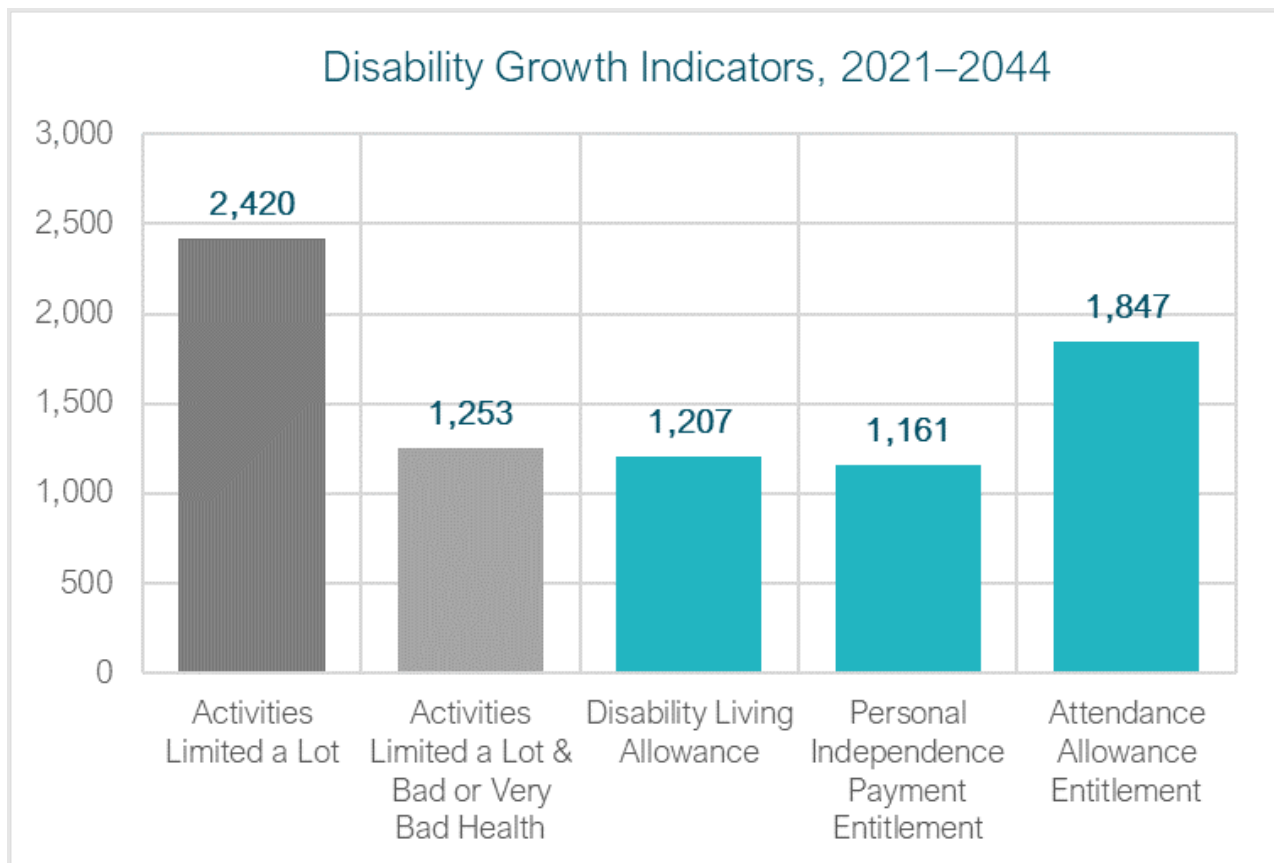


Figure 74: Rother Disability Growth Indicators, 2021-2044
2011 Census, DWP, Edge Analytics

Households Requiring Adaptations

- 10.10 The projected future growth in households with disabilities that may affect their housing needs is calculated as a function of total net growth in households coupled with the changing age-structure and projected household composition in each authority area.
- 10.11 Based on the household growth projected in the **Dwelling-led LHN (HH-14R) Scenario** and the prevalence rate of households requiring adaptation by age group (derived from the English Housing Survey 2019-2020), it is anticipated that there will be a total of 1,251 additional households in Hastings and 1,972 additional households in Rother requiring adaptations by 2044, as shown in Table 77 and Table 78 below.

Table 77: Hastings – Households requiring adaptations (2021-2044) based on Dwelling-led LHN (HH-14R) scenario

Age	Households requiring adaptations in 2021	Additional households requiring adaptations by 2044
under 55	801	124
55–64	531	74
65+	1,904	1,053
Total	3,236	1,251

Source: English Housing Survey (EHS) 2019-20 – Home Adaptations, Edge Analytics

Table 78: Rother – Households requiring adaptations (2021-2044) based on Dwelling-led LHN (HH-14R) scenario

Age	Households requiring adaptations in 2021	Additional households requiring adaptations by 2044
under 55	537	155
55–64	585	92
65+	3,255	1,725
Total	4,378	1,972

Source: English Housing Survey (EHS) 2019-20 – Home Adaptations, Edge Analytics

- 10.12 This indicates a potentially substantial need for accessible and adaptable homes over the plan period, but it should be noted that not all incidences of long-term health problems are disabilities directly affecting housing needs. There are also differences in terms of tenure and age of the household reference person that are likely to affect the suitability of existing accommodation.

- 10.13 Due to uncertainty regarding the ability of those requiring adaptations to make their existing accommodation suitable it is reasonable to consider that, on the basis of the English Housing Survey results, around 20% of households whose accommodation needs are affected by disability have a current unmet need. These requirements should be considered in addition to projected household change.
- 10.14 The table below estimates the total current households whose accommodation is unsuitable at 2021 (20% of all households requiring adaptations), plus the additional households that are expected to require adaptations by 2044. Taking these inputs together it is possible to identify the housing requirement to address the accommodation needs of those who may be affected by long-term health problems or disabilities and the suitability of existing stock.

Table 79: Total projected need for households requiring adaptations (2021-2044)

	Current Unmet Need* (2021)	Projected Additional Need 2021-2044	Total Need 2021-2044	Need Per Annum
Hastings	647	1,251	1,898	83
Rother	876	1,972	2,848	124

Source: SPRU Analysis, Edge Analytics. *Unmet need based on 20% of existing households requiring adaptations living in unsuitable accommodation (as derived from EHS 2019-20).

- 10.15 Based on future projections, combined with estimates of existing unmet need, there is a total need for 1,898 households with appropriate adaptations in Hastings and 2,848 households with appropriate adaptations in Rother over the period 2021 to 2044. This assumes all newly occurring need will not at present have the appropriate adaptations. What cannot be assessed is the degree to which this newly occurring need could be met by adaptations to the dwelling that the person is presently residing in.

Wheelchair User Needs

- 10.16 Based on the household growth projected in the **Dwelling-led LHN (HH-14R) Scenario** and the prevalence rate of households with wheelchair users by age group (derived from the English Housing Survey 2018-2019), it is anticipated that there will be a total of 374 additional wheelchair user households in Hastings and 553 additional wheelchair user households in Rother by 2044, as shown in Table 80 below. Not all of the projected net additional need for wheelchair users will result in properties requiring adaptations and this therefore reflects an upper estimate of potential need.

Table 80: Projected growth in wheelchair user households (2021-2044) based on Dwelling-led LHN (HH-14R) scenario

Wheelchair User Households	2021	2044	Change
Hastings	1,422	1,796	374
Rother	1,478	2,031	553

Source: English Housing Survey (EHS) 2018-19 – Accessibility of English Homes, Edge Analytics

- 10.17 As well as considering projected future wheelchair user needs, it is reasonable to assume that a proportion of current wheelchair user households face unmet needs in terms of requirements for home adaptations or the availability of an accessible property.
- 10.18 Research by Habinteg Housing Association and London South Bank University (supported by the Homes and Communities Agency)⁷¹ identified that around 13% of wheelchair users nationally had an unmet requirement for adapted property. If applied locally this suggests that, in 2021, 185 of the 1,422 wheelchair user households in Hastings and 192 of the 1,478 wheelchair user households in Rother had an unmet requirement for an adapted property.
- 10.19 Combining the projected future needs and current unmet needs for wheelchair adapted housing results in a total projected need for wheelchair adapted housing of 745 in Rother and 559 in Hastings over the plan period, as shown in Table 81 below. These figures are slightly higher than those identified in the HEDNA (2020), most likely due to changes in demographic projections and prevalence rates based on English Housing Survey 2019-20 data.

Table 81: Total projected need for wheelchair adapted dwellings (2021-2044)

	Current Unmet Need (2021)	Projected Additional Need 2021-2044	Total Need 2021-2044	Need Per Annum
Hastings	185	374	559	24
Rother	192	553	745	32

Source: SPRU Analysis, Edge Analytics

Policy Recommendations

- 10.20 The evidence in this section provides justification for the need to ensure a proportion of all new qualifying residential development in Rother and Hastings provides for accessible and

⁷¹ 'Mind the Step: An estimation of housing need among wheelchair users in England' (2010)

adaptable homes in accordance with the government's optional technical housing standards. Planning Practice Guidance states that:

Where an identified need exists, plans are expected to make use of the optional technical housing standards (footnote 46 of the National Planning Policy Framework) to help bring forward an adequate supply of accessible housing. In doing so planning policies for housing can set out the proportion of new housing that will be delivered to the following standards:

- M4(1) Category 1: Visitable dwellings (the minimum standard that applies where no planning condition is given unless a plan sets a higher minimum requirement)
- M4(2) Category 2: Accessible and adaptable dwellings
- M4(3) Category 3: Wheelchair user dwellings

Planning policies for accessible housing need to be based on evidence of need, viability and a consideration of site specific factors.

(National Planning Practice Guidance, Paragraph: 009 Reference ID: 63-009-20190626)

- 10.21 It should be noted that in September 2020 the government consulted on proposals to accessibility standards for new homes, recognising the importance of suitable homes for older and disabled people. The outcomes of this consultation, published in July 2022, recommended that the most appropriate way forward is to mandate the current Part M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes. M4(1) would apply by exception only, where M4(2) is impractical and unachievable. Part M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand.
- 10.22 Mandating M4(2) will require a change to Building Regulations and statutory guidance in Approved Document M (volume 1). The government proposes to consult further on the technical changes to the Building Regulations to mandate the higher M4(2) accessibility standard. This further consultation has not yet taken place (at the time of writing).
- 10.23 In Rother, Policy DHG4 in the Rother Development and Site Allocations Local Plan (2019) already requires all new dwellings to meet M4(2): Category 2 – Accessible and Adaptable Dwellings, unless it can be robustly demonstrated by the applicant that it is not practicable or financially viable to deliver these provisions. In addition, where there is an identified need on the Housing Register, sites that provide affordable housing in line with Policy DHG1, are as part of the affordable housing requirement, expected to provide 5% of the total housing requirement to meet M4(3): Category 3 – Wheelchair Accessible Dwellings.

- 10.24 In Hastings, Policy H2 in the Hastings Planning Strategy (2014) states that in suitable and accessible locations, residential schemes of 50 or more dwellings will need to include at least 2% fully adapted dwellings for wheelchair users. This is assumed to be the equivalent to Part M4(3).
- 10.25 This means that in both authorities, some of the existing pipeline of commitments should contribute towards the needs for accessible and adaptable accommodation identified in this HEDNA Update.
- 10.26 **In line with the recommendations in the HEDNA (2020), the evidence in this HEDNA Update would further support both Councils in considering a policy requirement for all new dwellings to be M4(2) compliant as a minimum, and a proportion of new housing to also be M4(3) compliant.** Noting however that the viability of any such policy would also need to be assessed, together with recognition that delivery of Part M4(2) and Part M4(3) compliant dwellings may not be possible in all cases (e.g., due to built-form including flatted developments, topography, and flood risk).
- 10.27 The English Housing Survey (2018-19) confirms that around 3.51% of households in England are wheelchair users. Comparing this with the DWP disability living allowance claimants by authority, which shows a population prevalence rate of wheelchair users in Hastings of 3.5% and in Rother of 2.7%, these figures broadly align in Hastings and are slightly lower in Rother. Unsurprisingly, the wheelchair user prevalence rates are higher in the older age categories.
- 10.28 Using the above percentages to inform a policy recommendation would only take account of newly arising need and would not address existing unmet needs for wheelchair user dwellings. The evidence presented in Table 81 above identifies a total projected need for 24 additional wheelchair user dwellings in Hastings per year and 32 per year in Rother. These figures represent 4.9% of the total dwelling requirement (481dpa) in Hastings and 4.3% of the total dwelling requirement (737dpa) in Rother. **It would therefore seem reasonable to recommend that 5% of new market housing in both Hastings and Rother should be required to meet the wheelchair user dwelling standards of Part M4(3) to provide for wheelchair adaptable dwellings ((a home that can be easily adapted to meet the needs of a household including wheelchair users)).** This aligns with the recommendation set out in HEDNA (2020).
- 10.29 There is also a need to consider the substantially greater need for accessible and adaptable homes in the affordable housing sector. According to the EHS (2018-19), around 7.1% of local authority/housing association households have a wheelchair user, compared with 3.1% of owner occupied households and 1.4% of private rented households. It is therefore considered appropriate for policy options to consider a higher requirement for wheelchair user dwellings within new affordable housing for those unable to meet market housing costs. **It is therefore considered reasonable that up to 10% of**

affordable housing should be required to meet the wheelchair user dwelling standards of Part M4(3) (accessible or adaptable dwellings), subject to viability.

- 10.30 As set out in PPG, the Councils should note that Local Plan policies for wheelchair accessible homes (a home readily useable by a wheelchair user at the point of completion) should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling⁷².
- 10.31 It should also be kept in mind that there is a substantially higher prevalence of wheelchair users amongst older age groups. While there is scope that the impacts of an ageing population would increase the overall proportion of wheelchair user households there is likely to be a relationship between meeting respective needs within other types of specialist accommodation for older people, such as Extra Care. This is likely to be in addition to an increased rate of adaptation within the existing dwelling stock where this is feasible.

Self and Custom Build Housing

- 10.32 Self-build and custom-build housing are defined by the Framework as:
- “Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing.”
- 10.33 Paragraph 62 of the Framework states that the size, type, and tenure of housing needed for different groups should be assessed and reflected in planning policies, and this includes those wishing to commission or build their own homes.
- 10.34 Under section 1 of the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016), local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand on their Register on a rolling programme of 3 years by the end of each base period. As also advised in PPG⁷³, to ensure there is a robust assessment of demand for self and custom build housing, local planning authorities should assess and review the data held on the registers, and this can be supplemented with secondary data sources such as building plot search websites.
- 10.35 The Councils should therefore consider the findings on current demand for self-build and custom-build development within the context of overall housing need and should set out

⁷² PPG ID: 56-009-20150327

⁷³ Paragraph: 003 Reference ID: 67-003-20190722

future arrangements for monitoring and preparation of policy options that are likely to support granting sufficient permissions.

- 10.36 The self-build register is split in to two parts: Part 1 and Part 2. Part 1 of the register comprises those who apply for entry on to the register and meet all the eligibility criteria and have a local connection. Part 2 of the register are those who meet all of the eligibility criteria but do not have a local connection.
- 10.37 The self and custom build housing registers for Hastings and Rother date back to 2016. There are currently 162 entries on the Rother register and 84 entries on the Hastings register (Parts 1 and 2), as summarised in Table 82 below. In both authorities, the vast majority of these requests are for detached housing plots. Notably there have been no new entries (either individuals or groups) onto the Hastings register in the last three years. The register data should however be treated with some caution due to the introduction of fees to join the register (in Hastings) and local connection tests, which may give a false impression of declining demand from those wishing to pursue self-build development.
- 10.38 In Rother, the majority of entrants on the register expressed a locational preference for the Rural East (65%) and Rural West (63%), followed by Battle (52%) and Edge of Hastings (44%). The least preferable locations for a self-build or custom-build housing plot were Rye (40%) and Bexhill (38%)⁷⁴.

Table 82: Self and Custom-Build Register Summary (as at August 2022)

Base Period / Register Entries	Hastings	Rother
1 (01/04/16 – 30/10/16)	13	8
2 (31/10/16 – 30/10/17)	29	7
3 (31/10/17 – 30/10/18)	13	10
4 (31/10/18 – 30/10/19)	29	10
5 (31/10/19 – 30/10/20)	0	47
6 (31/10/20 – 30/10/21)	0	54
7 (31/10/21 – August 2022)	0	26
Total Register Entries	84	162

Source: LPA Monitoring Data (Self and Custom-build Registers, Parts 1 and 2), SPRU Analysis

- 10.39 Another source of evidence of demand for self and custom-build housing plots is recent data on planning applications and permissions for these forms of developments.

⁷⁴ As reported in the Self-Build and Custom Housebuilding Headline Data Report (Rother District Council, 2022), noting that respondents could have a preference for more than one location.

- 10.40 The Rother Self-Build and Custom Housebuilding Headline Data Report (2022) reports that the Council has granted planning permission for 127 individual plots between 1 April 2016 and 30 October 2022 (as derived from self-build CIL exemption data). This is an average of 18 per year. The majority of these plots are for single dwellings.
- 10.41 Rother Council has approved more individual plots in the 3 years following each base period (46 permissions) than there are entries for that base period (10 entrants), and as such is meeting the requirement for granting a suitable number of permissions.
- 10.42 Policy DHG6 of the Rother Development and Site Allocations Local Plan (2019) provides support for the delivery of self and custom-build housing projects, including a requirement for 5-10% of dwellings (on sites of 20 or more dwellings) to be made available as serviced plots for self and custom housebuilders. Since this policy came into effect, whilst a number of schemes have been granted permission it is unclear how many of these have actually been delivered.
- 10.43 Hastings Council have approved applications for approximately 36 self-build dwelling plots in the six year period 2016/17 to 2021/22. This is an average of 6 plots per year. This data is slightly more difficult to verify than in Rother due to a lack of CIL exemption data and the fact that proposed self-build developments are not always identified as such on planning application forms. It is recommended that Hastings Council continues to monitor applications which are approved for self-build plots, including through cross-reference to the individuals and associations included on their register, in order to ensure that the duties under the 2015 Act continue to be met.
- 10.44 There is no reference to self and custom-build housing in the adopted Hastings Local Plan as this was prepared prior to the introduction of the Self-build and Custom Housebuilding Act.
- 10.45 At a national level, the total applications to join self and custom build housing registers between 31 October 2021 and 30 October 2022 was 8,034, which represents a decrease of 34% on the previous year. Similarly, the number of planning permissions granted for serviced plots suitable for self and custom build also decreased by 23% on the same period the previous year. However, this data does not necessarily suggest a declining demand for self and custom build housing plots and may instead reflect constraints associated with plot availability and desire of individuals to join registers (due to fees being required, for example).
- 10.46 In August 2021, the government's independent review to develop a plan for a major scaling-up of self-commissioned new homes (the Bacon Review) identified that whilst the registers suggest that demand for custom and self-build housing is just over 16,000 a year,

- the true level of demand is likely to be much higher at around 30,000⁷⁵. This is due to restrictions placed on joining some registers, such as local connection tests, financial tests or the application of registration charges.
- 10.47 As such, the government is continuing to encourage self and custom build housing, including through the Help to Build equity loan scheme which was introduced in June 2022 and provides a £150m equity loan scheme which allows self-builders to obtain mortgages with just a 5% deposit (the average deposit for self and custom builders is usually around 25% of land and build costs).
- 10.48 Amendments to the Levelling Up and Regeneration Bill have also been proposed which specifies that that planning permissions will only qualify towards meeting demand for self-build and custom housebuilding (as set out in the 2015 Act) if they are actually designed for this purpose, rather than allowing authorities to count planning permissions that ‘could’ be used for self and custom-build housing, even if it was not ultimately used for this purpose. The regulations are likely to require any permissions granted for self and custom build to be characterised by a condition or planning obligation making that requirement explicit. It is therefore recommended that permissions are closely monitored to confirm that where serviced plots are provided, these are ultimately delivered as self and custom-build housing.
- 10.49 Based on the assessment of past trends (18 plots per year in Rother and 6 plots per year in Hastings), this would result in an indicative need for 414 self and custom build plots in Rother and 138 plots in Hastings over the period to 2044. However, this does not take account of under-supply of plots which may have constrained past rates of permissions and therefore should not be seen as an ‘upper limit’ of need.
- 10.50 **In order to ensure that Rother and Hastings continue to comply with the requirements of the Self-build and Custom Housebuilding Act 2015 (as amended) it is recommended that local plan policies are introduced in Hastings (or retained in the case of Rother) that provide support for the delivery of self and custom build housing.**
- 10.51 Existing Policy DHG6 in the Rother Development and Site Allocations Local Plan (2019) appears to have been effective in enabling serviced plots to acquire planning consent in accordance with statutory requirements. This does however only support provision on larger scale development sites and there is, as yet, little evidence of whether these plots with permission are being delivered. In Rother it may be possible to further support delivery of custom and self-build plots through permissive policies, for example on edges

⁷⁵ The Prime Minister’s Independent Review to Development a Plan for a Major Scaling-up of Self-Commissioned New Homes – Across All Tenures – To Boost Capacity and Overall Housing Supply (August 2021)

of settlements or rural exception sites that deliver plots as affordable housing⁷⁶ (for example through registered providers, self-build groups or community trusts), and by promotion through neighbourhood plans.

- 10.52 It may also be desirable to seek a higher level of provision of serviced plots in areas or on specific allocation sites where levels of demand are known to be higher (such as in the rural areas of Rother and in Battle), subject to viability and site suitability.
- 10.53 In Hastings there are likely to be comparatively greater constraints on delivery of self and custom-build housing, including a limited supply of larger sites that could feasibly provide self and custom-build housing plots. As such, it may be preferable to develop a supportive rather than a prescriptive policy which, rather than requiring a specific percentage on each site, instead requires applicants to demonstrate that consideration has been given to provision of serviced plots of land for self/custom-build housing as part of the housing mix.

Build-to-Rent

- 10.54 Built to Rent (BTR) is relatively new but increasingly popular mechanism for delivering homes in the private rented sector (PRS). Savills identifies current BTR stock as 88,100 units nationally, with a further 111,800 homes in the planning pipeline, including at pre-application stage⁷⁷.
- 10.55 Across the UK there is a current supply-demand imbalance, with fewer homes available to rent and record private sector wage growth meaning that rents grew by 10.4% in the year to May 2023, With around 40% of the rental market owned by mortgaged Buy-to-Let landlords, increasing supply in this sector is likely to be limited (or may even decline) due to rising mortgage costs (Savills, 2023).
- 10.56 BTR is defined in the latest versions of the NPPF and PPG, with LPAs required to identify needs for BTR to meet overall housing needs.
- 10.57 BTR has, to date, been focussed in London and other major cities. However, there has been growing interest in other areas, driven by:
- Increasing affordability pressures resulting in increasing numbers renting.
 - Nationwide housing pressures, central Government (e.g. Letwin Review, Housing White Paper) and local authorities exploring diverse housing delivery models.
 - Changes to tax and regulations and increasing mortgage costs reducing attractiveness of buy-to-let mortgages, meaning housebuilders are considering options besides sales to buy-to-let landlords.

⁷⁶ See for example Policy DM12 in the South Lakeland Development Management Policies Development Plan Document (March 2019)

⁷⁷ UK Build to Rent Market Update – Q2 2023 (Savills, July 2023)

- Mature student accommodation market – nationally 35% of full-time students live in purpose-built housing.
- 10.58 PPG defines BTR as a distinct asset class within the PRS. Demand for BTR is typically driven by households which would otherwise occupy the PRS. There is no formal definition of BTR, however BTR is often distinguished from other forms of PRS because it tends to reflect the following characteristics:
- BTR homes are designed and built for long-term renting. Tenancies tend to be longer (minimum 1 year) than in the PRS where buy-to-let landlords are restricted by lenders from granting longer tenancies.
 - BTR providers are long-term investors. The financial model depends upon the rental yield over the medium- to long-term, not by short-term capital growth potential.
 - BTR schemes provide a fully integrated management service, and a range of services to tenants.
- 10.59 However, BTR shares key aspects with traditional PRS, including:
- Occupier demand driven by demographics, lifestyle choices and lack of supply / affordability of housing.
 - Predominantly younger demographic: 60.3% of people who live in private rented accommodation in England and Wales are aged under 35 (Census, 2021).
 - Renters typically drive less and use more public transport and therefore want to be close to transport nodes / town centre locations.
- 10.60 PPG requires LPAs to consider the need for BTR in an area, which should consider demographic drivers of need.
- 10.61 The 2020 HEDNA identified limited demand for BTR accommodation based upon no documented evidence of schemes providing for these units in either Council area. The 2020 HEDNA did note conclusions common to this HEDNA Update in respect of the higher proportion of private renting amongst younger households and potential barriers faced in access to affordable housing that together result in increased affordability pressures for these groups. However, while a majority of households with these characteristics will meet their housing needs through renting in the private sector this may not be their 'wish' for the purposes of assessing need and demand for BTR accommodation as specified by the PPG. The housing needs of many of these groups will be provided for within non-BTR private rented accommodation including houses in multiple occupation.
- 10.62 In terms of evidence for the need and demand for BTR accommodation the HEDNA Update illustrates in Table 24 the total estimated household in the PRS at 2021 (16% in Rother and 29% in Hastings). While the proportion of households in the private rented sector has remained relatively constant since 2011 the increase since 2001 has been more substantial and this is likely to reflect wider affordability pressures. As of 2001 the PRS represented around 12% of households in Rother and 22% in Hastings. These levels

- may be more indicative of the number of households with a 'wish' to rent privately for a sustained period – the difference being those who will remain within the non-BTR PRS.
- 10.63 Age is a significant factor in determining future demand. Younger age groups have higher proportions living in the PRS. The majority of demand for BTR accommodation is expected to arise from within younger age groups, with the majority of existing households in older age groups more likely to access private rented housing from within the existing stock.
- 10.64 Additionally there is some scope for BTR typologies to accommodate the housing needs of older people, including as part of the provision of specialist housing for older people, although this is more likely to correspond to providing opportunities for equity release or shared-ownership models as opposed to newly forming households entering the private rented sector.
- 10.65 Table 34 illustrates the projected trends in household growth by tenure aligned to the Dwelling-Led LHN projection and matched to existing occupancy characteristics by age and household composition. This identifies total projected growth of around 2,518 households within the private rented sector in Rother and 2,638 households in Hastings.
- 10.66 Within households with a reference person aged 16-44 the proportion living within the PRS in 2021 is estimated at around 49% in Hastings and 38% in Rother. Projected to 2044 alongside details of demographic and household change these occupancy characteristics indicate that growth of around 1,250 PRS households in Rother and 1,025 in Hastings – comprising 53% and 41% of the respective totals for private rented tenure and reinforcing these groups as the main source of potential demand.
- 10.67 The HEDNA Update recognises that the scale of growth in the private rented sector could be greater due to the significant 'rent/buy' gap and barriers to accessing market home ownership. This reflects additional barriers in access to affordable housing and absolute limits to the current size of the private rented sector and turnover of stock could lead to difficulties in households meeting needs within the private rented sector or alternatively placing upwards pressure on rents.
- 10.68 For the 16-44 headship groups 2001 occupancy characteristics show around 31% of households in Hastings and 21% of households in Rother renting privately. Within the context of overall projected trends these rates provide a potential measure of households whose wish may be to rent within the private sector and impacted by wider pressures. These rates would correspond to around **600 households** in Hastings and **644 households** in Rother applied to the total net change in households aged 16-44. This provides a potential indicator of future demand that could potentially be accommodated within the BTR sector and potentially relieving wider pressure on the private rented sector.
- 10.69 The context provided by the HEDNA Update, as summarised above, can be read alongside some limited evidence for interest within the BTR sector in both Council areas.

The characteristics of the housing market are illustrative of where the introduction of BTR typologies as part of development can assist with delivery and meeting a wider spectrum of demand. While no evidence of BTR development was stated in the 2020 HEDNA more recent mapping of pipeline schemes by the British Property Federation⁷⁸ identifies 76 units Under Construction at Ashdown House (Hastings) and 50 units subject to planning permission at Westwood Road (Bexhill). In both cases this would represent the part-delivery of BTR accommodation as part of overall proposed development.

- 10.70 To reflect the evidence within the HEDNA Update and some emerging evidence of demand both Councils may wish to consider the introduction of permissive policies that support the introduction of BTR typologies to diversify supply. While such policies may be appropriate when applied to suitable schemes (such as those in town centre or sustainable locations, reflecting the typical BTR characteristics noted above) this would be subject to relevant viability testing. The potential for BTR typologies should be assessed with reference to levels of market rent necessary to ensure development is viable.
- 10.71 In respect of affordable housing provision within BTR schemes, the PPG states that *“20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan”* (PPG ID: 60-002-20180913). There is no evidence to suggest a requirement in excess of 20% affordable private rent should be applied to BTR schemes in Rother and Hastings.
- 10.72 The starting point in national policy, and also any departure from it to seek a different requirement for contributions, would in the first instance need to be considered in terms of potential viability implications while also having regard to relatively limited expectations for current and future demand. The provision of BTR schemes, capturing contributions towards affordable private rented accommodation in accordance with national policy, would be unlikely to prejudice meeting overall needs unless they are expected to provide a very large proportion of total identified supply. Both Councils should also consider where applying any policy approach to future potential BTR schemes would be undertaken in the context of these representing additional sources of delivery on sites not identified in the development plan.

Affordable Shared Accommodation Including HMOs

- 10.73 In undertaking the research to inform this HEDNA Update, stakeholders identified an affordability gap, particularly in terms of enabling social housing tenants to access housing

⁷⁸ <https://bpf.org.uk/about-real-estate/build-to-rent/>. It should be noted that this website states that this data is produced for the BPF by Savills, although it is unclear their exact sources or what criteria they use to define a scheme as ‘Build to Rent’.

in the private rented sector, as the social housing rents are so much lower than private rents and the stock and quality of private rental properties is very low. 57% of private renter households in Rother and 61% of private renter households in Hastings are currently unable to afford lower quartile open market rents (see Table 183), meaning that more than 30% of their income is likely to be spent on housing costs. This lack of affordability of average private rents, combined with stagnating incomes and high rates of inflation has resulted in a growing demand for shared or communal living arrangements, such as houses in multiple occupation (HMOs), which tend to provide the most affordable accommodation options in the private rented sector.

- 10.74 Whilst it is acknowledged that, in high concentrations, such forms of accommodation can have negative social and amenity impacts, it is equally increasingly recognised that if they are well-managed and licensed (where necessary), these forms of shared accommodation can provide a more affordable housing option in the private rented sector and can help to 'bridge the gap' between social housing and private rent.
- 10.75 In terms of the existing policy position, an Article 4 Direction was introduced in Hastings in 2012, covering the whole of the Borough, which removed the permitted development right for changing use class C3 (residential) to C4 (small HMO). This is supported by Policy H4 in the adopted Hastings Local Plan (2014) which seeks to support mixed and balanced communities and maintain an appropriate housing mix by restricting changes of use from a residential dwelling (Use Class C3) to a HMO where more than 10% of the total number of properties within a 100m radius of the application property are already in such a use.
- 10.76 In Rother there is an Article 4 direction in place for Bexhill town centre which prohibits conversion of dwellings to houses in multiple occupation without the need for planning permission. There are no specific references to HMOs or shared accommodation in the currently adopted Rother Local Plan, although there are adopted policies which consider impact on housing mix (e.g. Core Strategy Policy LHN1 'Achieving Mixed and Balanced Communities') and amenity impacts on both neighbouring residents and future occupiers.
- 10.77 **It is recommended that the authorities consider policy options that support meeting the identified need for HMOs, co-living and other shared forms of accommodation as long as these contribute towards the provision of mixed and balanced communities (and do not result in over-concentration), are well-managed, are sustainably located and provide access to appropriate facilities (including amenity space).**
- 10.78 Policy HC1 in the adopted Hastings Local Plan ('Conversion of Existing Dwellings') could be further strengthened through the addition of further criteria to demonstrate compliance with criterion (a), that the building can no longer be retained in its entirety for single family housing occupancy. For example, by specifying the marketing period (e.g. 12 months) and type of marketing evidence required to support an application for sub-division of a family

home. When HMO applications are approved, the Council may wish to consider the appropriateness of including a planning condition requiring the submission of a HMO Management Plan outlining how the property will be managed. It will be necessary to ensure this is enforceable and capable of passing the six tests as set out in paragraph 56 of the NPPF and that it aligns with any licensing requirements that may also be in place. The effectiveness of Policy H4 should also be assessed, including reviewing the appropriateness of the 10%/100m density-radius threshold.

Provision for Working from Home

- 10.79 Section 18 of this report considers in detail how trends in working from home practices have impacted upon demands for employment floorspace, particularly office accommodation, and have been factored into calculations for future employment land needs.
- 10.80 There has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall housing need. The increased trend towards working from home in certain sectors may however result in an increased desire for dedicated homeworking space within residential units, which it is envisaged would be picked up through market demand for housing. In particular, the desire to accommodate office space at home might be reflected in a demand for extra or larger bedrooms or additional reception rooms. This may need to be taken into account when considering policies on housing mix based on demographic change. **As a result, the authorities may wish to consider introducing more flexible policies that support the delivery of dedicated home working spaces within new residential dwellings.**
- 10.81 In terms of the links between new development, existing stock and trends in home-working the overall recommended housing mix is considered to be broadly appropriate in providing additional space for these activities and opportunities for some to acquire property larger than strictly required.
- 10.82 The Councils may wish to consider the implications of home-working as part of options for planning control including conditions to restrict the use of dedicated home-working space. Likewise, any proposals to adopt the nationally described standards could reasonably take account of whether provision should be made to assess dedicated provision for home-working in accordance with room standards for minimum bedroom size. This would be with the objective of ensuring dedicated workspace could be occupied by additional residents without adversely affecting housing standards or delivery outcomes in terms of overall housing mix.

Second Homes and Holiday Lets

- 10.83 As set out in Section 4, it is not currently possible to restrict the conversion of residential dwellings to second homes/holiday lets through planning policy as they fall within the same use class (C3). The government is, as the time of writing, consulting on proposals to introduce a new use class for short term holiday lets and the potential introduction of a new permitted development right for the change of use from a dwellinghouse to a short term let. Were this to be implemented, it would be possible to subsequently remove these permitted development rights through the introduction of an Article 4 Direction.
- 10.84 Should these changes to the Use Classes Order come into force, it is recommended that further evidence is gathered to understand the localised impacts of second homes/holiday lets on the availability of residential properties and to introduce Article 4 Directions where necessary.
- 10.85 It is beyond the scope of evidence gathered as part of the HEDNA Update to conclude whether planning controls that may be imposed upon new development – principally via means of condition or relevant planning obligations imposed following the application of policies providing for local occupancy criteria or an assessment that new property will remain in use as the occupier’s primary residence.
- 10.86 Examples of such policies adopted by local planning authorities are limited beyond the boundaries of National Parks principally due to uncertainty surrounding an appropriate geographic extent and the extent to which new development is underpinned by robust evidence of a proven local need (and its extent) in perpetuity rather than providing a more flexible (but controlled) means of meeting wider demand.
- 10.87 While there is some local evidence⁷⁹, particularly in Rother, of new build development generating a substantial level of listings on rental platforms such as Airbnb there is no clear indication of whether use of property relates to the letting of individual rooms or use as short-term holiday lets (not currently subject to planning control) or other domestic enterprise without affecting the status of property as primary residences for occupiers. There is also no clear indication of a wider geographic problem (particularly in the context of relatively limited levels of development) that would suggest the use of new build stock (and implications for vacancy) would be such that if extended more widely it would limit the ability to meet local housing need in full (for example impacting upon assumptions for population growth for a given number of dwellings).
- 10.88 Both Councils are advised to undertake post-development occupation monitoring surveys to establish ‘vacancy’ rates and use of new development as non-primary residences. This

⁷⁹ See for example Paragraphs 4.10 to 4.12 and reference to Camber.

would be a reasonable approach to establish the scope to fully explore the potential for such policies in the future.

11 CONCLUSIONS ON HOUSING NEEDS

- 11.1 In light of limited land supply and other constraints across the housing market area (such as AONB designations), it is acknowledged that it may not be possible for each authority to plan to meet its identified local housing need. As such, there will be a need for the authorities to balance meeting the overall housing need with meeting the needs of different groups, including affordable housing needs, specialist older persons accommodation and wheelchair accessible/adaptable housing.
- 11.2 As the needs of these groups essentially form a sub-set of overall housing needs, it is recommended that policies are developed which seek to maximise overall housing delivery (through allocation of deliverable and developable sites) and within each site deliver a proportion of housing to meet affordable, wheelchair accessible/adaptable and self/custom-build needs as a proportion of overall delivery at the percentages recommended in this report.
- 11.3 In terms of other specialist forms of accommodation, such as older persons housing, it is recommended that consideration is given to identifying sites that are suitable to accommodate older persons housing and in particular require that provision for older persons housing is made on any larger strategic allocations if these are being considered. An 'exceptions' policy allowing provision of older persons housing with care on unallocated sites in sustainable locations may encourage increased levels of provision.

12 ECONOMIC POLICY CONTEXT AND LITERATURE REVIEW

Summary

- This section reviews key strategies and evidence base documents that were reviewed as part of the HEDNA (2020) and have been published since.
- The South East Local Enterprise Partnership (LEP) identifies hospitality and recreation as being key sectors in East Sussex, together with significant growth opportunities in the creative industries, advanced manufacturing, MedTech and low carbon industries. Health & social, business support services and agriculture are also strong sectors locally.
- The evidence identifies a need in coastal areas to raise skills levels and support small and medium sized businesses in particular, including those linked to the tourism, hospitality, creative and cultural sectors.
- Local and regional strategies support a focus on High Street and town centre regeneration to combat the downturn caused by the decline in the retail sector.

Introduction

12.1 In order to inform this HEDNA Update we reviewed the documents identified in paragraph 1.52 of the HEDNA (2020) in addition to the following strategies and economic evidence base documents that have been published since the HEDNA (2020) was prepared or are currently emerging:

- An Economic Prospectus for the South East Coast (SELEP, 2020)
- Economic Recovery and Renewal Strategy (SELEP, 2021)
- Economic Recovery and Renewal Dashboard (SELEP, June 2022)
- Business Resilience and Growth – Key Indicators Report (SELEP, 2022)
- Coastal Catalyst – Key Indicators Report (SELEP, 2022)
- East Sussex Economy Recovery Plan: East Sussex Reset (ESCC, September 2022)
- Hastings Economy Overview Report (Emsi, 2021)
- Rother Economy Overview Report (Emsi, 2021)
- Hastings and Rother Task Force Review (Lichfields, August 2020)
- Levelling Up Index Report (SELEP, September 2022)
- LEP Creative Open Workspace Prospectus and Action Plan (emerging)
- Rother District Rural Economy Strategy (emerging) (Urban Foresight for LGA and RDC)

12.2 The summaries below draw out the key economic strengths and employment growth opportunities identified in these documents.

Strategic Economic Plan (SELEP, 2014)

12.3 The overarching strategy for the SELEP was originally set out in the Strategic Economic Plan (SEP). Whilst it is important to note that the SEP is now nine years old, the key sectors it identified as having potential for boosting growth within the South East LEP area include:

- Advanced manufacturing
- Transport and logistics
- Life sciences and healthcare
- Environmental technologies and low carbon energy
- Creative, cultural and media and the visitor economy

12.4 In East Sussex in particular, the SEP identified significant growth opportunities in creative industries, advanced manufacturing, MedTech and low carbon industries.

Local Industrial Strategy Overview (SELEP, 2019)

- 12.5 The SELEP Local Industrial Strategy (LIS) has not yet been published. However, an overview document prepared in September 2019 states that the evidence base prepared to inform the LIS identifies particular sector concentrations in East Sussex in hospitality and recreation.
- 12.6 Particular growth opportunities are identified in the creative and digital industries, marine and maritime, life sciences, and low carbon technology. The evidence also indicates that logistics, construction, advanced manufacturing and healthcare are all likely to continue to remain highly important and experience fundamental change over the next few years.

An Economic Prospectus for the South East Coast (SELEP, 2020)

- 12.7 This document sets out the LEP's strategy for boosting productivity and economic growth in the area's coastal communities. The key objectives include providing resources to support coastal small and medium businesses in order to equalise business growth rates. The prospectus proposes to do this by encouraging further investment in R&D activities by the Higher Education sector and prioritising cultural and creative businesses.
- 12.8 The evidence base that informed the prospectus identifies relatively low job densities in Hastings (0.70) and Rother (0.71) when compared with the national average (0.86) and the rate for SELEP as a whole (0.86), where a rate of 1 equates to 1 job per resident.
- 12.9 The evidence base also identifies that at a LEP level, the construction and transport and logistics sectors have high levels of concentration, reflecting the region's role as an international gateway. The tourism industry is also substantial, reflecting the role of the coast as an employer. There is also a significant, growing energy sector associated with both the nuclear industry (with Bradwell located on the Essex coast) and offshore renewables.
- 12.10 In terms of skills, Hastings (along with Tendring and Southend) falls below SELEP levels across all skill levels. Levels of economic inactivity in south east coast towns, including those in Hastings and Bexhill are significantly higher than the regional average level, and this is reflected in the proportions of the population in these locations reporting poor health.

Economic Recovery and Renewal Strategy (SELEP, 2021)

- 12.11 As noted above, the South East Local Enterprise Partnership (SELEP) has not yet published a Local Industrial Strategy (LIS), although the Economic Recovery and Renewal Strategy was published in March 2021 which it is understood incorporates the LIS evidence base and draft LIS. The strategy identifies particular strengths in manufacturing and food production, including a highly productive agricultural sector. It also identifies growth in employment in the health & social care and business support services sectors. Employment in the public sector, agriculture, knowledge intensive and business support services were identified as being fairly stable in 2020.
- 12.12 The strategy however identifies severe impacts since 2020 across retail, accommodation and food services, arts, entertainment and recreation enterprises, of which there are 30,000 across the SELEP area. 90% of businesses in the LEP area are micro businesses, with a high proportion of self-employed and freelance workers, who have faced disproportionate impacts associated with the COVID-19 pandemic and Brexit.
- 12.13 The strategy identifies the key strategic priorities for the SELEP as 1) Business resilience and growth, 2) Developing the UK's Global Gateway, 3) Developing communities for the future, and 4) Being a coastal catalyst, including supporting growing sectors such as energy, the green economy, maritime and agri-tech.

Economic Recovery and Renewal Dashboard (SELEP, June 2022)

- 12.14 This report provides an update to the Economic Recovery and Renewal Strategy (2021) and identifies that in Q1 of 2022 there was continued net business closures in the SELEP area, but to a lesser degree than the previous two quarters. Since March 2021, net business closures have been significantly higher across East Sussex than other areas of the SELEP.
- 12.15 Gross disposable household income (net household income after housing costs) in coastal communities was £27,000 compared with an average of £30,300 in non-coastal communities in the SELEP area.

Business Resilience and Growth – Key Indicators Report (SELEP, 2022)

- 12.16 This report identifies that the economic impacts experienced in the SELEP in 2020 were greater than the UK as a whole (-10.5% GVA compared to -9.8% GVA), however there was strong recovery in 2021. Quarter 2, 2022 was the fifth quarter in a row to see business closures exceeding new business creation. These closures have been concentrated in the IT and professional services sectors.
- 12.17 During 2020 the SELEP experienced disproportionate impacts in its manufacturing and professional services sectors but was more resilient in its accommodation and food & agricultural sectors.

Coastal Catalyst – Key Indicators Report (SELEP, 2022)

- 12.18 Enterprise growth in coastal communities in SELEP was higher than non-coastal communities in 2020/2021 for the first time in recent years. The increase in the number of staycations is thought to have been a contributing factor. However, the overall number of enterprises in coastal communities remains far below the levels in non-coastal communities.
- 12.19 Coastal communities have lower overall jobs density, a higher reliance on public sector jobs and a lower proportion of jobs in knowledge intensive sectors (those with higher proportion of employees with a level 4 or above qualification) compared with non-coastal communities. Claimant rates are also higher across coastal communities, with Hastings in particular having the 5th highest rate of all coastal towns in SELEP (5.7% in June 2022). Further analysis of employment rates is presented in Section 14(a).
- 12.20 Coastal communities have a higher proportion of jobs in low pay sectors compared to non-coastal communities. The higher proportion of jobs in the social care sector in particular contributes to this.

East Sussex Economy Recovery Plan: East Sussex Reset (ESCC, September 2022)

- 12.21 The East Sussex Economic Recovery Plan was developed in response to the COVID-19 pandemic, focusing on businesses, skills and employment in a post-COVID landscape. The plan is intended to lead to the future publication of a revised East Sussex Growth Strategy.

- 12.22 The plan identifies six missions to support the East Sussex economy and livelihoods. Mission 3: 'Fast-forwarding Business' recognises that the service and retail economy is vital to East Sussex, particularly the creative and cultural sector, as well as the leisure, hospitality and tourism industries. There is an ongoing programme to assist the tourism sector as well as a Creative Open Workspace programme which looks to respond to the shift towards home working and local working.
- 12.23 The plan also includes projects to support town centres, high streets and adaptation of empty retail sites, as well as clean energy technologies, decarbonisation projects and rolling out of high speed broadband across East Sussex to help support businesses.

Hastings Economy Overview Report (Emsi, 2021)

- 12.24 The report identifies average wages in Hastings in 2020 were £27,300 per year, which is £2,900 below the national average. Between 2015 and 2020, jobs in Hastings increased by just 0.1% compared to a national growth rate of 5.5%. The top three industries in Hastings in 2020 were Hospital activities, Retail sales (non-specialised stores), and Restaurants and mobile food service activities.
- 12.25 In terms of education attainment, 20.8% of Hastings residents had at least a degree level or equivalent qualification, which was 11.5% below the national average. In terms of skills, those that are most in demand in Hastings in 2020 were nursing, mental health and personal care, all of which had levels of demand above the national average.
- 12.26 The report identified the industrial sectors with the highest level of jobs growth as Accommodation and food services, Manufacturing and Construction. The types of occupations with the highest levels of jobs growth were Elementary, Skilled Trades and Process, Plant and Machine Operatives.

Rother Economy Overview Report (Emsi, 2021)

- 12.27 The report states that average wages in Rother in 2020 were £27,000 which is £3,300 below the national average. In terms of educational attainment, 20.9% of Rother residents possess at least a Degree level or equivalent qualification, which is 11.4% below the national average. Skills identified as being most in demand in Rother include nursing, followed by mental health and personal care.
- 12.28 In 2020, the top three industries in Rother were Activities of insurance agents and brokers, Primary education, and Restaurants and mobile food service activities. From 2015 to 2020, jobs increased by 1.7% in Rother from 28,033 to 28,507. This was 3.8% below the national growth rate of 5.5%.

- 12.29 Industries identifies as top growth sectors in Rother include Construction, Administrative and support services, and Wholesale and retail trade (repair of motor vehicles and motorcycles). The largest growing occupations are Skilled Trades, Sales and Customer Service, and Managers, Directors and Senior Officials.

Hastings and Rother Task Force Review (Lichfields, August 2020)

- 12.30 The review assesses economic growth and regeneration activity delivered in Hastings and Rother since the establishment of the Hastings & Rother Task Force in 2001. The Task Force was a partnership of key local, regional and national agencies and had oversight of an overall regeneration programme as well as education, community safety and cultural activities.
- 12.31 The evidence presented in the review shows that the local economy has diversified with growth of higher-value parts of the private sector, although the public sector still accounts for a significant proportion of employment particularly in Hastings. Evidence also indicates some 40 capital local investment projects with a total value of £590m have been implemented since 2001, mainly (but not exclusively) in Hastings, St. Leonards and Bexhill-on-Sea. The completion of the Hastings-Bexhill link road was highlighted as a particular achievement.
- 12.32 It is noted that future regeneration activity in Hastings and Rother will need to more clearly link capital investments with improved economic inclusion, as well as focusing on town centre reinvention and a shift to a net zero carbon economy. It is recommended that the Task Force continues to operate as a strategic coastal regeneration partnership and that an economic development company is created.
- 12.33 The review notes that the two authority areas have seen some diversification of their economies with growing parts of the private sector including tourism and hospitality, professional services, Information and Communication Technologies (ICT), construction and transport & storage. However, the public sector still accounts for a significant share of employment in both Hastings and Rother, and this has increased slightly within Hastings Borough over the past 18 years.

Levelling Up Index Report (SELEP, September 2022)

- 12.34 The Levelling Up Index is a measure developed by SELEP based on research by the Centre for Cities (September 2021) which stated that from a public perspective most people considered 'better job opportunities in your area' as the most important priority for levelling up. The Government's Levelling Up White Paper also confirmed the importance of

more jobs and higher wages within the levelling up agenda. The Levelling Up Index was therefore developed as a measure of 'good access to high quality jobs'.

- 12.35 The overall Index can be broken down into two underlying domains of 'access to' and 'quality of' jobs. Hastings performs worst of all East Sussex authorities having 'very low' access to jobs and 'low quality' jobs. Rother performs slightly better than Hastings in terms of access to jobs which is defined as 'average', however the quality of jobs in Rother is identified as 'very low'.
- 12.36 There is a need to level up job access and job quality across the SELEP authorities. Currently, the SELEP authorities collectively have too few jobs in knowledge intensive sectors and too many jobs in low pay sectors.

Creative Open Workspace Prospectus and Action Plan (SELEP, 2023)

- 12.37 The South East Creative Economy Network (sub group of the South East Local Enterprise Partnership) has set out two route maps to support the development of creative workspace: a prospectus to support a growth in suitable creative workspace and ambitious proposals for Cultural Opportunity Zones, both of which are useful reference points. The sector has a high prevalence of companies who expand and contract on a regular basis and a preference for shared spaces and collaborative working, and available workspace.

13 ECONOMIC BASELINE

Summary

- The unemployment rate (age 16+) in Hastings in June 2022 was 4.9% compared with 3.9% in Rother and 3.9% across England as a whole, with a jobs density for both districts that consistently sits below the national and regional average for period 2000-2021.
- Both Hastings and Rother have a higher-than-average percentage of working age people who lack any formal qualification, 15.1% (Hastings) and 10.6% (Rother) compared to both the national (6.4%) and regional (5.0%) level.
- Rates of self-employment across the FEMA (24.9% in Rother and 19.3% in Hastings) are also higher than the national average of 13.2%.
- The sectors contributing the most to GVA across the FEMA include real estate activities and human health and social work. The manufacturing sector also makes a significant contribution to GVA in Hastings, but less so in Rother.
- The FEMA has particularly high concentrations of jobs in the health and public administration & defence sectors (in Hastings) and the agriculture, forestry & fishing, and financial & insurance sectors (in Rother). The majority of business growth in the FEMA over the period 2012 to 2022 was in micro-businesses.
- Commuting data indicates two-way flows between rural and urban parts of the FEMA, but just 12% of FEMA employment is in the rural area compared with 88% in the urban areas. In the rural area there are comparatively high concentrations of employment in the retail, accommodation & food services, and arts & recreation sectors. Urban areas in the FEMA have experienced particular increases in employment in the service industries (including public services).
- Around 80% of total FEMA GVA is contributed by the urban areas, including 54% from Hastings and 25% from Rother's urban areas.
- There is no clear evidence that a specific employment floorspace requirement needs to be identified for rural areas of the FEMA to support future economic growth, however there is a need for flexibility to support further diversification and allow rural businesses to respond to external factors, including changing markets and climate change.

Introduction

- 13.1 This section provides a baseline assessment of the local and regional economic dynamics and characteristics of the economy and labour market in the FEMA. This analysis is presented at both a local authority and sub-area level.

Employment Rates

- 13.2 The employment rate is calculated by ONS as the percentage of the working age population (16-64) that are in paid work. As shown in Figure 75 below, Hastings experienced a recent decline in rate of employment between 2019-2021, followed by a rebound in the previous year to June 2022. This is likely associated with the impacts of the COVID-19 pandemic. In Rother, the employment rate actually increased slightly from July 2019 to June 2021 but then declined slightly in the year preceding June 2022.
- 13.3 The overall employment rate in Hastings in June 2022 was 76.6%. The employment rate in Rother is slightly lower at 75.6%. Both of these are broadly in line with the average employment rate for England which was 75.7% in June 2022.

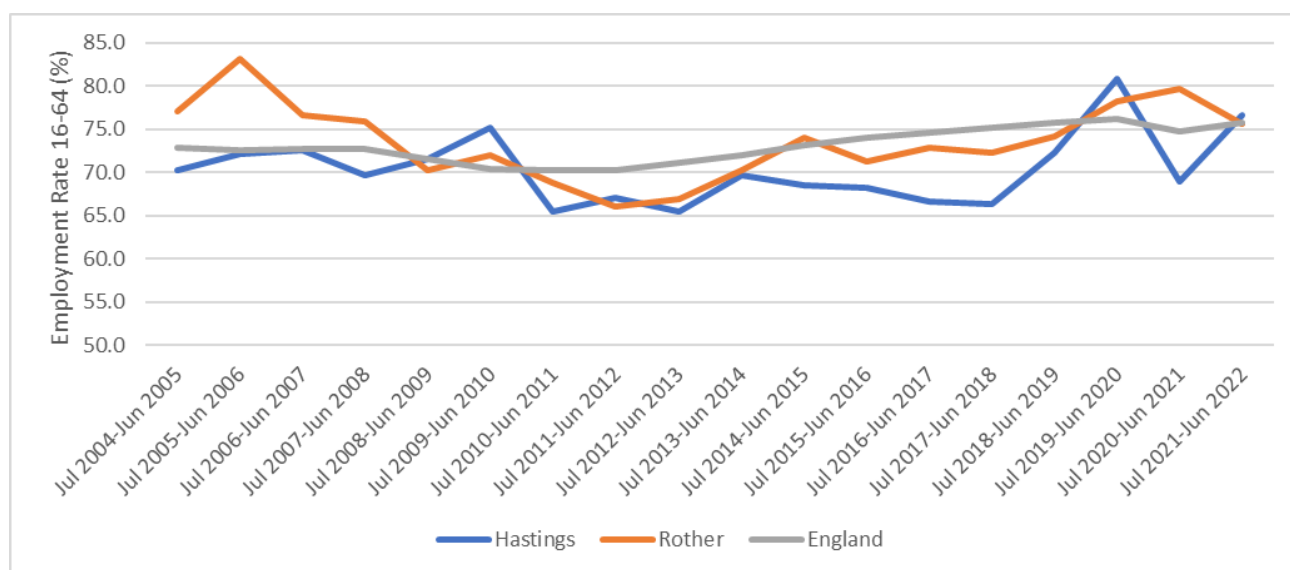


Figure 75 Employment Rate 16-64 (%)

Source: Annual Population Survey

- 13.4 The economic activity rate is the proportion of working age adults (16-64) who are either looking for work or are actively working. In June 2022 the economic activity rate in Hastings was 80.6% compared with 78.4% in Rother and 78.8% in England as a whole. The economic activity rates in Hastings and Rother from October 2019 to September 2020 were higher than the national average (79%), at 81% and 83% respectively, but have since declined more rapidly than the national average.

- 13.5 The unemployment rate (age 16+) in Hastings in June 2022 was 4.9% compared with 3.9% in Rother and 3.9% across England as a whole, with a jobs density for both districts that consistently sits below the national and regional average for period 2000-2021. The calculation of jobs density measures the ratio of the number of jobs in an area to the resident working age population of that area, hence is sensitive to factors such as unemployment, inflow and outflow commuting and economic activity rates.
- 13.6 In 2021, Hastings had a job density of just 0.7 and Rother of 0.75 compared to a national and regional average of 0.87. This indicates that the relatively high unemployment rate in Hastings may be partially due to a lack of labour demand within the FEMA.
- 13.7 Both Hastings and Rother have a higher-than-average percentage of working age people who lack any formal qualification, 15.1% (Hastings) and 10.6% (Rother) compared to both the national (6.4%) and regional (5.0%) level. This correlates with a lower-than-average percentage of people in both districts gaining qualifications at Level 2 or above⁸⁰. This is particularly the case for qualifications to level 4 or above, held by only 30.7% of Hastings residents and 37.3% of Rother residents compared to a national average of 43.1% and a regional average of 45.1% in 2021.
- 13.8 The figure below shows the proportion of people in employment who are self-employed during the period July 2004 to June 2022. The rates of self-employment in both authorities have been quite variable but have increased in both authorities since July 2020. The self-employment rate in Rother is currently relatively high representing almost a quarter of all those in employment (24.9%). The most recent figure for Hastings is slightly lower at 19.3%. This compares with an average self-employment rate across East Sussex of 20.5%. All are significantly higher than the England average self-employment rate of just 13.2%. It should be noted that a percentage of these self-employment figures may be second jobs, as declared within the confidence information attached to the dataset.

⁸⁰ Level 2: 5+ O level passes, 5+ CSEs (grade 1's), 5+ GCSEs (grades A-C), School Certificate, 1+ A levels/AS levels, NVQ level 2, Intermediate GNVQ.

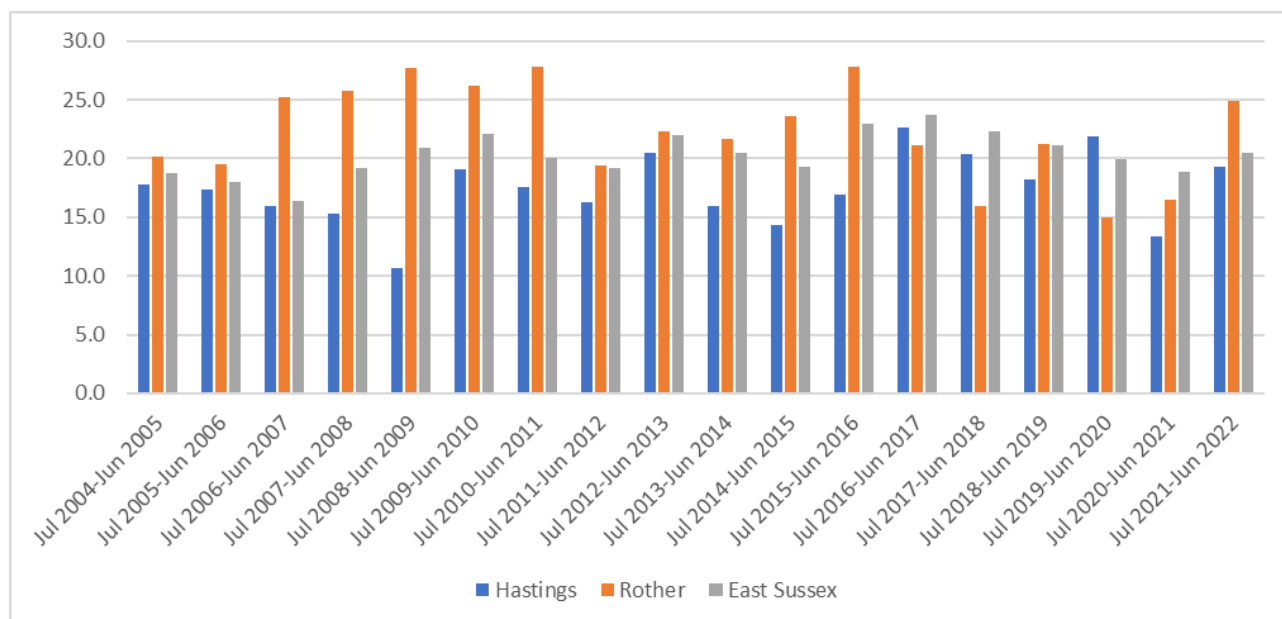


Figure 76 % in employment who are self-employed - aged 16+ (2004 to 2022)
Source: Annual Population Survey

Productivity (GVA)

- 13.9 The Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. In 2020, the total GVA in Hastings was £1,578 million compared with £1,343 million in Rother. This is compared with a total of £9,350 million for East Sussex as a whole.
- 13.10 As shown in Figure 77 since 1998 total GVA in both authorities has increased, with a more pronounced decline in Rother during 2008 financial crash and from 2016-2018. Rother appears to be showing steady increase since 2018, whereas Hastings' overall GVA declined between 2019-2020, most likely due to the impact of COVID.



Figure 77 Total GVA – All Sectors
Source: SPRU analysis based on ONS data

13.11 The sectoral breakdown of GVA by authority (Figure 78 and Figure 79) shows that a high proportion of total GVA in Rother is from Real Estate Activities, with a growing proportion in Accommodation & Food Services and Education. Whilst Hastings has high proportions of GVA from Real Estate Activities, Human Health & Social Work activities, Public Administration & Defence, Manufacturing and Wholesale & Retail Trade. In Hastings, levels of GVA in Accommodation & Food Services appear to be impacted more sharply in 2020 and likely effects of the Coronavirus pandemic, along with Transport & Storage and Manufacturing.

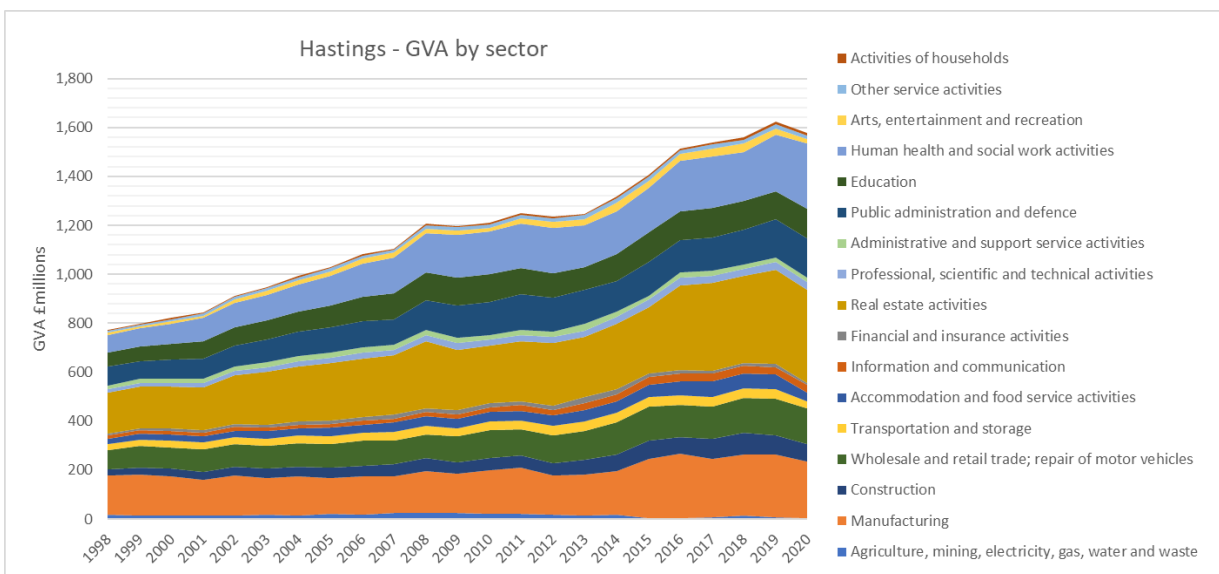


Figure 78 Hastings GVA by Sector
Source: SPRU analysis based on ONS data

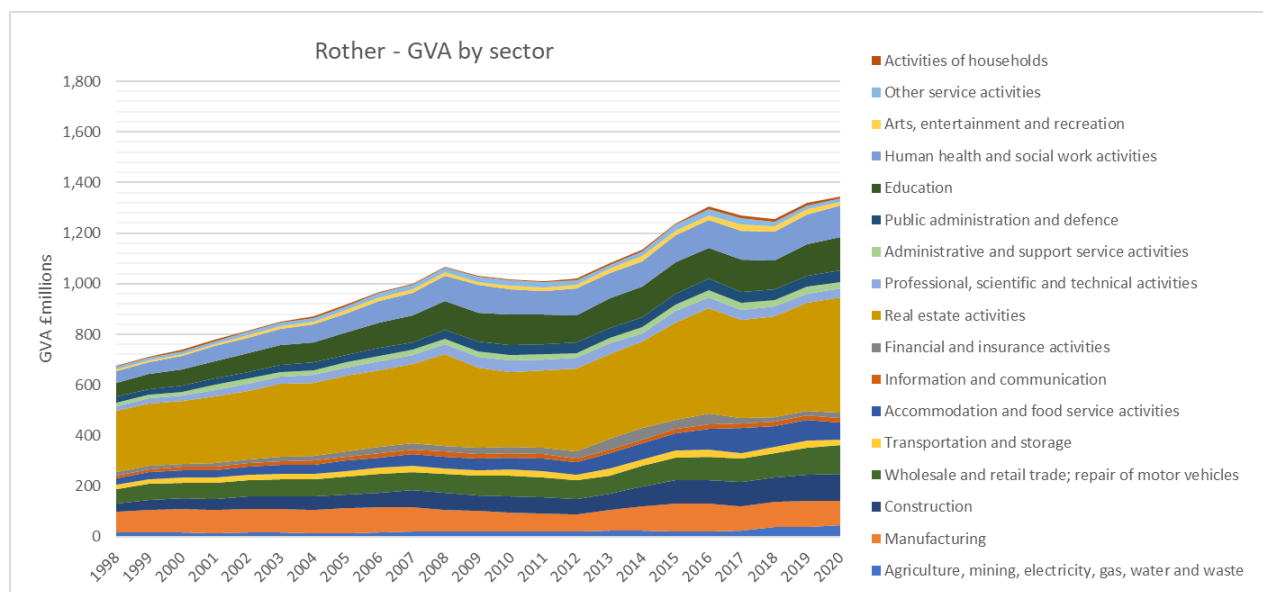


Figure 79 Rother GVA by Sector

Source: SPRU analysis based on ONS data

- 13.12 As of 2020 the following sectors were the largest contributors to Hastings' local economy; real estate activities (24.1%), human health and social work activities (16.9%), and manufacturing (14.7%). Together these three sectors comprise over half of Hastings' economic output.
- 13.13 In Rother, the largest contributor is the real estate sector (34.1%) followed by education (9.9%), human health and social work activities (9.2%) and wholesale and retail trade (repair of motor vehicles) (8.5%). The manufacturing sector in Rother contributes 7.1% of total GVA which is significantly less than this sector's contribution to the Hastings economy.
- 13.14 Whilst Hastings' GVA is largely dominated by the three key sectors noted above, a third of Rother's economy is represented by the real estate sector with the remainder more evenly distributed across a number of different sectors.

Table 83 GVA by Sector (2020)

Sector	Hastings GVA 2020 (£million)	Hastings % of Total	Rother GVA 2020 (£million)	Rother % of Total
Agriculture, mining, electricity, gas, water and waste	4	0.3%	46	3.4%
Manufacturing	232	14.7%	96	7.1%
Construction	70	4.4%	105	7.8%
Wholesale and retail trade; repair of motor vehicles	146	9.3%	114	8.5%
Transportation and storage	30	1.9%	22	1.6%
Accommodation and food service activities	33	2.1%	70	5.2%
Information and communication	32	2.0%	17	1.3%
Financial and insurance activities	10	0.6%	19	1.4%
Real estate activities	381	24.1%	458	34.1%
Professional, scientific and technical activities	30	1.9%	35	2.6%
Administrative and support service activities	20	1.3%	26	1.9%
Public administration and defence	159	10.1%	43	3.2%
Education	121	7.7%	133	9.9%
Human health and social work activities	267	16.9%	124	9.2%
Arts, entertainment and recreation	19	1.2%	16	1.2%
Other service activities	14	0.9%	12	0.9%
Activities of households	8	0.5%	9	0.7%
All Industries	1,578	100%	1,343	100%

Source: SPRU analysis based on ONS data

Business Demography

- 13.15 Over the 10 year period 2012 to 2022, the total number of businesses in Hastings has increased by 18% and in Rother the total number has increased by 13%. This equates to a numerical increase of 515 businesses in Hastings resulting in a total of 3,440 businesses in 2022, and an increase of 520 businesses in Rother resulting in a total of 4,680 businesses.
- 13.16 In both authorities the vast majority of this increase was in micro-businesses, equating to 96% of the increase in Hastings and 89% of the increase in Rother. Hastings experienced no change in the number of large businesses which remained at a total of 10 businesses

in 2022. In Rother the number of large businesses increased from none in 2012 to five in 2022.

Table 84 Proportion of total businesses by size (number of employees) (2012 and 2022)

% of Total Businesses	Micro (0-9)			Small (10-49)			Medium (50-249)			Large (250+)		
	2012	2022	Change	2012	2022	Change	2012	2022	Change	2012	2022	Change
Hastings	81.20%	83.43%	2.23%	15.38%	13.66%	-1.72%	3.08%	2.76%	-0.32%	0.34%	0.29%	-0.05%
Rother	87.50%	87.71%	0.21%	10.82%	10.58%	-0.24%	1.68%	1.60%	-0.08%	0.00%	0.11%	0.11%
East Sussex	85.54%	86.69%	1.16%	12.24%	11.23%	-1.01%	2.08%	1.91%	-0.17%	0.15%	0.15%	0.00%
England	83.10%	85.05%	1.96%	13.56%	12.08%	-1.48%	2.90%	2.49%	-0.41%	0.44%	0.38%	-0.07%

Source: ONS UK Business Counts

Table 85 Total businesses by size (number of employees) (2012 and 2022)

Total	Micro (0-9)			Small (10-49)			Medium (50-249)			Large (250+)			Total		
	2012	2022	%	2012	2022	%	2012	2022	%	2012	2022	%	2012	2022	%
Hastings	2,375	2,870	21%	450	470	4%	90	95	6%	10	10	0%	2,925	3,440	18%
Rother	3,640	4,105	13%	450	495	10%	70	75	7%	0	5	500%*	4,160	4,680	13%

*Where a percentage of 0 is impossible, the percentage given is 500% as a multiple of the smallest possible unit

Source: ONS UK Business Counts (% indicates percentage change)

- 13.17 In 2021 in Hastings there were 2,865 active businesses with at least one employee ('employer enterprises') including 350 business 'births' (new registrations) and 255 business 'deaths'. In 2021 in Rother there were 3,660 active businesses, including 355 'births' and 310 'deaths'. Business demography was not reported in the previous 2020 HEDNA, and subsequently negatively affected in 2020 as a result of the Covid-19 pandemic which potentially distorts the time series for births and deaths.
- 13.18 For Hastings the most recent data indicate a business birth 'rate' of 12.3% of the total of all enterprises, compared to a death rate of 9.2%. In Hastings there has been a slight increase in the birth rate, and a reduction in the death rate, since 2016 indicating an increasingly positive 'net change' in total enterprises. The equivalent data for Rother are 9.7% and 8.7%, where trends have been more stable since 2016. For the whole of the UK the equivalent data for 2021 reflect a birth rate of 12.4% and death rate of 11.1%, with the birth rate being generally stable since 2016 but the death rate slightly increased. For both Council areas death rates are therefore lower than observed nationally, while the recent increase in the birth rate recorded in Hastings suggests a positive trend in enterprise and business demography to support future economic growth.

13.19 The trend for business births and deaths is consistent with rates of business survival in Rother and Hastings that are generally higher than the average business survival rate across England as a whole, as shown in the figure below. Of all businesses that were newly formed in 2015, 44.7% of these were still surviving in Hastings in 2020. The five-year business survival rate in Rother is slightly higher at 45.2%. These broadly align with the average figure for East Sussex of 45.2% and are both significantly higher than the average for England of 39.5%.

Table 86 Survival rate of businesses formed in 2015



Source: ONS Business Demography

Employment by sector

13.20 Analysis of Business Registration and Employment Survey (BRES) data has been undertaken to identify the sectoral breakdown of employment in Hastings and Rother. As shown in Table 87 below, the largest sectors in Hastings by employment are health and retail, followed by accommodation and food services, and manufacturing. The largest sectors in Rother by employment are health, accommodation and food services, retail, followed by financial & insurance activities and education.

Table 87 Breakdown of employment by sector (2021)

Sector	Hastings Number	Hastings %	Rother Number	Rother %
1: Agriculture, forestry & fishing (A)	100	0.3	1,250	4.0
2: Mining, quarrying & utilities (B, D and E)	250	0.8	175	0.6
3: Manufacturing (C)	2,500	7.6	1,250	4.0
4: Construction (F)	1,500	4.5	2,250	7.3
5: Motor trades (Part G)	500	1.5	600	1.9
6: Wholesale (Part G)	700	2.1	700	2.3
7: Retail (Part G)	4,000	12.1	3,500	11.3
8: Transport & storage (inc postal) (H)	1,250	3.8	800	2.6
9: Accommodation & food services (I)	3,000	9.1	4,000	12.9
10: Information & communication (J)	500	1.5	450	1.5
11: Financial & insurance (K)	500	1.5	2,500	8.1
12: Property (L)	900	2.7	700	2.3
13: Professional, scientific & technical (M)	1,500	4.5	1,750	5.6
14: Business administration & support services (N)	1,750	5.3	1,750	5.6
15: Public administration & defence (O)	2,250	6.8	500	1.6
16: Education (P)	2,250	6.8	2,500	8.1
17: Health (Q)	9,000	27.3	4,500	14.5
18: Arts, entertainment, recreation & other services (R, S, T and U)	1,250	3.8	1,250	4.0
Column Total	33,700		30,425	

Source: BRES (2021)

- 13.21 Figure 80 shows the total number of businesses by employment sector in Rother and Hastings. In both authorities the largest number of businesses are in the construction, wholesale & retail, and professional, scientific & technical sectors. Rother has a larger number of employers than Hastings across all sectors, with the exception of human health & social work activities and the arts, entertainment & recreation sectors. Given that Hastings has a higher overall number of employees, as indicated in Table 6, this further confirms that a higher proportion of employees are employed by smaller businesses than in Hastings.

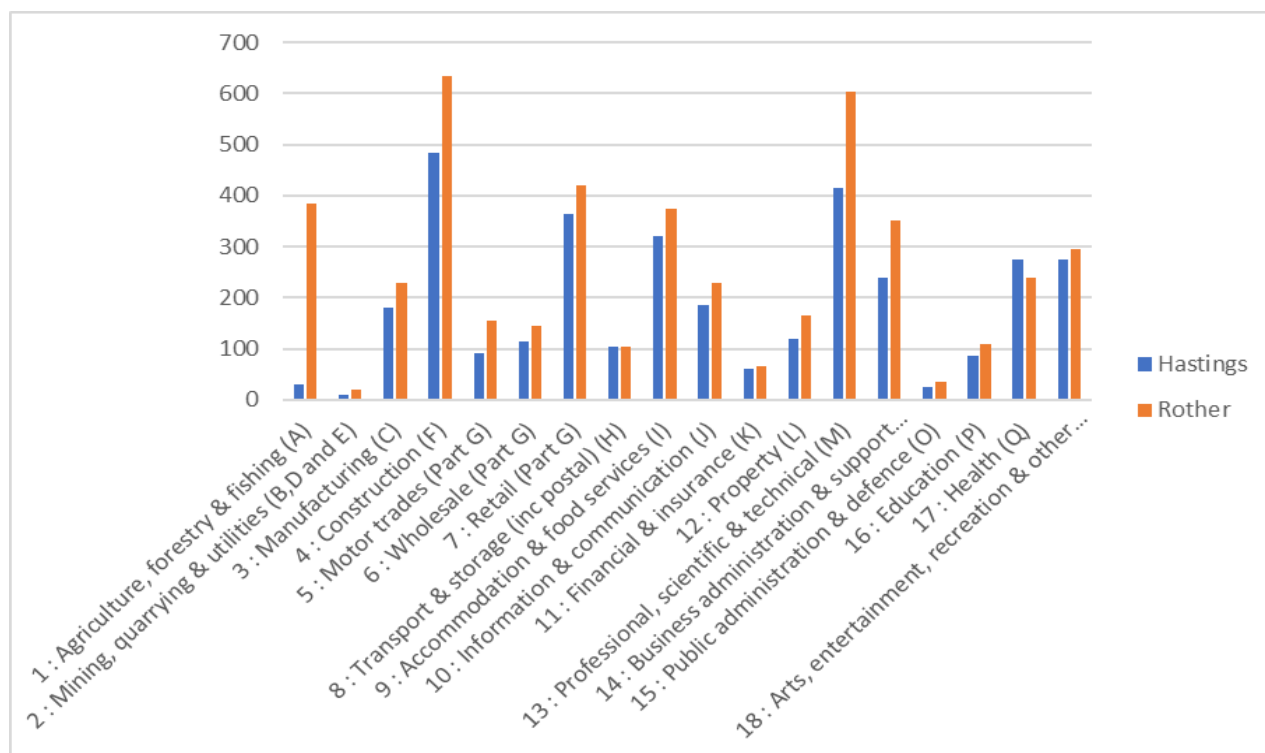


Figure 80 Total Businesses by Sector (2021)

Source: SPRU analysis of ONS Data

- 13.22 A Location Quotient (LQ) analysis has been used to further analyse the composition of employment within Hastings and Rother and to identify sectors with more locally significant proportions of total employment and thus any uneven distribution of economic activity, and in some instances may identify potential specialisms within the local economy. A LQ describes the proportion of employment in a sector relative to a wider area. In this case, comparisons have been made with East Sussex County, the South East LEP, the wider South East and England as a whole.
- 13.23 A LQ of 1 means there is the same proportion of employment in this sector in Hastings or Rother as in the comparator area. A LQ above 1 means there is a higher concentration of employment in that sector in the local economy; for example, a LQ of 2.0 equates to twice the proportion of employment in the sector compared to the comparator geography. Conversely, an LQ of less than 1 means a relatively lower concentration of employment than in the comparator geography.
- 13.24 Figure 81 and Figure 82 below shows the LQ for Hastings and Rother when compared with the wider South East (x-axis) and England (y-axis). The size of the circle represents the level of employment in that sector in Hastings and Rother respectively. The figures show only those sectors where at least one of the vertical or horizontal axes record a LQ greater than 1.0, to ascertain those sectors with a higher concentration within Hastings and Rother and thus ascertain the local employment demographic.

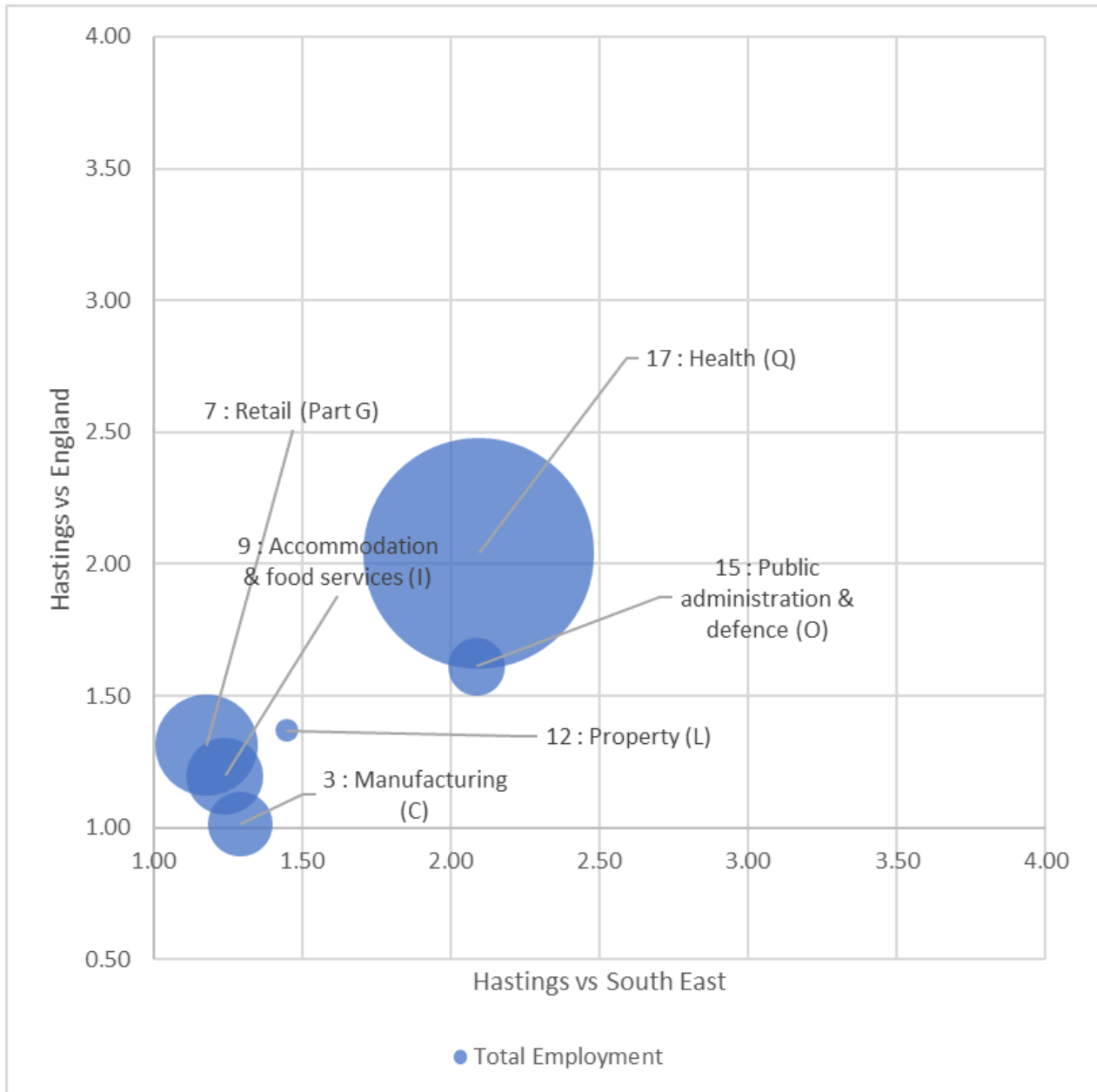


Figure 81 Location Quotient: Hastings vs South East and England (sectors with a LQ exceeding 1.0)

Source: SPRU analysis of BRES data (2021)

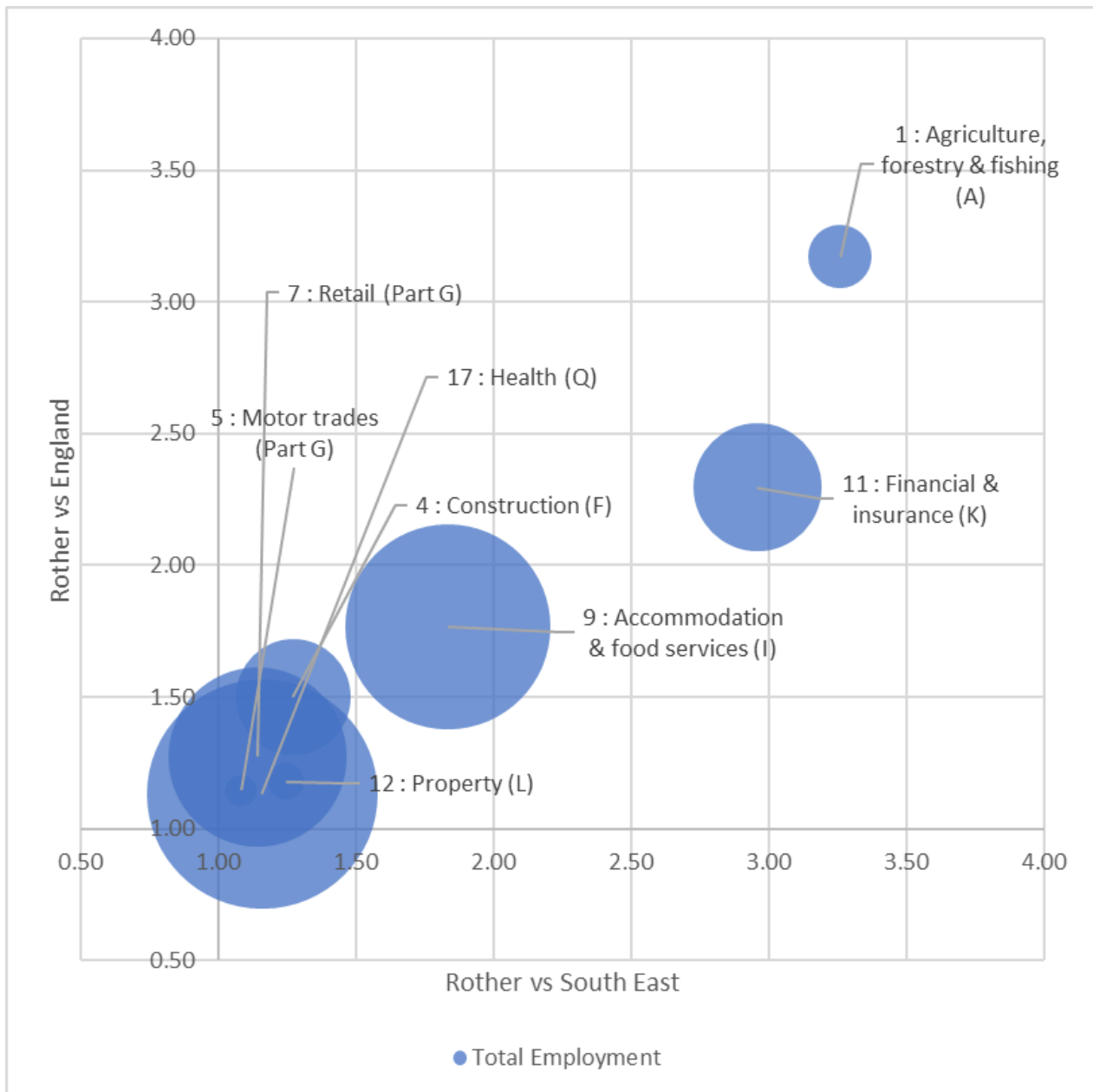


Figure 82 Location Quotient: Rother vs South East and England (sectors with a LQ exceeding 1.0)

Source: SPRU analysis of BRES data (2021)

- 13.25 In Hastings, health is the sector that has the highest LQ score compared with England and the South East, representing over 26% of all jobs in the Borough. This is followed by public administration & defence, property and retail, which all have a higher proportion of jobs compared to England and the South East.
- 13.26 In Rother, the agriculture, forestry & fishing sector represents a higher proportion of jobs compared with the wider South East and England, followed by the financial & insurance and accommodation & food services sectors.

13.27 When compared with the South East LEP and East Sussex County (as shown in Figure 83 and Figure 84 below), it is similarly the health and public administration & defence sectors that are more highly concentrated in Hastings than in the wider East Sussex and SELEP areas. In Rother, it is the financial & insurance sector that are more highly concentrated compared with East Sussex and the SELEP areas, followed by agriculture, forestry & fishing, and accommodation & food services.

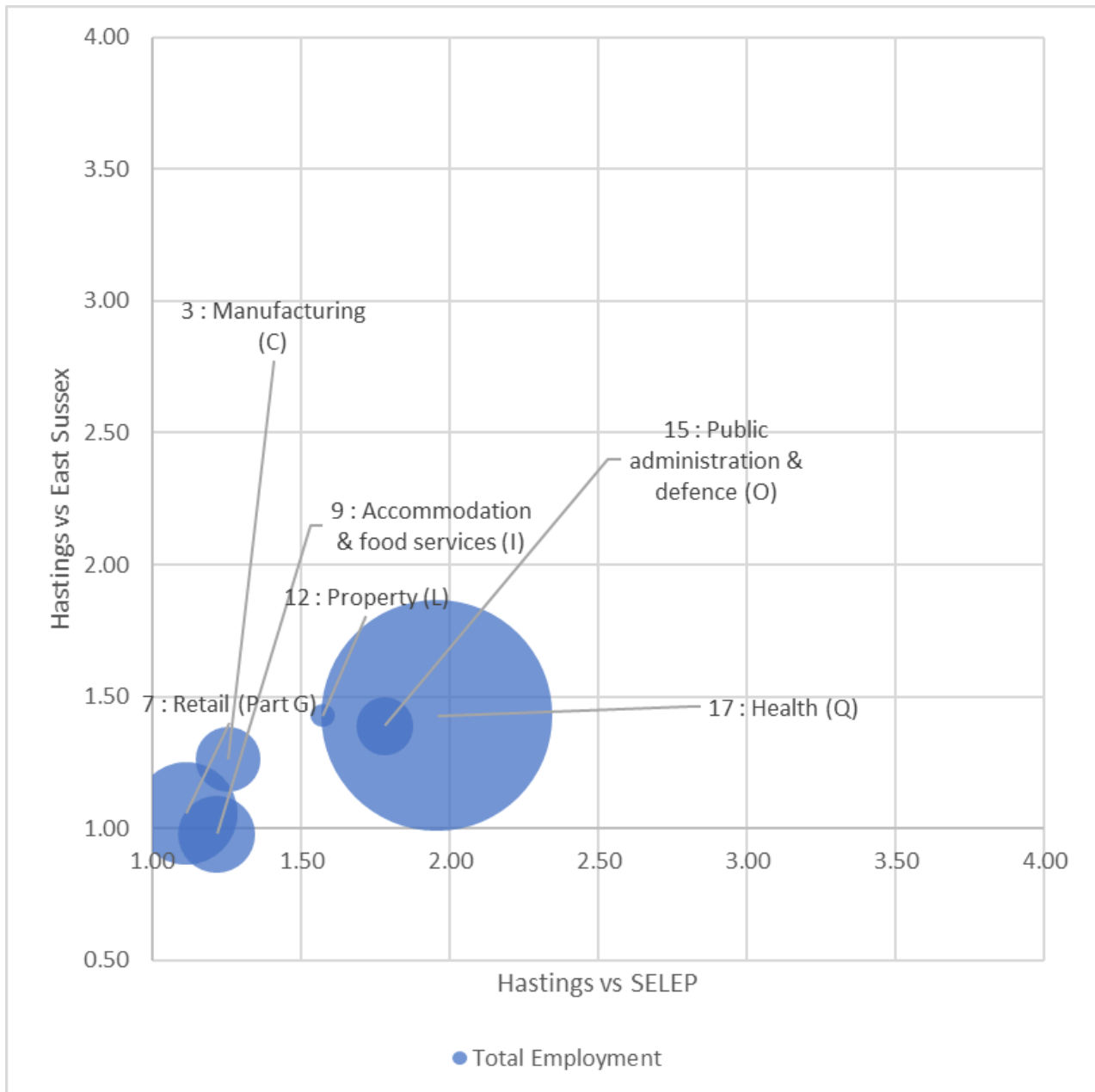


Figure 83 Location Quotient: Hastings vs East Sussex and South East LEP (sectors with a LQ exceeding 1.0)

Source: SPRU analysis of BRES data (2021)

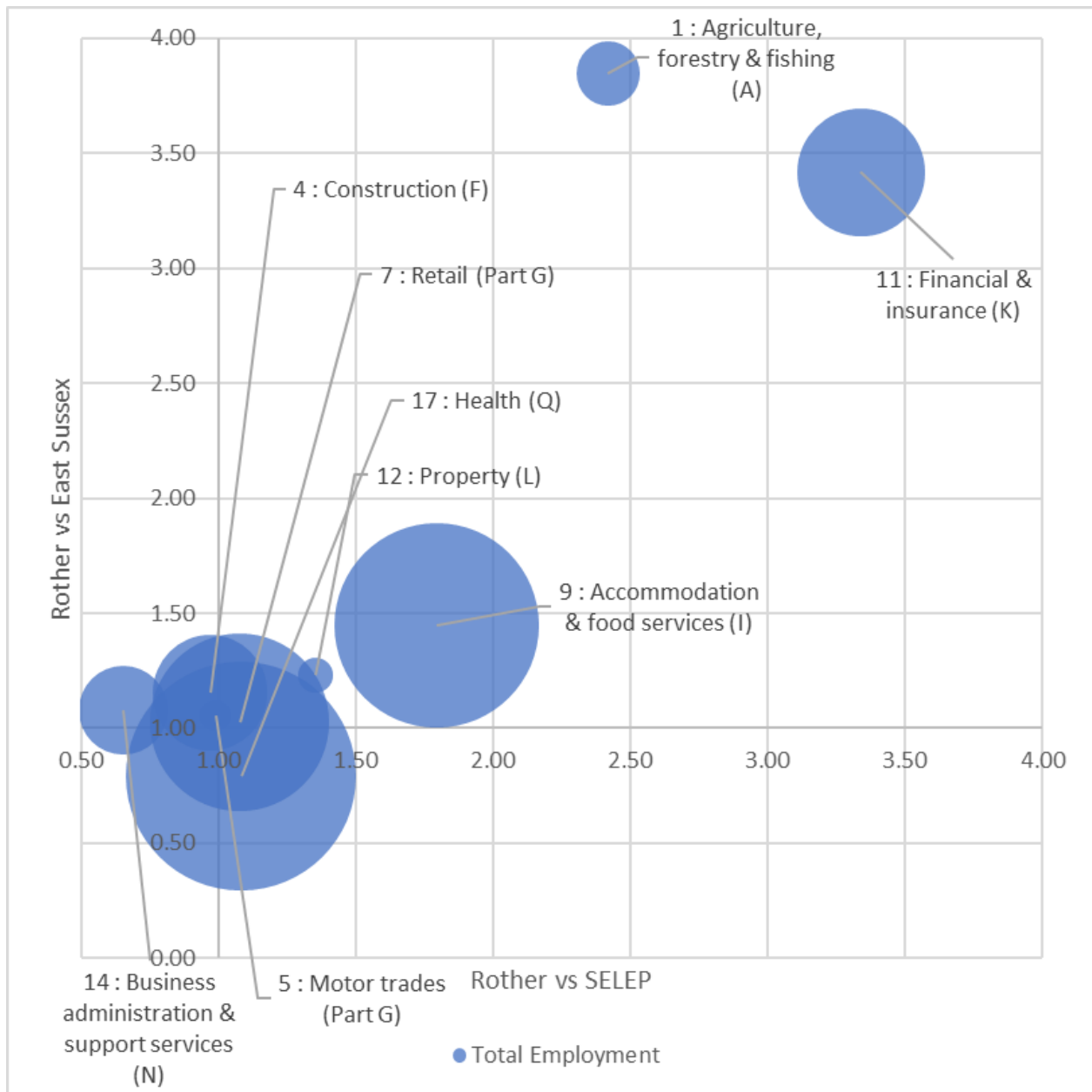


Figure 84 Location Quotient: Rother vs East Sussex and South East LEP (sectors with a LQ exceeding 1.0)

Source: SPRU analysis of BRES data (2021)

- 13.28 The LQ analysis highlights the significance of the public health & social care sector in Hastings, which is identified by the SELEP as a potential growth sector. Whilst in Rother, the strength of the agriculture and accommodation & food services sectors reflect the LEP’s growth ambitions for food production and tourism in particular.
- 13.29 The results of a more detailed LQ analysis by sub-sector is presented in Table 88 and Table 89 below. The industry sub-sectors highlighted in bold are those in which the

authority has a higher proportion of employment than all four comparator geographies. Based on this analysis, Hastings has particular sub-sector concentrations in certain types of manufacturing (including media), retail trade, accommodation, real estate, public administration and defence, residential care and social work, health care, and gambling and betting activities. In Rother, particular sub-sector concentrations are identified in agriculture, forestry, mining and quarrying, certain types of manufacturing, sewerage, construction, accommodation and food services, financial and insurance services, real estate, veterinary activities, residential care, and libraries, museums and cultural activities.

Table 88 Hastings Location Quotient Sub-Sector Concentrations

Industry Sub-Sector	Hastings vs SELEP	Hastings vs East Sussex	Hastings vs South East	Hastings vs England
03: Fishing and aquaculture	2.58	2.17	4.33	4.97
10: Manufacture of food products	0.86	1.44	0.93	0.40
16: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1.10	0.72	2.16	1.17
18: Printing and reproduction of recorded media	1.43	1.03	1.80	1.57
19: Manufacture of coke and refined petroleum products	1.47	5.78	0.87	1.38
22: Manufacture of rubber and plastic products	2.90	2.60	3.07	2.91
23: Manufacture of other non-metallic mineral products	1.80	1.12	2.27	2.13
24: Manufacture of basic metals	4.12	3.85	6.49	1.51
25: Manufacture of fabricated metal products, except machinery and equipment	0.99	1.44	1.08	0.90
26: Manufacture of computer, electronic and optical products	4.58	3.08	3.99	7.36
30: Manufacture of other transport equipment	0.69	1.54	0.29	0.16
31: Manufacture of furniture	1.29	0.96	1.44	1.01
32: Other manufacturing	1.72	1.44	1.30	1.68
38: Waste collection, treatment and disposal activities; materials recovery	1.16	1.63	1.12	1.61
43: Specialised construction activities	0.87	0.90	1.16	1.52

Industry Sub-Sector	Hastings vs SELEP	Hastings vs East Sussex	Hastings vs South East	Hastings vs England
47: Retail trade, except of motor vehicles and motorcycles	1.16	1.10	1.24	1.38
49: Land transport and transport via pipelines	0.74	1.16	1.10	0.81
53: Postal and courier activities	0.56	1.01	0.65	0.69
55: Accommodation	1.93	1.16	1.81	1.56
59: Motion picture, video and television programme production, sound recording and music publishing activities	1.47	0.83	1.00	0.71
61: Telecommunications	0.92	1.44	0.43	0.54
64: Financial service activities, except insurance and pension funding	0.82	1.44	0.57	0.35
68: Real estate activities	1.34	1.16	1.32	1.18
74: Other professional, scientific and technical activities	1.17	0.96	1.05	1.17
78: Employment activities	0.77	1.16	0.62	0.63
80: Security and investigation activities	0.52	1.16	0.62	0.45
84: Public administration and defence; compulsory social security	1.81	1.44	2.13	1.64
86: Human health activities	1.89	1.60	1.97	1.88
87: Residential care activities	1.70	1.12	2.03	2.33
88: Social work activities without accommodation	2.15	1.44	2.34	2.04
90: Creative, arts and entertainment activities	1.84	0.90	1.47	1.25
92: Gambling and betting activities	2.06	1.65	2.16	1.24
93: Sports activities and amusement and recreation activities	1.07	0.96	0.97	1.09

Source: SPRU analysis of BRES data (2021)

Table 89 Rother Location Quotient Sub-Sector Concentrations

Industry Sub-Sector	Rother vs SELEP	Rother vs East Sussex	Rother vs South East	Rother vs England
01: Crop and animal production, hunting and related service activities	1.64	1.47	2.36	2.91
02: Forestry and logging	2.92	1.57	1.96	3.13
03: Fishing and aquaculture	0.97	0.82	1.63	1.88
08: Other mining and quarrying	2.50	3.93	2.52	2.01
11: Manufacture of beverages	1.50	0.84	1.66	1.28
14: Manufacture of wearing apparel	1.30	1.31	1.18	1.04
15: Manufacture of leather and related products	1.95	1.31	1.84	0.78
16: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2.50	1.64	4.90	2.66
23: Manufacture of other non-metallic mineral products	4.67	2.91	5.89	5.52
24: Manufacture of basic metals	1.40	1.31	2.21	0.51
25: Manufacture of fabricated metal products, except machinery and equipment	0.79	1.15	0.86	0.71
26: Manufacture of computer, electronic and optical products	0.65	0.44	0.57	1.04
31: Manufacture of furniture	1.10	0.82	1.23	0.86
37: Sewerage	4.67	3.28	2.45	4.69
41: Construction of buildings	1.00	1.31	1.30	1.31
43: Specialised construction activities	1.18	1.23	1.58	2.06
45: Wholesale and retail trade and repair of motor vehicles and motorcycles	0.89	0.94	0.99	1.05
47: Retail trade, except of motor vehicles and motorcycles	0.99	0.94	1.05	1.17
49: Land transport and transport via pipelines	0.67	1.05	1.00	0.73
51: Air transport	0.19	6.55	0.13	0.14
53: Postal and courier activities	0.64	1.15	0.74	0.78
55: Accommodation	4.56	2.73	4.28	3.69

Industry Sub-Sector	Rother vs SELEP	Rother vs East Sussex	Rother vs South East	Rother vs England
56: Food and beverage service activities	1.36	1.17	1.41	1.40
60: Programming and broadcasting activities	1.30	4.37	1.18	0.25
63: Information service activities	1.87	1.75	0.74	0.43
66: Activities auxiliary to financial services and insurance activities	5.84	4.68	6.03	5.00
68: Real estate activities	1.30	1.12	1.28	1.15
69: Legal and accounting activities	1.01	0.94	0.93	0.67
70: Activities of head offices; management consultancy activities	1.24	1.15	0.80	0.86
75: Veterinary activities	1.10	1.09	1.00	1.21
77: Rental and leasing activities	0.49	1.23	0.65	0.58
78: Employment activities	0.75	1.12	0.60	0.61
79: Travel agency, tour operator and other reservation service and related activities	0.66	1.18	0.51	0.72
85: Education	0.94	0.96	0.92	1.01
87: Residential care activities	1.93	1.27	2.30	2.65
90: Creative, arts and entertainment activities	1.25	0.61	1.00	0.85
91: Libraries, archives, museums and other cultural activities	1.46	1.23	1.70	1.70
94: Activities of membership organisations	1.46	0.82	1.02	1.17
95: Repair of computers and personal and household goods	0.47	1.05	0.42	0.41
96: Other personal service activities	1.08	0.92	1.14	1.23

Source: SPRU analysis of BRES data (2021)

Employment and Economic Activity by Urban and Rural Areas of the FEMA

- 13.30 As part of the context for this HEDNA Update consideration has been given to the distribution of employment and economic activity between the rural and urban sub-areas within the FEMA (as defined in Section 2), noting that all rural sub-areas are located within

Rother District. Consideration is also given to any significant evidence of changes to the level and characteristics of employment. Analysis is presented as part of a best-fit grouping of Middle Super Output Area (MSOA) statistical geographies corresponding to the urban and rural sub-area definitions.

- 13.31 Noting that levels of employment and economic activity within the rural areas will be influenced by commuting between urban and rural areas, and from beyond Rother, Census data on the workplace population provide a more accurate starting point for analysis. These data are only presently available from the 2011 Census.
- 13.32 74% of Rother's economically active population (the population measured by usual residents aged 16 years and over in employment the week before the census) resides within the urban areas, compared with 26% in the rural areas. In terms of where the jobs themselves are located, 72% of Rother's workplace-based population is located in urban areas compared with 28% in rural areas. This shows a slightly higher proportion of economic activity within the rural areas compared to the size of the resident-based working population. In terms of numbers, the rural area has a workplace-based population of 8,826 persons versus 9,901 economically active residents; compared to totals of 23,264 (workplace-based) and 28,046 (usually resident) persons in the urban area. These data suggest a slightly lower commuting ratio within the rural than urban area, with a smaller net outflow of employees from the rural areas, and a larger net flow of employees out of the urban areas. It is however noted that some forms of employment in rural areas are likely to be seasonal, which may impact upon levels of economic activity throughout the year.
- 13.33 Hastings as a standalone authority has a lower commuting ratio than Rother, indicating a lower net outflow of workers. When workplace-based and usually resident data for Hastings is added to the urban total this comprises 87% of total usual residents both living and working in the FEMA. One potential explanation is that looking at Rother's urban areas in isolation does not accurately reflect the strength of links with the Hastings urban area. Likewise, the addition of Hastings to the FEMA total will more accurately capture the total workplace population inclusive of total commuting flows from rural to urban areas.
- 13.34 The proportions of those working in the rural parts of the FEMA and the proportion of those usual residents living in rural parts of the FEMA (and working) both remain consistent at around 13%. This is suggestive of two-way flows between the urban and rural area together with those characteristics of the rural economy that support employment for those living and working locally.
- 13.35 The proportion of the workplace-based population associated with activity in the rural area has been consistent over time. More detailed data for employment characteristics are available from the Business Register Employment Survey (BRES) at MSOA level. These correspond to business locations and hence are comparable with the workplace population

for urban and rural areas. The latest data for 2021 are summarised below in Table 90 for total employment by Broad Industry. Also shown are Location Quotients for the concentration of employment relative to the regional total for the South East. 12% of FEMA employment is captured in totals for the rural area.

Table 90 Employment and LQ by Industry and Sub-Area

Sector	FEMA Urban Areas			FEMA Rural Areas		
	Number	LQ vs SE	% of Total	Number	LQ vs SE	% of Total
1: Agriculture, forestry & fishing (A)	135	0.1	0.2%	40	0.3	0.1%
2: Mining, quarrying & utilities (B, D and E)	380	0.6	1%	20	0.2	0.0%
3: Manufacturing (C)	3505	1.1	6%	350	0.8	0.6%
4: Construction (F)	3125	0.7	5%	525	0.9	0.8%
5: Motor trades (Part G)	825	0.8	1%	250	1.6	0.4%
6: Wholesale (Part G)	1085	0.6	2%	325	1.2	0.5%
7: Retail (Part G)	6275	1.1	10%	1,175	1.4	2%
8: Transport & storage (inc postal) (H)	1645	0.5	3%	350	0.7	0.6%
9: Accommodation & food services (I)	5150	1.3	8%	1,650	2.9	3%
10: Information & communication (J)	800	0.5	1%	140	0.7	0.2%
11: Financial & insurance (K)	2710	2.0	4%	60	0.3	0.1%
12: Property (L)	1375	1.5	2%	185	1.4	0.3%
13: Professional, scientific & technical (M)	2955	0.8	5%	425	0.8	0.7%
14: Business administration & support services (N)	2880	0.6	5%	550	0.8	0.9%
15: Public administration & defence (O)	2720	1.3	4%	85	0.3	0.1%
16: Education (P)	4350	0.9	7%	600	0.8	1%
17: Health (Q)	12950	1.7	21%	625	0.6	1%
18: Arts, entertainment, recreation & other services (R, S, T and U)	2115	0.9	3%	450	1.4	0.7%
Column Total	54,980		88%	7,805		12%

Source: SPRU analysis of BRES data (2021)

- 13.36 The consistent and relatively small proportion of total employment in the rural areas means that care needs to be taken in interpreting the concentration of employment by location quotient. Location quotients are not presented against the FEMA total, because for the

- urban area the resultant LQ for each sector shows very limited variance from 1.0 given that the comparison in concentrations is being undertaken against 88% of total employment. The comparative LQs for the rural area compared to the FEMA total would show greater volatility, but only as a function of concentrations relative to the small total for total employment and with very low representation amongst certain sectors such as public services.
- 13.37 Another potential reason relates to BRES data not capturing employment within farm agriculture (SIC subclass 01000) and potential difficulties in recording seasonal employment in other sectors making the denominator against which relative concentrations are being assessed potentially less reliable. Methodological differences relating to how employment is captured within BRES data (including home-working, second jobs and self-employment) means that overall the Census is likely to better reflect the total employment within the (A) Agricultural and (R&S) Arts/Leisure sectors. BRES is a sample-based survey, but confidence levels and variance are not produced for estimates below the regional level meaning that for small-area data the denominator may be a less accurate representation of total labour demand.
- 13.38 LQs do not themselves indicate stronger prospects for future growth, particular local specialisms or a geographic concentration of activity in a sector and thus cannot be considered in isolation. To some extent higher LQs would be expected for sectors that provide for a dispersed and consistent level of representation amongst employment across the rural area, such as small-scale retail, which cumulatively result in a higher total for employment relative to other locations but are not necessarily indicative of particular future growth prospects either locally or overall.
- 13.39 The comparison with LQs for the South East, as presented in Table 90, is more relevant. Relatively high LQs for the rural area are demonstrated for Retail, Accommodation & Food Services and Arts and Recreation. These three sectors alone employ relatively substantial proportions of the sub-area total (c.42% / 3,275 persons). In each case these are sectors where the proportion of employment in the sub-area has a LQ greater than 1.0 relative to the FEMA total and where the LQ increases when compared with the SE. It is possible, therefore, that for these sectors it is not simply the distribution of employment relative to urban and rural areas but also the specific characteristics of employment in the rural sub-areas that are supporting higher than anticipated concentrations of activity. It remains the case, however, that this may relate more to the geographic extent of the rural area rather than any local specialism and is quite distinct from driving a specific need for economic development.
- 13.40 One illustration of this is the Accommodation and Food Services sector. Accommodation (associated with SIC2 digit classification 55) comprises the majority of recorded employment for this sector in the FEMA as a whole and specifically the rural sub-areas, where the combination of employment across hotels, short-stay accommodation and

campsites (1,250 jobs) provides a cumulatively very significant total. The Rother rural areas provide a LQ of 7.21 for these industries (with LQs of 3.24 for Rother and 2.47 for the overall FEMA). When the FEMA is compared with other urban area classifications with a significant rural hinterland the average LQ is only 1.17 relative to total UK employment. Amongst local authorities in the South East, Rother produces a LQ of 3.24 relative to the UK total for accommodation, second only to Arun (3.55) in terms of the concentrations of activity.

- 13.41 BRES data for change over time also illustrates why LQs of greater than 1.0 should be treated with caution as to whether these would indicate distinct growth prospects for specific sectors. Table 91 compares BRES data for 2015 and 2021 by all industrial sectors within the Rother rural areas. This data indicates relatively stable overall levels of employment since 2015 (noting the range of potentially contributing factors including Coronavirus-related effects). Notable reductions in employment across a number of sectors have largely nullified the increase in employment reported within the Retail sector. Comparable data for the urban sub-areas over the same period show an increase in employment of 845 persons across all sectors. Recent growth in recorded retail employment since 2015 will have served to both increase the LQ for this sector and will have helped to broadly maintain the proportion of total employment in the rural area net of losses from estimated employment in other sectors in the rural area.

Table 91 Rural Sub-Area Employment Change by Industry 2015 and 2021

Sector	2015	2021	Net Change
1: Agriculture, forestry & fishing (A)	10	40	30
2: Mining, quarrying & utilities (B, D and E)	50	20	-30
3: Manufacturing (C)	425	350	-75
4: Construction (F)	550	525	-25
5: Motor trades (Part G)	275	250	-25
6: Wholesale (Part G)	370	325	-45
7: Retail (Part G)	775	1,175	400
8: Transport & storage (inc postal) (H)	295	350	55
9: Accommodation & food services (I)	1,750	1,650	-100
10: Information & communication (J)	120	140	20
11: Financial & insurance (K)	45	60	15
12: Property (L)	175	185	10
13: Professional, scientific & technical (M)	400	425	25
14: Business administration & support services (N)	575	550	-25
15: Public administration & defence (O)	95	85	-10
16: Education (P)	750	600	-150
17: Health (Q)	725	625	-100
18: Arts, entertainment, recreation & other services (R, S, T and U)	450	450	0
Column Total	7,835	7,805	-30

Source: SPRU analysis of BRES data (2021)

13.42 In contrast Table 92 illustrates that the urban areas within the FEMA have been associated with a positive net change in total employment since 2015. Positive net changes have occurred within the majority of sectors, with the greatest absolute increase arising from service industries including public services. In terms of net change as a proportion of existing employment sectors such as Manufacturing have been much more stable in the urban sub-areas. Exceptions to this include Retail and Arts & Entertainment (and to a lesser extent Transport & Storage), where performance has been stronger in the rural sub-area.

Table 92 FEMA Urban Sub-Area Employment Change by Industry 2015 and 2021

Sector	2015	2021	Net Change
1: Agriculture, forestry & fishing (A)	140	135	-5
2: Mining, quarrying & utilities (B, D and E)	115	380	265
3: Manufacturing (C)	3,560	3,505	-55
4: Construction (F)	2,475	3,125	650
5: Motor trades (Part G)	1,000	825	-175
6: Wholesale (Part G)	1,325	1,085	-240
7: Retail (Part G)	6,250	6,275	25
8: Transport & storage (inc postal) (H)	1,495	1,645	150
9: Accommodation & food services (I)	4,390	5,150	760
10: Information & communication (J)	1,100	800	-300
11: Financial & insurance (K)	2,305	2,710	405
12: Property (L)	1,215	1,375	160
13: Professional, scientific & technical (M)	2,795	2,955	160
14: Business administration & support services (N)	2,055	2,880	825
15: Public administration & defence (O)	2,530	2,720	190
16: Education (P)	5,500	4,350	-1150
17: Health (Q)	11,800	12,950	1150
18: Arts, entertainment, recreation & other services (R, S, T and U)	2,285	2,115	-170
Column Total	52,335	54,980	2,645

Source: SPRU analysis of BRES data (2021)

- 13.43 The ONS has recently produced experimental statistics for total Gross Value Added by Lower Super Output Areas, which have been assembled into the Rother sub-area geographies for the purposes of this analysis. These data provide the building blocks for district and regional totals, although the ONS notes potential volatility and risks of comparing data directly. The distribution of total GVA within the FEMA can then be illustrated via the addition of the authority-level data for Hastings and the main urban centre.
- 13.44 Figure 85 below indicates, for the FEMA as a whole, the total distribution of output measured by GVA has consistently been predominantly driven by activity recorded within the urban areas of the FEMA. These trends have been consistent over time with the urban area associated with around 80% of output.

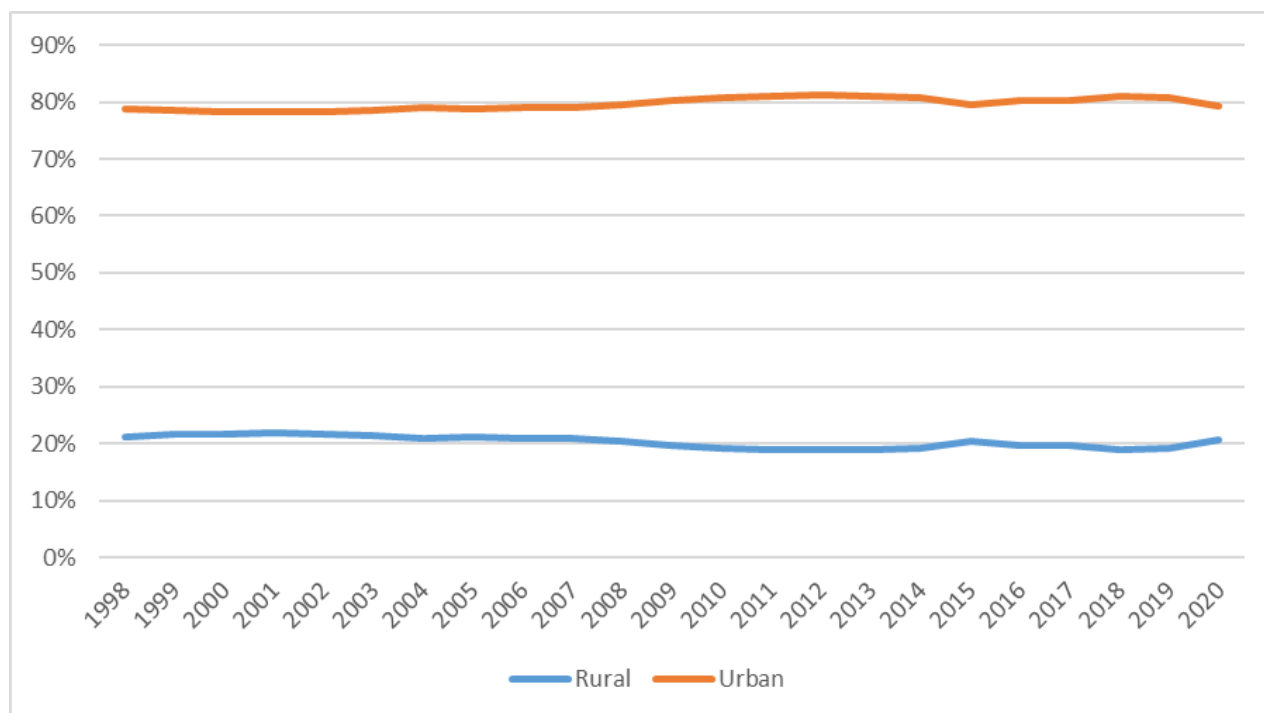


Figure 85 Share of Total GVA by Sub-Area (%)

Source: SPRU analysis of ONS data (2021)

- 13.45 While the experimental statistics do not provide a small area illustration of GVA by industry some indication of the reasons for the relative contribution to output made by the rural area can be gleaned from preceding Table 83 in terms of the overall breakdown of contributions to GVA at district level. Specifically, Accommodation and Food Services (5.2%) and Retail (8.5%) both disproportionately contribute towards total GVA relative to employment levels in Rother. This corresponds to the higher proportion these activities within the rural area relative to total employment. In addition, Real Estate contributes over 30% of total GVA and the relative contribution of the rural area to this sector is likely to be higher due to the geographic extent and value of property outside of Rother's main settlements.
- 13.46 The information within Figure 86 shows the contribution to GVA by individual sub-area, with Hastings generating 54% of output (almost identical to its contribution to 54% of total employment). In contrast the other Rother urban sub-areas make a slightly lower contribution to output (25%) relative to their proportion of total employment (33%). Bexhill provides the majority of economic output by sub-area within Rother, consistent with its scale and strong functional relationship with Hastings.
- 13.47 These data indicate notably smaller contributions from the smaller urban areas of Battle and Rye, corresponding to the summary in the preceding paragraph about potential reasons for the distribution of GVA between rural and urban areas. In contrast, the contribution of the three rural sub-areas is relatively more similar, although slightly greater

for Battle Rural (8%) potentially consistent with its closer proximity to the Hastings fringe and Bexhill.

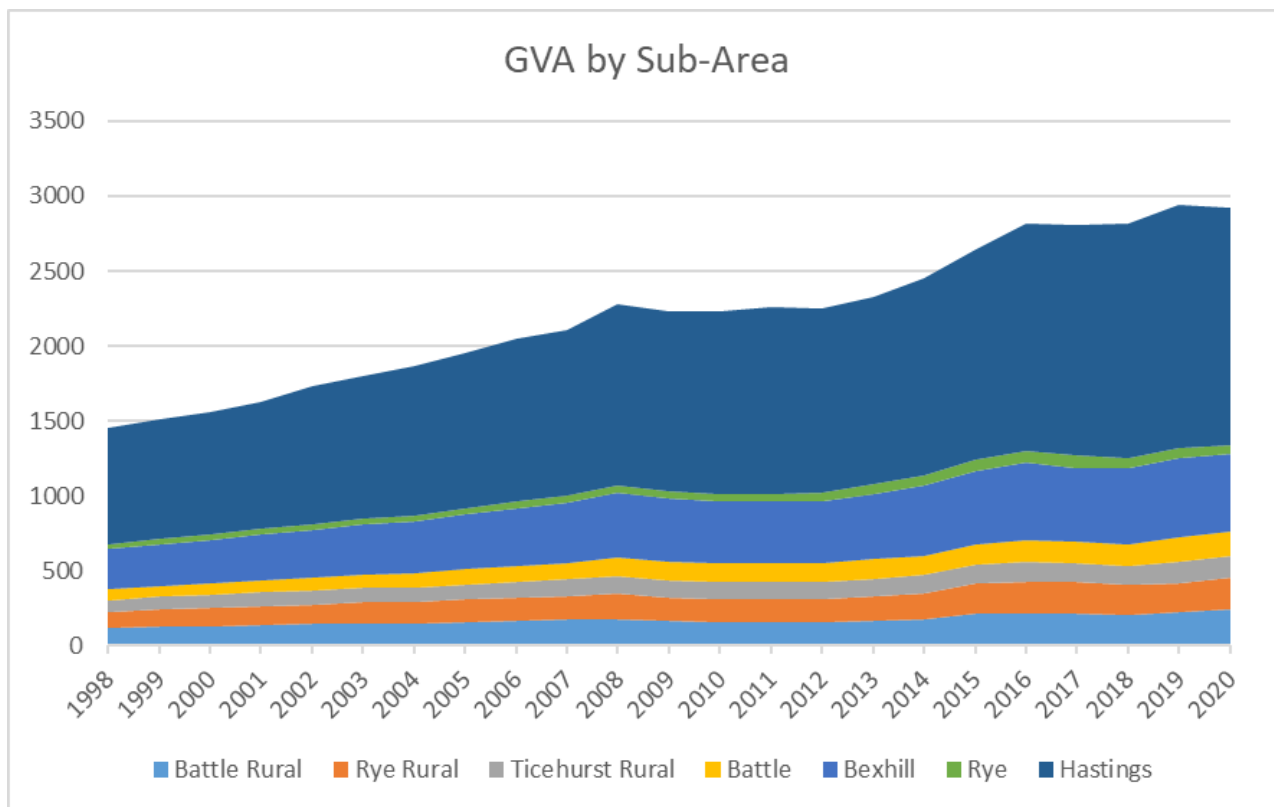


Figure 86 Contribution to GVA by Sub-Area (£)

Source: SPRU analysis of ONS data (2021)

- 13.48 The conclusions of this baseline analysis indicate that the overall economy within the rural areas of Rother district makes an important contribution towards economic activity within Rother, and the FEMA as a whole. However, urban areas within the FEMA form the main focus for economic development and there is little indication that characteristics specific to the rural area are distinctly relevant to assessing the growth prospects for sectors most relevant to identifying future needs for land and floorspace.
- 13.49 There is some evidence of increased strength within several economic activities within the rural area which make important contributions towards economic output across the FEMA in terms of GVA, particularly Retail and Accommodation & Food Services and that have demonstrated stable or growing employment. Any negative impact upon the performance of these sectors within the rural area could significantly affect output within the district.
- 13.50 The most recent evidence of contributions to output does not correspond to any significant increase in absolute levels of employment within the rural area, in contrast to overall growth in employment across the FEMA. The data indicate some volatility in terms of changes in net employment within and between sectors. In some instances this indicates

consistency with the emerging Rural Economy Strategy for the district, with a transition from traditional 'rural' activities, such as agriculture, to a more diverse range of enterprises.

- 13.51 One implication of these net trends is that the overall forecast change within sectors is unlikely to translate to a significant requirement for additional conventional employment land and floorspace (i.e., offices and industrial floorspace). This will not, however, necessarily translate into how changing needs for economic development should best be addressed.
- 13.52 As a result, should future trends towards diversification and growth not sustain or further increase net levels of employment this could represent a barrier to future economic development. Whilst there is no clear evidence to separately identify specific needs for employment floorspace in rural areas in order to help support future economic growth in rural areas there is a need for flexibility to enable further diversification and allow rural businesses to respond effectively to external factors, including changing markets and climate change.

14 COMMERCIAL MARKET SIGNALS AND COMPLETIONS TRENDS

Summary

- The majority of the existing 134,000 sqm office and 579,000 sqm industrial floorspace is located in Hastings. VOA data shows that since 2001 there has been a net loss of 17,000 sqm (5.3%) of industrial floorspace and 12,000 sqm (12.5%) of office floorspace in Hastings. In Rother there has been a net increase of 56,000 sqm (25.5%) industrial floorspace and an increase of 4,000 sqm (8.7%) office floorspace.
- Across the FEMA this equates to around a 7.2% increase in industrial floorspace (higher than the 3.5% increase seen across the South East) and a 5.6% loss of office floorspace since 2001 (similar to the change across the South East). The introduction of Permitted Development Rights for office to residential conversions has significantly contributed to the net loss in office floorspace, particularly in Hastings.
- Both urban and rural areas have contributed to gains in floorspace since the 2008-2010 financial crash, although the stock of properties in the rural areas has increased at a faster rate than in the urban areas over the last decade. This is reflected in a 132% increase in industrial properties and 67% increase in office properties in the rural areas compared with a 13% increase in industrial properties and 4% increase in office properties in urban areas.
- In Rother over the period 2011/12 to 2021/22 there was an overall net loss of former B1c and B2 floorspace of over 2,500 sqm compared with net gains of former B1a/B1b floorspace of around 2,300 sqm and B8 floorspace of 24,500 sqm (equivalent net total change in floorspace of around 2,230sqm per annum).
- In Hastings over the period 2016/17 to 2020/21 there was a net loss of former B1a/B1b of around 1,950 sqm floorspace and a net loss of 2,340 sqm B1b/B2 floorspace, compared with a net gain of around 6,600 sqm B8 floorspace (equivalent net total change in floorspace of around 470sqm per annum).
- Monitoring data indicate essentially no gross new delivery or significant net change within former B-Use classes in the Rother urban sub-areas since 2016. Around 64% of total change within former B-Uses within the FEMA has been recorded in the rural

area between 2016 and 2021. Within the urban areas losses predominantly relate to office floorspace, driven largely through a loss to residential use.

- Projecting the current take-up trend forwards over 20 years would result in just an 8% increase in total office floorspace and 5% of industrial floorspace, and therefore is not considered indicative of wider demand in the FEMA nor would it meet net additional needs particularly in the main urban areas.
- Analysis of pipeline supply (commitments) indicates that the rural sub-area will have a continued role in meeting overall future needs but patterns of demand and supply should be considered primarily as part of the FEMA total. There is no evidence to justify a separate employment requirement figure for the rural sub-area, however it is recommended that Rother Council continues to monitor development trends in the rural sub-area including levels of 'windfall' provision for further floorspace on unallocated sites and potential land use and policy constraints impacting upon future levels of development.
- The HEDNA Update has also been informed by local stakeholder engagement. This identified significant demands for Grade A high quality commercial space across the entire FEMA, particularly smaller units (around 100 to 500 sqm) suitable for SMEs.

Quantitative Assessment of the Commercial Property Market

Total Stock of Floorspace by Authority and Sub-Area

- 14.1 The tables below show the overall quantum of office and industrial floorspace in Hastings and Rother based on data from the Valuation Office Agency (VOA). The VOA data is divided into Office and Industrial uses, which includes both B2 and B8 use classes as well as premises which fall under the more recently defined Use Class E(g) under The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 (formerly use class B1). This analysis excludes land and premises in use for Class E functions outside of former use Class B1.
- 14.2 The data (Table 93 and Table 94) shows that in 2022 there was a total of 303,000 sqm of industrial floorspace and 84,000 sqm of office floorspace in Hastings. In Rother there was 276,000 sqm industrial floorspace and 50,000 sqm office floorspace. Throughout the FEMA as a whole this equates to 579,000 sqm industrial floorspace and 134,000 office floorspace. The majority of floorspace is located in the main population and economic centre of Hastings albeit the distribution of industrial floorspace has become much more evenly concentrated (as a proportion of the total) as a result of development trends since 2000/01.
- 14.3 The VOA data shows that since 2001 there has been a net loss of 17,000 sqm (5.3%) of industrial floorspace and 12,000 sqm (12.5%) of office floorspace in Hastings. In Rother there has been a net increase of 56,000 sqm (25.5%) industrial floorspace and an increase of 4,000 sqm (8.7%) office floorspace. Across the FEMA this equates to around a 7.2% increase in industrial floorspace and a 5.6% loss of office floorspace.
- 14.4 Regional and national comparisons need to be viewed in the context that Rother and Hastings individually, and the FEMA as a whole, comprise more limited markets for both office and industrial floorspace and represent negligible totals. Given the small denominator for total stock changes will not necessarily correspond to wider trends to the same extent, and could be disproportionately affected by individual developments affecting existing stock or business choices regarding relocation. Notwithstanding, the overall total change in office floorspace in the FEMA (-5.6%) is similar to changes across the South East (-5.0%) albeit office floorspace across England and Wales increased around 5.9% between 2000/1 and 2021/22. Industrial stock fell across England and Wales (-2.9%) over the same period, although the South East saw a small increase of 3.5% but lower than the 7.2% recorded in the FEMA.

- 14.5 The largest reduction in industrial floorspace in both authorities was during the period 2008-2009 and a net loss overall for the period 2001-2009. This is broadly consistent with the national and regional picture, reflecting the 2008-2010 financial crisis and the continued contraction of the manufacturing sector that preceded this. The increase in the stock of industrial floorspace in excess of 2001 levels in Rother has been achieved as a result of a 27.8% growth on 2009 levels, with the majority of delivery concentrated in the period 2009-2016, although it should be noted that the strength of the overall net increase since 2001 is also partly a function of 2001-2009 net losses in Rother (-9,000sqm) being relatively modest. Hastings recorded a 23,000sqm loss of floorspace 2001-2009, which is broadly comparable to rates nationally. Industrial floorspace in Hastings has failed to return to the levels seen in 2001 but has been subject to a modest 3.1% growth since 2009 indicating more stable trends in net stock and contributing to a more positive assessment of the total change in net stock in the FEMA when considered alongside delivery in Rother.
- 14.6 Notwithstanding the caveat of the relatively small property market the overall changes in levels of office floorspace depart more significantly from national trends. The stock of office floorspace increased by 9% in England and Wales and 5% in the South East for the period 2001-2009, reflecting a period of strong growth in services and levelling off only around the time of the 2008-10 financial crisis. Over the same period the FEMA saw a loss of 11% of the office floorspace stock (-14% Hastings and -7% Rother). This indicates a weaker demand for floorspace over the same period and may be indicative of weaker performance overall relative to regional and national averages.
- 14.7 Conversely, an overall net reduction in floorspace recorded in the South East since 2009 and accelerating 2016-2022 (-9.1% and -10% respectively) is not replicated in either Hastings (1.2% 2009-2016 and no net overall change 2009-2022) and Rother (16.3% 2009-2016 and 11% 2009-2022) or the FEMA as a whole. The impact of Permitted Development Rights represents a significant component of net losses recorded since their introduction while patterns of demand for office floorspace have also continued to evolve pre- and post-pandemic with respect of the use of technology and opportunities for remote working. Within the FEMA net gains have principally been recorded in Rother (7,000sqm 2009-2022; Hastings 1,000sqm 2009-2022). These changes are net, so reasons for the continued stabilisation of stock levels in Hastings and modest absolute gains in Rother cannot be discerned separately but would be suggestive of both lower take-up of Permitted Development Rights and/or higher levels of demand in the property market than previously observed relative to 2001-2009 trends or regional comparisons.

Table 93 FEMA Industrial Commercial Floorspace (sqm)

	Floorspace 2022 (sqm)	FEMA % of total	% Change 2000/01-2021/22	Net Change (sqm) 2000/01-2021/22	Average Annual Change (sqm) 2000/01-2021/22
Hastings	303,000	52%	-5.3%	-17,000	-773
Rother	276,000	48%	25.5%	56,000	2,545
FEMA	579,000		7.2%	39,000	1,773

Source: VOA

Table 94 FEMA Office Commercial Floorspace (sqm)

	Floorspace 2022 (sqm)	FEMA % of total	% Change 2000/01-2021/22	Net Change (sqm) 2000/01-2021/22	Average Annual Change (sqm) 2000/01-2021/22
Hastings	84,000	63%	-12.5%	-12,000	-545
Rother	50,000	37%	8.7%	4,000	182
FEMA	134,000		-5.6%	-8,000	-364

Source: VOA

- 14.8 Table 95 below compares these levels of commercial floorspace change with other authorities in East Sussex. The greatest net increases in commercial floorspace between 2000 and 2022 were in Wealden followed by Rother Districts. Eastbourne and Hastings (the County's two principally urban districts) were the only two authorities to show net losses in both industrial and office floorspace types. Lewes experienced the greatest net loss in industrial floorspace, followed by Hastings, whilst Eastbourne experienced the greatest net loss in office floorspace, followed by Hastings.

Table 95 Change in Commercial Floorspace 2000/01 – 2021/22 in East Sussex Authorities (000s sqm)

	Industrial Floorspace (sqm)	% Change	Change Since 2001 (sqm)	Office Floorspace (sqm)	% Change	Change Since 2001 (sqm)
Eastbourne	270	-5%	-13	69	-28%	-27
Hastings	303	-5%	-17	84	-13%	-12
Lewes	362	-6%	-24	63	9%	5
Rother	276	25%	56	50	9%	4
Wealden	584	26%	122	100	22%	18
South East	37,072	4%	1,295	12296	-5%	-618

Source: VOA

- 14.9 Valuation Office Agency (VOA) data for floorspace and stock of properties has been grouped by Middle Super Output Area (MSOA) statistical geographies in Table 96 and Table 97 below. The urban totals include the main centre of Hastings. These data are wholly consistent with the observations in the baseline assessment in Section 13 in terms of the urban area providing around 80% of economic output and providing the location of around 88% of total employment. These data are only available from 2011 to 2021, but indicate that both urban and rural areas have shown similar characteristics in terms of contributing to gains in floorspace since the 2008-2010 financial crash.
- 14.10 Recent development trends have had some limited effect on the distribution of stock of floorspace and properties. Net gains in floorspace and the stock of properties have been recorded in the rural sub-areas of the FEMA notwithstanding the limited proportion of total employment recorded in the sub-area and limited evidence of net gains in overall jobs since 2011.
- 14.11 Given its substantially smaller scale there is, however, no indication that this has fundamentally reduced the proportion of floorspace and stock of properties concentrated within the urban areas of the FEMA. The proportion of stock of industrial floorspace is greater (at around 20%). Around 13% of employment in sectors most closely associated with industrial floorspace is located in rural areas (Construction, Manufacturing and Transport & Storage). This may indicate that industrial floorspace within the rural areas is used more flexibly, supporting a wider range of employment opportunities or alternatively provides space for activities at lower job densities. The former would be consistent with potential aspects of diversification in the rural economy, whereas floorspace at lower job densities in the context of the wider FEMA could provide an important component of choice and flexibility for example cheaper start-up space.

- 14.12 The stock of properties within the rural sub-area has consistently exceeded the proportion of employment and has increased at a faster rate than in the urban areas over the last decade. Although the stock of properties data for Industrial uses would require further analysis to identify potential anomalies the VOA data suggests a 132% increase within the rural areas of Rother compared to 13% in the urban area. For offices while the volume of floorspace remains relatively unchanged in both rural and urban areas, the stock of properties has again increased much more rapidly outside of main settlements (+67% versus +4%).
- 14.13 This indicates that overall net trends in development may have contributed to sub-division and a wider range of smaller office units corresponding to stakeholder indications of higher demand for flexible options and smaller office footplates. While there is an element of potential support for rural diversification arising from growth in the stock of properties the total change should be seen in the context of the wider FEMA. This would be consistent with observations from the baseline assessment indicating relatively high rates of business enterprise and noting the relatively modest absolute change in the stock of floorspace there is likely to be some greater degree of an increase in the stock of properties between rural and urban areas providing opportunities for start-up and inward investment without fundamentally shifting the main focus of economic activity.

Table 96 VOA Floorspace By Type, Urban/Rural and 2011-2021 Change (sqm)

	2011 Office	2021 Office	2011 Industrial	2021 Industrial	2011 Retail	2021 Retail
Floorspace in urban areas	99,000	105,000	431,000	449,000	301,000	306,000
% of Total	91%	91%	80%	79%	90%	91%
% Change 2011-2021		6%		4%		2%
Floorspace in rural areas	10,000	10,000	106,000	122,000	32,000	32,000
% of Total	9%	9%	20%	21%	10%	9%
% Change 2011-2021		0%		15%		-

Source: SPRU Analysis of VOA Data

Table 97 VOA Stock of Properties By Type, Urban/Rural and 2011-2021 Change

	2011 Office	2021 Office	2011 Industrial	2021 Industrial	2011 Retail	2021 Retail
Properties in urban areas	560	690	1340	1440	1720	1760
% of Total	86%	82%	80%	65%	85%	85%
% Change 2011-2021		4%		13%		0%
Properties in rural areas	90	150	340	790	310	310
% of Total	14%	18%	20%	35%	15%	15%
% Change 2011-2021		67%		132%		0%

Source: SPRU Analysis of VOA Data

Planning and Development Take-Up Trends by Council Area

- 14.14 Monitoring data provided by the Councils has been analysed for the period 2016/17-2020/21 for Hastings and 2011/12-2021/22 for Rother. Figure 87 and Figure 88 below show the gross completed industrial, office and total floorspace developed for each authority over these periods. The data do not show any clear trend in the scale or type of floorspace completions in recent years in either authority. Although publicly funded or subsidised employment floorspace schemes have taken place in both authorities, the overall value to floorspace ratio was too limited to result in a meaningful level of trend-based change.
- 14.15 There was a significant increase in B8 floorspace in Rother in 2018-19 which can be primarily attributed to a large-scale redevelopment and change of use at Harbour Road, Icklesham for a decorative aggregate storage and manufacturing facility⁸¹. This outlier data is not typical of development trends at any other time during the study period and more typical years show a more modest quantum of development in the Rother sub area. In Hastings there were two large B8 developments completed in 2016-2017, both changes of use from B1, which contributed to the large total gross completions figure for this year, again an outlier that is not typical in terms of the effect of general trends within the sub-area.

⁸¹ RR/2015/1798/P, Change of Use: B2 to B8 although the former land use as a furniture factory had ceased following fire damage in 2008

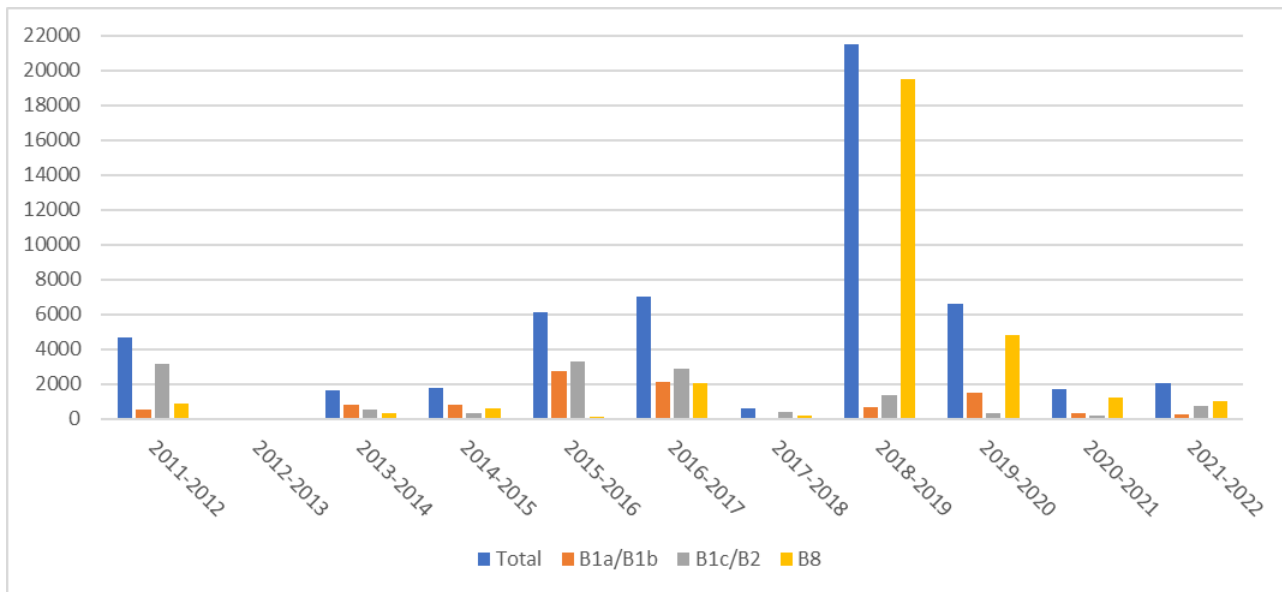


Figure 87 Rother Gross Floorspace Completions (2011/12-2021/22)
Source: Local Authority Monitoring Data

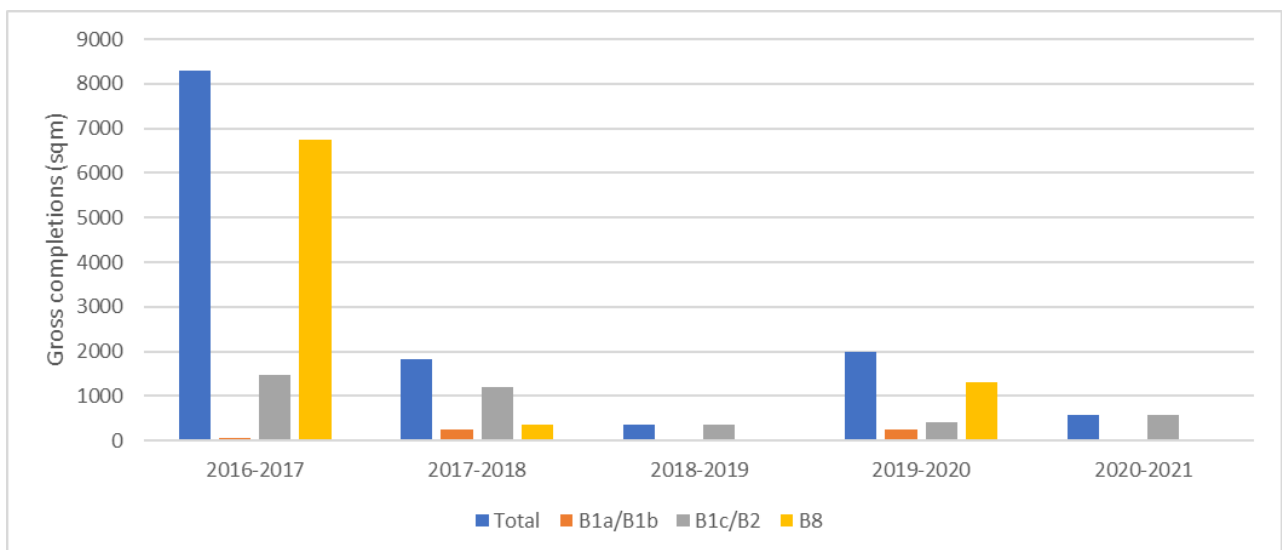


Figure 88 Hastings Gross Floorspace Completions (2016/17-2020/21)
Source: Local Authority Monitoring Data

14.16 The gross commercial floorspace completions should be considered alongside total net change in commercial floorspace. In total around -10,700 sqm of former B Class floorspace has been subject to loss, redevelopment for a different quantum or change of use in Hastings over the period 2016/17-2020/21. This comprises around 2,550sqm of office floorspace, 6,370sqm of industrial floorspace and 1,800sqm of storage and distribution floorspace – equivalent to development affecting around 2,140 sqm of business and commercial floorspace per annum.

- 14.17 In Rother the total net change in employment floorspace totals since 2011/2012 record around 29,180 sqm of floorspace subject to loss, redevelopment for a different quantum or change of use equivalent to around 2,230 sqm per annum. This comprises around 7,500sqm of office floorspace, 15,750sqm of industrial floorspace and 5,850sqm of storage and distribution floorspace.
- 14.18 These net totals are inclusive of ‘gross’ losses relating to changes of use to residential under permitted development or other non-business uses, whilst other net effects relate to changes between business and commercial use classes.
- 14.19 The net commercial floorspace completions by use class in each authority, taking account of losses and changes of use, are shown in Figure 89 and Figure 90 below.
- 14.20 This shows that in Rother over the period 2011/12 to 2021/22 there was an overall net loss of former B1c and B2 floorspace of over 2,500 sqm compared with net gains of former B1a/B1b floorspace of around 2,300 sqm and B8 floorspace of 24,500 sqm (equivalent net total change in floorspace of around 2,230sqm per annum). In Hastings over the period 2016/17 to 2020/21 there was a net loss of former B1a/B1b of around 1,950 sqm floorspace and a net loss of 2,340 sqm B1b/B2 floorspace, compared with a net gain of around 6,600 sqm B8 floorspace (equivalent net total change in floorspace of around 470sqm per annum).

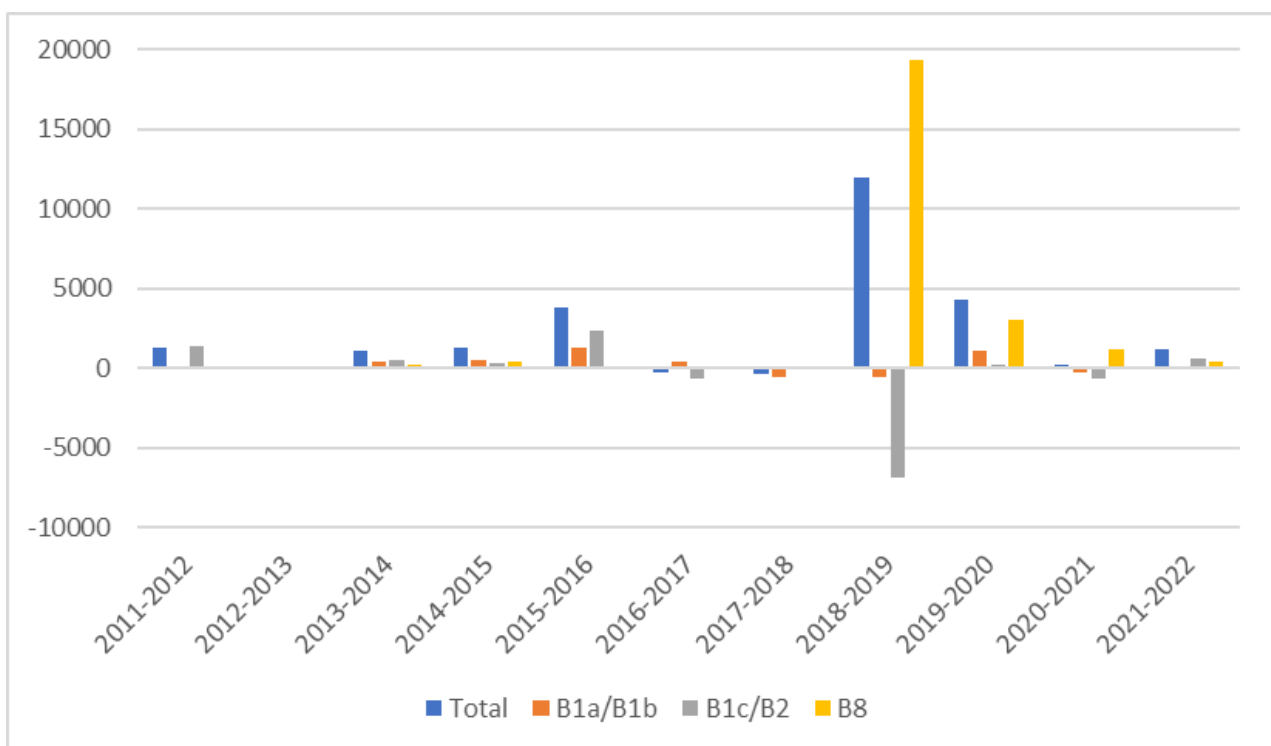


Figure 89 Rother Net Floorspace Completions (2011/12-2021/22) (sqm)
Source: Local Authority Monitoring Data

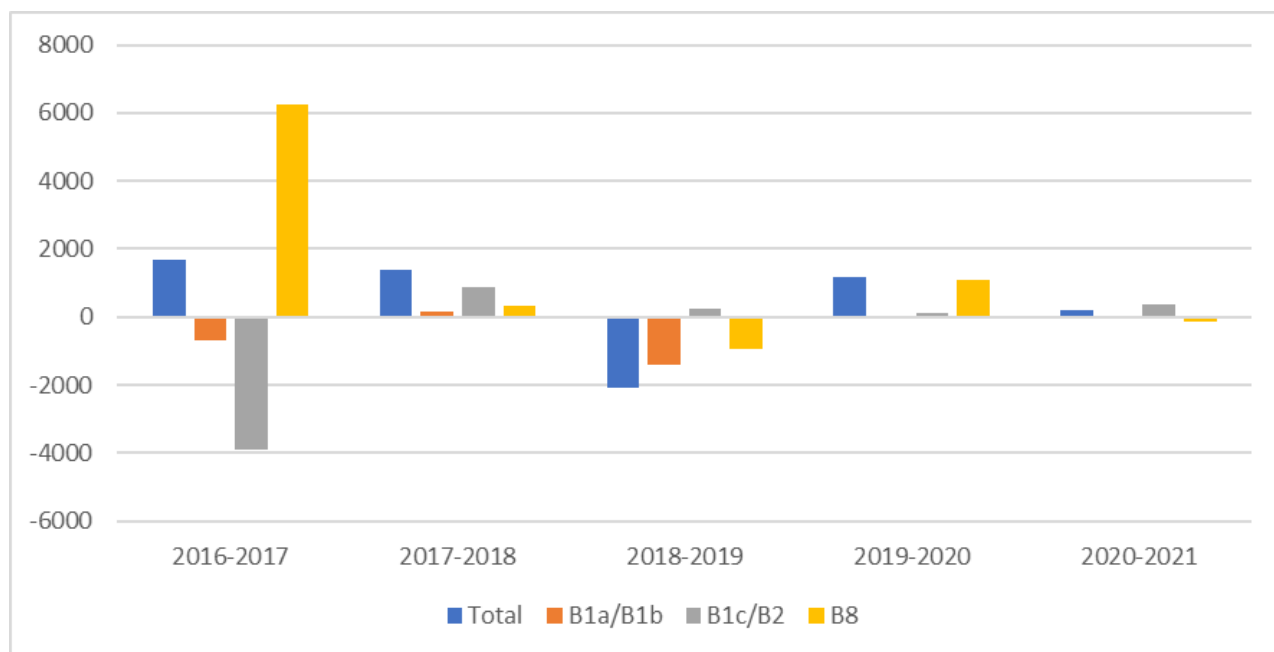


Figure 90 Hastings Net Floorspace Completions (2016/17-2020/21) (sqm)

Source: Local Authority Monitoring Data

- 14.21 In broad terms net losses within the data series for both areas are highly concentrated and reflect the impact of specific schemes resulting in alternative uses. As shown earlier gross gains are also highly concentrated and more representative of one-off schemes rather than a sustained trend in the delivery of significant floorspace. In both instances this is a function of relatively small property markets and stock of floorspace and makes any relationship with wider trends more difficult to isolate or discern.
- 14.22 Two points arise. Firstly, it is principally the continued use of existing stock for business uses and thus limited instances of annual net losses since 2016 that have led to stable trends in overall floorspace totals relative to pre-2009 levels with the main contribution to gains arising from one-off schemes. Secondly, the more limited evidence of consistent gross delivery outside of one-off schemes provides some caution as to the appropriateness of using past take-up trends as a basis to project future needs for land and floorspace. This is considered within the remainder of this section, and the HEDNA as a whole.

Take-Up Trends by Sub-Area

- 14.23 The Councils provided data that enable total take-up measured by the delivery of new land and floorspace to be considered between 2016 and 2021. It is consistent with the wider analysis in this HEDNA, and the preceding HEDNA 2020, that this is viewed as a period of relatively modest levels of development affected by constraints to bringing forward sites currently remaining in the development pipeline.

14.24 The context for this period results in a very high proportion of delivery being identified within the rural sub-area. However, these findings should be viewed in the wider context of the FEMA, together with the existing stock of properties and floorspace. This more correctly supports a view that the overall levels of development in the rural area do not indicate any shift in the main drivers of economic activity and demand for land and floorspace. In analysing data for this period by sub-area the specific record for development at Churchfields (Harbour Road), Rye Harbour, including a total of 19,475 sqm of open storage B8 gross (net of a loss of 7,675 sqm industrial floorspace related to a previous furniture factory) has been treated as an outlier. While this is not uncharacteristic of potential demand at the FEMA level it is not considered appropriate to attribute this scheme to the particular characteristics of the rural sub-area. Table 98 shows the total net change within former B-Use class, excluding development resulting in loss to other uses.

Table 98 Total Change within former B-Use 2016-2021 by Sub-Area and FEMA Total

	B1/Bb	B1c/B2	B8	Total
FEMA Rural Total	4,295	2,823	5,905	13,023
Rother Urban	298	0	158	456
Hastings	402	-1,498	8,082	6,986
FEMA Urban Total	700	-1,498	8,240	7,442
FEMA Total	4,995	1,325	14,145	20,465

Source: SPRU Analysis of LPA Monitoring Data

- 14.25 Key observations from the data summarised above are that monitoring data indicate essentially no gross new delivery or significant net change within former B-Use classes in the Rother urban sub-areas since 2016. Around 64% of total change within former B-Uses within the FEMA has been recorded in the rural area between 2016 and 2021. However, these data are not in themselves sufficient to draw conclusions regarding the substantial displacement of labour demand within the FEMA.
- 14.26 Losses of floorspace from industrial and commercial use are shown in Table 99. The rural sub-area has experienced similar absolute losses in floorspace to Hastings and the Rother urban sub-areas, including the highest volume of loss of industrial floorspace (potentially consistent with the modest contraction of employment in related sectors such as manufacturing). Losses within the rural areas also comprise a higher proportion of total floorspace, illustrating the importance of new development (or the retention of the existing portfolio for alternative employment uses) in maintaining the stock of land and floorspace and catering for the changing nature of activities. Within the urban areas losses predominantly relate to office floorspace, driven largely through a loss to residential use.

Table 99 Loss of Former B-Use Floorspace 2016-2021 by Sub-Area and FEMA Total

	B1/Bb	B1c/B2	B8	Total
FEMA Rural Total	-2,132	-1,765	-114	-4,011
Rother Urban	-2,363	-1,217	-1,782	-5,362
Hastings	-2,355	-843	-1,444	-4,642
FEMA Urban Total	-4,718	-2,060	-3,226	-10,004
FEMA Total	-6,850	-3,825	-3,340	-14,015

Source: SPRU Analysis of LPA Monitoring Data

- 14.27 Table 97 illustrates total net change taking account of losses to other uses. This reinforces the relative lack of positive land use change to support economic development in the Rother urban sub-areas and the modest nature of changes overall. Although the net rural total is positive (and the urban total negative) little weight should be given to the outputs in either Table 98 or Table 100 as a realistic illustration of the distribution of needs across the FEMA by sub-area based on take-up trends for this period.

Table 100 Total Net Change in Former B-Use Floorspace 2016-2021 by Sub-Area and FEMA Total

	B1/Bb	B1c/B2	B8	Total
FEMA Rural Total	2,163	1,058	5,791	9,012
Rother Urban	-2,065	-1,217	-1,624	-4,906
Hastings	-1,953	-2,341	6,638	2,344
FEMA Urban Total	-4,018	-3,558	5,014	-2,562
FEMA Total	-1,855	-2,501	10,805	6,450

Source: SPRU Analysis of LPA Monitoring Data

- 14.28 Within Rother the total volume of application activity contributing to total net change with substantially greater in the rural rather than urban sub-areas (around 50 applications versus 20 applications). Hastings itself also demonstrates a higher volume of application activity comprising the total net change (around 50 individual applications). For the rural sub-areas, following exclusion of the Churchfields development, only one scheme (for storage and distribution uses at Gardenscape Yard, Northiam⁸²) comprised in excess of 2,500sqm floorspace. The high total number of applications also means that total floorspace change should be treated with caution as there are likely to be some elements of schemes recorded in planning monitoring (for example, ancillary office or very small

⁸² RR/2018/3144/P

scale industrial floorspace associated with predominantly agricultural enterprises) that will not necessarily be captured by VOA reporting.

- 14.29 Development activity within the rural sub-area in recent years has therefore typically yielded low totals for total floorspace change per scheme over recent years. Higher total application activity in this context should principally be viewed as supporting intensification, re-use or modest expansion of sites providing existing land and floorspace for economic development as well as the trend noted by stakeholders of rural enterprise seeking to accommodate generally small-scale provision for economic development through rural diversification.
- 14.30 The short-term trend of positive net change in the rural areas relative to urban areas potentially indicates that some of these characteristics of development may, for example, provide opportunities to replace floorspace lost elsewhere. This could reinforce property and labour market links between urban and rural sub-areas in the FEMA through opportunities to meet immediate needs for start-up, expansion or investment and where necessary complementing the division of processes and operations. However, total floorspace amounts remain modest and are not necessarily a substitute to overcome constraints to greater levels of delivery in the urban area associated with unlocking pipeline sites, or the substantially greater proportion of pre-existing floorspace and economic activity concentrated in the FEMA's main centres. The typologies of development activity associated with this pattern of activity should therefore not be viewed as supporting large-scale displacement of demand from the main urban centres of the FEMA nor generating significant freestanding demand for land and floorspace specific to the rural area.
- 14.31 If the short-term trends by sub-area were projected forward and an uneven distribution of completions expected to continue into the future it follows that changes could emerge in the balance of land and floorspace. Given the relatively small property market in the FEMA as a whole, and specifically the lower stock of office floorspace in the rural sub-areas it is notionally the case that these trends could appear as a very significant percentage increase in the portfolio. This also applies to a lesser extent to industrial floorspace as a result of net gains (predominantly for storage & distribution uses) within the short-term period.
- 14.32 However, the characteristics of development making up those projected trends are not those associated with actually providing for a fundamental shift in demand or significant changes to overall patterns of supply. Moreover, the actual net additions to floorspace have been modest. In the wider sense of commercial property markets this would actually be very limited in quantitative terms and their ability to influence wider search patterns. Any such impact on longer-term change in the stock of properties and floorspace would in reality be more of a function of continued undersupply in the main urban areas, and reliant on an extremely large volume of small-scale application activity in the rural areas.

- 14.33 The actual effect of 20 years' delivery at projected annual trends for the net totals for office floorspace provided in Table 100 could notionally represent a significant percentage increase of 87% in rural office floorspace recorded by the VOA, and a 22% increase in rural industrial floorspace. However, these totals in the context of the FEMA itself would be much more modest (notwithstanding the realism of whether this total net increase in floorspace would be recorded in practice as a result of a multitude of small-scale applications predominantly comprising schemes for re-use, intensification and diversification).
- 14.34 The same 20-year trend would equate to only an 8% increase in total office floorspace and 5% of industrial floorspace. This would have a much more negligible effect on overall search patterns – particularly where the typologies of any new development are typically different to the characteristics of the existing portfolio upon strategic employment areas and premises with larger footplates in the urban area.
- 14.35 These trends cannot therefore be considered indicative of wider demand in the FEMA, particularly where existing stock is considered to be well occupied and performing well, and as such barriers to meeting future needs would still be associated with any failure to provide for net additional needs (and some replacement of existing stock) within the main urban locations within the FEMA. This illustrates that the urban and rural sub-areas are interdependent rather than increasing development in the rural sub-areas necessarily providing a substitute for any limits to provision elsewhere.

Characteristics of Committed Supply by Sub-Area

- 14.36 Commitments data has also been summarised by sub-area Table 101 to illustrate why there is no clear expectation that patterns of supply to meet future demand should follow the recent series of completions by sub-area.

Table 101 Committed Pipeline for Total Change within Former B-Use by Sub-Area and FEMA Total

	B1/Bb	B1c/B2	B8	Total
FEMA Rural Total	9,545	14,125	10,989	34,659
Rother Urban	38,127	34,078	-211	71,994
Hastings*	7,270	25,509	12,874	45,653
FEMA Urban Total	45,397	59,588	12,663	117,647
FEMA Total	54,942	73,713	23,652	152,306

Source: SPRU Analysis of LPA Monitoring Data (*Hastings data excluding office floorspace at Priory Quarter)

- 14.37 The principal observation from these data is that the pipeline within the urban areas providing the focus of economic development in the FEMA is expected to provide for a reversal of recent delivery trends in both office and industrial floorspace and is more consistent with the existing distribution of stock. It is also the case that the total committed pipeline in the rural areas remains significant and would mean that positive net change in floorspace will continue to be delivered in excess of recent trends.
- 14.38 The commitments data indicate that potentially around two-thirds of a 20-year projection for total change within former B-Use floorspace from 2016-2021 trends (see Table 98) is already contained in the existing pipeline. The apportionment of the pipeline by Use Class does not precisely correspond to recent trends – with commitments for industrial floorspace being in excess of recent trends whereas totals for office and storage & distribution floorspace being around 50-60% of the 20-year total.
- 14.39 The reasons for this are that commitments data for the rural sub-area are more indicative of typologies associated with the wider characteristics of demand in the FEMA including several schemes located within what is broadly defined as the Hastings and Bexhill urban fringe located in closer proximity. This illustrates that the rural sub-area will have a continued role in meeting overall future needs, but patterns of demand and supply should be considered primarily as part of the FEMA total.
- 14.40 The Councils have identified schemes at Ivyhouse Lane together with those at Rye Harbour (including ‘The Saltings’ and continued development at ‘Land Adjacent to Churchfields’ both on Harbour Road) as demonstrating characteristics consistent with development at the urban fringe. Floorspace within the schemes with fringe characteristics comprises over 50% of the rural pipeline for industrial floorspace and 65% of the pipeline for storage & distribution uses. The pipeline of additional office floorspace committed within the rural area is more widely dispersed. Around 25% is also attributable to the schemes within urban fringe locations.
- 14.41 This illustrates that the scale and location of primarily industrial and distribution schemes is likely to complement search patterns for the portfolio of floorspace in the urban areas. The extent to which these schemes provide important flexibility to supply and support a degree of replacement of older stock within the main urban areas is thus set in the context of wider needs within the FEMA and is quite distinct from the recent short-term trends in development within the rural areas but will relate partly to overcoming recent constraints to supply in the urban area.

Qualitative Assessment of the Commercial Property Market

14.42 The analysis in this HEDNA Update has also been informed by stakeholder engagement with local business owners, commercial property agents, local chambers of commerce, the economic development team at East Sussex County Council and Locate East Sussex. A series of virtual workshop sessions were undertaken with stakeholders. These workshops were semi-structured around key themes, with the summary of feedback received, organised by theme, set out in Table 102 below.

Table 102 Employment Stakeholder Responses Summary

Theme	Stakeholder Response Summary
Recent Performance in commercial property market	<p>The commercial property market has performed moderately in recent years however there is a demand for significant improvement to the commercial facilities throughout the FEMA, particularly office floorspace.</p> <p>There is a significant demand for Grade A high quality commercial space across the entire area and stakeholders commented that there is an extremely low vacancy rate or “headroom” for both office and industrial units due to this high level of demand. A guideline for a healthy vacancy rate is generally considered to be around 7.5%⁸³. Therefore, a lower rate of vacancy in Rother and Hastings demonstrates a relatively tight supply of premises to meet the high demand for industrial and office floorspace, resulting in existing businesses unable to grow or downsize locally as they would be expected to do where changes in markets, production methods and working trends would encourage this.</p> <p>It should be noted that this HEDNA does not address the assessment of specific sites and locations for economic development and thus the characteristics of high quality floorspace in the FEMA, where referred to in stakeholder feedback, could be the subject of more detailed analysis locally.</p> <p>While there is no overall prescribed definition of Grade A floorspace for the HEDNA would recommend that this is interpreted in its plainest sense as part of this system is to help real estate agents, property managers and others to assess the quality of space. This typically has regard to characteristics such as location, age & condition, amenities and aesthetic quality although the features sought will be interpreted somewhat</p>

⁸³ Planning Advisory Service, Housing & Economic Development Needs Assessment Technical Advice Note Volume 3
Economic Development, April 2016

Theme	Stakeholder Response Summary
	<p>subjectively in any local context and will be subject to local variations on the extent this translates to higher rents and yields. The final 'Room to Grow 2' Report prepared by SHW for ESCC (June 2021) adopts a practical definition for this purpose, with Grade A offices categorised as <i>“High Quality offices either newly constructed or comprehensively refurbished which provide air conditioning, raised floors and suspended ceilings. Expected EPC - A or B”</i>. Anecdotally stakeholder comments were broadly consistent with this definition but subsequent to the Covid-19 pandemic indicated that greater weight was being placed upon the amenities of buildings and the surrounding area together with the ability to use space flexibly as well as noting potential barriers to meeting demand through refurbishment of existing stock.</p> <p>Many SMEs and new businesses are often created in the area as people move outside of London however the area has historically struggled to attract inward investment where employees and employers do not have a previous connection to the local economy.</p>
Types and size of premises most in demand by businesses by sector / location	<p>There is no specific location within the FEMA which has a particularly outstanding performance in the commercial property market as business owners tend to focus on the type of unit as opposed to its specific location.</p> <p>Stakeholders identified that businesses will typically seek more modern facilities (i.e., newly built, converted or possibly refurbished with a focus upon high quality internet and flexible workspace) with accessible transport links where important for attracting and retaining labour supply.</p> <p>Small units are in particularly high demand given the high percentage of SMEs and new businesses which are in the area. This is particularly the case for Grade A high-quality office space, for which there is a high demand.</p> <p>Existing trends appear to have been accelerated by the coronavirus pandemic and have increasingly become the norm as more businesses are exploring a range of spaces with access to amenities following trust built in employees through the pandemic and the desire for a healthy working environment.</p>
Gaps in provision of suitable premises	<p>Grade A, high-quality office space in general is lacking throughout the FEMA and a range of smaller units are required to meet existing demand, prior to looking to develop any space for future growth. Stakeholders were less prescriptive regarding the precise scale of demand for smaller units, but noted this was potentially incompatible with requirements to take 'whole floors'</p>

Theme	Stakeholder Response Summary
	<p>in existing stock and could often be served by rural conversions or flexible workspace.</p> <p>Additionally, stakeholders identify that there is a significant lack of available industrial units in the FEMA and, similarly, there is a deficit of smaller units (typically around 100 to 500sqm) to meet existing demand.</p>
<p>Access to workforce and any skills gaps</p>	<p>There is currently a Higher Education (HE) 'black spot' in the East Sussex county area as there is no university or full time HE facility, and therefore there is a significant gap in young skilled workers in certain sectors which require graduates.</p> <p>Notwithstanding, the county are working with UCL to encourage graduates, particularly in artistic fields, to return to work in the county.</p> <p>Previous attempts to translocate and number of University of Brighton courses to Hastings and nearby Eastbourne (Part of the neighbouring FEMA) were unsuccessful and resulted in a long term vacancy in Hastings town centre of the former University buildings.</p> <p>Stakeholders note that while Brexit has had a significant impact on the workforce of certain industrial sub-sectors, as the economic market settles following the UK's decision to leave the EU, this is beginning to have less of an impact on the ability to employ in these fields.</p>
<p>Location of supply chain links</p>	<p>Businesses within the FEMA have strong links to London however stakeholders noted the lack of significant national transport links. Furthermore, Brexit has had a negative impact on international transport links which has exacerbated the transport and logistics barrier to potential economic growth.</p> <p>Many businesses move out of the FEMA when their site locations do not provide or offer scope for adequate business floorspace to meet the demands of the business. The onus is on the availability of floorspace and transport links over the specific location with stakeholders noting that the lack of strategic road connections within the FEMA presented barriers to longer-term growth aims in terms of meeting operational demands and access to new markets (particularly for industrial processes and distribution activities). To a lesser extent these constraints also impact on access to labour supply.</p>
<p>Future prospects for employment growth in commercial property market</p>	<p>Demand for all types of employment floorspace is expected to continue to increase in the coming years, now that the local and national economy has begun to settle following the impacts of Brexit and COVID-19 pandemic.</p> <p>There is a demand for offices, particularly smaller-to-medium, Grade A high-quality spaces in prime urban centre locations,</p>

Theme	Stakeholder Response Summary
	<p>with good transport links to neighbouring, near and national settlements. Stakeholders were less prescriptive in terms of specific floorspace requirements corresponding to the scale required to meet individual demands, which was noted to be partly dependent on the extent of amenities available. Some stakeholders noted that their requirements were typically below those associated with taking an entire floor (albeit undefined) of provision within conventional buildings and that opportunities for sub-division were often limited. None indicated that they felt office floorspace needed to be provided at substantially lower densities, again subject to provision of wider amenities. Some stakeholders with relatively small workforces indicated occupying recently converted office floorspace in rural floorspace with very small footprints (sometimes under 100sqm per unit) was an alternative to meeting immediate demands.</p> <p>It is an expectation of stakeholders that, following the lockdown arrangements established during the pandemic, employees will wish to continue to have a flexible working arrangement. Some companies with space outside town centres consider moving to these more convenient locations to attract prospective staff.</p> <p>Industrial units of circa 90 – 465 sqm (1,000 – 5,000 sq ft) are in high demand in the FEMA.</p>
<p>Potential strengths / opportunities for business growth in Rother and Hastings</p>	<p>The opportunity for greater inward investment by businesses was considered substantial throughout the FEMA. Given the current deficit of floorspace, the opportunity to develop and offer the necessary provision to accommodate existing businesses meeting both their current needs and need for “grow-on” space could hugely benefit the economic landscape in the areas.</p> <p>Food, agriculture and associated processors including fisheries, microbreweries, coffee grinding, etc. have elected to open their businesses in the area. There is an opportunity to support these growing SMEs with stakeholders noting that ongoing support for these sectors could depend on a more flexible policy regime to support rural enterprise and diversification of new and existing buildings.</p> <p>Additionally, the film and TV sub-sector is prosperous in East Sussex and both Hastings and Rother Councils have the opportunity to facilitate this growth. While this represents a wider policy questions for the Councils for the purposes of this HEDNA stakeholders principally directed comments to potentially increasing the stock of workshop and studio premises.</p> <p>The current work with University College London (UCL) presents an opportunity to develop the wider skills profile of the workforce and encourage young professionals to enter employment in the area.</p>

Theme	Stakeholder Response Summary
	<p>There is also an opportunity to meet the demand for Grade A office space, with sensitive design and meeting business needs in terms of space, amenities, location among other factors.</p> <p>Furthermore, the increased demand associated with the care and health needs associated with the substantial growth in the population of older people (whether addressed via employment-generating specialist housing or through care at home) presents the opportunity for employment gains in this sub-sector of health activities. However, it should be noted that this is a comparatively low-paid sector and that this will not result in an increase overall to the average wage in the area.</p>
<p>Potential barriers / threats for business growth in Rother and Hastings</p>	<p>A lot of the currently undesignated and unallocated land, including areas beyond current settlements limits, across the FEMA is viewed as protected and subject to additional environmental constraints and therefore obtaining planning permission for new build employment floorspace could well be contrary to policy, unless a specific site is allocated. Certain mitigation measures will need to be overcome in order to facilitate this growth, including further consideration of approaches to industrial estate stock and infrastructure renewal and to ensure the delivery of the current pipeline of permissions and allocations meet a substantial proportion of future needs.</p> <p>Additionally, as there is a deficit of floorspace for both industrial and office uses, businesses may elect to move elsewhere to an area which already has sufficient provision of employment floorspace.</p> <p>Additionally, increased cost to new businesses, both in terms of materials and staff salaries (which has increased following Brexit), means new businesses may not be able to survive.</p> <p>Regional and National Transport links to the area generally are lacking which limit the ability to grow businesses.</p> <p>There is no national city within the FEMA and therefore may not be as attractive to prospective employees as some neighbouring areas. Additionally, there is a shortage of Grade A office space within the area.</p> <p>Brexit has also caused a lack of skills within certain skilled industrial businesses which may limit the number of employees which could accommodate the positions created by further economic development.</p>

Market Signals for the Rural Sub-Area and Implications for the Needs Assessment

- 14.43 As part of the brief for this HEDNA Update, and consistent with the emerging evidence for the Rother's Rural Economy Strategy, Rother District Council seeks to understand the extent to which the performance of, and support for, key areas within the rural economy may inform future requirements for economic development and provision of land and floorspace. This includes the potential implications and land use requirements for supporting activities such as Viticulture and Rural Tourism.
- 14.44 The preceding sub-sections have illustrated why FEMA-wide quantitative take-up trends should not be expected to mirror recent past take-up by sub-area and why future take-up in the rural sub-area must have regard to the relationship with the fringes of the main urban settlements in the FEMA. Any perception of short-term concentration of planning and development activity relating to provision in the rural areas specifically should be considered in the context of wider demand and relative to the overall stock of properties and floorspace in the FEMA.
- 14.45 While recent net trends (see Table 100) may be broadly indicative of future changes in land and floorspace within the rural area (excluding the Hastings and Bexhill urban fringes) this HEDNA does not consider it possible or appropriate to provide a robust standalone figure for specific needs for economic development within the rural area. These needs should be viewed in the context of the wider FEMA, and there is no requirement in policy or guidance to provide a geographic breakdown of needs by sub-area.
- 14.46 The characteristics of employment in the rural area in terms of the scale, type (by sector) and distribution (comprising a large geographic area but with noted clear potential for an uneven influence on economic activity dependent on the relationship with the fringes of the principal urban areas at Hastings and Bexhill) are such that there is no reasonable basis to assess the prospects for future needs for economic development separately for these sub-areas. Key rural sectors such as Accommodation & Food Services, Arts & Recreation and Retail that generate the highest proportions of employment and economic output derive support from the characteristics of the rural area and diverse nature of activities rather than generating growth for the demand for conventional employment land and floorspace.
- 14.47 Growth in these sectors is not typically be viewed as dependent on particular assumptions of the need for the agglomeration of employers or growth in employment placing particular pressure upon take-up, vacancy and use of the existing portfolio of employment land although it is acknowledged that there may be some overlap in activities as part of trends towards diversification.
- 14.48 The availability of land and floorspace for economic development in the rural areas was not seen as a primary constraint upon addressing business needs. One associated

- observation from development trends observed within the rural area and following stakeholder input relates to the availability of labour supply within the rural economy. This corresponds to previously stated strong growth within Accommodation & Food Services and recreation within this sub-area.
- 14.49 The most recent BRES data (although impacted by the Coronavirus pandemic) indicates some negative effects on employment levels within these sectors, with stakeholders noting impacts of Brexit and inflation upon the availability of staff. These factors could impact upon economic growth. However, there is a relatively strong pipeline for rural diversification, supported by overall forecasts for labour demand within these sectors. Failure to support these sectors could have a disproportionate negative effect on economic output.
- 14.50 It is therefore the case that should these trends continue, forecast growth within key sectors will impact upon the requirements for labour supply within the rural area and thus correspond to potential impacts on the balance between jobs and homes and distribution of housing need. Pending the release of workplace population data from the 2021 Census (which is more likely to capture all activity within the rural areas) it is recommended that this is monitored by the Council, including for example instances of temporary accommodation for rural workers demonstrating sustained evidence of labour demand.
- 14.51 Qualitative observations on the characteristics of demand and market signals for development needs in the rural sub-area should be viewed in this context and considered as part of the FEMA-wide total.
- 14.52 Stakeholders have highlighted a preference for the policy approach to economic development in the rural areas to support the continued intensification, re-use or diversification of existing sites. This provides the principal typology of predominantly small-scale provision after accounting for schemes more closely associated with the urban fringe. This is set against a relatively small existing portfolio for land and floorspace. This may provide limited opportunities for these types of development without requiring new greenfield development.
- 14.53 Conversely, the modest overall levels of development within recent trends mean demand for additional land and floorspace may increase over time as part of activities necessary to support future diversification (for example increased requirements for food production or distribution space) relative to recent examples of schemes.
- 14.54 In relation to future demands for land and floorspace and specific requirements to support economic development the qualitative input from stakeholders recognised key areas such as Viticulture, food production and tourism as important to the rural economy. Stakeholders agreed this does not automatically translate into demands for additional floorspace.

- 14.55 The nature of employment within certain activities potentially most relevant to generating floorspace demand is relatively modest in terms of overall BRES reporting (such as food manufacture) and likely to be difficult to define precisely in terms of the crossover between agriculture, manufacturing and hospitality. These observations on the link between overall net change in employment and requirements for land and floorspace are consistent with overall forecasts for labour demand (see following Section 15) which will not necessarily translate to a significant forecast for net requirements for additional land and floorspace in conventional economic development functions.
- 14.56 Whether necessary floorspace for production and distribution can be provided as part of proposals for rural diversification and growth is specific to details of individual schemes and land use constraints. This could include the extent to which redevelopment reutilises existing buildings or corresponds to activities that are more closely aligned to pre-existing agricultural functions.
- 14.57 The Council has provided details of schemes such as development of a proposed winery at Peasmarsh which would correspond to a net loss of around 700sqm of light industrial floorspace but repurposing existing agricultural buildings for wine production together with the delivery of visitor accommodation and retail (RR/2017/2255P). Corresponding details for other potential proposals are qualitative matters for the Council to consider as part of the rural economy strategy and the levels of development that future policies might encourage or support.
- 14.58 Stakeholders observed that a more dispersed pattern of completions and commitments for rural office space provides flexibility and choice in supply and may have desirable characteristics in terms of current user requirements (for example in terms of amenity and providing for smaller footplates) but is not necessarily dependent on locations closely associated with the urban fringe.
- 14.59 Several factors were identified as contributing to this trend include post-Coronavirus working practices, attractiveness of the rural environment, quality of stock and low levels of vacancy (for suitable footplates) and current new build development activity within urban settlements.
- 14.60 Changing patterns of demand observed by stakeholders do not yet correspond to notable trends for increases in the absolute level or concentration of employment in related sectors such as Professional Services and Business Administration specifically within the rural area. However, these sectors are more strongly reflected within overall forecasts for labour demand in the district. It is therefore feasible that stakeholder comments reflect the potential for a greater share of provision for labour demand within growth sectors being sought within rural areas.

- 14.61 It is recommended that the Council continues to monitor development trends in the rural sub-area including levels of 'windfall' provision for further floorspace on unallocated sites and potential land use and policy constraints impacting upon future levels of development.

15 FUTURE ECONOMIC GROWTH

Summary

- The HEDNA Update analyses three baseline jobs growth forecasts for the FEMA from Cambridge Econometrics (CE), Oxford Economics (OE) and Experian for the period 2020 to 2040. The average forecast jobs growth for Hastings is 2,433 over the period 2020 to 2040 compared with 3,157 in Rother.
- The overall trend of all three forecasts shows a post-COVID-19 decline followed by a long-term, gradual period of recovery.
- In Hastings, the largest forecast sector growth is in Accommodation and Food Services (Experian and CE). High levels of growth are also projected in the Financial, Professional and Other Private Services, and Public Services sectors. An overall decline is forecast in the Manufacturing sector, as well as low/declining levels of employment in Wholesale & Retail, Transport and Storage, and Information and Communication.
- In Rother, higher levels of growth are projected in Accommodation and Food Services, and Financial, Professional and Other Private Services. There are also relatively high levels of growth expected in Construction (particularly by OE and Experian). An overall decline is forecast in Manufacturing, as well as low/declining jobs in Agriculture, Forestry and Fishing, Extraction & Mining and Transport and Storage sectors. A reduction in jobs in Wholesale and Retail is forecast by OE and CE, whilst Experian forecast a slight growth in this sector (200 jobs).
- The baseline forecasts have been adjusted to identify a locally specific growth scenario for Hastings and Rother, taking account of past trends, market conditions and the performance of individual sectors.
- The local growth scenario for Hastings projects a growth of **4,150 jobs** (a compound annual growth rate (CAGR) of 0.55%) and the local growth scenario for Rother projects a growth of **3,800 jobs** (CAGR 0.52%) over the plan period.

Introduction

- 15.1 This section provides an assessment of the future economic growth forecasts for Hastings and Rother to 2040. The forecasts are assessed on an overall and sectoral basis to consider their suitability and robustness for planning purposes.
- 15.2 The baseline forecasts have then been adjusted where necessary, using the findings from Sections 13 and 14, to identify a locally specific growth scenario for Hastings and Rother, taking account of past trends, market conditions and the performance of individual sectors. The inputs that have been used to define the local growth scenario for each authority are summarised in below.

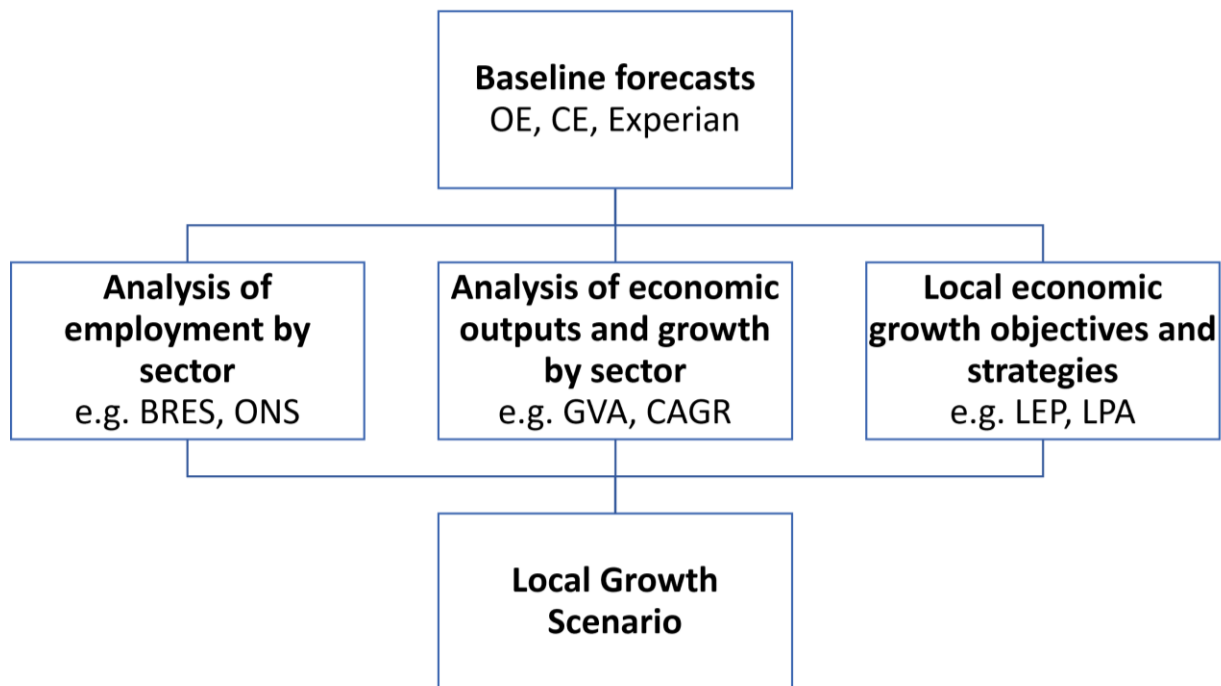


Figure 91 Inputs to develop Local Growth Scenario

Source: SPRU

Economic Growth Forecasts

- 15.3 This section sets out the future employment growth identified by the three econometric forecasts shown in Table 103 below.

Table 103 Economic Growth Forecasts

Forecast Source	Date Produced	Last Historic Data Point	Forecast End Date
Cambridge Economics (CE)	March 2022	2020	2050
Oxford Economics (OE)	August 2022	2020	2040
Experian	June 2022	2020	2042

- 15.4 The base year for estimates of employment in all three forecasts is 2020 and therefore reflect the initial impacts of the COVID-19 pandemic as recorded within official statistics. All forecasts take account of the impacts of Brexit and COVID-19 in their modelling and future forecasting assumptions.

Comparison of Total Forecast Employment for Hastings and Rother

- 15.5 Due to the differing methodologies and input assumptions (see Appendix G), there are some resulting differences between the three forecast outputs. A comparison of the total forecast levels of employment growth for the period 2020 to 2040 is shown in Table 104 below.

Table 104 Forecast Total Employment Growth (2020-2040)

Forecast	Hastings	Rother
Cambridge Econometrics (CE)	2,400	2,770
Oxford Economics (OE)	1,100	2,500
Experian	3,800	4,200
Average	2,433	3,157

- 15.6 There are some quite large discrepancies between the three forecasts, particularly for Hastings, where there is a difference of 2,700 between the highest jobs growth forecast (Experian) and the lowest (OE). In Rother, Experian again shows the highest jobs growth forecast, whilst the forecasts for CE and OE are more closely aligned. The average forecast jobs growth for Hastings is 2,433 over the period 2020 to 2040 compared with 3,157 in Rother.
- 15.7 All three forecasts show a decrease in total estimated (historic inputs to 2020) and forecast levels of employment between 2019 and 2021, reflective of the impact of the COVID-19 pandemic, as shown in Table 105 and Table 106 below. The overall forecast decline in

employment during this period was greatest in the CE forecast, which showed a 10.82% decline in Hastings and an 8.02% decline in Rother. In both authorities Experian showed a slightly greater decline in employment in the first year of the pandemic (2019-2020) than OE, but Experian showed an increase in employment the following year (2020-2021) whilst OE showed a continued decrease.

Table 105 Hastings Forecast Employment Totals (000s) and Percentage Change Relative to 2019 Levels

	2019-2020 Change	%	2020-2021 Change	%	2019-2021 Change	%	Return to 2019
OE	-0.50	-1.32%	-0.70	-1.87%	-1.20	-3.17%	2026
Experian	-1.30	-3.34%	0.50	1.33%	-0.80	-2.06%	2026
CE	-4.20	-9.88%	-0.40	-1.04%	-4.60	-10.82%	N/A

Source: SPRU analysis

Table 106 Rother Forecast Employment Totals (000s) and Percentage Change Relative to 2019 Levels

	2019-2020 Change	%	2020-2021 Change	%	2019-2021 Change	%	Return to 2019
OE	-1.70	-4.49%	-0.80	-2.21%	-2.50	-6.60%	2030
Experian	-1.60	-4.61%	0.20	0.60%	-1.40	-4.03%	2027
CE	-2.58	-6.91%	-0.41	-1.19%	-3.00	-8.02%	2039

Source: SPRU analysis

- 15.8 As illustrated in Figure 92 and Figure 93, the forecast for post-COVID recovery is more positive in the Experian projection, which in both authorities forecasts the lowest overall decline in jobs over the period 2019 to 2021 and the most rapid return to 2019 levels of employment of all three forecasts. This return to 2019 levels is expected to occur in 2026 in Hastings and 2027 in Rother.
- 15.9 For the avoidance of doubt analysis for forecasts for the purposes of total labour demand in this HEDNA does not treat this as only reflecting a net increase on 2019 levels once these are reached as part of any post-pandemic recovery. Forecast labour demand is treated as the total difference over the plan period. The 2019/20 impacts of the pandemic are not included prior to the base-date for analysis. In effect amounts to a recommendation of planning positively for economic recovery. Moreover, any period of negative forecast employment totals after the base date – which this HEDNA purposely does not quantify given the uncertainty of any immediate effect on needs for land and floorspace within or

between sectors performing differently across shorter-term horizons – should not be treated as anticipating or justifying the loss of existing stock.

- 15.10 In comparison, OE projects a less significant initial decline in employment in Hastings, which is expected to return to 2019 levels by 2026, whereas in Rother the initial decline forecast by OE is greater but return to 2019 levels are expected to be delayed until 2030. Finally, the greatest decline in jobs over the period 2019 to 2021 is indicated by CE, where numbers of jobs are not expected to return to 2019 levels before at least 2050 in Hastings (beyond the current forecast period) and 2039 in Rother. This decline in jobs in the CE forecast is primarily focused in the distribution, accommodation and food services and other services sectors in Hastings and in the distribution and financial and business services sectors in Rother.

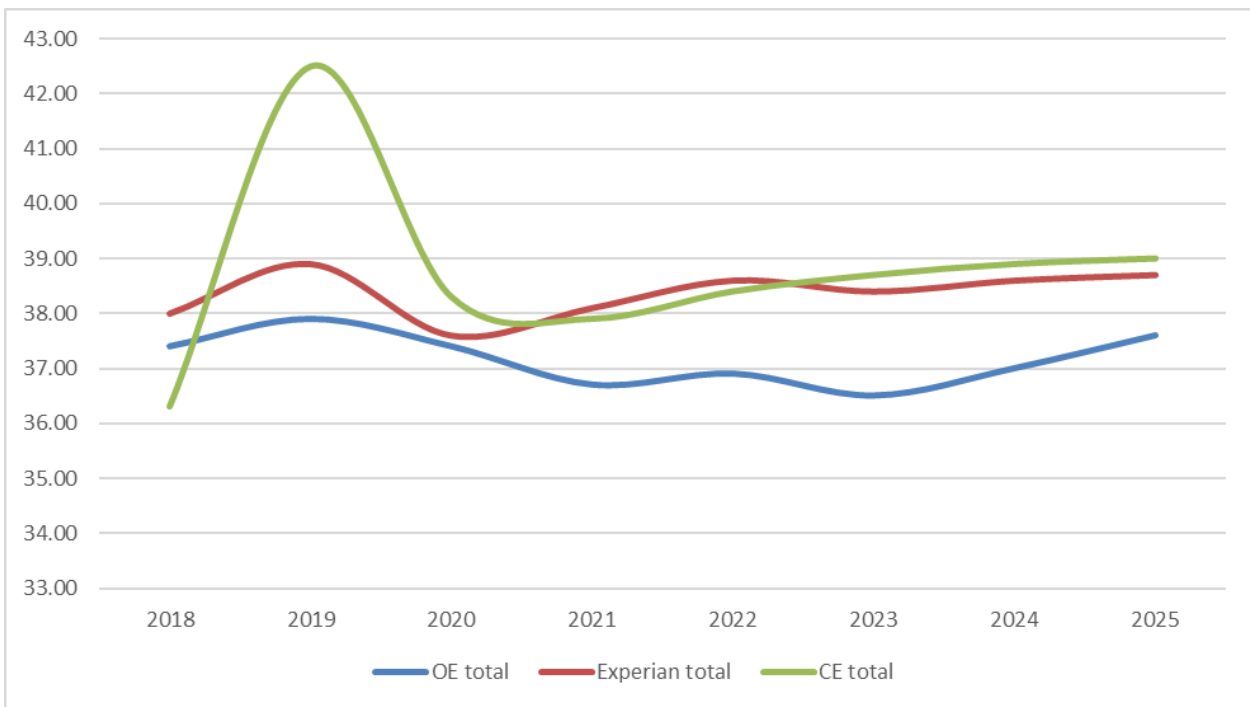


Figure 92 Impact and Recovery from COVID-19 in Hastings
 Source: OE, Experian; CE; SPRU Analysis

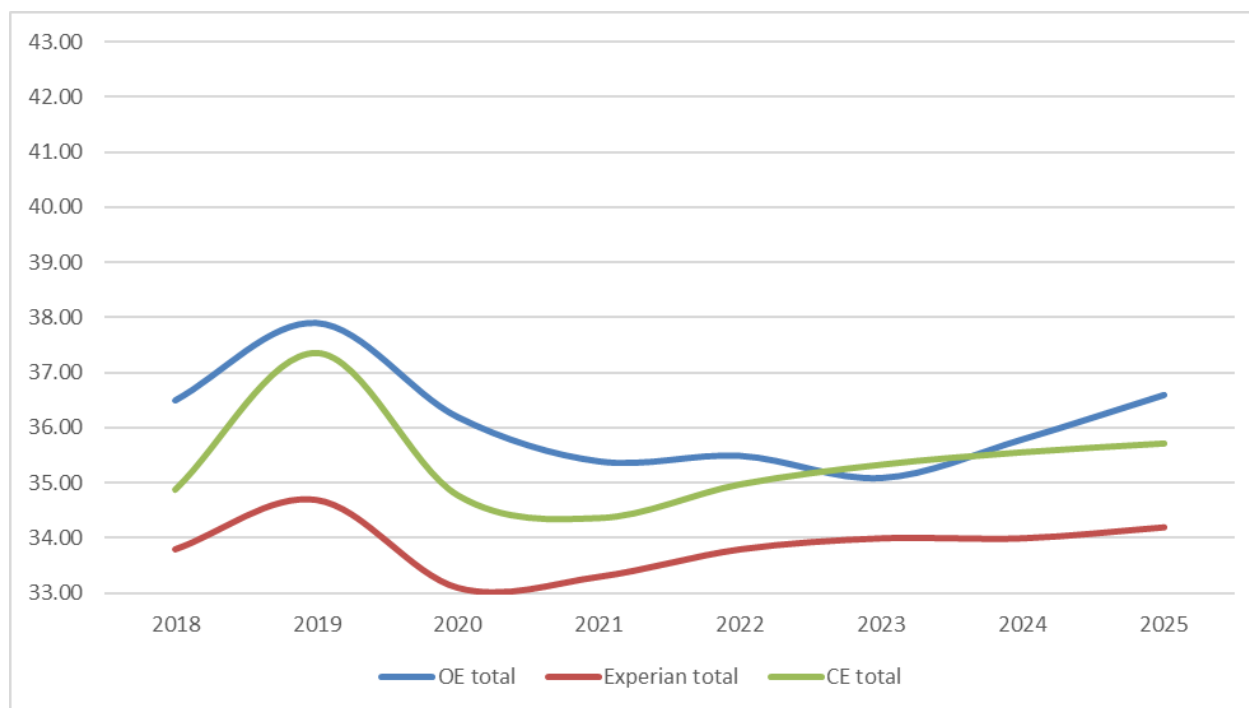


Figure 93 Impact and Recovery from COVID-19 in Rother
Source: OE, Experian; CE; SPRU Analysis

- 15.11 The shallower ‘bounce’ of the CE forecast is indicative that some sectors may take several years to return to pre-pandemic levels and the total change over the forecast period resulting from a combination of factors will be less strongly influenced by the impact and recovery phases following the COVID-19 pandemic.
- 15.12 It is also worth noting the differences in 2019 pre-pandemic ‘peak’ between the three forecasts, which varied between 34,700 (Experian) and 37,900 (OE) in Rother and between 37,900 (OE) and 42,500 (CE) in Hastings.
- 15.13 When considering the longer term forecasts and historic jobs growth figures, it should be noted that the three forecasts draw upon the BRES data as the major source data to inform their employee jobs, but also include self-employed jobs drawn from the Labour Force Survey (LFS) which means the historic job figures shown in the three forecasts are slightly higher than the BRES figures. Confidence intervals relating to individual official estimates of employment will thus not be directly applicable to or comparable between different forecast outputs depending on the methodology adopted. However, the most important output of forecasts for this purpose is net change over time, so any methodological differences are effectively nullified if applied consistently within each year. Moreover, for the purposes of estimating needs for land and floorspace consistently total employment outputs of each forecast are subject to a conversion to Full-Time Equivalent (inclusive of ‘employment’ and employee jobs) thus being more reflective of the contribution of (for example) second and third jobs to total FTE employment within the labour market.

- 15.14 As shown in Figure 94 and Figure 95 below, the three forecasts show a broadly similar patterns of historic jobs growth with some smoothing of the data evident in the Experian projection. The historic projections show an overall increase in jobs between 1997 and 2020 across all three forecasts but with some variation across the 23 year period. The CE forecast in particular shows more pronounced peaks and troughs than the other two forecasts.
- 15.15 In terms of future forecasts (2020 onwards), the overall trend of all three forecasts shows a post-COVID-19 decline followed by a long-term, gradual period of recovery. In Hastings, the CE and Experian forecasts follow a broadly similar pattern of steady growth over the period 2020 to 2040, whilst the OE forecast shows a relatively rapid period of rebounding growth to 2027 followed by a longer period of stability with very low levels of jobs growth from 2027 onwards. In Rother, all three forecasts show steady levels of growth following the initial period of post-COVID decline. Unlike in Hastings, the OE forecast projects the highest overall level of jobs in Rother by 2039, although the post-COVID recovery under this forecast is delayed until 2024 after which it shows quite a steep initial rebound compared with the other two forecasts.

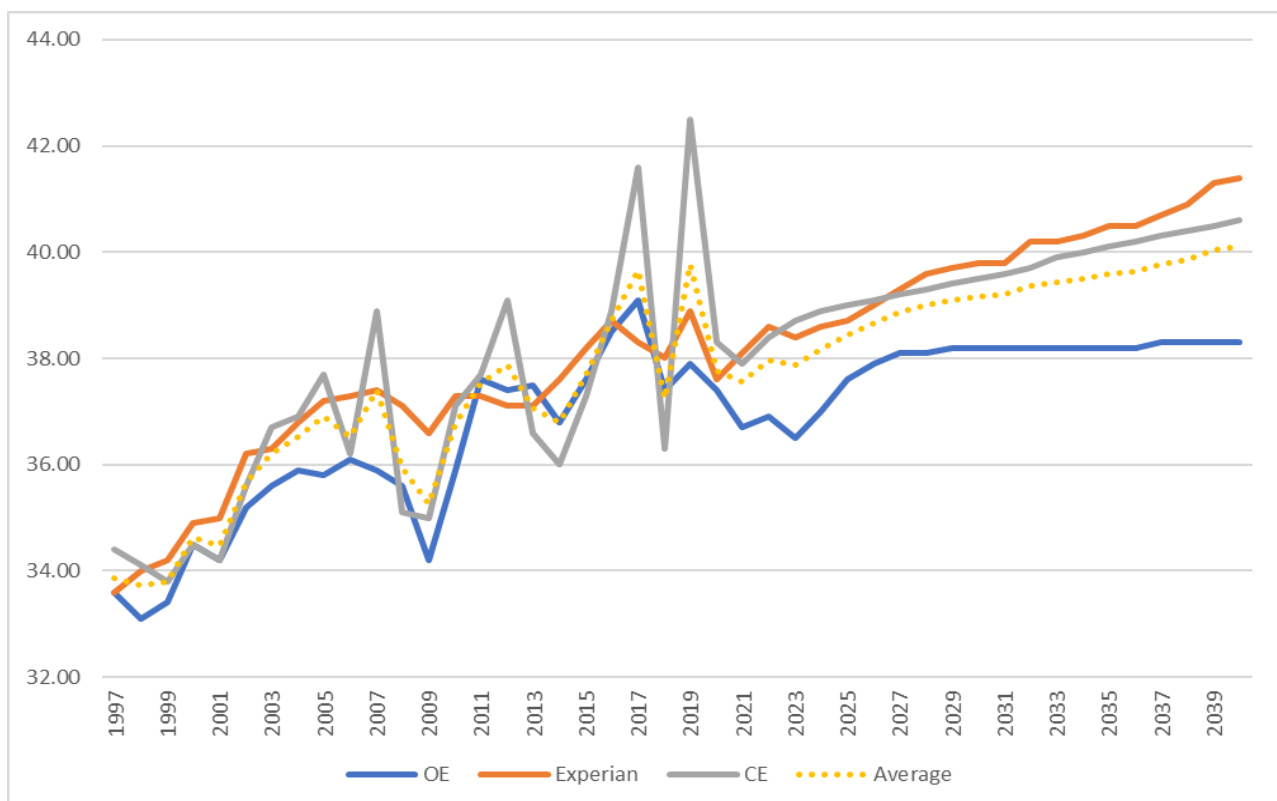


Figure 94 Hastings Employment Forecasts 1997-2040 - Total Jobs (thousands)
Source: OE, Experian; CE; SPRU Analysis

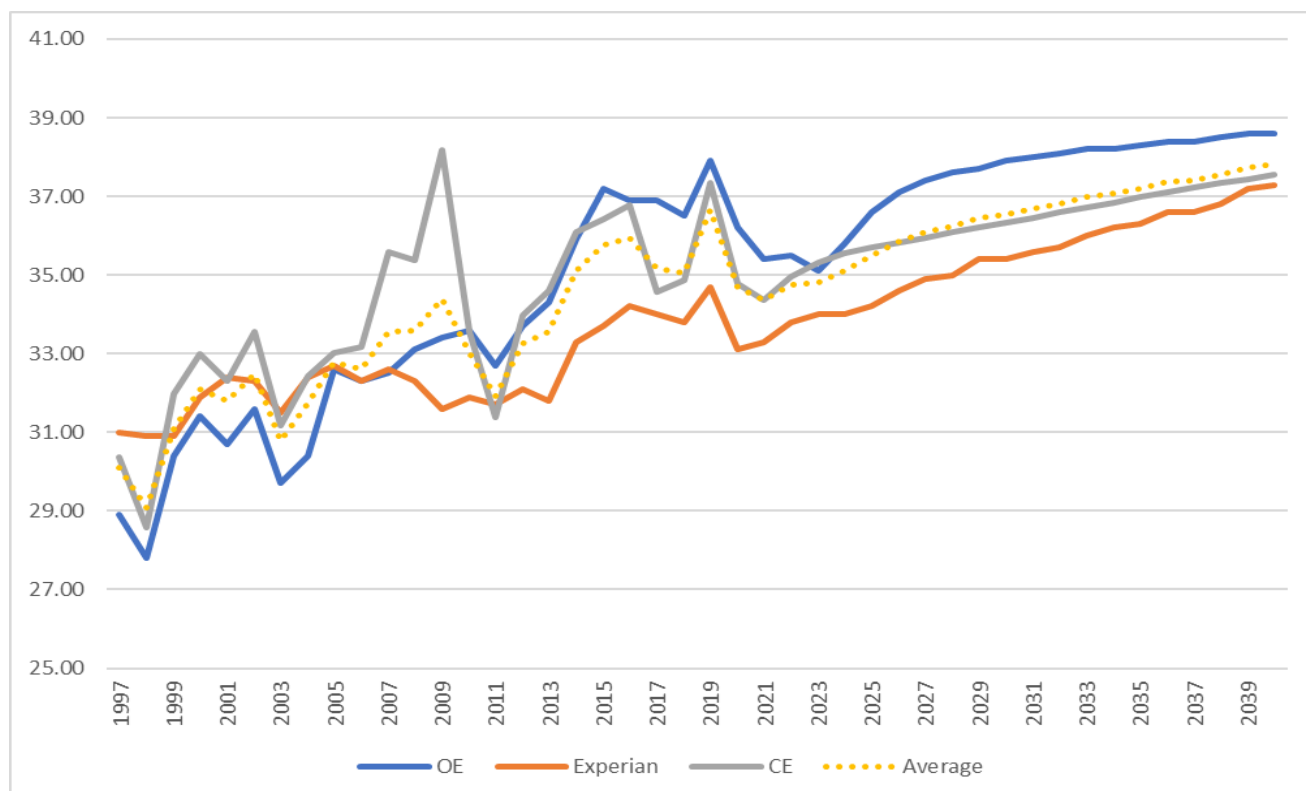


Figure 95 Rother Employment Forecasts 1997-2040 - Total Jobs (thousands)

Source: OE, Experian; CE; SPRU Analysis

15.16 In summary, the main differences between the forecasts include:

- The strength, extent and timing of the post-COVID-19 recovery;
- Performance between 2011 and 2020 and the period immediately prior to the onset of COVID-19; and
- Longer-term trends and relationship with pre-COVID employment levels.

15.17 This is most clearly illustrated by setting out forecast trends within five-year periods, as shown in Table 107 and Table 108 below.

Table 107 Hastings Forecast Growth by Five-Year Periods

	2015-2020		2020-2025		2025-2030		2030-2035		2035-2040	
	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR
OE	-0.20	-0.11%	0.20	0.11%	0.60	0.32%	0.00	0.00%	0.10	0.05%
Experian	-0.60	-0.32%	1.1	0.58%	1.10	0.56%	0.70	0.35%	0.90	0.44%
CE	1.00	0.53%	0.70	0.36%	0.50	0.26%	0.60	0.30%	0.50	0.25%

Source: OE, Experian; CE; SPRU Analysis

Table 108 Rother Forecast Growth by Five-Year Periods

	2015-2020		2020-2025		2025-2030		2030-2035		2035-2040	
	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR	Growth	CAGR
OE	-1.00	-0.54%	0.40	0.22%	1.30	0.59%	0.40	0.21%	0.30	0.16%
Experian	-0.60	-0.36%	1.1	0.66%	1.20	0.69%	0.90	0.50%	1.00	0.54%
CE	-1.66	-0.93%	0.94	0.54%	0.63	0.35%	0.64	0.35%	0.57	0.30%

Source: OE, Experian; CE; SPRU Analysis

- 15.18 As the above tables show, overall growth was negative across all three forecasts in the period 2015-2020, which reflects the initial impacts of COVID-19, that is with the exception of the CE forecast which identified positive growth during this period as a whole although this predominantly reflects the uneven (or 'lumpy') estimates of total employment since 2015 even taking account of the most significant negative change of all three forecasts between 2019 and 2020. Rates of growth are generally expected to slow from 2030 onwards.

Comparison of Forecasts by Sector for Hastings and Rother

- 15.19 The tables and figures below set out the jobs growth in each broad sector by forecast for each authority. The CE forecast is generally more negative across a larger number of sectors than the other two forecasts.
- 15.20 In Hastings, the largest forecast sector growth is in Accommodation and Food Services⁸⁴(Experian and CE). High levels of growth are also projected in the Financial, Professional and Other Private Services, and Public Services sectors.
- 15.21 In Hastings, an overall decline is forecast in the Manufacturing sector, as well as low/declining levels of employment in Wholesale & Retail, Transport and Storage, and Information and Communication.

⁸⁴ Defined separately for the purposes of Standard Industrial Classification (SIC) 2-digit codes as 55: Accommodation and 56: Food and Beverage Service Activities

Table 109 Hastings Jobs Growth Forecasts by Broad Sector, 2020-40

	OE	Experian	CE
Agriculture, Forestry & Fishing	0	0	100
Extraction & Mining	0	0	0
Manufacturing	-1,200	-200	-900
Utilities	0	0	100
Construction	500	200	600
Wholesale & Retail	-400	-200	0
Transport & storage	-100	0	0
Accommodation & Food Services	200	2,100	1,200
Information & communication	100	0	0
Financial, Professional & Business Services	1,000	900	800
Public Services	800	700	400
Recreation, Arts & Other Services	200	300	100
Total	1,100	3,800	2,400

Source: SPRU Analysis of various forecasts

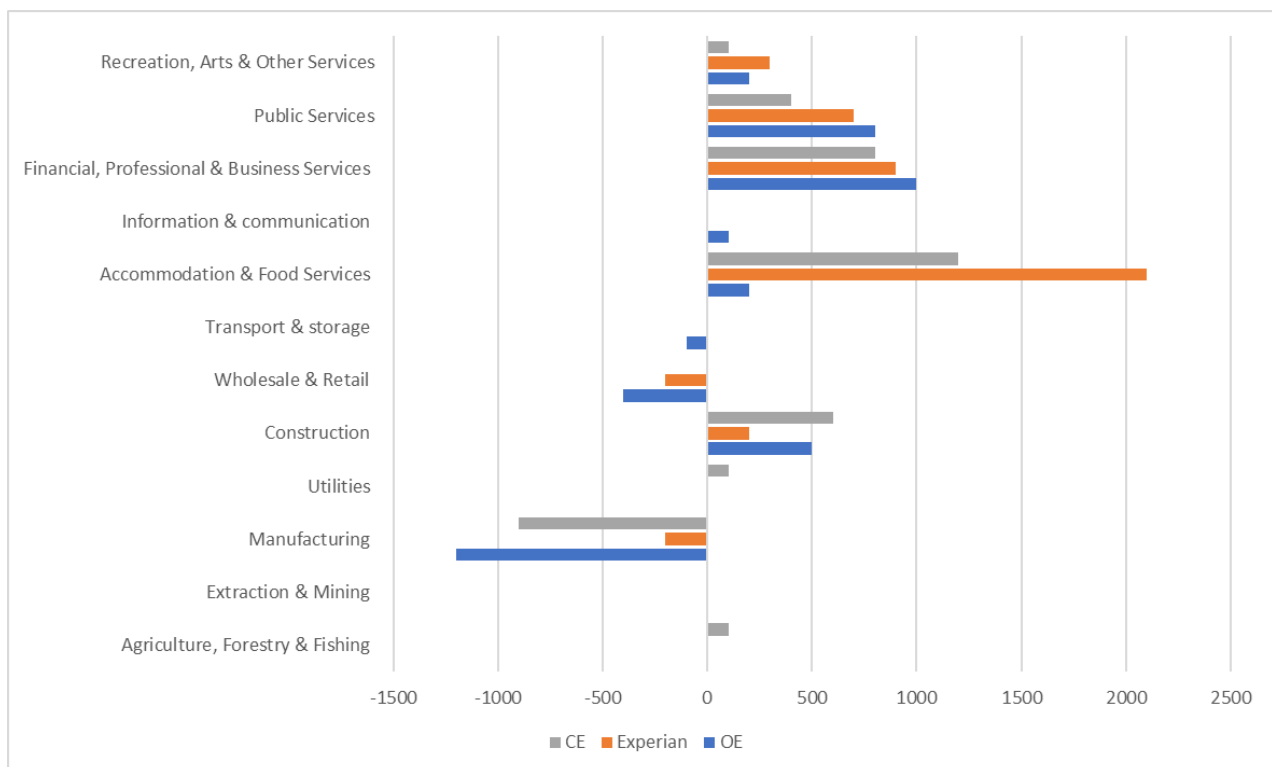


Figure 96 Hastings Jobs Growth Forecasts by Broad Sector, 2020-40

Source: OE, Experian; CE

- 15.22 In Rother, higher levels of growth are projected in Accommodation and Food Services, and Financial, Professional and Other Private Services. There are also relatively high levels of growth expected in Construction (particularly by OE and Experian), which within the context of the FEMA is principally a function of relatively strong historic growth, larger proportions of employment in the sector and the large geographic extent of the authority contributing to output particularly when top-down approaches are used to apportion demand, rather than the location of construction projects specifically.
- 15.23 In Rother, an overall decline is forecast in Manufacturing, as well as low/declining jobs in Agriculture, Forestry and Fishing, Extraction & Mining and Transport and Storage sectors. A reduction in jobs in Wholesale and Retail is forecast by OE and CE, whilst Experian forecast a slight growth in this sector (200 jobs).

Table 110 Rother Jobs Growth Forecasts by Broad Sector, 2020-40

	OE	Experian	CE
Agriculture, Forestry & Fishing	-200	-200	30
Extraction & Mining	-100	0	-10
Manufacturing	-700	-300	-290
Utilities	0	0	50
Construction	1,000	900	410
Wholesale & Retail	-100	200	-10
Transport & storage	0	0	20
Accommodation & Food Services	400	1,300	1,270
Information & communication	100	100	130
Financial, Professional & Business Services	900	1,400	890
Public Services	900	400	260
Recreation, Arts & Other Services	300	400	20
Total	2,500	4,200	2,770

Source: SPRU Analysis of various forecasts

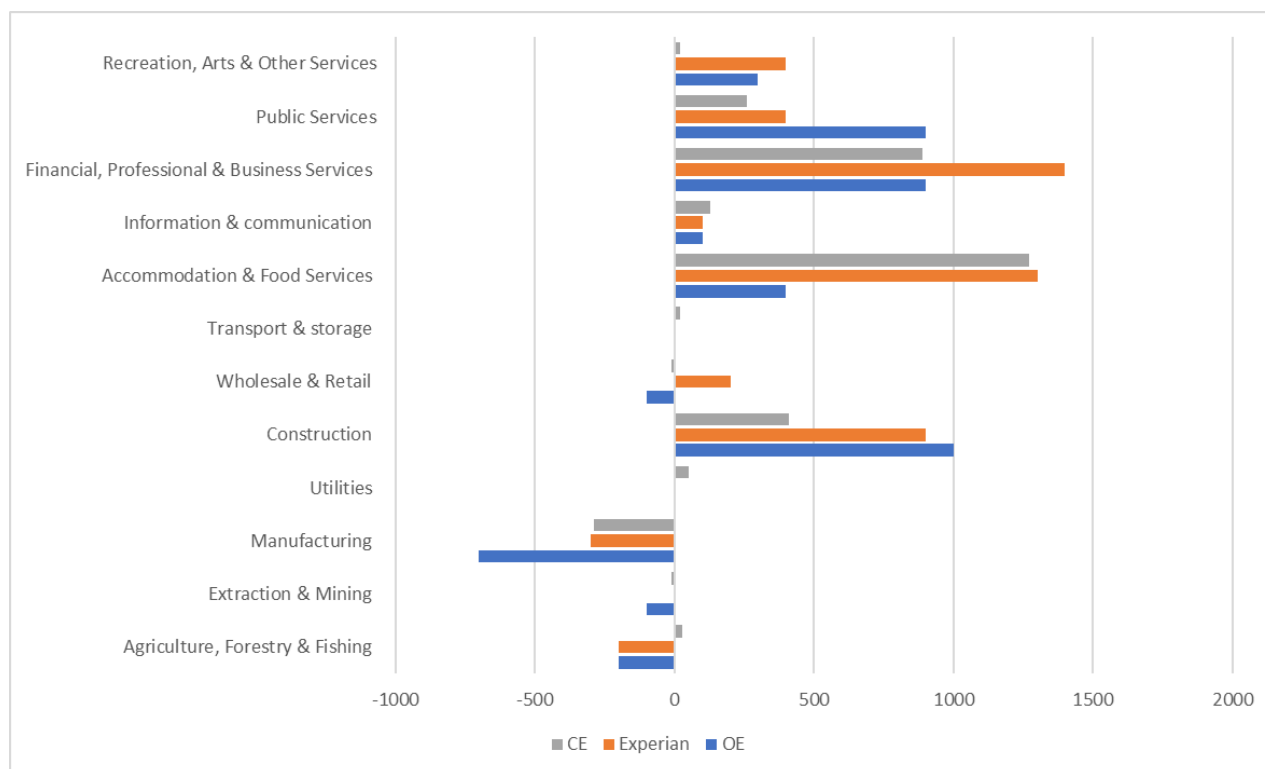


Figure 97 Rother Jobs Growth Forecasts by Broad Sector, 2020-40

Source: OE, Experian; CE

Analysis of forecasts for key sectors in Hastings

- 15.24 Within the earlier HEDNA 2020 preparation of a ‘local scenario’ focused only upon potential adjustments to **Manufacturing** and **Creative Industries** sectors with only the former being reflected in adjustments to sectoral forecasts. The nature of Creative Industries being attributable to a range of Standard Industrial Classifications cutting across multiple sectors and precluding dedicated quantitative adjustments as set out in the 2020 HEDNA remains a reasonable conclusion. However, the changing policy context and more detailed analysis of three baseline forecasts provided by this HEDNA indicating on average greater prospects for forecast growth than considered by the 2020 HEDNA both indicate that local scenarios for labour demand should be determined having regard to a wider range of sectors.
- 15.25 In the absence of an adopted Local Industrial Strategy (LIS) for the SELEP area or a detailed evidence base to inform the standalone identification of key sectors throughout the FEMA conclusions on those parts of the sectoral forecasts that support closer assessment reflects the overarching findings within Section 13.
- 15.26 This Economy Overview Reports for Rother and Hastings (Emsi, 2021), Task Force Review (Lichfields, 2020) and the Economic Prospectus for the South East Coast (SELEP,

2020).in-particular indicate that the following sectors justify a more detailed assessment of future prospects as part of the HEDNA Update:

- Manufacturing
- Financial and Professional Services
- Recreation, Arts and Other Services
- Accommodation and Food Services
- Public Services including Health
- Transport and Storage

Manufacturing

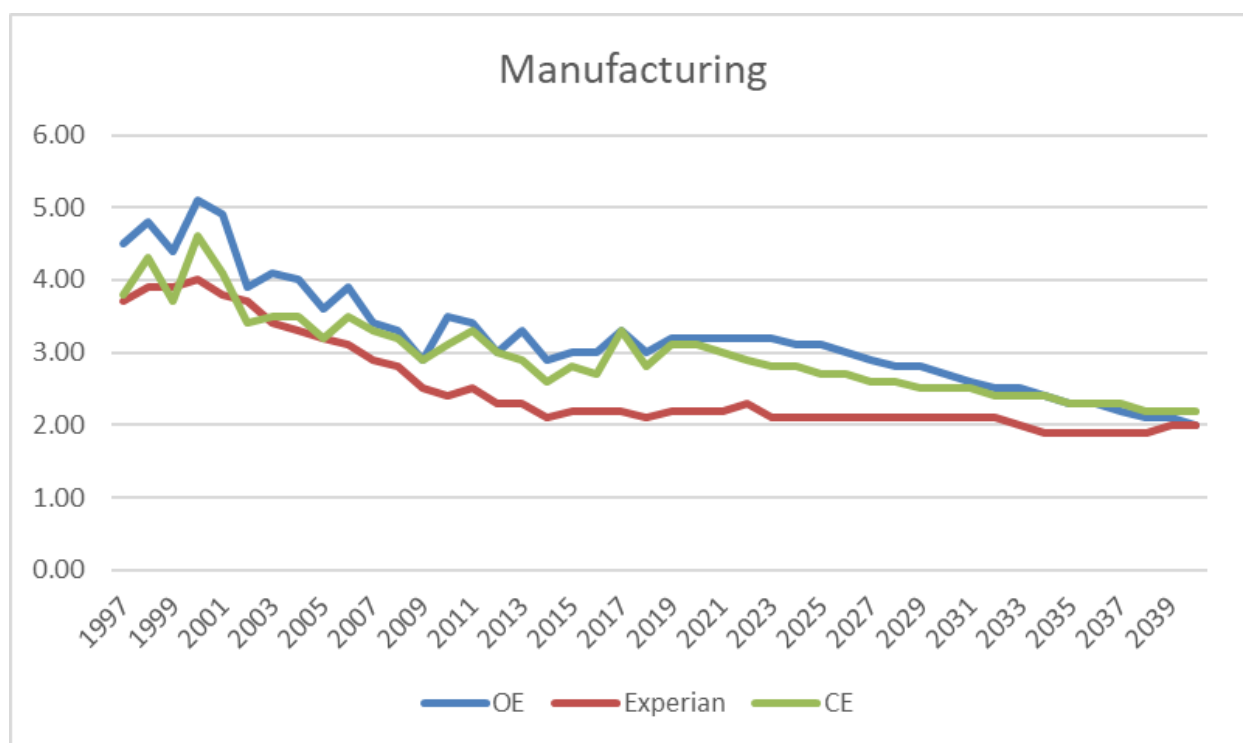


Figure 98 Hastings Jobs Growth Forecasts in Manufacturing Sector

Source: OE, Experian; CE

- 15.27 All three forecasts show a decline in manufacturing over the plan period, but there is a greater trend of decline shown in the Experian forecast from 2020.
- 15.28 However, LQ analysis indicates strong performance in manufacturing sector as a whole and some manufacturing sub-sectors compared with regional and national geographies.
- 15.29 BRES trend data has not identified an overall decline in manufacturing over the period 2009 to 2021. Whilst some manufacturing sub-sectors have decreased, the BRES trend data shows overall increases in some sub-sectors including the manufacture of food, clothing, chemicals, rubber and plastic products and non-metallic mineral products. LQ analysis is therefore not applied in isolation but also in the context of overall employment

change and where concentrations and potential specialisms have appeared to strengthen over time (see Table 88) and employment levels overall have stabilised. This supports a more positive assessment of future employment growth prospects and retention of existing employment relative to any ongoing contraction of manufacturing in the wider region.

- 15.30 In order to better reflect the local growth profile, we have based the growth scenario for this sector on the Experian forecast, which has then been adjusted to hold the forecast jobs for 'non-metallic products' at 2020 levels rather than declining over time.

Transport and Storage

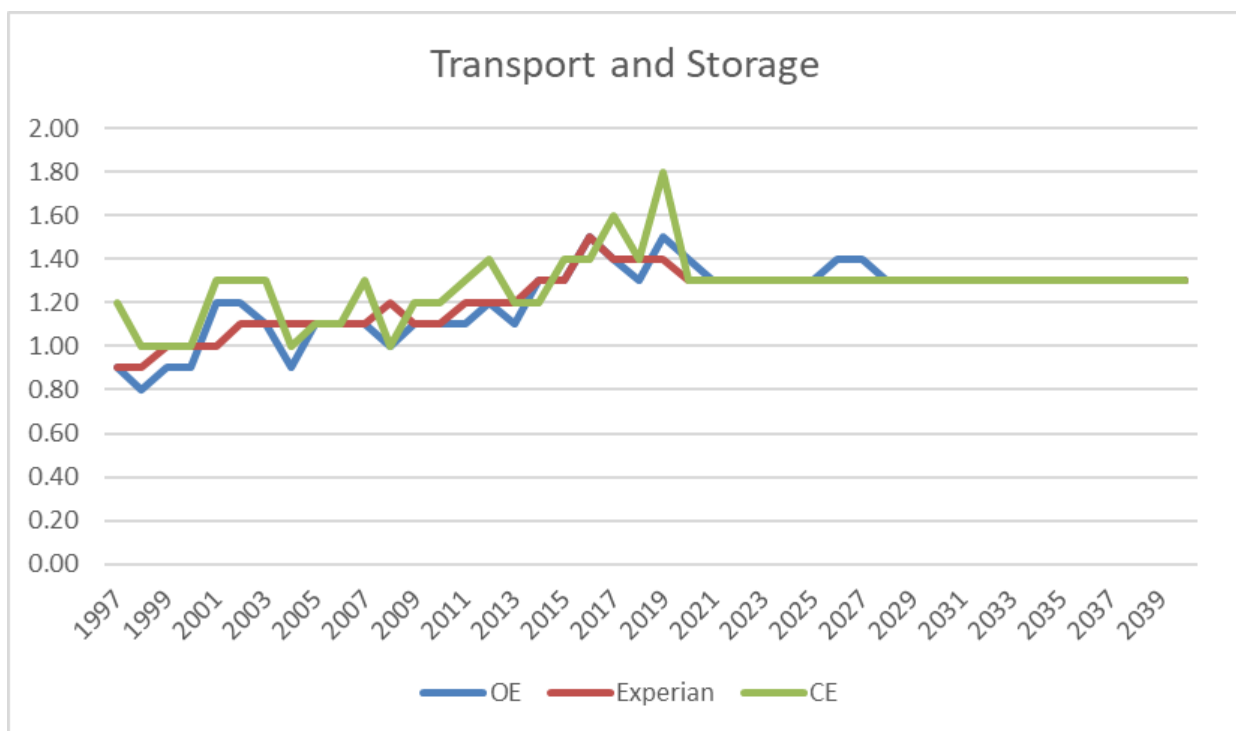


Figure 99 Hastings Jobs Growth Forecasts in Transport and Storage Sector
Source: OE, Experian; CE

- 15.31 Despite modest levels of historic jobs growth in this sector since 1997, all three forecasts predict zero future growth in the transport and storage sector over the plan period.
- 15.32 The LQ analysis shows comparatively high employment in some transport and storage sub-sectors compared to wider geographies, notably land transport and postal and courier activities.
- 15.33 The BRES trends data shows an overall increase in growth in employment in the transport and storage sector between 1997 and 2021 (CAGR 1.9%). The warehousing and support activities for transportation sub-sector in particular experienced high levels of growth over the same period (CAGR 11.0%), with a slight growth in land transport (CAGR 0.9%) and a slight decline in postal and courier activities (CAGR -2.9%).

15.34 In order to reflect a more positive rate of growth in this sector, which is likely over the long term and generally indicative of further potential increase in the profile of local distribution activities associated with e-commerce, adjustments have been made to the OE baseline forecast by applying BRES average annual jobs increase from 2020 onwards (16.67 jobs per year) to create a locally-specific growth scenario for this sector.

Accommodation and Food Services

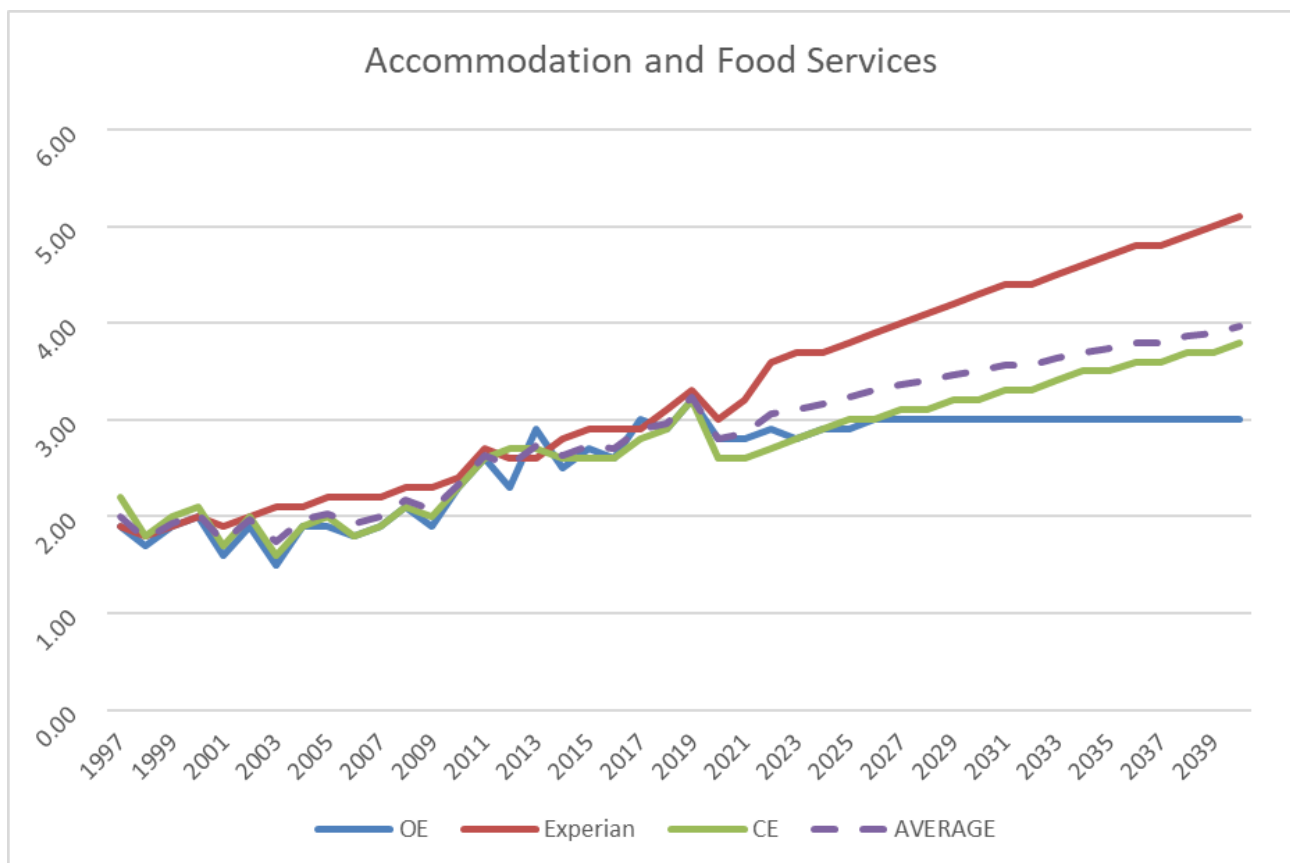


Figure 100 Hastings Jobs Growth Forecasts in Accommodation and Food Services Sector

Source: OE, Experian; CE

- 15.35 Experian forecasts the biggest projected increase in the accommodation and food services sector over the plan period, followed by CE. In contrast, the OE forecast shows very limited growth over the period 2020-2040.
- 15.36 The LQ analysis identifies strong performance in the accommodation and food services sector and particularly in the accommodation sub-sector.
- 15.37 The BRES trends data locally and nationally shows a recent decline in the accommodation and food services sector from 2019 to 2020. with the effects of the COVID-19 pandemic and the impacts of Brexit on labour supply highlighted in feedback from stakeholders as responsible for this trend. This reflects findings in the ‘Economic Impact of Tourism on

Hastings Borough' report (Tourism South East, 2019) which showed that around 0.515 million overnight trips were made to Hastings in 2019. Although this represented a slight decline on 2018 figures, corresponding with the sectoral economic uncertainty within this period.

- 15.38 In order to reflect a more positive rate of growth in this sector over the long term a local growth scenario has been developed using the OE forecast for this sector as a baseline but applying the BRES trend-derived average annual jobs increase from 2020 onwards (62.5 jobs per year).

Financial, Professional and Other Private Services

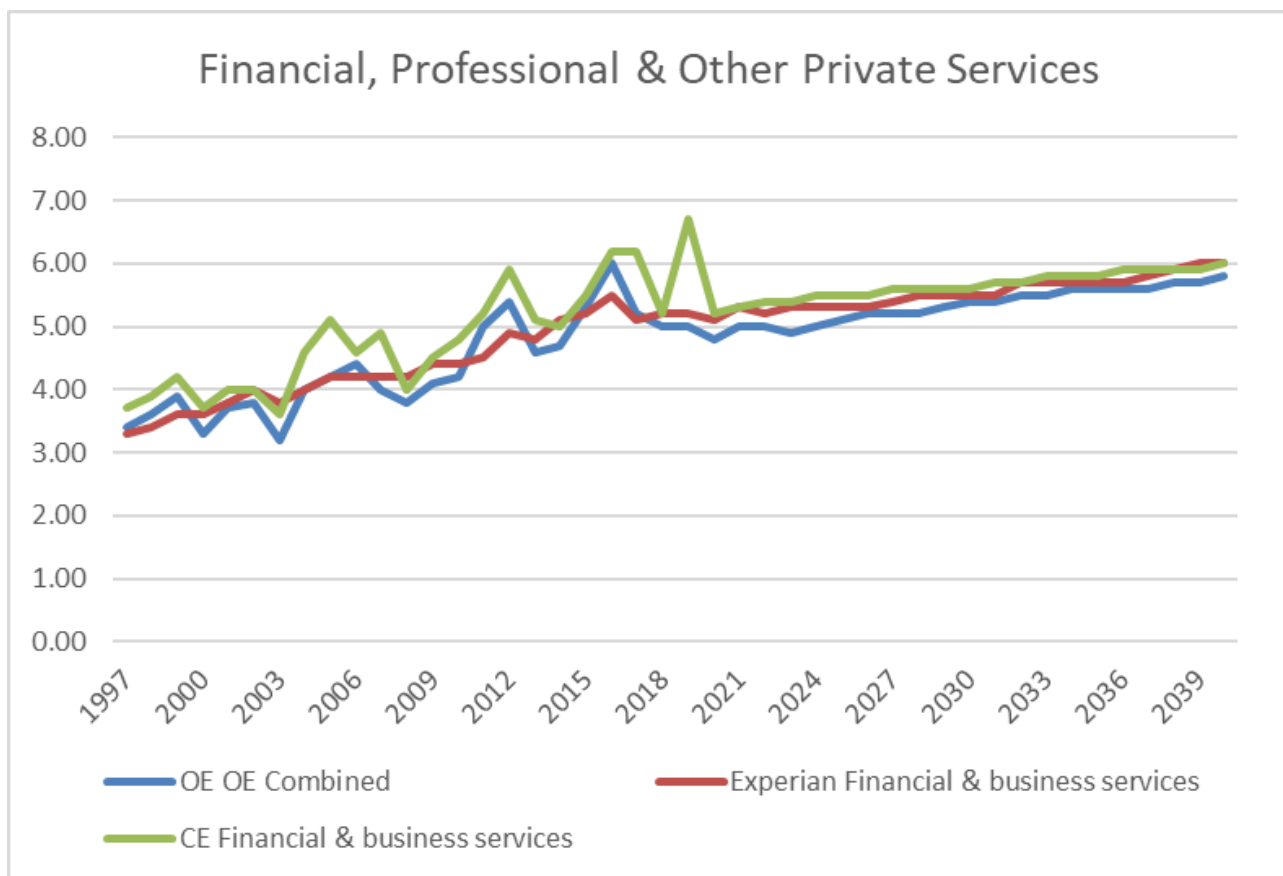


Figure 101 Hastings Jobs Growth Forecasts in Financial, Professional and Other Private Services Sector

Source: OE, Experian; CE

- 15.39 Relatively high growth is forecast in the financial, professional and other private services sector across all three forecasts over the plan period, total levels of change in employment being slightly higher for OE.
- 15.40 The LQ analysis does show comparatively high employment in the property (real estate) sector, which is included in this category. Several sub-sectors in this category also perform

strongly in Hastings compared to wider geographies, including real estate activities, financial service activities (excluding insurance and pension funding) and other professional, scientific and technical activities.

- 15.41 The BRES trend data identifies net growth in employment in most financial and professional services sub-sectors over the period 2009 to 2021 except for financial service activities (excluding insurance and pension funding) which declined over this period.
- 15.42 The forecast growth, although comparatively high compared with other sectors, appears realistic in the context of past growth trends and LQ analysis. No adjustments to the OE forecast for this sector are therefore considered necessary as part of the growth scenario.

Public Services

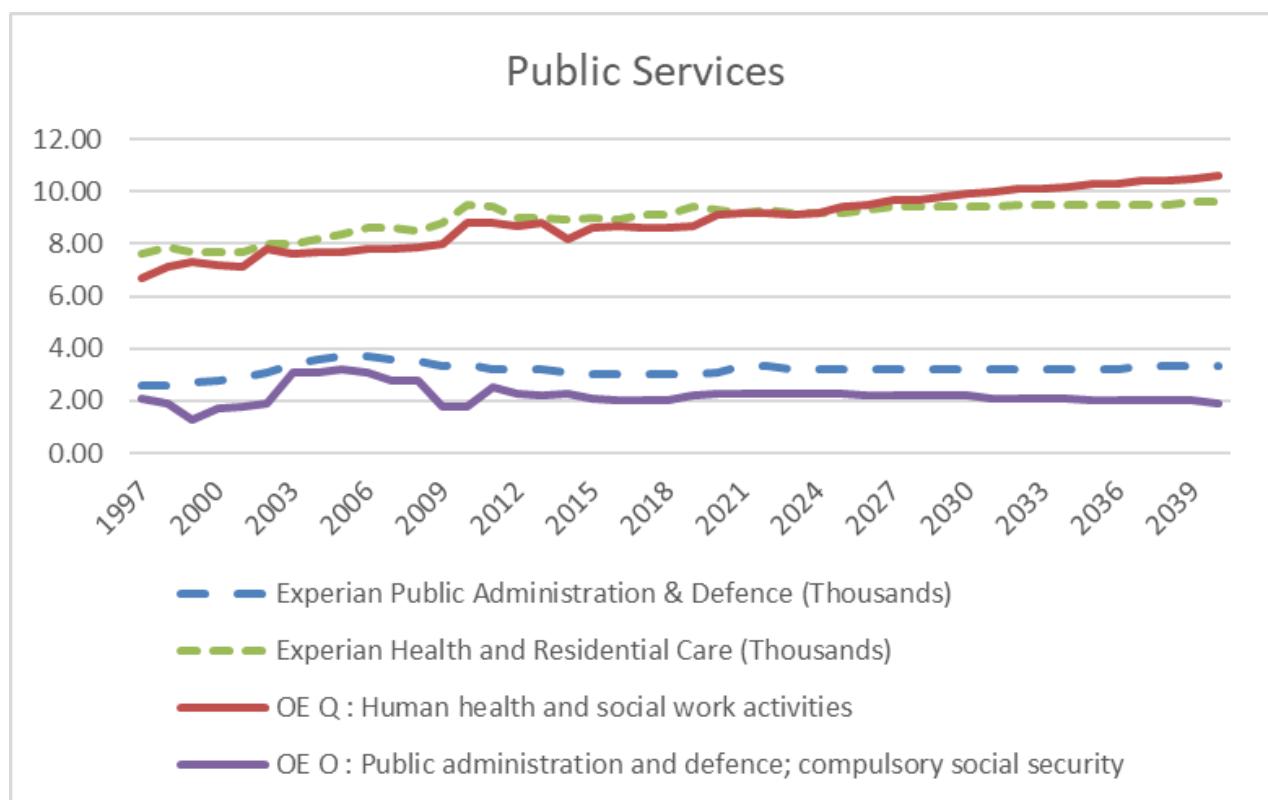


Figure 102 Hastings Jobs Growth Forecasts in Public Services Sector

Source: OE, Experian; CE

- 15.43 Each forecast shows a net increase in jobs in public services over the period 2020 to 2040.
- 15.44 The LQ analysis shows that Hastings has a comparatively higher number of jobs in this sector than other geographies. At a sub-sector level, the LQ analysis also shows that Hastings has comparative strengths in public administration and defence, human health and residential care and social work activities.

- 15.45 The BRES trend data shows net growth in all public services sub-sectors corresponding to strengths identified by LQ analysis.
- 15.46 The OE baseline forecast identifies a reduction in jobs in the public administration and defence sector of 400 jobs over the period 2020 to 2040. In order to better reflect past trends and the relatively high LQ for this sub-sector, the baseline OE forecast has been adjusted to reflect the more positive Experian forecast which shows no change in jobs in the public administration and defence sub-sector from 2020 onwards, rather than a decline in jobs as forecast by OE. This adjustment has been incorporated in the local growth scenario for the public services sector.

Recreation, Arts and Other Services

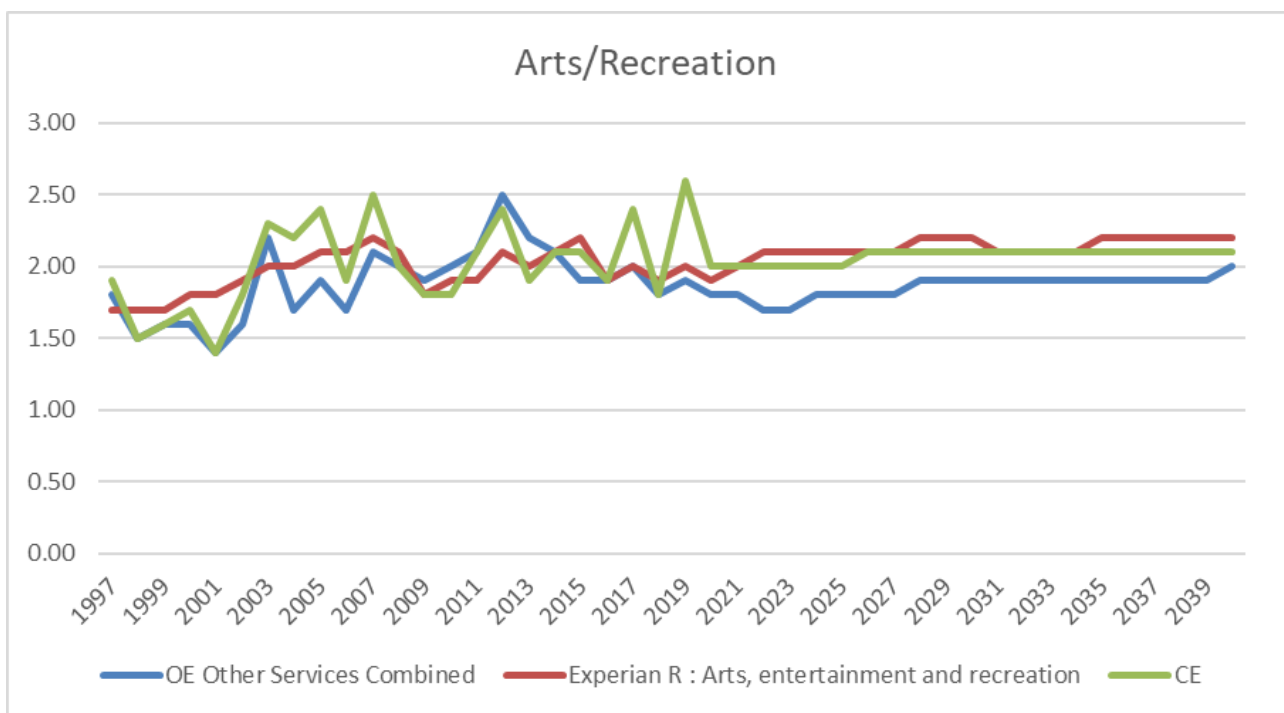


Figure 103 Hastings Jobs Growth Forecasts in Recreation, Arts and Other Services Sector

Source: OE, Experian; CE

- 15.47 All three forecasts show relatively limited growth in the arts/recreation sector over the plan period, with CE being the most pessimistic, predicting jobs growth of just 100 in this sector over the plan period, followed by OE (200 jobs) and Experian (300 jobs).
- 15.48 The LQ analysis revealed that Hastings has a comparatively high number of jobs in the creative, arts and entertainment industries sub-sector compared with other geographies including the South East region, LEP and England.

- 15.49 This is also reflected in the BRES trends data which shows relatively strong historic growth in this sub-sector over the period 2009 to 2021 (CAGR 7.9%).
- 15.50 Creative and cultural industries is one of the key growth sectors identified by the LEP. However, the forecasting datasets do not separate out creative and cultural industries from other forms of recreation. The OE forecast growth figure of 200 jobs therefore seems realistic particularly in the context of the emerging recession and ‘cost of living’ crisis which may constrain other recreation-based jobs growth in at least the first part of the plan period. No adjustments to the OE forecast for this sector are therefore considered necessary as part of the local growth scenario.

Hastings Growth Scenario Summary

- 15.51 The local growth scenario for Hastings is summarised in Table 111 below. This is based on the OE baseline forecast, given that it provides the most positive but reasonable assessment of prospects for service sectors (including health and education) but incorporates the adjustments to the manufacturing, transport and storage, accommodation and food services and public services sectors as outlined above.

Table 111 Hastings Local Growth Scenario

	Growth Scenario	OE	Experian	CE
Agriculture, Forestry & Fishing	0	0	0	100
Extraction & Mining	0	0	0	0
Manufacturing	0	-1,200	-200	-900
Utilities	0	0	0	100
Construction	500	500	200	600
Wholesale & Retail	-400	-400	-200	0
Transport & storage	300	-100	0	0
Accommodation & Food Services	1,250	200	2,100	1,200
Information & communication	100	100	0	0
Financial, Professional & Business Services	1,000	1,000	900	800
Public Services	1,200	800	700	400
Recreation, Arts & Other Services	200	200	300	100
Total	4,150	1,100	3,800	2,400

Source: SPRU Analysis of OE baseline forecast

Analysis of forecasts for key sectors in Rother

- 15.52 The same approach as outlined in paragraphs 15.24 to 15.25 has been followed to identify key sectors in Rother where the reasonable prospects for future changes in employment have been subject to more detailed assessment. For the purposes of consistency and to

ensure that they are treated as a single FEMA, the same sectors have been reviewed for both Councils.

- 15.53 The **Construction** sector was additionally subject to further analysis in Rother to reflect its higher location quotient (LQ) in comparison to other sectors within the district and significant contribution to overall forecast change both in terms of absolute changes in employment and as a proportion of total change by sector.

Manufacturing

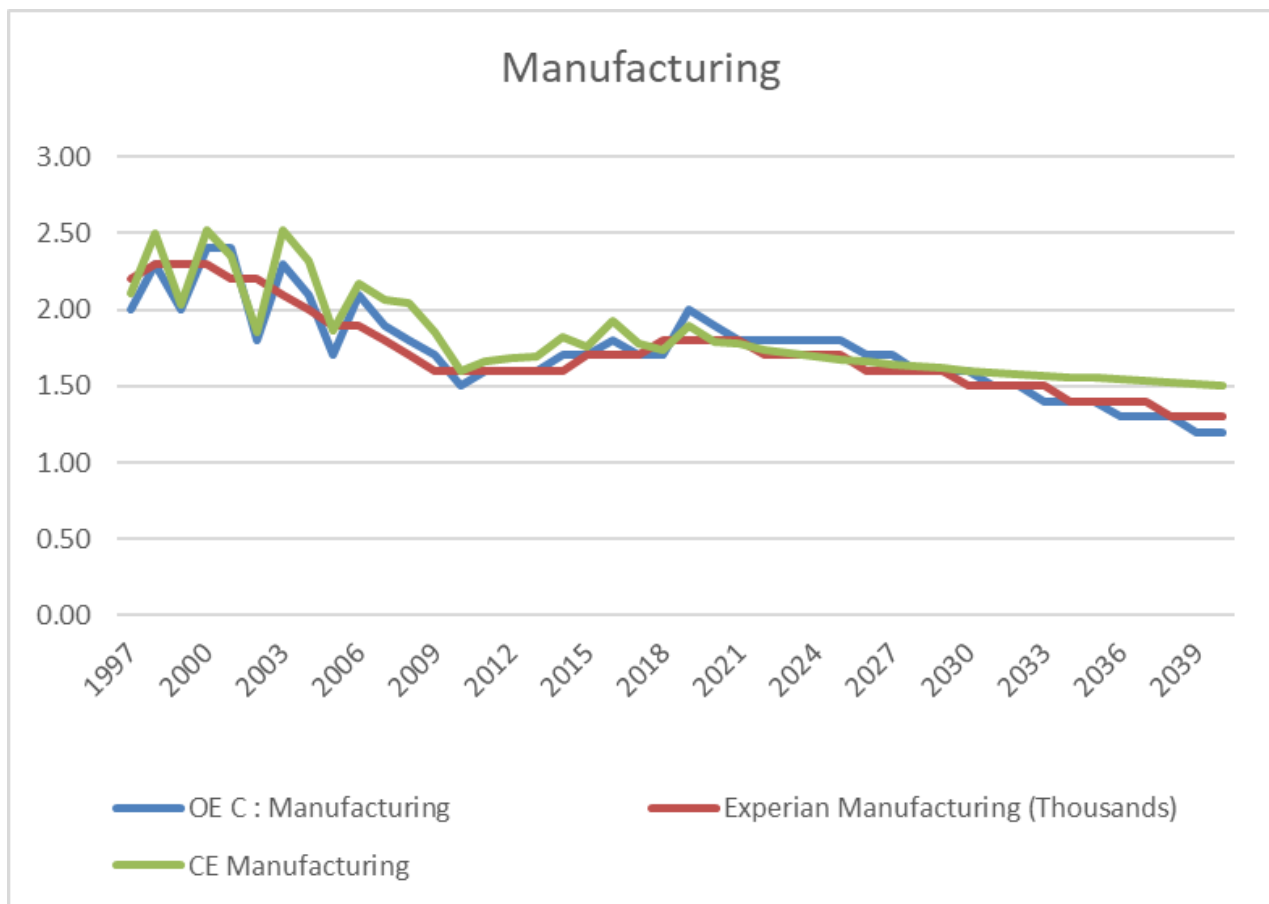


Figure 104 Rother Jobs Growth Forecasts in Manufacturing Sector

Source: OE, Experian; CE

- 15.54 All three forecasts show a trend of decline in manufacturing over the plan period in Rother, with OE showing the largest overall decline. The Experian forecast provides for the most stable estimates of overall manufacturing employment since 2011 with modest growth across the following decade. Experian provides outputs of future forecast change by broad sector and detailed categories. Total forecast change is compared with CE and OE in Figure 104 above and shows a return to a modest contraction in the sector of around -500 workforce jobs (compared to -290 in CE and -700 in OE). However, when the detailed categories are summed these produce a different total to the rounded figure for the broad

sector (-300 jobs), which reflects a more stable position and is closely comparable to the CE total but with the benefit of showing detailed categories where any future contraction is more limited (or no change is forecast). This provides the best summary of reasonable prospects for future change to assess against other indicators.

- 15.55 The LQ analysis does not identify specialisms in the manufacturing sector as a whole, however the more detailed LQ analysis does identify locational strengths in some manufacturing sub-sectors including the manufacture of beverages, clothing, leather and wood products, non-metallic mineral products and basic metals.
- 15.56 The BRES trend data shows no overall growth in the manufacturing sector as a whole in Rother over the period 2009 to 2021. Whilst some manufacturing sub-sectors declined over this period, including manufacturing of food products, electrical equipment and furniture, others increased including manufacture of clothing and rubber and plastic products.
- 15.57 In order to better reflect the local growth profile, we have based the growth scenario for this sector on the Experian forecast, which has then been adjusted to hold the forecast jobs for 'non-metallic products' at 2020 levels rather than declining over time.

Construction

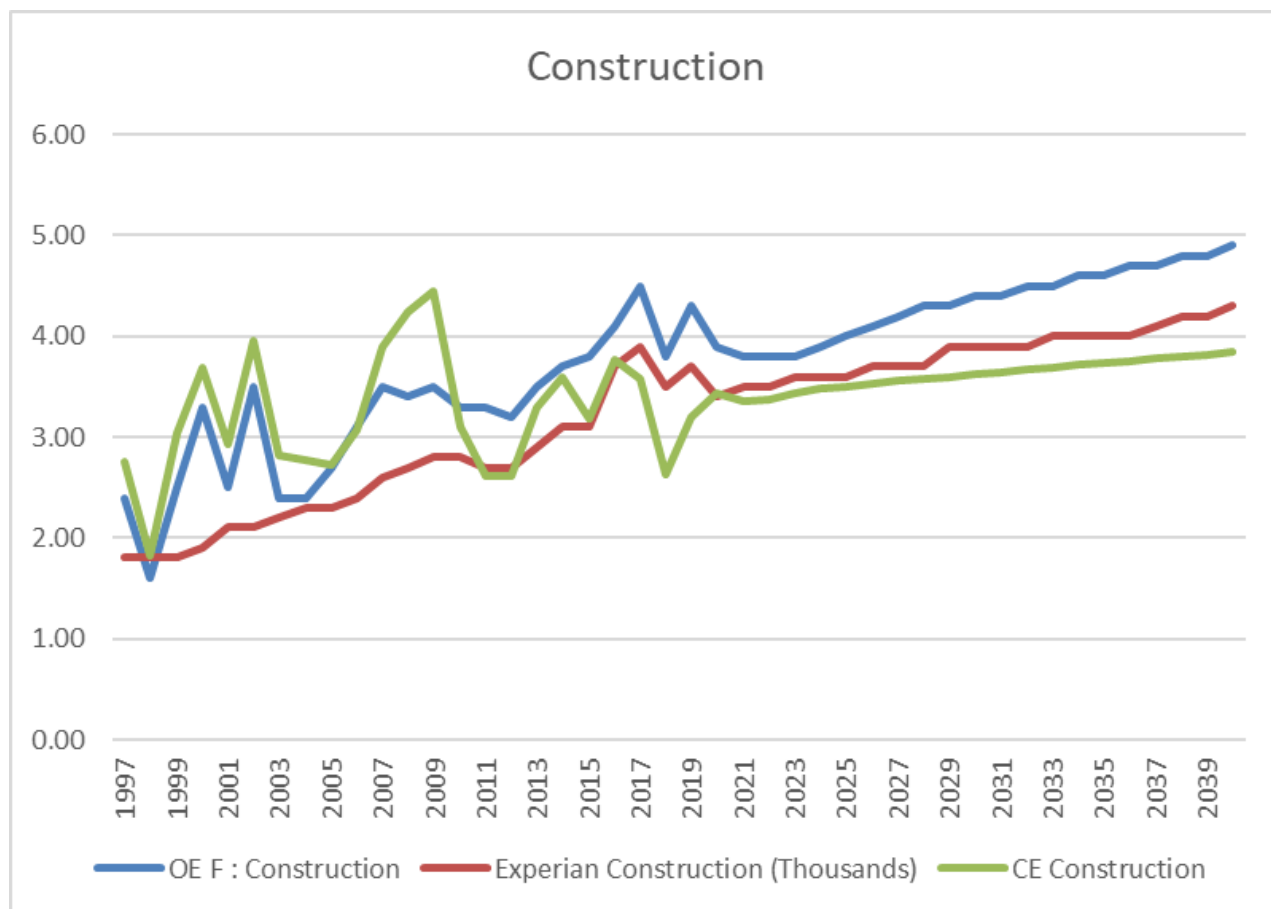


Figure 105 Rother Jobs Growth Forecasts in Construction Sector

Source: OE, Experian; CE

- 15.58 All three forecasts project an increase in construction jobs over the period 2020 to 2040, with the greatest increase and highest overall total construction jobs to 2040 forecast by OE, followed by Experian.
- 15.59 The LQ analysis identifies a higher proportion of construction jobs in Rother compared with East Sussex, the wider South East and England. The LQ analysis of construction sub-sectors also perform well in Rother compared with other geographies.
- 15.60 The BRES trend data shows an overall increase in construction sector jobs in Rother over the period 2009 to 2021 (CAGR 2.4%). The construction of buildings sub-sector showed a 1.5% CAGR compared with a 6.6% CAGR in the specialised construction activities sub-sector. The civil engineering sub-sector however experienced a decline of -5.6% CAGR over the same period (2009 to 2021).
- 15.61 The forecast growth, although comparatively high compared with other sectors, appears realistic in the context of past growth trends and LQ analysis. No adjustments to the OE

forecast for this sector are therefore considered necessary as part of developing the local growth scenario.

Transportation and Storage

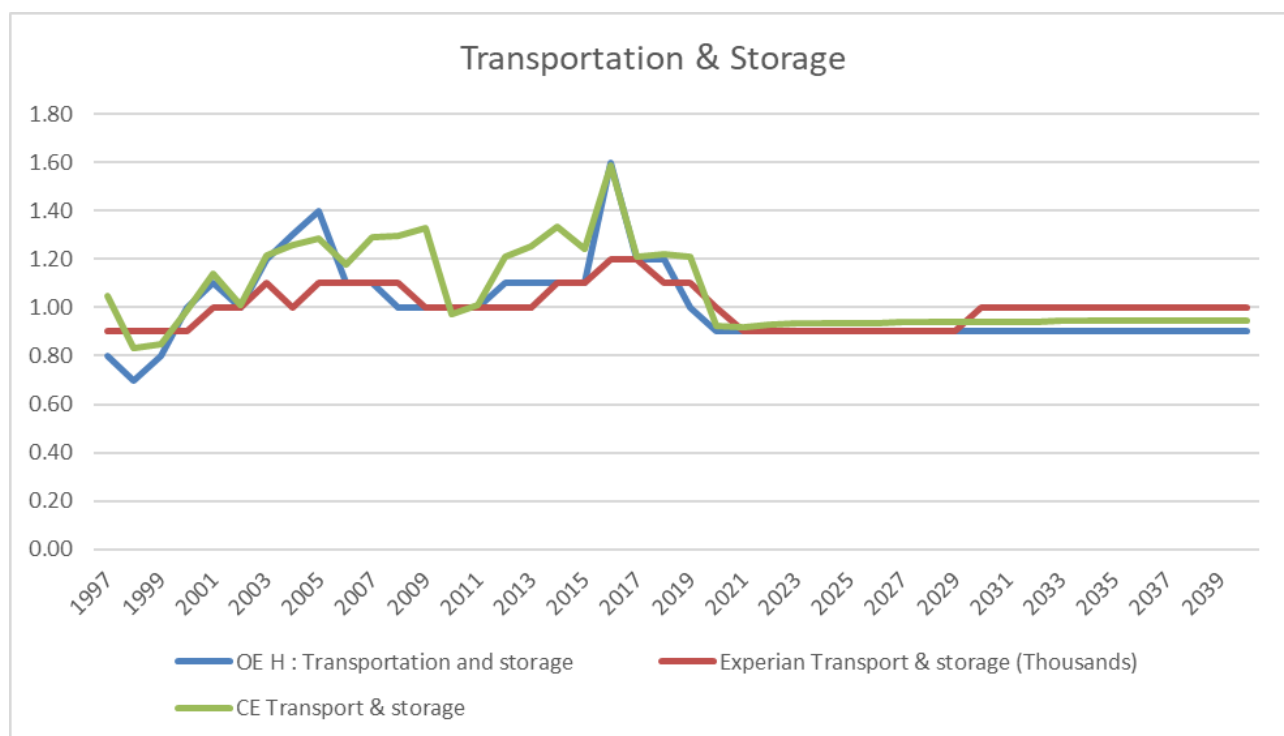


Figure 106 Rother Jobs Growth Forecasts in Transportation and Storage Sector
Source: OE, Experian; CE

- 15.62 The forecasts project limited growth in the transportation and storage sector over the period 2020 to 2040, with slightly higher levels of growth forecast by Experian.
- 15.63 The LQ analysis shows comparatively high employment in some transport and storage sub-sectors compared with wider geographies, notably land transport, air transport and postal & courier activities.
- 15.64 The BRES trends data shows no net growth in the transportation and storage sector over the period 2009 to 2021 (CAGR 0.0%). The warehousing and support activities for transportation sub-sector experienced modest levels of net growth over this period (CAGR 5.9%), but there was no net growth in other transportation and storage sub-sectors and a slight decline in the postal and courier activities sub-sector (CAGR -1.1%).
- 15.65 Due to the relatively low levels of historic growth in this sector in Rother and low levels of forecast growth across all three forecasts, no adjustments to the OE forecast for this sector are considered necessary in developing a local growth scenario.

Accommodation and Food Services

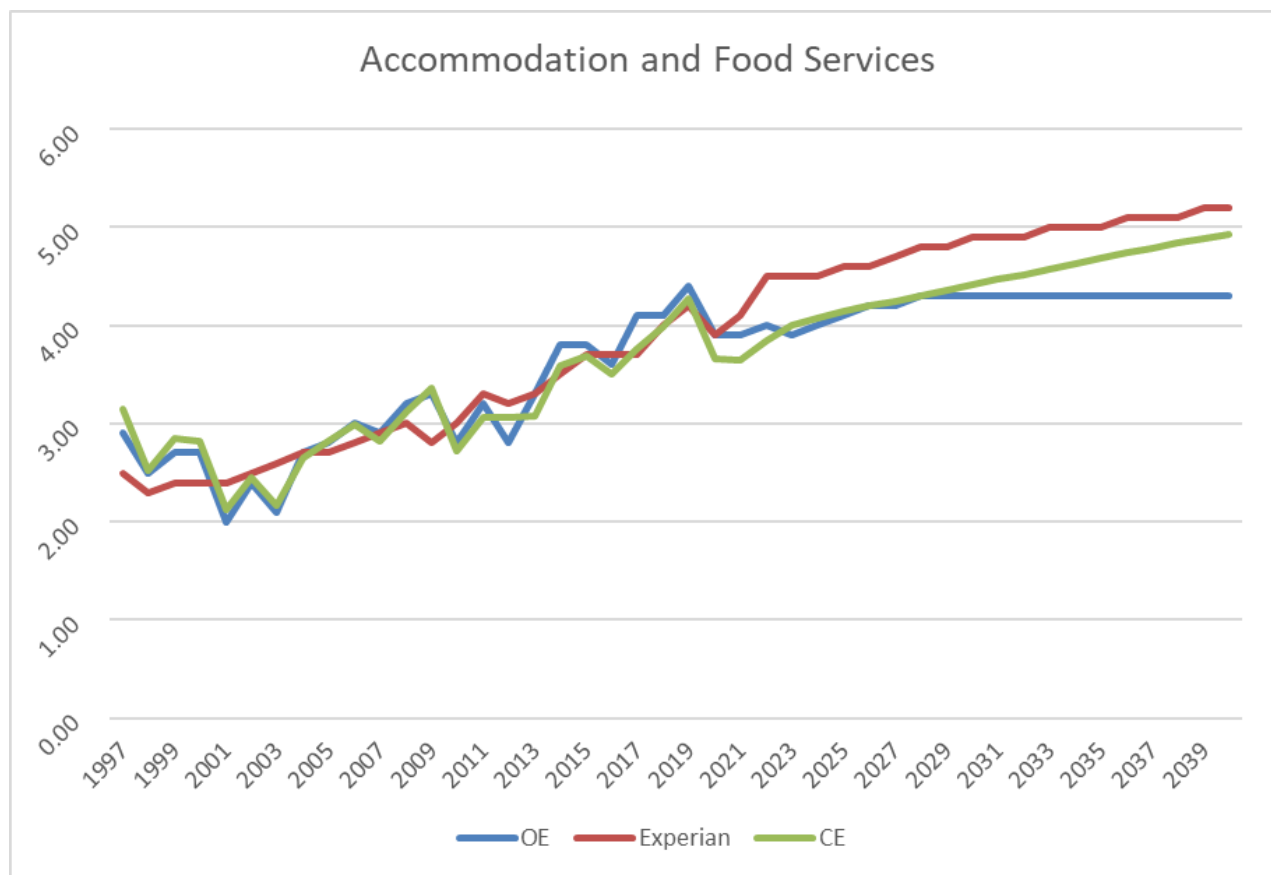


Figure 107 Rother Jobs Growth Forecasts in Accommodation and Food Services Sector

Source: OE, Experian; CE

- 15.66 Experian forecasts the biggest projected increase in the accommodation and food services sector over the plan period, followed by CE. The OE forecast projects very limited growth over the period 2020-2040.
- 15.67 The LQ analysis identifies strong performance in the accommodation and food services sector as a whole, as well as in each sub-sector when considered separately.
- 15.68 The BRES trend data shows a small amount of growth in the accommodation and food services sector as a whole between 2009 and 2021 (CAGR 1.3%). The majority of this growth was focused in the food services sub-sector (CAGR 3.0%).
- 15.69 In order to reflect a more positive rate of growth in this sector over the long term a local growth scenario has been developed using the OE forecast for this sector as a baseline but applying the BRES trend-derived average annual jobs increase from 2020 onwards (41.7 jobs per year).

Financial, Professional and Other Private Services

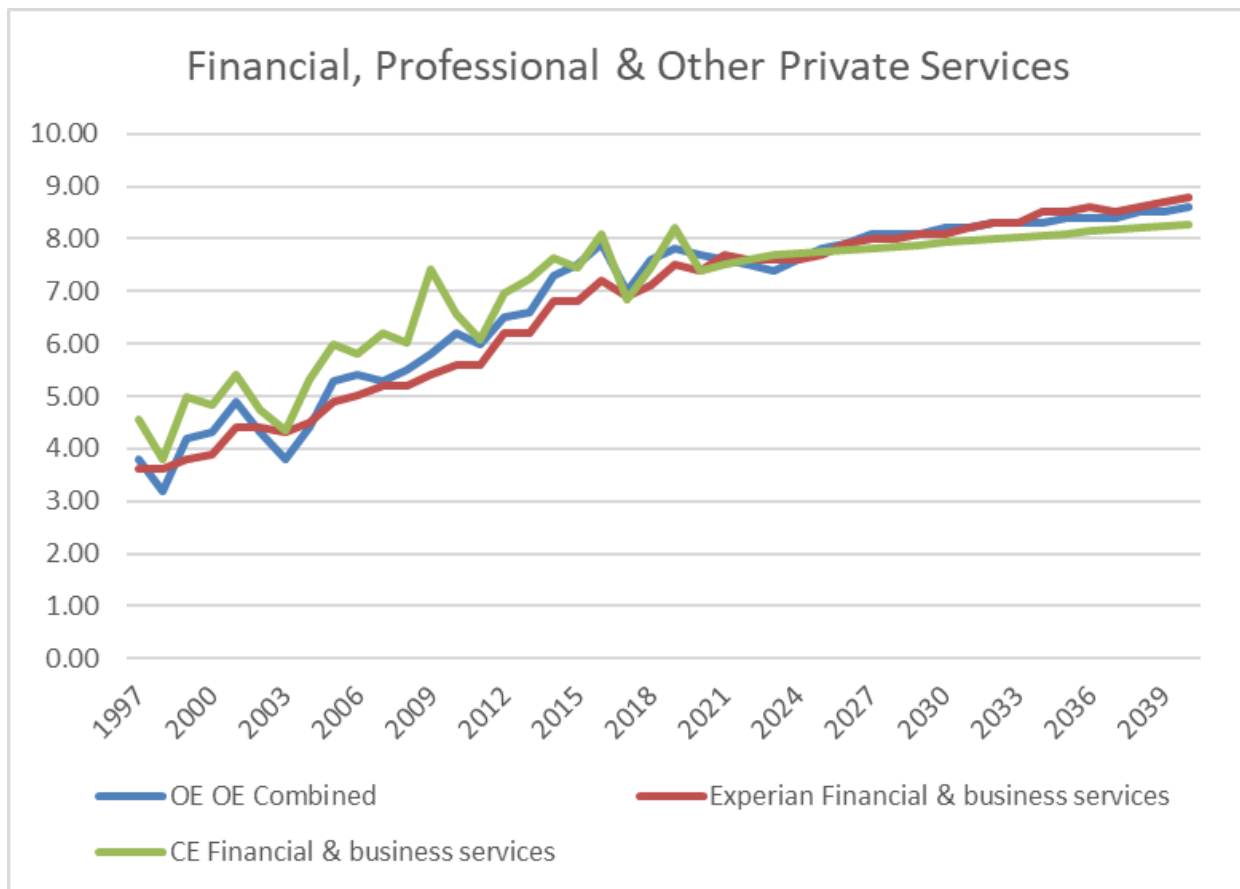


Figure 108 Rother Jobs Growth Forecasts in Financial, Professional and Other Private Services Sector
Source: OE, Experian; CE

- 15.70 The three forecasts for the financial, professional and other private services sector are closely aligned for the period 2020 to 2040, each projecting a gradual increase in jobs. The Experian forecast projects the largest overall increase (1,400 jobs), followed by OE (900 jobs) and CE (890 jobs).
- 15.71 The LQ analysis shows comparatively high employment in both the financial and insurance, and property (real estate) sectors, as well as veterinary activities.
- 15.72 The BRES trend data shows net overall growth in financial and insurance (7.9% CAGR), property (5.9% CAGR), and professional, scientific and technical (2.8% CAGR) sectors over the period 2009 to 2021. There was no overall growth in the business administration and support services sector over this period.
- 15.73 The OE baseline forecast projects zero growth in the financial and insurance sector, which seems low in the context of past growth trends and the LQ analysis. An adjustment has therefore been made to this sub-sector as part of the local growth scenario by applying a

CAGR from 2020 onwards of 0.5%. This adds 300 jobs to this sub-sector over the period 2020 to 2040.

Public Services

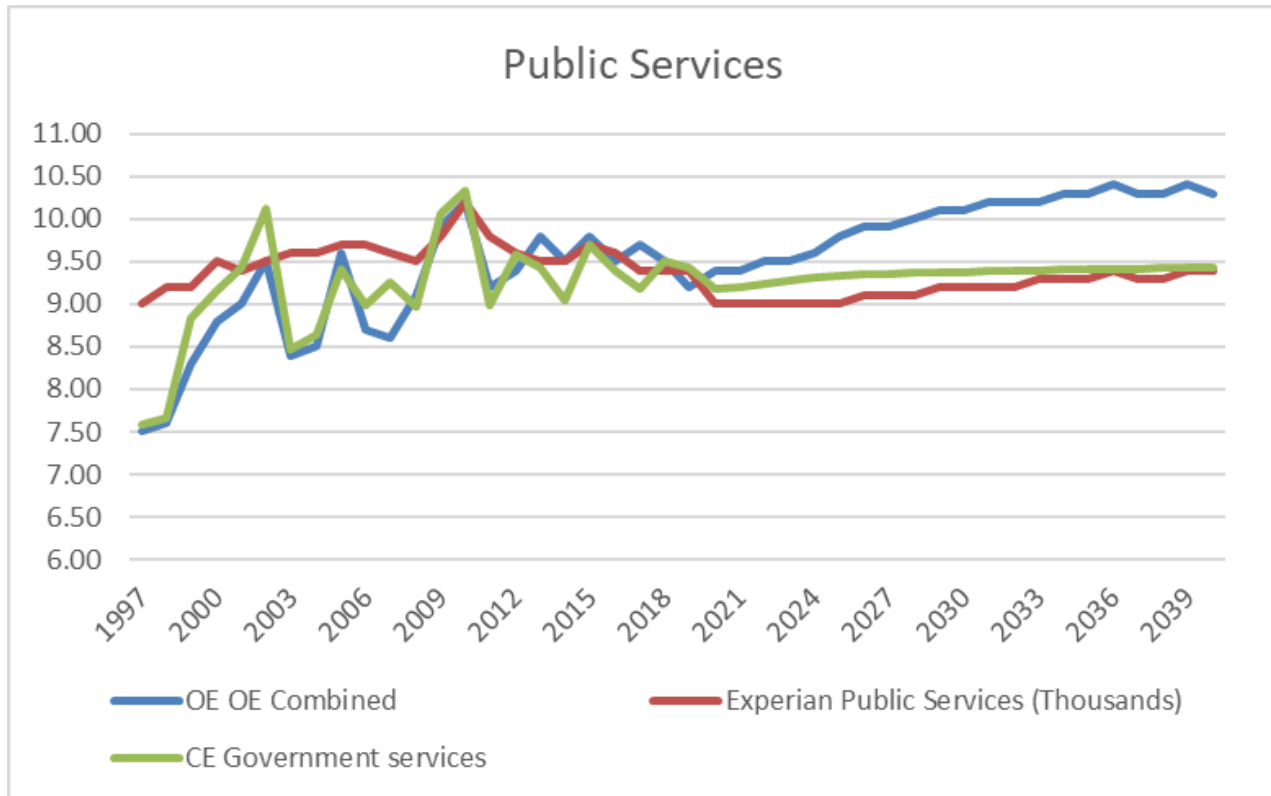


Figure 109 Rother Jobs Growth Forecasts in Public Services Sector

Source: OE, Experian; CE

- 15.74 Each forecast shows a net increase in jobs in public services over the period 2020-2040. The greatest net increase is forecast by OE, followed by Experian and CE.
- 15.75 The LQ analysis shows that Rother has a comparatively higher number of jobs in the health sector than other geographies, but comparatively fewer jobs in public administration and defence, and education. At a sub-sector level, the LQ analysis shows that Rother has comparative strengths in the residential care sector in particular (as opposed to human health or social work activities). This is likely a reflection of the high proportion of older people living in the District. According to the Census 2021, Rother has the second highest median age of all local authorities across England and Wales (behind only North Norfolk), at 53 years. 32.6% of the population (around 30,400 persons) were aged 65 and over as of 2021, compared to only 19.5% in the wider South East, contributing significantly to the indicator based on median age.

- 15.76 The BRES trend data shows a net reduction in all public services sub-sectors over the period 2009 to 2021, with the exception of residential care activities which experienced no overall net growth.
- 15.77 Whilst comparatively high, the baseline OE forecast growth in the public services sector is reflective of the increase in human health and social work activities that is likely to emerge as a result of the large proportion of older people residing in Rother District. No adjustments to the OE baseline forecast for this sector are therefore considered necessary in developing a local growth scenario.

Recreation, Arts and Other Services

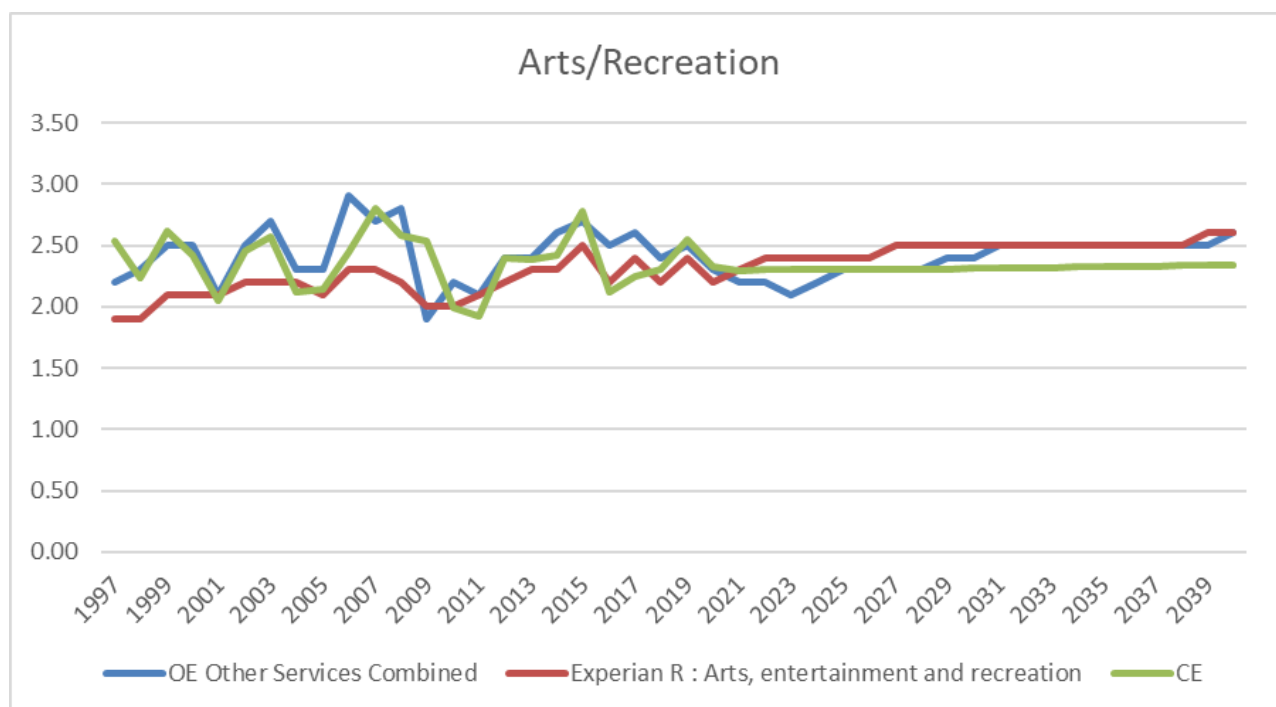


Figure 110 Rother Jobs Growth Forecasts in Recreation, Arts and Other Services Sector

Source: OE, Experian; CE

- 15.78 The OE and Experian forecasts project modest levels of growth in the arts and recreation sector over the period 2020 to 2040 (300 and 400 jobs respectively). CE is the most pessimistic forecast, anticipating a net increase of just 20 additional jobs over the same period.
- 15.79 The LQ analysis revealed that Rother has a comparatively high number of jobs in the creative, arts and entertainment industries sub-sector and the libraries, archives, museums and other cultural activities sub-sector in particular compared with wider geographies.

- 15.80 The BRES trends data also shows modest net growth in the arts, entertainment, recreation and other services sector over the period 2009 to 2021 (CAGR 1.9%). The prospects for this broad sector are considered to be robust particularly within Rother District noting the relationship with tourism activities. Rother hosts several National Trust/ English Heritage and Forestry Commission assets within the district which are expected to continue to be significant employers within this sector as an important component of the wider visitor economy. The Sussex Visitor Economy Baseline Report (July 2021) records Rother with the second highest number of tourist day visits amongst authorities in the County (after Brighton) and the highest proportion of tourism visits per resident (65). Visit Britain forecast a return to pre-pandemic levels of visits by 2024, and 92% of 2019 levels was forecast for 2023.
- 15.81 Creative and cultural industries is one of the key growth sectors identified by the LEP. However, the forecasting datasets do not separate out creative and cultural industries from other forms of recreation. The OE forecast growth figure of 300 jobs therefore seems realistic particularly in the context of the emerging recession and ‘cost of living’ crisis which may constrain the extent of positive net change in other recreation-based jobs growth in at least the first part of the plan period. No adjustments to the OE forecast for this sector are therefore considered necessary as part of the local growth scenario.

Rother Growth Scenario Summary

- 15.82 The local growth scenario for Rother is summarised in Table 112 below. This is based on the OE baseline forecast but incorporates the adjustments to the manufacturing and accommodation and food services sectors as outlined above.

Table 112 Rother Local Growth Scenario

	Growth Scenario	OE	Experian	CE
Agriculture, Forestry & Fishing	-200	-200	-200	30
Extraction & Mining	-100	-100	0	-10
Manufacturing	-100	-700	-300	-290
Utilities	0	0	0	50
Construction	1,000	1,000	900	410
Wholesale & Retail	-100	-100	200	-10
Transport & storage	0	0	0	20
Accommodation & Food Services	800	400	1,300	1,270
Information & communication	100	100	100	130
Financial, Professional & Business Services	1,200	900	1,400	890
Public Services	900	900	400	260
Recreation, Arts & Other Services	300	300	400	20
Total	3,800	2,500	4,200	2,770

Source: SPRU Analysis of OE baseline forecast

Summary and Comparison Against the 2020 HEDNA

- 15.83 The assessment of prospects for future economic growth in this part of the HEDNA Update represent a more detailed assessment of evidence for labour demand than undertaken within the 2020 HEDNA. The starting point for this has been provided by benchmarking future prospects against three alternative baseline econometric forecasts, rather than a single source provided by Oxford Econometrics as contained within the earlier report.
- 15.84 There is evidence from across different versions of the OE forecasts that employment growth as modelled by this forecasting house has increased slightly in Hastings but decreased very slightly in Rother. Alternative forecasts provided by CE and Experian both indicate stronger prospects for employment growth within the assessment period for the HEDNA Update.
- 15.85 While care needs to be taken in terms of undertaking direct comparisons between different iterations of forecasts and time periods within the respective series (2019 to 2039 and 2020 to 2040) this exercise nevertheless provides a useful benchmark. The more positive outlook for the more recent period within other sources will in-part reflect forecast assumptions for economic recovery following the Coronavirus pandemic along with the different assumptions of each forecasting house such as in relation to location quotients and consumer spending. Reflecting reasonable assumptions for this recovery as part of provision for economic development would be an appropriate response to these difficulties particularly in the absence of any substantial evidence for increased unemployment or falling economic activity.
- 15.86 Notwithstanding the impact of Coronavirus that could not be foreseen within 2019-based forecasts, differences between the datasets also reflect assumptions for stronger growth prospects throughout the forecast period across a number of important sectors. Table 113 provides a summary of different assumptions for the compound rate of employment change across the different sources.

Table 113 Comparison of Forecast Rates of Employment Change – 2020 HEDNA and HEDNA Update

	Hastings CAGR (%)	Rother CAGR (%)
HEDNA 2020		
OE (2019-2039)	0.12%	0.35%
2020 HEDNA Local Scenario (2019-2039)	0.24%	0.41%
HEDNA Update		
OE (2020-2040)	0.15%	0.34%
Experian (2020-2040)	0.48%	0.60%
CE (2020-2040)	0.29%	0.38%
HEDNA Update Growth Scenario (2020-2040)	0.55%	0.52%

Source: SPRU Analysis

- 15.87 With notable exceptions including Manufacturing and to a lesser extent Accommodation and Food Services the OE forecast nonetheless provides a consistent starting point to assess the reasonable prospects for most of the key sectors relating to both Council areas. The alternative CE and Experian forecasts considered in this HEDNA update do, however, provide a generally more optimistic outlook for overall employment change, notwithstanding variation between sectors. Further analysis of all three forecasts along with BRES data to identify recent trends in employment levels and location quotients has been used to define the Growth Scenario produced as part of the HEDNA Update.
- 15.88 The outputs for a selection of key sectors are presented in Table 114 below and compared with the equivalent compound rates from the 2020 HEDNA Local Scenario. The findings demonstrate a high degree of consistency but acknowledge a particular strengthening of prospects within Financial and Professional Services and Human Health. The most pronounced change relates to Accommodation and Food Services although the resultant assumptions for absolute levels of employment change within this sector should be treated with caution owing to Brexit and Coronavirus-related risks, which are addressed in the next section. In policy terms, it is also necessary to consider any skills required to support the local growth sectors and to address any deficit in skills associated with sectors identified as declining under the local growth scenario.

Table 114 Comparison of Compound Rates of Change Across Key Sectors

	Hastings		Rother	
	2019-2039 CAGR HEDNA 2020	2020-2040 CAGR Growth Scenario	2019-2039 CAGR HEDNA 2020	2020-2040 CAGR Growth Scenario
C: Manufacturing	-0.1%	0.0%	-0.6%	-0.8%
F: Construction	0.7%	0.9%	1.0%	1.1%
H: Transportation and storage	-0.2%	1.1%	-0.1%	0.0%
I: Accommodation and food service activities	0.3%	1.9%	0.4%	1.0%
K: Financial and insurance activities	-0.1%	0.0%	-0.1%	0.5%
M: Professional, scientific and technical activities	0.7%	1.3%	0.9%	1.0%
O: Public administration and defence	-0.8%	0.0%	-0.6%	-0.9%
Q: Human health and social work activities	0.5%	0.8%	0.5%	0.9%
R: Arts, entertainment and recreation	1.0%	0.9%	1.1%	1.0%
Total	0.2%	0.55%	0.4%	0.52%

16 RISKS DUE TO BREXIT AND COVID-19

Summary

- All three forecasting houses have incorporated the implications of Brexit into their forecasting approaches. This includes assumptions in relation to potential reductions in EU migration and the end of passporting for financial services.
- The HEDNA Update analyses the jobs by sector considered to be at high risk due to Brexit. This analysis suggests that the majority of existing jobs and forecast total growth within the Hastings and Rother economies derived from the growth scenario forecasts are not considered to be at high risk of negative consequences of Brexit.
- The impacts of COVID-19 are also taken account of in the forecasting assumptions but with different rates of recovery. Most of the immediate effects of the pandemic are now recorded in official estimates and employment estimates, with the characteristics of individual sectors affecting the assessment of future prospects for continued recovery and long-term effects.
- Analysis of the sectors more susceptible to the impacts of COVID-19 shows that in Hastings, under the Growth Scenario, 35% of new jobs expected to be created between 2020 and 2040 are in high risk sectors, primarily the accommodation and food services sector, compared with 63% of new jobs in moderate risk sectors and 2% of new jobs in low risk sectors. In Rother, the Growth Scenario indicates an overall reduction in the number of new jobs in low risk sectors over the period 2020 to 2040, whereas 29% of new jobs created will be in high risk sectors (namely the accommodation and food services sector) and 76% will be in moderate risk sectors (namely financial & business services, construction and government services sectors).
- Recent evidence suggests that whilst levels of home-working have declined from the high levels seen in particular sectors during the pandemic, levels of home-working continue to remain above those seen pre-pandemic. This change in working practices is therefore likely to impact on the quantum of employment space required to be planned for to support existing and future jobs growth.
- Recent trends in working from home by sector (2012-2019) have been extrapolated, resulting in a total proportion of home working of 9.2% across all sectors by 2040. These projected working from home rates are factored into the land requirement modelling set out in the HEDNA Update. It should however be noted that the impact

of working from home trends will only impact on the land and floorspace requirements for those sectors that fall within the land use classes covered by this HEDNA Update (i.e. E(g)(i-iii), B2, B8). Therefore the 9.2% of Full Time Equivalent jobs that are home working will not result in a 9.2% reduction in the employment land requirement.

Risks Due to Brexit

- 16.1 The UK voted to leave the EU in a referendum vote in June 2016 with the UK eventually leaving in January 2020. A year-long 'transition period' followed which lasted until the end of 2020. Replacement arrangements for travel, trade, immigration, and security co-operation came into force on 31 December 2020 as set out in the UK/EU and EAEC: Trade and Cooperation Agreement (TCA) and reflected in UK Legislation under the European Union (Future Relationship) Act 2020.
- 16.2 Implementation of the full details and arrangements within the TCA extended beyond 31 December 2020. The potential effects of disruption in relation to the flow of goods and labour associated with levels of additional bureaucracy are unlikely to have been fully realised in terms of longer-term macroeconomic consequences. At the time of the preparation of this HEDNA update, the Northern Ireland Protocol Bill, which will have implications for the UK's future trading relationship, was still being considered in the House of Lords. At the macroeconomic level, Brexit will inevitably have numerous implications for the UK's economy. Forecasting the economic implications of Brexit is therefore an indefinite process as the full effects will greatly exceed the lifetime of the plan period.
- 16.3 This notwithstanding, all three forecasting houses have incorporated the implications of Brexit into their forecasting approaches. This includes assumptions in relation to potential reductions in EU migration and the end of passporting for financial services.
- 16.4 The overall predictions of forecasters that GDP has been around 1-3% lower than it otherwise would have been under pre-Brexit expectations have been demonstrated to be relatively accurate⁸⁵. Impacts on productivity have, however, been generally more modest than predicted. The loss of output observed to-date has been mostly demand driven, through continuing weak business investment, leading to reductions in employment and further impacts on aggregate demand. At least up to mid-2022 this was partly offset by higher rates of government spending, which have since increased further.
- 16.5 For the purposes of forecasting, the macroeconomic impacts of Brexit are considered in terms of three main factors: exports, workforce, and investment. Table 115 presents CE's overview⁸⁶ of the specific long-term economic assumptions of the impacts of Brexit by broad sector. A gradual lowering of the trajectory for GDP caused primarily by reductions in business investment, and lower consumer spending in line with reduced immigration and population levels representing the primary effect of CE's Brexit forecasts would

85 Brexit: the economists were broadly right - Cambridge Econometrics
(<https://www.camecon.com/blog/brexit-the-economists-got-it-right/>)

86 https://cambridgeshireinsight.org.uk/wp-content/uploads/2020/07/EEFM_2017_UK_forecast_assumptions_August2017.pdf

appear to provide a reasonable set of longer-term assumptions. Over time there are some productivity effects, but these are relatively modest in comparison.

- 16.6 The impacts of changes in trade volumes are also modest in comparison. A reduction in long-run productivity of around 4%, together with reduced net immigration and imports and exports both being around 15% lower are also reflected in the Office for Budget Responsibility's own fiscal forecasts⁸⁷.

Table 115 Sectoral Brexit Risk Rating

Sector	Export Impact	Workforce Impact	Investment Impact
Agriculture	Mild slowdown in EU demand	Strong employment constraints	Mild slowdown in investment
Mining and Quarrying	No specific impact	Moderate employment constraints	Moderate to pronounced slowdown in investment
Low and medium-low tech manufacturing	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
High and medium-high tech manufacturing	Mild to moderate slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
Construction	Mild slowdown in EU demand	Moderate employment constraints	Moderate to pronounced slowdown in investment
Utilities and energy	Mild slowdown in EU demand	Moderate employment constraints	No specific impact
Transport, distribution, retail and wholesale trade	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Accommodation and food service	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment

⁸⁷ Brexit: the economists were broadly right - Cambridge Econometrics (<https://www.camecon.com/blog/brexit-the-economists-got-it-right/>)

Sector	Export Impact	Workforce Impact	Investment Impact
Administrative and support services	Moderate to pronounced slowdown in EU demand	Strong employment constraints	Moderate to pronounced slowdown in investment
Information and communication	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Financial and insurance	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Real estate	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Professional, scientific and technical	Pronounced slowdown in EU demand	No specific impact	Moderate to pronounced slowdown in investment
Government services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment
Arts, recreation, and other services	Mild slowdown in EU demand	Moderate employment constraints	Mild slowdown in investment

Source: CE

16.7 Aggregating the results for each of the three impacts shows the following sectors are the most at risk sectors due to Brexit:

- Transport, distribution, retail and wholesale trade;
- Accommodation and food service;
- Administrative and support services.

16.8 The following sectors are at moderate risk due to Brexit:

- Agriculture;
- Mining and quarrying;
- Low and medium-low tech manufacturing;
- High and medium-high tech manufacturing;
- Construction;
- Information and communication;
- Financial and insurance;

- Real estate;
- Professional, scientific and technical.

16.9 The following sectors are at low risk due to Brexit:

- Utilities and energy
- Government services
- Arts, recreation, and other services

16.10 This analysis, combined with the feedback from stakeholders presented in Table 102, has been used to identify the scale of risk in the sectoral jobs growth forecasts for Hastings and Rother over the period 2020-2040. The scale of jobs growth in each sector is set out in Table 116 and Table 117 along with the risk ratings identified above.

Table 116 Hastings Sectoral Brexit Risk Rating

Sector	Total Jobs 2021	Forecast Jobs Growth 2020-40				Risk Rating
		CE	OE	Experian	Growth Scenario	
Agriculture and mining	100	100	0	0	0	Med
Manufacturing	2,500	-900	-1,200	-200	0	Med
Electricity, gas & water	240	100	0	0	0	Low
Construction	1,500	600	500	200	500	Med
Wholesale and retail trade	5,000	0	-400	-200	-400	High
Transport & storage	1,250	0	-100	0	300	High
Accommodation & food services	3,000	1,200	200	2,100	1,250	High
Information & communications	500	0	100	0	100	Med
Financial & business services	4,650	800	1,000	900	1,000	Med
Government services	13,500	400	800	700	1,200	Low
Other services	1,300	100	200	300	200	Low
Total	33,540	2,400	1,100	3,800	4,150	

Source: SPRU Analysis of various forecasts

Table 117 Rother Sectoral Brexit Risk Rating

Sector	Total Jobs 2021	Forecast Jobs Growth 2020-40				Risk Rating
		CE	OE	Experian	Growth Scenario	
Agriculture and mining	1,280	20	-300	-200	-300	Med
Manufacturing	1,250	-290	-700	-300	-100	Med
Electricity, gas & water	130	50	0	0	0	Low
Construction	2,250	410	1,000	900	1,000	Med
Wholesale and retail trade	4,500	-10	-100	200	-100	High
Transport & storage	800	20	0	0	0	High
Accommodation & food services	4,000	1,270	400	1,300	800	High
Information & communications	450	130	100	100	100	Med
Financial & business services	6,700	890	900	1,400	1,200	Med
Government services	7,500	260	900	400	900	Low
Other services	1,300	20	300	400	300	Low
Total	30,160	2,770	2,500	4,200	3,800	

Source: SPRU Analysis of various forecasts

- 16.11 Table 118 to Table 121 shows the total number and proportion of jobs growth forecast in Hastings and Rother categorised by the identified risk rating due to Brexit. This analysis suggests that the majority of existing jobs and forecast total growth within the Hastings and Rother economies derived from the growth scenario forecasts are not considered to be at high risk of negative consequences of Brexit.
- 16.12 The tables show that as of 2021, more than a quarter (28%) of jobs in Hastings were in both the high and moderate risk categories, with the remaining 45% low risk. The OE forecast anticipates a net decline in jobs in high risk sectors, notably in wholesale and retail and transport and storage. Whilst a decline in these sectors is also predicted by the other forecasts, it is offset by higher levels of growth in other high risk sectors, notably accommodation and food services. Under the growth scenario, 39% of forecast future jobs growth is expected to be in moderate risk sectors, compared with 28% in high risk sectors and 34% in low risk sectors. The assumptions and reasonable prospects for employment change identified within the Growth Scenario do not, therefore, appear overly exposed to Brexit-related risks.

16.13 In 2021 in Rother, 40% of jobs were in moderate risk sectors, compared with 31% in high risk sectors and 30% in low risk sectors. In respect of the forecasts, CE anticipates the highest proportion of jobs growth in high risk sectors (46%) whilst the lowest proportion of jobs growth in high risk sectors is projected by OE. The growth scenario forecast anticipates 50% of future jobs growth to be in moderate risk sectors, followed by 32% in low risk sectors and 18% in high risk sectors. The assumptions within the Growth Scenario do not, therefore, indicate that the reasonable prospects for change in employment require any further moderation due to the exposure to Brexit-related risks.

Table 118 Hastings Jobs by Brexit Risk Rating

Hastings	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	9,250	1,200	-300	1,900	1,150
Moderate	9,250	600	400	900	1,600
Low	15,040	600	1,000	1,000	1,400

Source: SPRU Analysis of various forecasts

Table 119 Hastings Proportion of Jobs by Brexit Risk Rating

Hastings	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	28%	50%	-27%	50%	28%
Moderate	28%	25%	36%	24%	39%
Low	45%	25%	91%	26%	34%

Source: SPRU Analysis of various forecasts

Table 120 Rother Jobs by Brexit Risk Rating

Rother	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	9,300	1,280	300	1,500	700
Moderate	11,930	1,160	1,000	1,900	1,900
Low	8,930	330	1,200	800	1,200

Source: SPRU Analysis of various forecasts

Table 121 Rother Proportion of Jobs by Brexit Risk Rating

Rother	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	31%	46%	12%	36%	18%
Moderate	40%	42%	40%	45%	50%
Low	30%	12%	48%	19%	32%

Source: SPRU Analysis of various forecasts

- 16.14 The effects of Brexit itself are increasingly well-established within forecasting assumptions with a comparatively lower likelihood of pronounced effects on demand and productivity related to departure from the EU. While a more detailed understanding of the impacts of Brexit risks factors on the local economy will remain helpful it is less appropriate over time to suggest that these would in isolation justify a further reduction in the assumed growth prospects.
- 16.15 The passage of time and indefinite nature of the Brexit process also mean it will be impossible to discern whether wider macroeconomic risks can be fundamentally related to the departure from the European Union. This includes, for example, the macroeconomic effects of the Ukrainian-Russian Conflict including food and energy costs, inflationary pressure, Government policy direction, epidemic disease, and any resultant effects on Government investment that may have thus far ameliorated the impacts of Brexit. A higher correlation of Brexit-related risk factors does not necessarily provide a reason to specifically adjust the growth prospects for certain sectors based on wider macroeconomic factors before these are reflected in the specific assumptions of the individual forecasting houses.
- 16.16 Specific assumptions that support the adjustments to various sectors within the Growth Scenario (as set out in Section 15) reflect a number of factors including increases in the employment quotient locally and strong recent performance. The Growth Scenario would therefore not appear to reflect an exposure to substantially higher-risk sectors that would justify a reduction in the outlook for future changes in employment.

Risks due to COVID-19

- 16.17 In the first half of 2020 the UK was impacted by the novel coronavirus SARS-COV-2 (COVID-19) pandemic which has had a significant effect on the global, national, and local economy. The forecasts used in this assessment take account of the impact of COVID-19. However, the full scale of the impact is likely to continue to develop over future years. This section considers the impact that COVID-19 might have on the economy within the FEMA, including:
- The risk to existing jobs and job creation in different sectors of the economy; and
 - The impact on employment land requirements, to support growth sectors, due to changes in working patterns and increased home working.
- 16.18 Monthly national GDP figures published by ONS show the impact of COVID-19 and the ensuing lockdown had on the national economy. This shows a drop of around 25% between January and April 2020. However, this was followed by 6 months of continuous growth, with GDP recovering to around 94.8% of January 2020 levels by October 2020 and the re-imposition of more significant restrictions. The 'second wave' during the winter of 2020/21 had a less pronounced impact on GDP, falling back to around 91.3% of

January 2020 levels by January 2021, still significantly ahead of performance at the end of the first lockdown.

- 16.19 The data as of July 2022 indicated that GDP had shown further increases to sit around 1.1% above pre-pandemic levels, with the profile of growth slowing since June 2021 and averaging only around +0.16% per month.

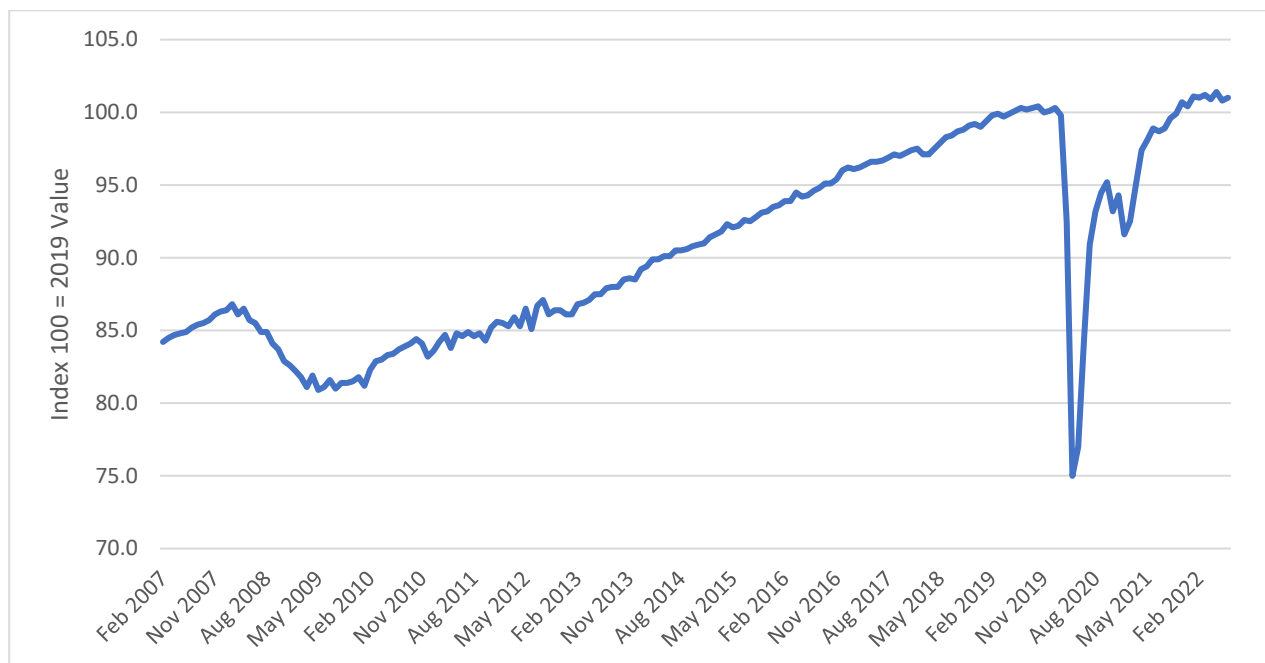


Figure 111 Monthly GDP, Jan 2007- July 2022, UK

Source: ONS

- 16.20 Notwithstanding wider macroeconomic factors, the monthly GDP series for the 12 months prior to July 2022 reflects the first cycle since the onset of the pandemic where total economic output is unlikely to have been significantly affected by COVID-19.
- 16.21 As noted in Section 15 of this report, the impacts of COVID-19 are taken account of in the forecasting assumptions but with different rates of recovery, as shown in Figure 92 and Figure 93 above. Most of the immediate effects of the pandemic are now recorded in official estimates and employment estimates, with the characteristics of individual sectors affecting the assessment of future prospects for continued recovery and long-term effects.
- 16.22 However, in terms of projecting potential future economic impacts should there be a future resurgence of COVID-19, as well as other potential pandemic viruses that may disrupt the supply chain, it is helpful to isolate features of an economy which will be more or less susceptible to the impacts of COVID-19. A useful range of indicators was identified by Oxford Economics in their Regional Scorecards for UK Regions (ICAEW UK Economic Report, May 2020). This identifies the following characteristics of a local economy which determine how severely an area's economy is impacted by COVID-19:

- **Exposure to hospitality and tourism:** reflecting the susceptibility of these services to cancellation and closure as people suspend their travel plans and social activities, subsequently reflected in declining GVA trends for these sectors during the immediate impact of the pandemic. Although these sectors experienced a bounce back due to the effects of 'staycationing' when overseas travel was still restricted. High numbers of second homes in countryside or coastal areas may also increase spread of viruses and impacts on healthcare system as people temporarily move out of cities.
- **Exposure to retail:** reflecting the closure of non-essential shops across Europe during the initial impact of the pandemic, with OE also applying the rationale that consumers may defer or delay long-term purchases, such as of cars.
- **Exposure to manufacturing:** reflecting the rationale of the most significant impact by supply-chain disruptions affecting this sector.
- **Trade intensity:** regions with high exposure to supply chains will take larger hit from their disruptions due to the outbreak, with vulnerability measured by the sum of freight (un)loaded by road, air and sea relative to GDP.
- **Share of self-employed:** self-employed workers do not earn wages when they self-isolate or contract the virus, leading to an immediate consumption hit.
- **Share of small firms (with 0-9 employees):** small firms are at a higher risk of bankruptcy due to lower cash buffers and more restricted access to credit.
- **Working from home capabilities:** the speed at which firms can adapt to remote working will depend on previous experience and whether tasks can realistically be performed remotely.
- **Internet access:** as containment measures such as lockdowns are imposed, many people (especially in services) will have to work from home
- **Share of population 65+:** reflecting mortality rates of COVID-19 being significantly higher for older people.
- **Hospital beds per 100,000 population:** proxy for the capacity of the healthcare system to deal with a large-scale outbreak.
- **Population density (number of people per square kilometre):** regions with higher density may have increased transmission rates, increasing the likelihood of longer/more extensive lockdowns.

16.23 The above indicators, together with evidence of previous impacts, rates of recovery, and observations from stakeholders (Table 102), has been used to identify a level of risk for each sector, as set out in Table 122.

Table 122 Sectoral Risk of COVID-19

	Trading Status	Turnover	Import/Export	Employee Status	Overall Risk
Manufacturing	Low	Med	High	Low	Med
Water Supply, Sewerage, Waste	Low	Low	Low	Low	Low
Construction	Low	High	Med	Med	Med
Wholesale and Retail	Low	Med	High	Low	Med
Transportation and Storage	Low	Med	High	Med	Med
Accommodation and Food Service	High	High	Low	High	High
Information and Communication	Low	Low	Med	Low	Low
Real Estate	Low	Low	Low	Med	Low
Professional, Scientific and Technical	Low	Med	Med	Low	Med
Administrative and Support	Med	High	Med	Med	High
Education	Low	High	Med	Low	Med
Human Health and Social Work	Low	Low	Low	Low	Low
Arts, Entertainment and Recreation	High	High	Low	High	High

Source: SPRU Analysis

- 16.24 The above categorisations have been applied to the sectoral jobs growth forecasts for Hastings and Rother to identify the scale of forecast jobs growth within each risk level, as set out in Table 123 and Table 124.

Table 123 Hastings Sectoral COVID-19 Risk Rating

	Total Jobs 2021	Forecast jobs growth 2020-40				Risk Rating
		CE	OE	Experian	Growth Scenario	
Agriculture and mining	100	100	0	0	0	Low
Manufacturing	2,500	-900	-1,200	-200	0	Med
Electricity, gas & water	240	100	0	0	0	Low
Construction	1,500	600	500	200	500	Med
Wholesale and retail trade	5,000	0	-400	-200	-400	Med
Transport & storage	1,250	0	-100	0	300	Med
Accommodation & food services	3,000	1,200	200	2,100	1,250	High
Information & communications	500	0	100	0	100	Low
Financial & business services	4,650	800	1,000	900	1,000	Med
Government services	13,500	400	800	700	1,200	Med
Other services	1,300	100	200	300	200	High
Total	33,540	2,300	1,100	3,800	4,150	

Source: SPRU Analysis of various forecasts

Table 124 Rother Sectoral COVID-19 Risk Rating

	Total Jobs 2021	Forecast jobs growth 2020-40				Risk Rating
		CE	OE	Experian	Growth Scenario	
Agriculture and mining	1,280	20	-300	-200	-300	Low
Manufacturing	1,250	-290	-700	-300	-100	Med
Electricity, gas & water	130	50	0	0	0	Low
Construction	2,250	410	1,000	900	1,000	Med
Wholesale and retail trade	4,500	-10	-100	200	-100	Med
Transport & storage	800	20	0	0	0	Med
Accommodation & food services	4,000	1,270	400	1,300	800	High
Information & communications	450	130	100	100	100	Low
Financial & business services	6,700	890	900	1,400	1,200	Med
Government services	7,500	260	900	400	900	Med
Other services	1,300	20	300	400	300	High
Total	30,160	2,770	2,500	4,200	3,800	

Source: SPRU Analysis of various forecasts

- 16.25 Table 125 to Table 128 shows the total number and proportion of jobs growth forecast in Hastings and Rother categorised by the identified risk rating due to COVID-19. One initial observation is that the baseline CE and Experian forecasts are more highly exposed to high-risk sectors, particularly the proportion of jobs in Accommodation and Food Services.
- 16.26 The tables show that in Hastings as of 2021, the vast majority (85%) of jobs were in sectors at moderate risk of COVID-19 compared with 13% in high risk sectors and 3% in low risk sectors. Under the Growth Scenario, 35% of new jobs expected to be created between 2020 and 2040 are in high risk sectors, primarily the accommodation and food services sector, compared with 63% of new jobs in moderate risk sectors and 2% of new jobs in low risk sectors. This is lower than the proportion identified in any of the three baseline forecast and predominantly reflects that reasonable prospects for increase employment growth have been identified outside of the higher-risk sectors.
- 16.27 In Rother, as of 2021, 18% of total jobs were in sectors at high risk of COVID-19, compared with 76% in moderate risk sectors and 6% in low risk sectors. The Growth Scenario indicates an overall reduction in the number of new jobs in low risk sectors over the period 2020 to 2040, whereas 29% of new jobs created will be in high risk sectors (namely the accommodation and food services sector) and 76% will be in moderate risk sectors (namely financial & business services, construction and government services sectors). Once again this proportion is either lower than or similar to the assumptions within baseline forecasts.

Table 125 Hastings Jobs by COVID-19 Risk Rating

	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	4,300	1,300	400	2,400	1,450
Moderate	28,400	900	600	1,400	2,600
Low	840	200	100	0	100

Source: SPRU Analysis of various forecasts

Table 126 Hastings Proportion of Jobs by COVID-19 Risk Rating

	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	13%	54%	36%	63%	35%
Moderate	85%	38%	55%	37%	63%
Low	3%	8%	9%	0%	2%

Source: SPRU Analysis of various forecasts

Table 127 Rother Jobs by COVID-19 Risk Rating

	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	5,300	1,290	700	1,700	1,100
Moderate	23,000	1,280	2,000	2,600	2,900
Low	1,860	200	-200	-100	-200

Source: SPRU Analysis of various forecasts

Table 128 Rother Proportion of Jobs by COVID-19 Risk Rating

	Total Jobs 2021	Forecast Jobs Growth 2020-40			
		CE	OE	Experian	Growth Scenario
High	18%	47%	28%	40%	29%
Moderate	76%	46%	80%	62%	76%
Low	6%	7%	-8%	-2%	-5%

Source: SPRU Analysis of various forecasts

Changes to working practices

- 16.28 The lockdowns that were imposed during the COVID-19 pandemic necessitated a large shift in the amount of home working across a number of sectors and many companies adjusted their operating practices and cultures in order to facilitate longer-term home working.
- 16.29 During the height of the pandemic, sectors with high levels of office-based activities saw particularly high levels of remote working, and large increases from the rates of home working seen pre-lockdown. The latest data from the 2020 Annual Population Survey, illustrated in Figure 112, shows an increase in the proportion of UK workers who worked 'mainly from home' across all sectors compared with the pre-pandemic 2019 figures. However, these figures are lower than the proportion working from home during the height of the lockdowns when working from home was enforced.

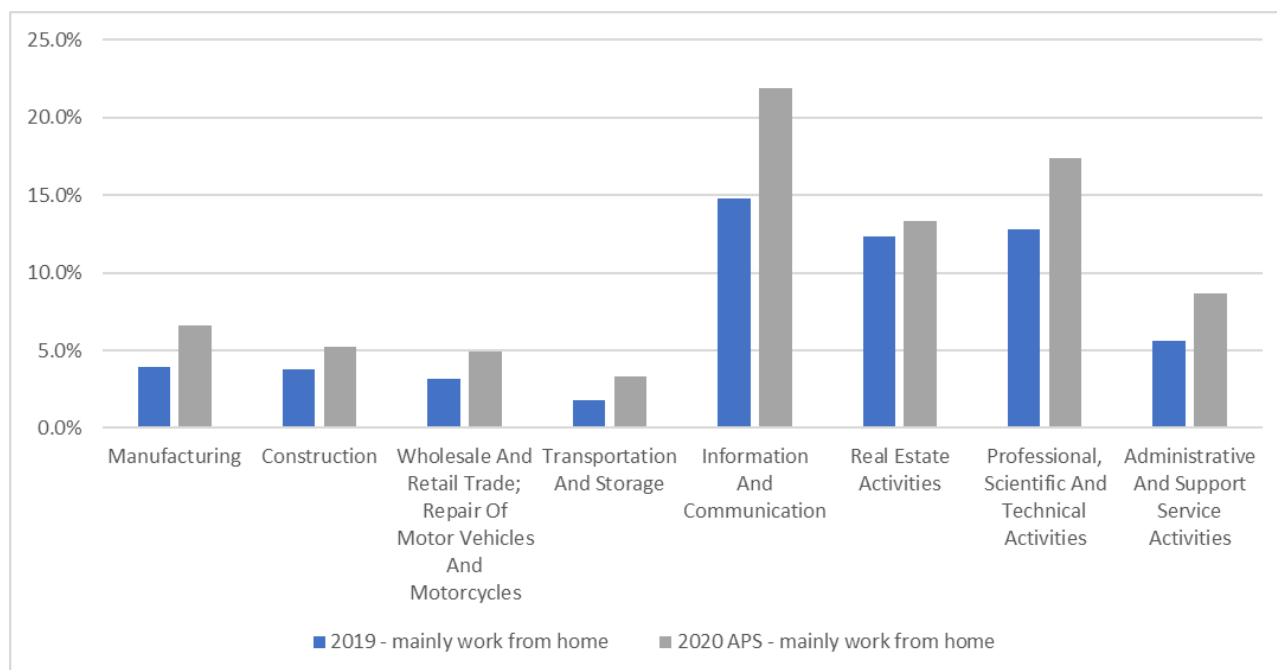


Figure 112 Percentage of UK workforce mainly working from their own home in each industrial sector, 2019 vs 2020 Annual Population Survey

Source: SPRU analysis of ONS data

- 16.30 This recent evidence therefore suggests that whilst levels of home-working have declined from the high levels seen in particular sectors during the pandemic, levels of home-working continue to remain above those seen pre-pandemic as many of the cultural and technological barriers have been overcome and many advertised roles, particularly in office-based sectors, now offer ‘hybrid’ or ‘flexible’ working arrangements. This change in working practices is therefore likely to impact on the quantum of employment space required to be planned for to support existing and future jobs growth.
- 16.31 Continued survey-based assessments of homeworking trends undertaken by the ONS further demonstrate the uncertainty of future working practices⁸⁸. This particularly relates to expectations for ‘hybrid’ work patterns where employees will continue to utilise conventional floorspace for at least part of their activities, and thus potentially limiting the likelihood of a rapid reconfiguration of premises requirements. As of May 2021, the Business Insights and Conditions Survey found of those currently homeworking, 85% expected to share their time between their usual place of work and remote working in the future.
- 16.32 Both businesses and individuals preferred a "hybrid" working approach (a mixture of both office and homeworking) in the future. However, while nearly two-fifths (38%) of

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/businessandindividualattitudestowardsthefutureofhomeworkinguk/apriltomay2021>

businesses expected 75% or more of their workforce to be at their normal place of work, a large proportion (36%) of those currently homeworking thought they would spend the majority or all their time homeworking in the future. 37% of businesses surveyed as of May 2021 anticipated that their workforce would return to the main location of work within three months, potentially indicating a further narrowing of pre-Coronavirus and post-Coronavirus trends although Annual Population Survey data from 2021 are not yet available to substantiate this.

- 16.33 This provides justification for the application of trend-based adjustments to rates of homeworking across appropriate sectors with the greatest potential to accommodate home or hybrid working practices rather than forecasting a substantial reduction in the absolute net demand for floorspace based on the main impacts of the pandemic.
- 16.34 Remote working is traditionally factored into the modelling implicitly via the employment densities from the HCA Employment Densities Guide (2015) which considers the amount of floorspace per worker for different uses and factors in things such as hot-desking and agile working. In order to avoid ‘double counting’ these factors, 2015 has been used as a baseline and changes in home working trends have been measured from 2015 onwards to assess how home working rates are likely to increase since the HCA figures were calculated.
- 16.35 The changes in working from home rates between 2015 and 2040 shown in Table 129 have been calculated by extrapolating the growth trend in home working from 2012-19 to 2040. The trend from 2012-19 has been used as a basis for the extrapolation as there is not yet any data available of post-pandemic levels of home working by sector. The extrapolation has been undertaken for each sector and results in a total proportion of home working of 9.2% by 2040 – an increase of 3.6% on 2015 rates. For some sectors this is notably higher – the highest is IT and Communications which grows to 23.3% by 2040. This suggests that the predominantly office-based sectors will be most impacted, which accords with feedback received from the stakeholder consultation.

Table 129 Projected Change in Working from Home per Sector, 2015-40

	2015	2040	Change
Manufacturing	3.7%	6.9%	3.2%
Electricity, gas & water	2.2%	8.7%	6.6%
Construction	4.1%	7.3%	3.2%
Wholesale and retail trade	3.4%	6.1%	2.7%
Transport & storage	1.5%	2.9%	1.4%
Accommodation & food services	3.6%	2.4%	-1.2%
Information & communications	14.4%	23.3%	8.9%
Financial & business services	8.5%	15.6%	7.1%
Government services	2.7%	5.9%	3.2%
Other services	9.7%	13.2%	3.5%
All Jobs	5.3%	9.2%	3.6%

Source: SPRU Analysis of ONS data

- 16.36 These projected working from home rates are factored into the land requirement modelling set out in Section 18. In the modelling it is assumed that a proportion of jobs, including newly created jobs in each sector, will be filled by workers working from home in accordance with the projected rates. This has two main effects on estimating future requirements for economic development. Firstly, a proportion of the net forecast change in employment by sector will equate to jobs that do not therefore require additional floorspace and are removed from the final floorspace requirement figures. Secondly, the projected trends in home-working are applied to the total employment within a sector, meaning that even where there is no forecast change in employment there will be a small net reduction in the proportion of existing jobs occupying employment floorspace.
- 16.37 It is important to note firstly that forecasting trend-based changes in home-working does not negatively impact upon the total forecast growth in FTE jobs. Secondly, the projected trend only affects the forecast demand for land and floorspace in-line with overarching assumptions for sectoral jobs by Use Class. For example, a 3.5% increase in home-working amongst 'Other Services', where virtually all sectoral jobs are attributed to 'non-B' floorspace uses, would have a negligible impact on the quantitative outputs of this HEDNA.
- 16.38 The 2015 working from home rates shown in Table 129 are extrapolated for each year to 2040 using the homeworking trend between 2012-19. The working from home rate is then applied to the total full-time equivalent (FTE) jobs projection for each sector to identify the number of FTE jobs for which employment floorspace will be required to be planned for (i.e. the total jobs in which workers are not expected to be working from home).

- 16.39 For the avoidance of doubt there is no obligation upon the Councils to prepare policies for economic development that adopt a reduced total for net additional needs based on the trends, nor should the implications of any wider trend in home-working be considered in itself to provide the justification for the loss of employment land from any given specific site.
- 16.40 It should also be noted as presented in Section 3 of this report that Hastings in particular has a low job density, poor attainment of formal qualifications, and high levels of unemployment amongst the working age population. This is also the case to a lesser but still significant extent in Rother. Paragraph 85 of the NPPF states that significant weight should be placed on the need to support economic growth in plan making.
- 16.41 The approach taken should include countering any weaknesses. Paragraph 86a further sets out that plans should encourage sustainable economic growth and (para 86c) seek to address barriers to investment. Therefore, in addition to considering the employment needs created by growth scenarios, the employment needs of existing residents of the HMA/FEMA must also be considered, as well as the need to increase the skill level of the labour force and the job density to provide “spousal/familial jobs” to remove key barriers to inward investment activity. This should be highlighted over and above the model-based job and floorspace requirements.
- 16.42 Two components arising from this are firstly that it would be open to the councils to plan positively to ignore working from home trends when calculating demand for land and floorspace (in effect assuming that these do not dampen net needs). Secondly, measuring total employment change by sector will be of greater importance to understanding overall patterns of labour demand and the characteristics of home-working. To some extent the performance of ‘resort core’ activities such as hospitality and tourism (particularly in Hastings) will be a leading indicator of whether the population locally is engaged in a higher or lower proportion of activities that support increased home-working.
- 16.43 The combined effect of these components would both directly and indirectly place a greater onus on the retention of existing stock as potentially appropriate to supporting economic development appropriate to the needs of the local population. Directly this would be consistent with the scope for intensification or redevelopment of existing sites meeting a proportion of future needs in circumstances where the changing characteristics of the local population and economy remain more consistent with current or pre-existing proportions of workplace-based employment. The dampening effect of projected trends in working from home effectively ignores or offsets this aspect of net additional future needs. Indirectly the total change in employment has a relationship with the existing portfolio of employment floorspace both in terms of induced employment (for example increased spend locally) and the potential benefits of its retention even if land and floorspace is subsequently utilised for other non-B employment generating uses.

17 LABOUR SUPPLY VERSUS LABOUR DEMAND

Summary

- A labour supply scenario has been developed using the Dwelling-Led Local Housing Need scenarios for Hastings and Rother to assess the link between demographic change associated with the provision of housing and its potential to support economic growth.
- This analysis indicates that the number of jobs supported by projected population and household change would not appear to act as an impediment to supporting market signals and evidence of labour demand.
- Labour supply scenarios considered by this study indicate no likely significant adverse effect on commuting trends and the relationship between jobs and homes.
- The Dwelling-Led Scenarios for Local Housing Need inclusive of the affordability uplift substantially exceed baseline forecasts for total net change in employment in Rother by around 69% taking account of trends in home-working and 2011 Census commuting ratios (14.2ha versus 8.4ha).
- The Dwelling-Led Scenarios for Local Housing Need inclusive of the affordability uplift exceeds baseline forecasts for total net change in employment in Hastings by a less significant amount; around 24% taking account of trends in home-working and 2011 Census commuting ratios (9.3ha versus 7.5ha).
- Housing provision in accordance with the Government's Standard Method would support additional jobs within growing sectors broadly consistent with evidence for labour demand within the Growth Scenarios for this study.

Introduction and Relationship with Local Housing Need

- 17.1 This section of the report considers the corresponding evidence for local housing need calculated using the Standard Method for both Councils and the implications for demographic and household change with particular regard to labour supply over the plan period.
- 17.2 The relevant findings underpinning the outputs in this section reflect the dwelling-led LHN 2014-Return Local Housing Need scenario set out within Section 6. The analysis assesses the link between housing and the potential to support economic growth based on demographic change associated with provision for housing in accordance with local housing need calculated using the Government's Standard Method. The Growth Scenarios set out within the HEDNA Update illustrate that this would support a higher level of population growth than provided by the most recent official subnational population projections for both Rother and Hastings.
- 17.3 Previous iterations of the PPG, prior to the introduction of the Standard Method, established a convention for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of Standard Method, it is of interest to estimate what level of job growth the projections might support.
- 17.4 The removal of an express link between labour demand and labour supply does not mean that the preparation of Local Plans should ignore labour market alignment altogether, as this may have soundness implications for the effectiveness of proposed strategic policies related to housing and economic development. This includes considerations relating to sustainable travel patterns and ensuring that inadequate housing supply does not constitute one potential barrier to investment (NPPF2023 Paragraph 86(c)).
- 17.5 Planning Practice Guidance provides a non-exhaustive list of conditions that may indicate that actual housing need is higher than the Standard Method indicates and can include changing economic circumstances⁸⁹. Demographically derived assessments of current and future local labour supply (labour supply techniques) therefore remain relevant to assessing the implications of alternative economic scenarios that should be considered as part of market signals that may affect the forecast of future needs⁹⁰.
- 17.6 A consistent approach has been adopted to assess labour supply scenarios within the context of the assumptions underpinning relevant Growth Scenarios considered in Section

⁸⁹ ID: 2a-010-20201216

⁹⁰ ID: 2a-027-20190220

- 6, including the 'Employment-led' scenario setting out the implications for population and household change associated with evidence of labour demand generated by the Growth Scenario. Details of projected population and household change (including a proposed improvement in household formation rates) have been utilised together with relevant assumptions relating to economic activity and unemployment rates and commuting patterns⁹¹ consistent across all scenarios.
- 17.7 These inputs allow calculation of two related components of labour supply that provide the basis to estimate requirements for economic development using these techniques. Firstly, the 'employed' output of labour supply from the projection reflects the net change in labour supply living in each Council area and modelled as working, taking account of economic activity rates and levels of unemployment. Secondly, taking account of the commuting ratios and the net inflow/outflow of workers generates a total for net changes in 'Employment' in each Council area – the net change in the population working in each Council area.
- 17.8 For the 'Employment-Led' scenario based on labour demand these components are derived so that the projection generates corresponding totals for population and household change to accord with the forecast jobs growth.
- 17.9 The components reflect the number of jobs supported but do not otherwise differentiate these between full-time or part-time roles. The jobs supported figure from within the labour supply outputs has therefore been converted to a Full-Time Equivalent (FTE) total. This is consistent with the findings of this Study in terms of the calculation of land and floorspace for labour demand based on FTE employment.
- 17.10 Neither the 'Employment-Led' or Labour Supply scenarios make an allowance for a small proportion of the resident labour force that will hold more than one job (double-jobbing). If this was applied it would have the effect that the total number of jobs supported by demographic scenarios (including Local Housing Need) would be slightly greater for the same assumptions for population and labour supply. Correspondingly the net change in the population working in each Council area ('employment') required to generate the derived outputs under the Employment-Led scenarios would be marginally less.
- 17.11 The dwelling-led Local Housing Need outputs for labour supply essentially provide a residence-based estimate of the number of jobs supported as a result of population and household change. This does not assume that all employment change associated with the respective totals for the separate scenarios for each Council area would be generated by workers originating within Rother or Hastings. This is a result of the application of an overall commuting ratio consistent with the 2011 Census (still the most recent available origin-destination data).

⁹¹ See Paragraphs 6.8 to 6.11.

- 17.12 Paragraph 2.11 of the HEDNA Update summarises that high totals of gross in-commuting and out-commuting flows are a function of relatively low residence-based containment for jobs and workers particularly within Rother District and to a lesser extent Hastings. The actual workers expected to provide for workplace-based employment will be drawn heavily from neighbouring areas. Notwithstanding the growth in the resident labour force supported within both Council areas under assumptions for population change based on the Standard Method being substantially in excess of workplace-based assumptions for labour demand, the actual availability of workers in relevant sectors will be partly dependent on the characteristics of population change (and relationship with levels of housing growth) achieved by surrounding authorities.
- 17.13 In the circumstances for both Rother and Hastings with a net outflow of commuters the application of a consistent commuting ratio, as considered in Section 6, would have the effect that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs. This applies to scenarios irrespective of whether they generate outputs for labour supply as part of total projected change in the population or where a defined level of employment growth is tested. For derived employment-led scenarios the outputs include the total increase in employed persons consistent with the existing commuting ratio.
- 17.14 Within the Dwelling-led LHN 2014-Return Local Housing Need scenario the effect of the constant ratio is to indicate an absolute increase in the number of net out commuters (+654 persons in Hastings and +1744 persons in Rother). The absolute increase is relative to the fixed total provided by projected change in the labour force in each Council from the 2021 baseline.
- 17.15 For Hastings this is a comparison of the total number of persons living in Hastings, and working, of 6,995 persons versus 6,340 jobs supported in Hastings itself. For Rother this is a comparison of the total number of persons living in Rother, and working, of 11,955 persons versus 10,212 jobs supported in Rother itself.
- 17.16 The analysis of labour supply in this section applies a sensitivity test whereby the total net additional projection for persons living in each Council area, and working, is accounted for as an increase in the total number of persons working within Hastings and Rother respectively on a 1:1 basis (6,995 jobs supported in Hastings and 11,955 jobs supported in Rother). This results in no absolute change in the total for net commuting and thus generates an effective reduction on the 2011 commuting ratio. The calculation for both scenarios is shown in Table 130 and Table 131 below.

Table 130 Calculation of Jobs Supported – Dwelling-Led LHN Labour Supply Scenarios - Hastings

	2021		2044 (6,340 jobs supported)	2044 (6,995 jobs supported)
	People	% Working in LA	People	People
Live and work in HBC	21,856	55%	25,334	25,988
Home Workers	4,793	12%	5,555	5,555
No-Fixed Place	4,591	12%	5,321	5,321
In-Commute to HBC	8,605	22%	9,974	9,974
Out-Commute from HBC	12,717		14,741	14,087
Total Working in LA	39,844		46,185	46,839
Total living in LA (and working)	43,957		50,952	50,952
Net Commute	-4,113		-4,767	-4,113
Commuting Ratio	1.103		1.103	1.088
Net Additional Living in Hastings (and working)			6,995	6,995
Net Additional Working in Hastings			6,340	6,995
Net Additional Out Commute			654	0

Source: ONS; 2011 Census; SPRU Analysis of Various Forecasts

Table 131 Calculation of Jobs Supported – Dwelling-Led LHN Labour Supply Scenarios - Rother

	2021		2044 (10,212 jobs supported)	2044 (11,955 jobs supported)
	People	% Working in LA	People	People
Live and work in RDC	13,131	37%	16,933	18,676
Home Workers	7,096	20%	9,150	9,150
No-Fixed Place	4,587	13%	5,915	5,915
In-Commute to RDC	10,457	30%	13,484	13,484
Out-Commute from RDC	16,479		21,250	19,506
Total Working in LA	35,270		45,482	47,226
Total living in LA (and working)	41,292		53,247	53,247
Net Commute	-6,022		-7,765	-6,022
Commuting Ratio	1.171		1.171	1.128
Net Additional Living in RDC (and working)			11,955	11,955
Net Additional Working in RDC			10,212	11,955
Net Additional Out Commute			1,744	0

Source: ONS; 2011 Census; SPRU Analysis of Various Forecasts

- 17.17 The workplace-based change in employment as a result of labour demand scenarios considered within this HEDNA Update are therefore consistent with comparison with the projected scenario outputs for the total number of persons working in Hastings and Rother respectively. Neither set of scenarios implies that the net change in employment or jobs supported relates to activities undertaken by Hastings or Rother residents only.
- 17.18 In assessing the implications for future change in labour supply the 1:1 ratio sensitivity test is useful to illustrate where assumptions for an absolute increase in levels of net out-commuting would arguably mean that other authorities (outside of Rother or Hastings) would be providing jobs but not housing for people taking up those jobs. The 1:1 ratio is also considered useful in the context of COVID-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future. These observations are considered consistent with the findings of this Study.
- 17.19 The use of the 1:1 commuting ratio would appear to be reasonable in advance of 2021 Census outputs. It should be noted that where absolute levels of net commuting remain the same the gross outflow of commuters increases by +1,369 persons under the 1:1

- scenario in Hastings and +3,028 persons in Rother. This indicates that there is still substantial scope for an increased level of employment growth provided locally to reduce journey distances. The Dwelling-led LHN scenarios are also dependent on an absolute increase in gross in-commuting flows of the same magnitude, which could be affected by levels of house building elsewhere.
- 17.20 The number of jobs supported being potentially greater due to trends in home-working, reflected as a proxy in the 1:1 scenario, does not necessarily compare with evidence for labour demand within this study on a like-for-like basis. The FTE workplace-based estimate for labour supply generated by all scenarios has been calculated excluding the proportion of persons working from home based on 2011 Census data (20.1% in Rother and 12% in Hastings). No increase in the proportion of home-working is specifically assumed to generate the 1:1 ratio. Those additional resident workers retained as living and working in each area under the 1:1 ratio are assumed to be part of the workplace population (i.e., generating net additional and floorspace demand). While this section fundamentally demonstrates that population growth is unlikely to act as a constraint on labour demand the actual dynamics of the resident and workplace-based populations do warrant further commentary.
- 17.21 This raises two main potential considerations for the most reasonable conclusions of demand for land and floorspace resulting from projected outcomes for labour supply. Firstly, holding the proportion of home-workers constant at 2011 levels nevertheless generates an absolute increase in the number of residents not included within the effect of changes in the labour supply on demand for floorspace. This has the potential to underestimate demand for floorspace, particularly in the context of any significant increase in the rate of population growth for two reasons. First, if the characteristics of the housing market mean that those working predominantly from home (whether within the FEMA or elsewhere) are not attracted to live in the area in-line with pre-existing proportions in 2011 (and as such reducing the total proportion of home-working). Secondly, where the characteristics of the labour market mean lower wage and skills profiles this means that the characteristics of jobs to support population growth are unlikely to attract or sustain pre-existing proportions of home-working (as of 2011). Discussion with Officers in Hastings specifically has noted concern that ignoring these factors could understate the importance of land and floorspace to provide levels of economic development necessary to support a significant increase in labour supply, and noting that levels of home-working in 2011 were already slightly below regional and national averages.
- 17.22 The second consideration operates in reverse and reflects that because the assumption for the proportion of home workers has not been *increased* from 2011 levels in modelling the effect of changes in labour supply in demand for land and floorspace, even under the 1:1 ratio and despite evidence to the contrary from pre-pandemic trends, there is scope to overstate the impact on need. The characteristics of the property and labour market would

similarly influence this consideration in terms of reducing the net implications for additional floorspace for an equivalent change in labour supply (particularly if any actual increase in the proportion of home-working involved residents fulfilling roles in the labour market beyond the FEMA). This consideration is more easily addressed, and included as a sensitivity test in the labour supply scenarios modelled in this HEDNA, through applying the future trend towards increased rates in home-working between 2021 and 2044 to the estimated number of jobs supported as identified by the Dwelling-led LHN labour supply in both commuting ratio scenarios. This is to ensure these roles are not 'double-counted' as part of labour supply generating a demand for land and floorspace, which is especially important for the jobs supported under the 1:1 commuting ratio.

- 17.23 With these assumptions applied it should nonetheless be noted that the assessment of labour supply scenarios considers the total change in employment based on growth in the labour force from 2021, consistent with the demographic projections in the HEDNA Update and 2021 Census population estimates.
- 17.24 This is achieved by matching the labour demand profile of the OE-based Growth Scenario to the total number of jobs supported (excluding home-workers). Sectors showing a negative change in employment are excluded from the apportionment of the additional jobs supported. This means that any net changes resulting in a reduction in employment levels from 2020 totals in other sectors, which may free up additional labour in addition to the jobs supported under the Dwelling-led LHN scenarios, are not considered. This also means that working from home trends applied to the total for existing jobs, which may reduce the future net requirement for land and floorspace to a negative value, are also not captured when the number of jobs supported is apportioned to sectors that only show positive employment change.
- 17.25 The estimates for additional jobs supported by growth in the labour supply and converted to employment land and floorspace, taking account of the working from home changes described above, will therefore exceed the outputs from labour demand scenarios. This reflects where the labour demand scenario may indicate a net loss of land and floorspace relative to pre-existing levels of employment sectors due to home-working.
- 17.26 Table 132 and Table 133 below demonstrate the outputs from estimates of labour supply and total number of jobs supported as originating from within the Local Housing Need scenarios.
- 17.27 The labour supply analysis presents findings for scenarios based on minimum annual local housing need and for both commuting ratio assumptions. These are compared with the Growth Scenario outputs for labour demand, inclusive of future trends in home-working.
- 17.28 For all scenarios the outputs indicate total forecast net change in FTE employment with and without future trends in home working applied across all sectors (including those resulting in negative net change from the labour demand scenarios). The comparisons

between time periods are not like-for-like, reflecting the difference between the 2020-2040 forecast period and 2021-2044 projections for Local Housing Need taking account of the 2021 Census estimates.

Table 132 Comparison of Labour Supply and Labour Demand Scenarios - Hastings

Scenario 2021-2044	Jobs Supported	E(g)(i)/ E(g)(ii)	E(g)(iii)/ B2	B8	Total	
Dwelling-Led LHN Census CR	Total workplace-based FTE	4,585	3.1	2.5	7.0	12.6
	Allowance for increased home working	3,552	2.0	1.7	5.5	9.3
Dwelling-Led LHN 1:1 CR	Total workplace-based FTE	5,058	3.5	2.7	7.7	13.9
	Allowance for increased home working	3,919	2.2	1.9	6.1	10.2
Dwelling-Led LHN No Uplift Census CR	Total workplace-based FTE	2,408	1.6	1.3	3.7	6.6
	Allowance for increased home working	1,866	1.1	0.9	2.9	4.9
Dwelling-Led LHN No Uplift 1:1 CR	Total workplace-based FTE	2,657	1.8	1.4	4.1	7.3
	Allowance for increased home working	2,059	1.2	1.0	3.2	5.4
Growth Scenario (Net) 2020-2040	Total workplace-based FTE	3,438				
	Allowance for increased home working	2,705	1.5	1.2	4.8	7.5

Source: ONS; 2011 Census; SPRU Analysis of Various Forecasts

Table 133 Comparison of Labour Supply and Labour Demand Scenarios – Rother

Scenario 2021-2044	Jobs Supported	E(g)(i)/ E(g)(ii)	E(g)(iii)/ B2	B8	Total	
Dwelling-Led LHN Census CR	Total workplace-based FTE	6,642	6.4	5.8	8.1	20.4
	Allowance for increased home working	4,994	3.3	4.5	6.5	14.2
Dwelling-Led LHN 1:1 CR	Total workplace-based FTE	7,776	7.5	6.8	9.5	23.8
	Allowance for increased home working	5,847	3.9	5.2	7.6	16.7
Dwelling-Led LHN No Uplift Census CR	Total workplace-based FTE	3,985	3.8	3.5	4.9	12.2
	Allowance for increased home working	2,996	2.0	2.7	3.9	8.5
Dwelling-Led LHN No Uplift 1:1 CR	Total workplace-based FTE	4,665	4.5	4.1	5.7	14.3
	Allowance for increased home working	3,508	2.3	3.1	4.5	10.0
Growth Scenario (Net) 2020-2040	Total workplace-based FTE	3,097				
	Allowance for increased home working	2,380	1.9	2.0	4.4	8.4

Source: ONS; 2011 Census; SPRU Analysis of Various Forecasts

17.29 Table 132 for Hastings and Table 133 for Rother both indicate that the number of jobs supported by projected population and household change in accordance with the calculation of local housing need would not appear to act as an impediment to supporting market signals and evidence of labour demand. These labour supply scenarios indicate no likely significant adverse effect on commuting trends and relationship between jobs and homes.

- 17.30 For Hastings the Dwelling-Led LHN scenarios exceed baseline forecasts for total net change in employment. Housing provision in accordance with the Government's Standard Method would support additional jobs within growing sectors in excess of evidence for labour demand within the Growth Scenario for this study. Labour supply requirements for economic development following application of the affordability uplift would exceed baseline forecasts for total net change in employment in Hastings by around 24% taking account of trends in home-working and 2011 Census commuting ratios (9.3ha versus 7.5ha). There is a relatively close alignment of 3,552 and 2,705 FTE jobs supported by the respective scenarios. This is broadly consistent with evidence for labour demand prior to considering any reduction in the commuting ratio or increase in the rate of in-commuting from elsewhere.
- 17.31 For Hastings, taking account of trends in home-working, the Dwelling-Led No Uplift LHN scenario could support a lower total of workplace-based FTE jobs than the labour demand scenario (1,866 versus 2,705 FTE jobs). This scenario would still represent an increase on recent rates of housing delivery but illustrates how constraints on growth in labour supply may act as a further constraint to economic growth. However, this is before considering any improvement in commuting ratios and could be partly offset by a higher proportion of workplace-based employment than implied by potential trends in home-working. This is potentially more likely in Hastings given the smaller geographic area and nature of the local economy. The comparison for the same scenario, excluding working from home trends (2,408 versus 2,705 FTE workplace-based jobs) is much closer. Noting the risk that given the wage and skills profile in Hastings the application of working from home assumptions to the labour supply scenario could understate demand it would be reasonable to conclude that lower population growth (for example under the LHN 'no uplift' scenario) would not be anticipated to result in significant reductions in the demand for land and floorspace nor a reduction in the importance of workplace-based employment opportunities.
- 17.32 For Rother the Dwelling-Led LHN scenarios substantially exceed baseline forecasts for total net change in employment. Housing provision in accordance with the Government's Standard Method would support additional jobs within growing sectors in excess of evidence for labour demand within the Growth Scenario for this study. This may to some extent reflect where previously lower levels of housebuilding and population change, and associated commuting trends, have to some extent acted as an impediment to economic growth.
- 17.33 Comparison of these two scenarios indicates closest alignment between totals for change in workplace-based FTE employment allowing for trends in home-working and using the existing commuting ratio (4,994 versus 2,380 FTE workplace jobs requiring land and floorspace). However, this still equates to a net requirement for land and floorspace around 69% greater than the labour demand Growth Scenario. It should be noted that

within the Growth Scenario for labour demand the net total of 2,380 FTE jobs masks substantial changes within sectors including positive and negative changes in total employment requiring land and floorspace. For Rother, taking account of trends in home-working, the Dwelling-Led No Uplift LHN scenario would support a similar total of workplace-based FTE jobs as the labour demand scenario (2,996 versus 2,380 FTE jobs). This would still represent an increase on recent rates of housing delivery and illustrates a level below which constraints on growth in labour supply may act as a further constraint to economic growth, although this is before considering any improvement in commuting ratios.

- 17.34 Making provision for gross requirements for land and floorspace under the Growth Scenario (15.4ha for Hastings and 24.7ha for Rother, see Table 152 and Table 153) inclusive of a margin for flexibility and replacement for future losses could in theory support additional levels of employment growth outside of the assumptions for labour supply. However, the provision for net-to-gross adjustments and flexibility partly accounts for recent delivery trends and the expectation of positive and negative gross changes in employment across certain sectors. This allows for potential variability on matters such as jobs density and plot ratios including for any supply which is re-provided or converted to different employment uses.
- 17.35 The analysis within this HEDNA Update, including this relationship between jobs and homes, is unable to directly take account of potential changes to the commuting ratio in Hastings and Rother since 2011. To some extent the likelihood of a significant reduction in commuting ratios (or increasing in-commuting) will be more limited due to relatively low recent levels of economic development and employment growth.
- 17.36 The rationale for providing flexibility and choice would, for example, be further strengthened by any evidence of increased rates of workplace-based and residence-based containment of commuting flows. However, for the reasons outlined the net-to-gross and flexibility allowances proposed in the Study would not indicate any fundamentally problematic relationship between labour demand and labour supply if evidence of greater containment was not the case once relevant 2021 Census data is released.

18 FUTURE EMPLOYMENT LAND NEEDS

Summary

Past Completions Trend Scenarios

- A forecast scenario based on past completions/take-up trends identifies a potential employment land requirement of **12.39ha** in Hastings and of **29.28ha** in Rother over the period to 2040.
- If these take-up trends are adjusted to take account of completions which are 'swaps' between employment use classes (i.e. not true 'gains'), this results in a potential employment land requirement of **6.64ha** in Hastings and **20.74ha** in Rother over the period to 2040.
- A *net* take-up trend (also accounting for past losses) results in a potential employment land requirement of **2.23ha** in Hastings and **13.36ha** in Rother over the period to 2040.

Labour Demand Scenario

- By applying a series of assumptions (including jobs densities, plot ratios, flexibility margin, working from home adjustments and net-to-gross adjustments) a 'labour demand' scenario models employment land needs based on total net growth in employment in each sector in the local Growth Scenario forecast.
- This scenario results in a total employment floorspace requirement of **61,478 sqm** in Hastings and **74,189 sqm** in Rother over the period 2020-2040. This equates to a total employment land requirement of **15.4ha** in Hastings and **24.7ha** in Rother.

Future Employment Land Requirement based on Past Completion Trends

- 18.1 In accordance with Planning Practice Guidance, the trend of past completions can be considered as a means to forecasting future employment land needs. Extrapolating the past completions forward over a twenty-year period provides for a more simplistic methodology to estimate the future requirements in Hastings and Rother over the plan period.
- 18.2 Estimating future employment land needs based on a simple extrapolation of past completion trend data has the benefit of being straightforward and transparent. It is easy to understand the implications in terms of delivery rates being a continuation of existing patterns. However, this approach has drawbacks in that it projects forward historic or existing supply-side constraints, and it reflects the market context of the time period considered which may not be representative of the forecasting period. Additionally, Hastings and Rother have historically sporadic completions trends, as shown in Section 14.
- 18.3 In accordance with national guidance, the past completion trends should be considered in conjunction with the alternative approaches to considering future needs, in relation to the latest contextual data on commercial market and economic trends.
- 18.4 The trend forecast is derived from the average past gross completions figures for each authority, however this will not necessarily account for the sporadic nature of completions and the fact that some years will see higher total for completions than others particularly when larger, more strategic schemes are delivered.
- 18.5 Past take-up scenarios are typically assessed on the basis of gross completions as an indicator of past demand for new economic development. The impact of past losses does not therefore impact upon the calculation of future needs under this methodology, but the scenario is presented within an assumption for the replacement of any future losses. Both authorities may nonetheless wish to give consideration to supporting provision for replacement of expected future losses where this is relevant to supporting future economic development. For example, details of past gross take-up may not provide a like-for-like equivalent to other desirable additions to the employment land portfolio. Examples would include where losses include a reduction in town centre office floorspace or lower quality (but potentially more affordable) industrial stock and alternative provision to compensate for these losses is weakly reflected in take-up trends.
- 18.6 Table 134 and Table 135 set out the gross completions trend forecast for office and industrial employment floorspace for the period to 2040 based on monitoring data provided by the Councils. This forecast is based on the average annual gross completions rate for

each land use type (as calculated over the period 2016/17-2020/21 for Hastings and 2011/12-2021/22 for Rother) multiplied by the remainder of the proposed plan period. This ensures that completions forming part of the trend period are not ‘double-counted’.

Table 134 Hastings Completions Gross Trend Forecast / Past Take-up Scenario

Floorspace Type	Average annual gross completions, sqm (2016/17-2020/21)	Forecast Completions 2021-2040, sqm	Land Requirement, Ha (based on 40% plot ratio)
Office (Egi/ii)	119	2,270	0.57
Industrial (Egiii/B2)	806	15,314	3.83
Industrial (B8)	1,683	31,983	8.00
Total	2,609	49,567	12.39

Source: SPRU Analysis of LPA Monitoring Data

Table 135 Rother Completions Gross Trend Forecast / Past Take-up Scenario

Floorspace Type	Average annual gross completions, sqm (2011/12-2021/22)	Forecast Completions 2022-2040, sqm	Land Requirement, Ha (based on 30% plot ratio)
Office (Egi/ii)	897	16,142	5.38
Industrial (Egiii/B2)	1,201	21,610	7.20
Industrial (B8)	2,782	50,083	16.69
Total	4,880	87,835	29.28

Source: SPRU Analysis of LPA Monitoring Data

- 18.7 Within both Council areas the overall gross take-up provides a potentially distorted view of the amount of land and floorspace that would be required to sustain past trends due to the contribution of changes of use within the employment use classes contributing towards the gross change. In these instances, the ‘swap’ of land and floorspace from its previous (former) B-Use Class is not captured within the data for gross gains meaning that the gross additional floorspace is counted as if it was provided on a previously undeveloped site.
- 18.8 Table 136 and Table 137 present an alternative analysis for take-up trends for each Use Class based on new build employment floorspace *plus* gains through swaps with other employment Use Classes *minus* change of use of floorspace to alternative (former) B-Use Class activities. This measurement compares more closely with how the future pipeline of land and floorspace should be measured against future requirements for land and

floorspace derived from other methodologies including labour demand and labour supply i.e., as a measure of total change within B-Use categories.

- 18.9 The main effect of the alternative forecast is to illustrate that particularly between B8 and B2 uses a substantial proportion of the floorspace brought forward to support storage and distribution functions has been derived from ‘swaps’ with former industrial (B2) uses upon the same site. It will not necessarily be the case that this pattern of redevelopment or change of use would be sustained in the longer-term to support future demand and land use requirements within relevant sectors. If this is not the case then for the same level of demand additional new build floorspace may be required.

Table 136 Hastings Completions Change Within Employment Use Trend Scenario

Floorspace Type	Average annual gross completions, sqm (2016/17-2020/21)	Forecast Completions 2021-2040, sqm	Land Requirement, Ha (based on 40% plot ratio)
Office (Egi/ii)	80	1,526	0.38
Industrial (Egiii/B2)	-300	-5,692	-1.42
Industrial (B8)	1,616	30,711	7.68
Total	1,397	26,545	6.64

Source: SPRU Analysis of LPA Monitoring Data

Table 137 Rother Completions Change within Employment Use Trend Scenario

Floorspace Type	Average annual gross completions, sqm (2011/12-2021/22)	Forecast Completions 2022-2040, sqm	Land Requirement, Ha (based on 30% plot ratio)
Office (Egi/ii)	835	15,032	5.01
Industrial (Egiii/B2)	111	2,003	0.67
Industrial (B8)	2,510	45,182	15.06
Total	3,457	62,218	20.74

Source: SPRU Analysis of LPA Monitoring Data

- 18.10 The alternative measurement illustrates the reason why past take-up trends (and in particular gross totals) are not necessarily sensitive to the impact of losses within the existing portfolio. The alternative measurement also makes no allowance for the replacement of past losses within the total trend for change within B-Use categories. However, when the contribution of ‘swaps’ between employment Use Classes is acknowledged as part of the overall trend in supply it becomes apparent that the impact of

floorspace lost from (former) B-Use Classes can result in a negative overall change over the trend period. This is particularly the case for industrial uses in the Rother Council area and both industrial and office uses within Hastings.

- 18.11 For completeness, overall net take-up trends, taking account of past losses, are shown in Table 149 and Table 150. These net trends are not considered to provide a reliable measure of future demand for economic development but illustrate why, particularly where monitoring is undertaken based on the total change within B-Use categories consideration should be given to making an allowance for the replacement of future losses.

Table 138 Hastings Net Completions Trend Forecast / Past Take-up Scenario

Floorspace Type	Average annual gross completions, sqm (2016/17-2020/21)	Forecast Completions 2021-2040, sqm	Land Requirement, Ha (based on 40% plot ratio)
Office (Egi/ii)	-391	-7,422	-1.86
Industrial (Egiii/B2)	-468	-8,897	-2.22
Industrial (B8)	1,328	25,225	6.31
Total	469	8,906	2.23

Source: SPRU Analysis of LPA Monitoring Data

Table 139 Rother Net Completions Trend Forecast / Past Take-up Scenario

Floorspace Type	Average annual gross completions, sqm (2011/12-2021/22)	Forecast Completions 2022-2040, sqm	Land Requirement, Ha (based on 30% plot ratio)
Office (Egi/ii)	208	3,753	1.25
Industrial (Egiii/B2)	-231	-4,166	-1.39
Industrial (B8)	2,250	40,502	13.50
Total	2,227	40,089	13.36

Source: SPRU Analysis of LPA Monitoring Data

Future Employment Land Requirement based on Labour Demand Approach

- 18.12 This section considers the amount of employment land needed to support the level of employment growth shown in each of the econometric forecasts (CE, OE and Experian) and the growth scenario, as set out in Section 15. This 'labour demand' approach, as set out in PPG, is one of the approaches to assessing future employment land need. The

labour demand approach should be considered alongside other approaches and the economic and contextual data set out in the other sections of this report.

- 18.13 The approach to modelling the labour demand scenarios is set out in Figure 113. The starting point for each scenario is the total net growth in employment in each sector shown in each forecast. Other than these differing inputs the modelling assumptions made are consistent for each scenario.

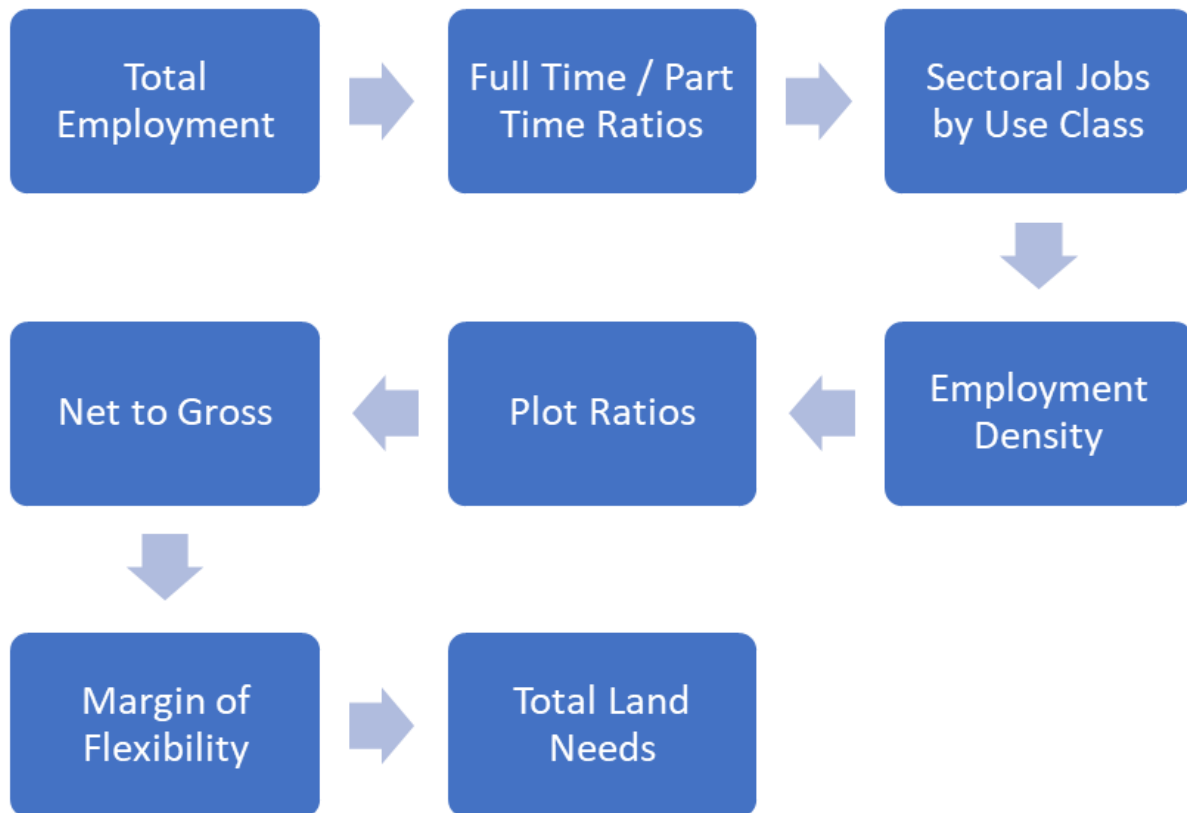


Figure 113 Approach to Employment Land Needs Modelling

Source: SPRU

- 18.14 The modelling assumptions for each stage of the process are set out in Table 140, with a worked example provided below.

Table 140 Labour Demand Modelling Assumptions

#	Stage	Description
i	Full Time Equivalent Jobs	A figure for 'Full-Time Equivalent' (FTE) jobs has been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector from BRES. An average for each sector was taken for the years 2017-2021.
ii	Sectoral Jobs by Use Class	<p>The proportion of jobs in each sector is disaggregated by the type of employment (B Class)⁹² use class and non-employment use classes. The use classes are:</p> <p>B1a – office B1b – Research and development office B1c – Light Industrial B2 – General Industrial B8 – Distribution Other (any jobs not requiring B Class space)</p> <p>The use class proportions for each sector are based on detailed (SIC4 sub-sectors) BRES data for each sector in Rother and Hastings' economies. Each SIC4 sub-sector has been allocated a use class, and this is used to calculate the proportional jobs in each sector by use class, where the proportions of each sector reflect the proportions of jobs in each SIC4 sub-sector.</p>
iii	Employment Density	<p>This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015)⁹³. The following employment densities are used:</p> <p>B1a office: Corporate: 13 sqm/job Technology / Media / Telecoms: 11 sqm/job Professional services: 12 sqm/job Public services: 12sqm/job</p>

⁹² It is noted that B1 uses now come under the new Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3rd Edition which provides figures in terms of the former B Class sectors.

⁹³ There is no comprehensive or regularly cited source providing updated employment densities for a full range of industrial and business uses. Care should be taken in interpreting the more limited additional evidence for some discrete components of employment floorspace. It is generally acknowledged that there was some indication of tightening in the use of office space (i.e., lower densities) prior to the onset of the Covid-19 pandemic. Any such findings however now pre-date the legacy of social distancing and growing demand for flexible workspace. This EDNA takes the view the densities from the HCA guide remain a more appropriate starting point to reflect a balance of competing factors. Moreover, for the reasons explained in paragraph 18.34 care should be taken regarding the treatment of any perceived tightening of office densities to ensure potential 'double-counting' is avoided where assumptions relating to home-working have the same effect i.e., reducing floorspace need for the same equivalent number of jobs notwithstanding in reality these patterns may entail increased sharing of diskpace.

#	Stage	Description
		<p>B1b Research and Development: 50 sqm/job B1c Light Industrial: 47 sqm/job B2 general industrial: 36 sqm/job B8 distribution: 77 sqm/job</p> <p>These employment densities reflect fairly average densities for each use class as there was no evidence arising from the commercial market assessment to suggest any alternative assumptions.</p> <p>The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA). The employment densities for B1 are quoted as net internal area (NIA) and have been converted to GEA based on a conversion of 20% for B1a office and 10% for B1b and B1c. The employment densities for B2 are quoted for gross internal area (GIA) and have been converted to GEA based on a conversion of 5%. The employment densities for B8 are quoted as GEA.</p>
iv	Plot Ratios	<p>The next stage is to convert floorspace requirements to land requirements. The following plot ratios have been used. For Rother these are based on the Rother and Hastings HEDNA (GL Hearn, 2020) which drew on local consultations and previous ELRs for comparable areas. For Hastings we have applied a standard plot ratio of 0.4 across all employment use classes. This is a slight reduction on the figure of 0.5 used in the previous HEDNA (2020) for former B1a/b and B1c/B2 uses in order to provide additional flexibility by assuming a lower intensity of land usage across these use classes are to reflect that evidence of recent take-up indicates very little delivery of higher density office or industrial floorspace of the type previously attributed to use of higher plot ratios. These are considered to reflect realistic assumptions for each authority.</p> <p>Hastings E(g)I(i)/E(g)(ii) – 0.4 E(g)(iii)/B2– 0.4 B8 – 0.4</p> <p>Rother E(g)I(i)/E(g)(ii) – 0.3 E(g)(iii)/B2 – 0.3 B8 – 0.3</p>
v	Net to Gross	<p>The econometric forecasts all provide jobs growth on a net basis – i.e., they include for sectors which will see growth and sectors which will see decline. This means figures up to this point are net.</p>

#	Stage	Description
		<p>The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.</p> <p>A future estimate has been based on available past trend data for the annualised average employment land lost to other uses in Hastings since 2016/2017 and in Rother since 2011/2012. The average annual losses for each authority are then forecast forward over the 20-year forecasting period.</p>
vi	Changing Trends in Working from Home	<p>Another key factor arising from the stakeholder engagement is that the number of people working from home is expected to remain at higher levels than were seen prior to the outbreak of COVID-19 which forced many more people to work from home.</p> <p>The high lockdown rate of homeworking is not expected to continue in the long-term, with evidence that levels have dropped substantially since restrictions were lifted. However, the stakeholder engagement has revealed that this process has meant many of the barriers to home working have been overcome for significant numbers of businesses.</p> <p>The impact that this could have on the amount of employment space required to support the future forecast jobs growth has been modelled in a series of sensitivities to the main modelling.</p>
vii	Margin of Flexibility	<p>For the final stage we have added a margin of flexibility. This reflects the following factors:</p> <ul style="list-style-type: none"> To allow greater flexibility to support changing business needs; To provide a choice of sites to facilitate competition in the property market; To provide flexibility to allow for any delays in individual sites coming forward; <p>The potential error margin associated with the forecasting process.</p> <p>The size of the margin of flexibility depends on the location and local drivers of demand. Generally, a margin of between 2 and 5 years' worth of completions is usually considered reasonable.</p> <p>One of the key findings of the stakeholder engagement is that a high level of flexibility of supply is required in order to be in a position to respond to emerging needs of both indigenous businesses and to continue to attract inward investment opportunities.</p> <p>Accordingly, we have calculated the margin of flexibility based on 5 years' worth of gross completions.</p>

#	Stage	Description
viii	Total Land Needs	Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of E(g)(i)/E(g)(ii) office, E(g)(iii)/B2 industrial, and B8 distribution. This is in order to provide an indication of demand for each type of use. However, it is recommended the Councils are flexible with regard to allocating land for specific types of employment use at the detriment to other types of employment uses.

- 18.15 A worked example of this process is set out below based on the Growth Scenario forecast, which draws upon the sectoral classifications used by OE.
- 18.16 For the avoidance of doubt the steps illustrated above demonstrate why the HEDNA limits its recommendations to identifying needs for land and floorspace for economic development uses specified in the study (and summaries at step (ix)). The steps of the approach are interdependent. The recommendations for land and floorspace are not driven solely by forecast assumptions for job creation by sector, use class and employment density (steps (i) – (iii)). Moreover, for example with reference to alternative approaches to assessing need based on past take-up, recommendations for land and floorspace can be derived separately from labour demand assumptions for job creation.
- 18.17 By extension for the substantial proportion of ‘other’ jobs not requiring business or industrial floorspace the application of jobs density assumptions to these uses is unlikely to be sufficient in its own right to understand the likely dynamics of job creation and potential requirements for allocations to support related sectors (e.g., retail, leisure, accommodation and food services). Job creation can arise from a number of outcomes such as intensification of employment on new or existing sites and introducing mixed or shared uses on the same site. It is, however, the case that new development (and specifically net additions to floorspace for alternative uses) provides significant opportunities for job creation. New development would be expected to make a significant contribution to whether the wider evidence of labour demand across all sectors assessed through this HEDNA are realised in practice. As such, this reinforces the importance of the Councils undertaking monitoring of the net development pipeline for a wider range of non-residential uses.
- 18.18 As part of the assessment of application proposals it would be reasonable to seek accurate information from applicants for the potential for job creation (which is likely to in-part reflect specific jobs densities for those uses and indirect and induced effects across other sectors such as construction). This would have the triple benefit of assisting with monitoring for all uses, allowing appropriate weight to be given to the provision of economic benefits and provided advanced indications for how overall trends in employment might ultimately be reflected in official statistics.

18.19 The scenarios based on the other forecasts take the same approach and use the same modelling assumptions as outlined above. The CE, OE, and Experian forecasts all provide slightly different sectoral breakdowns and so the model has been calibrated, where necessary, to support each forecast by dividing sectors on a proportional basis, thereby ensuring consistency in modelling between scenarios. Note, figures in the following tables may not sum exactly due to rounding.

i) Full Time Equivalent (FTE) jobs

18.20 The first stage is to calculate the FTE jobs. This is calculated individually for each sector in each forecast.

Table 141 Growth Scenario – FTE Jobs Growth 2020-40

	Hastings		Rother	
	FTE %	FTE Growth 2020-40	FTE %	FTE Growth 2020-40
A: Agriculture, forestry and fishing	96%	0	95%	-191
B: Mining and quarrying	100%	0	100%	-100
C: Manufacturing	94%	0	94%	-94
D: Electricity, gas, steam and air conditioning supply	100%	0	100%	0
E: Water supply; sewerage, waste management and remediation activities	94%	0	94%	0
F: Construction	92%	459	93%	926
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	75%	-300	79%	-79
H: Transportation and storage	92%	307	90%	0
I: Accommodation and food service activities	72%	896	74%	615
J: Information and communication	91%	91	91%	91
K: Financial and insurance activities	89%	0	92%	250
L: Real estate activities	85%	85	85%	0
M: Professional, scientific and technical activities	88%	441	87%	433
N: Administrative and support service activities	83%	334	81%	324
O: Public administration and	83%	0	82%	-82

	Hastings		Rother	
	FTE %	FTE Growth 2020-40	FTE %	FTE Growth 2020-40
defence; compulsory social security				
P: Education	77%	-230	79%	0
Q: Human health and social work activities	80%	1,203	78%	778
R: Arts, entertainment and recreation	76%	151	73%	145
S: Other service activities	82%	0	81%	81
Total	82%	3,438	83%	3,097

Source: ONS: BRES; SPRU Analysis of Growth Scenario forecast

ii) Sectoral Jobs by Use Class

- 18.21 This stage estimates the number of jobs which will require each type of employment premises and other (non-B/E(g) Class) space. This is based on estimates of the current breakdown of jobs for each sector using detailed analysis of BRES data. The jobs growth for each type of employment uses is shown in the tables below.

Table 142 Hastings Growth Scenario – Jobs Growth by Use Class 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Non B Class
A: Agriculture, forestry and fishing	0	0	0	0
B: Mining and quarrying	0	0	0	0
C: Manufacturing	0	0	0	0
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply; sewerage, waste management and remediation activities	0	0	0	0
F: Construction	0	115	115	230
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	0	0	-30	-270
H: Transportation and storage	0	0	200	108
I: Accommodation and food service activities	0	0	0	896

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Non B Class
J: Information and communication	91	0	0	0
K: Financial and insurance activities	0	0	0	0
L: Real estate activities	85	0	0	0
M: Professional, scientific and technical activities	353	0	0	88
N: Administrative and support service activities	167	100	0	67
O: Public administration and defence; compulsory social security	0	0	0	0
P: Education	0	0	0	-230
Q: Human health and social work activities	0	0	0	1,203
R: Arts, entertainment and recreation	0	8	0	144
S: Other service activities	0	0	0	0
Total	696	223	285	2,235

Source: ONS: BRES; SPRU Analysis of Growth Scenario forecast

Table 143 Rother Growth Scenario – Jobs Growth by Use Class 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Non B Class
A: Agriculture, forestry and fishing	0	0	0	-191
B: Mining and quarrying	0	0	0	-100
C: Manufacturing	0	-94	0	0
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply; sewerage, waste management and remediation activities	0	0	0	0
F: Construction	0	232	232	463
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	0	0	-12	-67
H: Transportation and storage	0	0	0	0
I: Accommodation and food service activities	0	0	0	615
J: Information and communication	91	0	0	0
K: Financial and insurance activities	250	0	0	0
L: Real estate activities	0	0	0	0
M: Professional, scientific and technical activities	390	0	0	43
N: Administrative and support service activities	146	81	0	97
O: Public administration and defence; compulsory social security	-69	0	0	-12
P: Education	0	0	0	0
Q: Human health and social work activities	0	0	0	778
R: Arts, entertainment and recreation	0	15	0	131
S: Other service activities	24	4	0	53
Total	832	237	220	1,809

Source: ONS: BRES; SPRU Analysis of Growth Scenario forecast

iii) Employment Density

18.22 Applying the average employment densities results in the floorspace requirement for each type of employment use. The floorspace (sqm) required is shown in the tables below. Note, this floorspace requirement is based on the requirement for office/industrial uses, and does not include other sectors which fall outside the scope of this study (e.g. retail, accommodation and food services activities, health and social work).

Table 144 Hastings Growth Scenario – Net Floorspace (sqm) by Use Class 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
A: Agriculture, forestry and fishing	0	0	0	0
B: Mining and quarrying	0	0	0	0
C: Manufacturing	0	0	0	0
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply; sewerage, waste management and remediation activities	0	0	0	0
F: Construction	0	4,341	8,842	13,183
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	0	0	-2,310	-2,310
H: Transportation and storage	0	0	15,383	15,383
I: Accommodation and food service activities	0	0	0	0
J: Information and communication	1,203	0	0	1,203
K: Financial and insurance activities	0	0	0	0
L: Real estate activities	1,221	0	0	1,221
M: Professional, scientific and technical activities	5,080	0	0	50,80
N: Administrative and support service activities	2,404	3,786	0	6,190
O: Public administration and defence; compulsory social security	0	0	0	0
P: Education	0	0	0	0
Q: Human health and social work activities	0	0	0	0
R: Arts, entertainment and recreation	0	391	0	391
S: Other service activities	0	0	0	0
Total	9,908	8,518	21,915	40,340

Source: ONS: BRES; SPRU Analysis of Growth Scenario forecast

Table 145 Rother Growth Scenario – Net Floorspace (sqm) by Use Class 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
A: Agriculture, forestry and fishing	0	0	0	0
B: Mining and quarrying	0	0	0	0
C: Manufacturing	0	-3,963	0	-3,963
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply; sewerage, waste management and remediation activities	0	0	0	0
F: Construction	0	8,755	17,835	26,590
G: Wholesale and retail trade; repair of motor vehicles and motorcycles	0	0	-913	-913
H: Transportation and storage	0	0	0	0
I: Accommodation and food service activities	0	0	0	0
J: Information and communication	1,196	0	0	1,196
K: Financial and insurance activities	3,004	0	0	3,004
L: Real estate activities	0	0	0	0
M: Professional, scientific and technical activities	5,618	0	0	5,618
N: Administrative and support service activities	2,097	3,058	0	5,155
O: Public administration and defence; compulsory social security	-1,000	0	0	-1,000
P: Education	0	0	0	0
Q: Human health and social work activities	0	0	0	0
R: Arts, entertainment and recreation	0	750	0	750
S: Other service activities	349	209	0	558
Total	11,265	8,810	16,922	36,996

Source: ONS: BRES; SPRU Analysis of Growth Scenario forecast

iv) Plot Ratios

- 18.23 Applying the plot ratio assumptions set out in Table 140 allows an estimation of the land required to accommodate the quantum of floorspace identified in Table 144 and Table 145 above. This is the net employment land required to support the level of net additional jobs growth shown in the econometric forecasts.
- 18.24 As shown in Table 146 below, the net employment demand figures for Hastings range from -9.1 ha within the OE scenario to 10.1 ha in the Growth Scenario, and as shown in Table 147, the net employment demand figures for Rother range from 3.4 ha in the OE scenario to 12.9 ha in the Experian scenario.
- 18.25 All three baseline forecasts show a net loss of B1c/B2 industrial land driven by net losses in manufacturing jobs. The CE and Experian baseline forecasts are relatively similar in terms of the demand for E(g)(i)/(ii) floorspace whilst the OE forecast anticipates a lower net demand for E(g)(i)/(ii) floorspace. The net demand for B8 floorspace is projected to be higher in Rother than Hastings, particularly under the Experian forecast where the B8 floorspace demands are predominantly linked to the wholesale and specialised construction sectors.

Table 146 Hastings Net Employment Land Needs (ha), 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	2.1	-6.6	2.7	-1.8
OE	1.0	-10.2	0.2	-9.1
Experian	2.7	-0.8	-0.9	0.9
Growth Scenario	2.5	2.1	5.5	10.1

Source: SPRU Analysis of various forecasts

Table 147 Rother Net Employment Land Needs (ha), 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	3.8	-1.9	2.7	4.6
OE	2.8	-5.0	5.6	3.4
Experian	5.0	-0.1	8.0	12.9
Growth Scenario	3.8	2.9	5.6	12.3

Source: SPRU Analysis of various forecasts

- 18.26 Land and floorspace providing for needs of the construction sector would not necessarily translate into appropriate provision to meet demand for Transport & Storage uses. Likewise, the conversion of land and floorspace from other existing uses (e.g., E(g)(iii)/B2) may offer a greater prospect of meeting some of the future net needs for B8 uses but this

may not be suitable to meet the range of demands for all sectors reflected in the overall total for this Use Class.

v) Net to Gross Needs

- 18.27 In addition to the net employment land needed to support forecast levels of jobs growth, there will also be an employment land requirement arising from the need to replace existing stock which is likely to be lost through conversion or redevelopment to other uses. This is calculated by looking at the trend of losses of employment land to alternative (non-E(g)/B Class) uses and using this to forecast expected future losses of employment land. It is important that this measure does not include all net change within employment floorspace where there is a change of use or redevelopment between employment Use Classes.
- 18.28 In those instances, the gross 'loss' of floorspace resulting from 'swaps' between Use Classes will be associated with a commensurate gain in other types of employment floorspace meeting a different element of economic demand. This would not be accounted for properly (and effectively 'double-counted') if an allowance was made for replacement of 'swaps' between existing employment uses.
- 18.29 Figure 114 below shows the net losses of employment floorspace in Hastings since 2016/2017. This shows in total around 4,600 sqm of employment floorspace has been lost over this period – equivalent to around 930 sqm of employment floorspace per annum. Based on the description of development for the relevant application proposals relating to this total around 3,600sqm of this floorspace was lost to non-employment generating residential uses, with the remainder (around 20%) associated with proposals for alternative 'non-E(g)/B' employment generating uses (predominantly leisure, recreation and retail or hospitality). Figure 115 shows the losses of employment floorspace in Rother since 2011/2012, which totals around 13,500 sqm of employment floorspace and is equivalent to around 1,230 sqm per annum.
- 18.30 The profile of losses in Hastings has been more heavily influenced by office floorspace although these instances are more sporadic and relate primarily to activity in 2016/17 and 2018/19. Loss of Storage/Distribution floorspace has also exceeded loss of industrial floorspace to other uses. These losses are likely to reflect changing occupier demands including less of a demand for older stock. The profile of losses within Rother is similar, with a majority relating to office floorspace and concentrated between 2015 and 2019. Within Rother's former industrial premises a higher proportion of floorspace lost from employment use when compared to B8 uses.

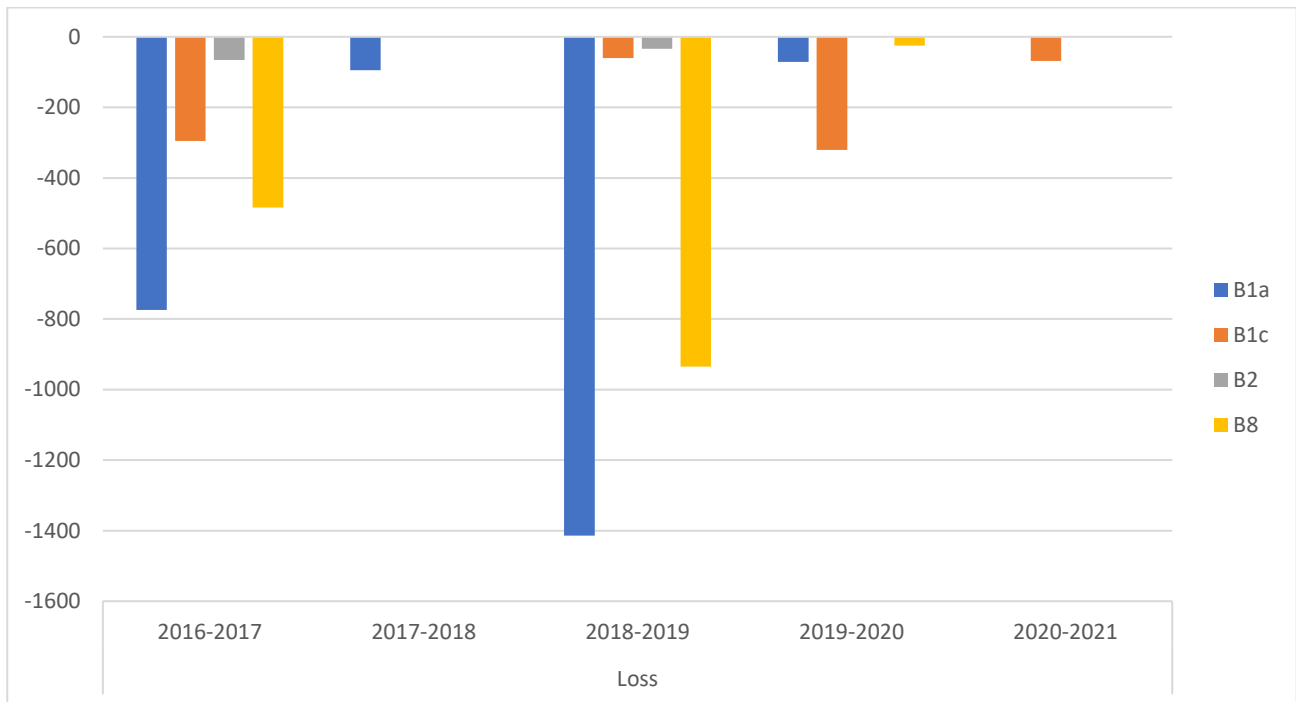


Figure 114 Hastings Employment Floorspace Losses (sqm) – 2016/17-2020/21
Source: SPRU analysis of local authority data

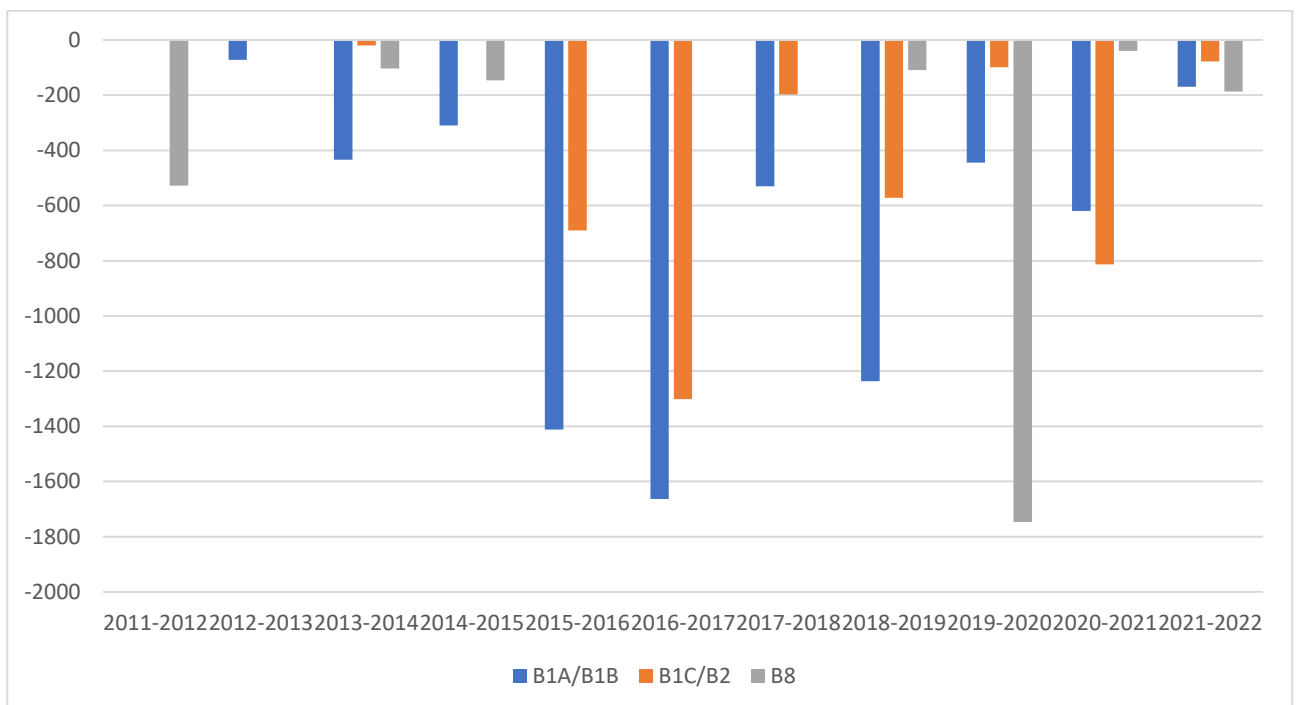


Figure 115 Rother Employment Floorspace Losses (sqm) – 2011/12-2021/22
Source: SPRU analysis of local authority data

18.31 Assuming this level of losses continues over the plan period would mean that a further 18,570 sqm of employment land will be lost in Hastings and a further 24,590 sqm

employment land will be lost in Rother. It is important that this is adequately reprovioned or else there will not be sufficient employment land to support the net growth in jobs over the plan period.

- 18.32 The net losses data has therefore been annualised and then multiplied by twenty to identify the replacement demand required for the forecasting period. This is then converted to a land requirement using the plot ratios used in the main labour demand modelling. This replacement demand is then added to the net requirement in order to estimate gross needs.

Table 148 Replacement Demand (ha), 2020-2040

Replacement Demand (ha)	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
Hastings	2.4	0.8	1.4	4.6
Rother	4.2	2.3	1.7	8.2

Source: SPRU Analysis

vi) Changing Trends in Working from Home

- 18.33 As set out in Section 16, one of the largest impacts of COVID-19 and workplace behaviour in the course of the subsequent recovery has been the sustained numbers of people working from home. A repeated theme of the stakeholder engagement has been that this has resulted in many of the barriers to home working being overcome out of necessity.
- 18.34 We have considered how the working from home trends are likely to change over the plan period. Using 2015 as a base-date – as this aligns with the latest HCA employment densities data – we have calculated the increase in the proportion of homeworking for each year to 2040 by extrapolating ONS data on home working by sector for the period 2012-2019. This is set out in Table 129.
- 18.35 The increase in homeworking for each sector is then factored into the employment land modelling for Hastings and Rother. This identifies the number of jobs growth in each sector by 2040 which will not require additional floorspace. This only accounts for the growth since 2015 so the homeworking assumptions in the HCA employment densities remain in the modelling. The additional homeworkers are assumed not to require additional floorspace and so are discounted from the analysis at Stage (iii).
- 18.36 The changes in working from home rates applies to all jobs in Hastings and Rother, not just the additional jobs shown in the forecasts. Where net jobs growth within each sector shows limited or negative change in employment the increasing working from home rates (where applied to certain relevant sectors) further reduce net employment land needs under this scenario for the forecast period. These outcomes should be treated with caution in terms of the extent to which this will be reflected in the rationalisation and

reconfiguration of the existing portfolio of employment land in Hastings and Rother, particularly where there is a focus on improving the quality of existing available employment land.

- 18.37 This results in a reduction to the overall floorspace requirements for each of the labour demand scenarios. This is different for each forecast due to the different proportions of growth in each sector although in absolute terms the overall reductions are similar and range between -2.9ha (Experian) and -2.3ha (OE) in Hastings and between -4.4ha (Experian) and -3.4ha (CE) in Rother.
- 18.38 The net floorspace requirements once the homeworking adjustments have been applied are shown in Table 149 and Table 150 below.

Table 149 Hastings Adjustment to Account for Homeworking (ha), 2020-2040

Adjustment	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	-0.7	-1.3	-0.7	-2.7
OE	-0.9	-0.8	-0.7	-2.3
Experian	-1.1	-0.9	-1	-2.9
Growth Scenario	-1	-0.9	-0.7	-2.6
Net Requirement Following Adjustment	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	1.4	-7.9	2.0	-4.5
OE	0.1	-11.0	-0.5	-11.4
Experian	1.6	-1.7	-1.9	-2.0
Growth Scenario	1.5	1.2	4.8	7.5

Source: SPRU Analysis of various forecasts

Table 150 Rother Adjustment to Account for Homeworking (ha), 2020-2040

Adjustment	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	-1.1	-1.4	-0.9	-3.4
OE	-1.8	-1	-1.2	-4
Experian	-2	-0.7	-1.6	-4.4
Growth Scenario	-1.9	-0.9	-1.2	-3.9
Net Requirement Following Adjustment	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	2.7	-3.3	1.8	1.2
OE	1.0	-6.0	4.4	-0.6
Experian	3.0	-0.8	6.4	8.5
Growth Scenario	1.9	2.0	4.4	8.4

Source: SPRU Analysis of various forecasts

vii) Flexibility Margin

- 18.39 The margin of flexibility has been considered based on several years' worth of completions data derived from past take-up trends. It is typical to add between 2-5 years' worth of completions as a margin. Flexibility is an important component of ensuring a sufficient quantum and range of sites are available to support business growth and inward investment opportunities. Such an allowance at least in part enables flexibility in provision to accommodate needs not anticipated in the plan period, as noted at Paragraph 86(d) of the NPPF 2023 together with allowing for an element of future vacancy and factoring in development timescales and the potential for some delays in sites coming forward. Therefore, we have included a margin of flexibility equivalent to 5 years' worth of completions data, applicable to the 20-year total requirement for land and floorspace (i.e., to be monitored across the plan period).
- 18.40 For the purposes of this allowance the margin is based on the gross completions series as set out in Table 134 and Table 135. This is to reflect the uncertainty over future instances of development providing changes between existing employment floorspace uses over-and-above those examples that already form part of the existing pipeline. This ensures that the potential for the flexibility margin to be provided as part of new build floorspace is not underestimated.
- 18.41 The flexibility margin has been calculated using the evaluated completions trend from Section 14 and is set out in Table 151 below.

Table 151 Flexibility Margin (ha), 2020-2040

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
Hastings Flexibility Margin (ha) (based on 2016-2020 take-up)	0.1	1.0	2.1	3.3
Rother Flexibility Margin (ha) (based on 2011-2021 take-up)	1.1	1.5	3.5	6.1

Source: SPRU Analysis of LPA Monitoring Data

- 18.42 The flexibility margin for each authority produces a relatively modest recommendation for flexibility for office uses relative to labour demand, and a relatively higher margin for B8 as a proportion of the total. To a large extent the difference in relation to office floorspace is offset by the higher allowance for replacement losses provided as a separate step of the calculation for these uses.

viii) Total Employment Land Needs

- 18.43 Taking the sum of the net employment land needs, the net to gross demand, and the flexibility margin identifies the total employment land requirement for Hastings and Rother for the range of labour demand scenarios.
- 18.44 The tables below show the outputs of the labour demand scenarios for each authority, which provide a wide range of results. The outputs of the labour demand scenarios are assessed against the other quantitative and qualitative evidence presented in this HEDNA Update in order to inform the overall conclusions on employment land needs for Hastings and Rother. The figures in the table below should be considered within this context.

Table 152 Hastings Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-2040

Stage		CE	OE	Experian	Growth Scenario
i-iv	Net Employment Needs	-1.8	-9.1	0.9	10.1
v	Net to Gross Adjustment	4.6			
vi	Working from Home Adjustment	-2.7	-2.3	-2.9	-2.6
vii	Margin of Flexibility	3.3			
xiii	Total Employment Land Needs	3.4	-3.5	5.9	15.4

Source: SPRU Analysis

Table 153 Rother Total Employment Land Needs (ha) – Comparison of Labour Demand Scenarios, 2020-2040

Stage		CE	OE	Experian	Growth Scenario
i-iv	Net Employment Needs	4.6	3.4	12.9	12.3
v	Net to Gross Adjustment	8.2			
vi	Working from Home Adjustment	-3.4	-4	-4.4	-3.9
vii	Margin of Flexibility	6.1			
xiii	Total Employment Land Needs	17.5	15.8	24.9	24.7

Source: SPRU Analysis

- 18.45 The tables above show the method of calculation for employment land as a whole, with the outputs for each B Class use class set out below.
- 18.46 Under the Growth Scenario there is a total employment land requirement of **15.4ha** in Hastings and **24.7ha** in Rother.

Table 154 Hastings Total Employment Land Needs by Use Class (ha) – Comparison of Labour Demand Scenarios, 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	3.9	-6.1	5.5	3.4
OE	2.6	-9.2	3.1	-3.5
Experian	4.1	0.2	1.6	5.9
Growth Scenario	4.0	3.1	8.3	15.4

Source: SPRU Analysis

Table 155 Rother Total Employment Land Needs by Use Class (ha) – Comparison of Labour Demand Scenarios, 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
CE	8.4	1.0	8.2	17.5
OE	6.7	-1.7	10.8	15.8
Experian	8.7	3.5	12.7	24.9
Growth Scenario	7.6	6.3	10.8	24.7

Source: SPRU Analysis

- 18.47 Table 156 shows the total floorspace requirement by use class under the Growth Scenario. This identifies a total employment floorspace requirement of 74,189 sqm in Rother and 61,478 sqm in Hastings.

Table 156 Total Employment Floorspace Requirement by Use Class (sqm) – Growth Scenario, 2020-40

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
Rother	22,776	18,991	32,422	74,189
Hastings	16,025	12,222	33,232	61,478

Source: SPRU Analysis

Comparison with HEDNA (2020)

- 18.48 This HEDNA Update also reconsiders the balance of supply and demand for the provision of land and floorspace for economic development aligned to the recommendations of the labour demand growth scenario provided in Table 156 above. Before doing so the HEDNA Update reflects upon the conclusions of the HEDNA (2020) in terms of future demand. This is relevant as a first step in comparing conclusions on the supply/demand balance.

- 18.49 Exact comparisons between the supply/demand balance calculations within the two HEDNAs would not be appropriate given that the forecasts and data for supply cover different time periods. Moreover, comparisons of hectare equivalents for future demand and supply cannot be compared on a like-for-like basis due to different plot ratios applied between the reports.
- 18.50 Particularly for Hastings the HEDNA Update would produce a relatively greater demand in terms of land area (hectares) for the same floorspace figure due to reviewing conclusions (and revising downwards) assumptions regarding the provision of new employment land at relatively higher densities.
- 18.51 Different assumptions between future demand measured in terms of floorspace can be measured relatively more closely. It remains a recommendation that the Councils should monitor future provision towards the supply/demand balance in terms of floorspace delivery to avoid prescriptive assumptions about the level of supply sites would be expected to provide at fixed plot ratios (i.e., allowing for flexibility in the density of development achieved).
- 18.52 A further limitation of comparison with the HEDNA (2020) is that its conclusions on future demand are not informed by the outputs of any one scenario. The overall recommendations, set out within the text of the main report, require reading across assumptions for different scenarios.
- 18.53 The HEDNA Update provides its recommendations within a single set of assumptions within the labour demand growth scenario. This takes account of different components of the recommendations for future demand such as replacement for future losses and allowances for homeworking (putting downwards pressure on floorspace needs) within one scenario rather than reading across outputs as per the HEDNA (2020). The HEDNA (2020) provides a 'local' labour demand scenario that produces similar floorspace totals to those in Table 157 (78,600sqm for Hastings and 83,500sqm for Rother) but applies assumptions outside of this to attribute demand by Use Class.
- 18.54 These overall recommendations of the HEDNA 2020 are set out as follows and compared with this HEDNA Update's recommendations from Table 156.

Table 157 Comparison of Recommendations by Use Class (sqm) – HEDNA (2020) and HEDNA Update

sqm	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
Rother HEDNA (2020) 2019-2039 ⁹⁴	21,000	55,600	10,500	87,100
Rother HEDNA Update 2020-2040	22,776	18,991	32,422	74,189
Difference	1,776	-36,609	21,922	-12,911
Hastings HEDNA (2020) 2019-2039 ⁹⁵	10,000	51,500	20,000	81,500
Hastings HEDNA Update 2020-2040	16,025	12,222	33,232	61,478
Difference	6,025	-39,278	13,232	-20,022

Source: SPRU Analysis

- 18.55 This HEDNA Update provides recommendations that compare relatively closely to those within the HEDNA (2020). In both Council areas there is a small quantitative reduction in terms of overall floorspace needs, which is to be treated with caution having regard to methodological differences. The HEDNA Update indicates higher demand for both Office and Storage/Distribution uses compared to the 2020 HEDNA, set against more substantive reductions in the floorspace totals identified for B2 industrial uses. Use Classes generating higher totals within the HEDNA Update are primarily a result of the analysis of a range of economic forecasts and growth sector assumptions leading to evidence of net additional needs not identified in the HEDNA 2020 local or baseline scenarios.
- 18.56 The primary differences reflect indications of stronger demand for office-based service sectors in both Hastings and Rother and some rebalancing between demands for Industrial and Storage & Distribution floorspace (notwithstanding that these can typically be considered interchangeably for monitoring purposes). These differences (and overall indication of some increase in demand) are primarily resolved through the more detailed analysis of three econometric forecasts, identification of growth sectors and the latest information in terms of development trends and take-up.
- 18.57 The higher totals for industrial floorspace within the 2020 HEDNA are principally a function of a different assumption for the replacement of industrial floorspace as a proportion of total stock, whereas the HEDNA Update informs allowances for flexibility and losses that correspond to actual trends in development. The findings of the HEDNA Update justify adopting an alternative approach to provide for a 100% allowance for anticipated losses of

⁹⁴ HEDNA (2020) paragraph 11.78

⁹⁵ HEDNA (2020) paragraph 11.71

land and floorspace from employment use. This is more closely aligned with recent trends than the approach in the previous 2020 HEDNA primarily based upon a 1% replacement of total VOA stock. For industrial floorspace the VOA method assumes a much higher degree of future losses, which is inconsistent with evidence from development trends which indicates opportunities to retain existing stock and potentially re-purpose this for alternative commercial uses.

- 18.58 A 100% replacement factor has also been applied to office uses, which generates closely comparable totals to the VOA Stock method in Rother but slightly higher totals in Hastings, where the 2020 HEDNA applied a local adjustment. The application of a consistent approach as part of the HEDNA Update is considered straightforward and justified. While the replacement factor in Hastings does include an element of losses under Permitted Development, which may not be repeated, the total adjustment assumed is consistent with stakeholder observations regarding the lack of flexibility within some of the existing secondary stock that makes it less attractive to meeting current and future needs.
- 18.59 This recommendations of the HEDNA Update therefore provide an appropriate and potentially more straightforward basis for considering the supply/demand balance for employment floorspace.
- 18.60 Although a separate methodology to assess need, and subject to differences between the HEDNA 2020 and this update, respective findings on past take-up can also be compared. Within the HEDNA 2020 there is no specific analysis of the total change within employment floorspace (including 'swaps' between Use Class) as set out in Table 136 and Table 137 of this HEDNA Update. This additional analysis provides a more balanced picture of the actual effect of redevelopment upon the employment land portfolio meaning that large-scale redevelopment of existing floorspace distorts take-up analysis to a less significant extent⁹⁶.
- 18.61 A comparison of gross take-up trends within the 2020 HEDNA to the overall change within B-Uses preferred by this HEDNA is provided in Table 158.

⁹⁶ See Paragraph 11 of the 2020 HEDNA regarding exclusion of the Churchfields development in Rother District from gross and net take-up trends which is included within the data analysed for the HEDNA Update

Table 158 Comparison of Take-Up Trends – HEDNA (2020) and HEDNA Update

	E(g)(i)/(ii)	E(g)(iii)/B2	B8	Total
Rother HEDNA (2020) Gross 2019-2039	23,400	20,400	13,800	57,600
Rother HEDNA Update Change within B-Use 2020-2040 ⁹⁷	15,623	2,936	47,412	65,972
Difference	-7,777	-17,464	33,612	8,372
Hastings HEDNA (2020) Gross 2019-2039	9,000	15,000	21,600	45,600
Hastings HEDNA Update Change within B-Use 2020-2040 ⁹⁸	1,526	-5,124	30,711	27,113
Difference	-7,474	-20,124	9,111	-18,487

Source: SPRU Analysis

- 18.62 For both Councils this provides a useful indication that the greatest difference between the respective analyses relates to a reduction in forecast take-up of industrial floorspace and increased take-up of Storage/Distribution floorspace. This is broadly consistent with the recommendations by Use Class provided by the Growth Scenario within this HEDNA Update. For Hastings the more recent take-up data indicate lower recent rates of development and reflect a greater proportion of activity through change within employment Use Classes but the breakdown of trends by Use Class still indicates a closer alignment with the recommendations of the HEDNA Update Growth Scenario.

⁹⁷ Includes data for completions 2020-2022 in addition to 18-year take-up forecast

⁹⁸ Includes data for completions 2020-2021 in addition to 19-year take-up forecast

19 SUPPLY/DEMAND BALANCE TO ADDRESS FUTURE NEEDS

Summary

- The HEDNA Update draws together recommendations on the future demand for land and floorspace and considers the availability of the existing pipeline to provide for related uses in quantitative terms in order to identify any potential surplus or deficit in provision.
- The recommended labour demand growth scenario is measured against the total pipeline for gains in employment floorspace taking account of completions within the plan period to-date, as well as changes within and between different employment Use Classes. Committed losses of floorspace from employment use are not deducted from the pipeline as a separate allowance has been made for replacement of these in future years.
- The current pipeline supply in Rother comprises around **106,600 sqm** employment floorspace of which 45% is office floorspace (E(g)(i)/(ii)), 45% is industrial E(g)(iii)/B2 floorspace and the remaining 10% is storage and distribution (B8). In Hastings, there is a total pipeline supply of around **65,000 sqm**, of which 41% is office floorspace (E(g)(i)/(ii)), 39% is industrial E(g)(iii)/B2 floorspace, and 20% is storage and distribution (B8) floorspace.
- This figure includes all the current site allocations for Hastings, including Site HTC6 (Priory Quarter, Havelock Road) which is a town centre redevelopment site that has been partially delivered but was expected to deliver a high proportion of office floorspace. However, it is understood that there is some uncertainty regarding the deliverability of this site at the scale previously anticipated. Removing the remainder of the Priory Quarter site allocation (site HTC6) from the pipeline supply would result in a 19,380 sqm reduction in office (E(g)(i)/(ii)) floorspace, reducing the overall pipeline supply in Hastings to around **45,600 sqm**.
- The majority of the committed supply is within the Bexhill urban area, which is a change from previous development trends where the majority of completions between 2011-2022 were in the Rye Rural area.
- The current supply/demand balance based on the recommended Labour Demand Growth Scenario is summarised in the following table:

Growth Scenario Supply/Demand Balance (Ha)	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage / Distribution (B8)	Total
Hastings	2.7	3.3	-5.1	0.9
Hastings (excluding Priory Quarter)	-2.2	3.3	-5.1	-4.0
Rother	6.4	7.5	-4.9	9.1
FEMA total (excluding Priory Quarter)	4.2	11	-9.9	5.2

- In Hastings there is overall broad balance between supply and demand but with a potential deficit in the pipeline for Storage/Distribution by Use Class. The supply/demand balance provides an indication that this would at least in-part be required to be offset by more flexible use of the stock of floorspace identified for industrial (E(g)(iii)/B2) uses. If the Priory Quarter allocation site is excluded the extent of future losses could continue to impact upon the pipeline of supply required to achieve demand for business floorspace identified within the Growth Scenario.
- In Rother the potential shortfall of B8 Storage/Distribution uses is principally driven by the concentration of the supply pipeline at Bexhill but is considered to be representative of future demand.
- Across the FEMA as a whole there is a **9.9ha** deficit in land supply for storage/distribution (B8) uses. As the majority of the committed employment floorspace supply in Rother District is in Bexhill, it may need to be considered whether any of this committed supply, if deliverable, can be used to offset these identified shortfalls.

Implications for Policy

- The deliverability of committed schemes (including Priory Quarter) should be taken into account when considering future allocations and the qualitative needs of employment growth sectors.
- Future losses of stock should also be monitored closely, as a reduction in anticipated losses could reflect the potentially greater retention and re-use of existing stock to meet needs. There is also some flexibility of the characteristics of supply that would support future replacement, and this could be achieved through new delivery models rather than like-for-like replacement of conventional office floorspace.

- The surplus in the industrial pipeline is important for flexibility and would not, at the base-date of the plan, necessarily indicate an overprovision of land and floorspace.
- A deficit is identified against future needs for storage and distribution uses, indicating constraints to supply. While it is certainly the case that the potential 'surplus' for industrial floorspace could mean that, subject to flexibility over delivery, there is scope for this to provide for alternative uses it is also the case that some of these needs could be generated from the re-use of existing industrial sites (providing the alternative provision for these uses is available elsewhere in the pipeline).

Introduction

- 19.1 This section of the HEDNA Update draws together recommendations on the future demand for land and floorspace and considers the availability of the existing pipeline to provide for related uses in quantitative terms in order to identify any potential surplus or deficit in provision. This also provides a starting point to consider whether there is likely to be any qualitative mis-match between supply and demand and meeting the needs of specific sectors.
- 19.2 The starting point for this section is to provide an overview of the pipeline of land and floorspace for both Councils potentially able to contribute supply towards future needs.

Overview of The Supply/Demand Balance

- 19.3 The recommended labour demand growth scenario should be measured against the total pipeline for gains in employment floorspace taking account of changes within and between different employment Use Classes. In terms of comparing the overall net forecast for labour demand it would not be appropriate to count all gross floorspace provision towards these requirements in instances where the gain in floorspace is a result of a 'swap' in employment Use Classes already providing for a potentially different sector of the economy. No allowance for 'replacement' floorspace has been made in these instances. Capturing the corresponding gross loss within employment Use Classes resolves the overall contribution towards the supply-demand balance.
- 19.4 The same approach can be taken to provide a like-for-like comparison with the take-up trend for total change within employment land and floorspace. This allows comparison with the pipeline based on new build employment floorspace *plus* gains through swaps with other employment Use Classes *minus* change of use of floorspace to alternative employment Use Class activities.
- 19.5 Committed losses of floorspace from employment use are not deducted from the pipeline as a separate allowance has been made for replacement of these in future years. However, both Councils should continue to monitor the pipeline of committed losses against the allowance made within the HEDNA Update.
- 19.6 The HEDNA Update provides recommendations on labour demand scenarios using economic forecasts with a 2020 base and totals for a 2020-2040 period. The approach to the supply/demand balance is enables this to be updated and monitored over the plan period and reflect details of the supply pipeline at a given point in time.
- 19.7 As such the illustration of the supply/demand balance within the HEDNA Update takes account of completions within the 2020-2040 forecast period to-date (2020/21 for Hastings

and up to 2021/22 for Rother) to calculate residual demand across remaining years. Likewise, where the supply/demand balance is used to compare past take-up trends these are only calculated for the remaining years of the period to 2040 (19 years for Hastings and 18 years for Rother) and where completions in previous years would be added to provide a like-for-like comparison from 2040.

Overview of Supply Pipeline

- 19.8 The pipeline supply of employment land for both authorities is summarised in Table 159 below. This includes both sites with extant planning permission and current allocated sites. This is based on latest available data, as of 30th November 2021 for Hastings and as of 1st April 2022 for Rother. These commitments are distributed across 102 sites in Rother and 35 sites in Hastings.
- 19.9 The current pipeline supply in Rother comprises around 106,600 sqm employment floorspace of which 45% is office floorspace (E(g)(i)/(ii)), 45% is industrial E(g)(iii)/B2 floorspace and the remaining 10% is storage and distribution (B8). In Hastings, there is a total pipeline supply of around 65,000 sqm, of which 41% is office floorspace (E(g)(i)/(ii)), 39% is industrial E(g)(iii)/B2 floorspace, and 20% is storage and distribution (B8) floorspace.
- 19.10 This figure includes all the current site allocations for Hastings, including Site HTC6 (Priory Quarter, Havelock Road) which is a town centre redevelopment site that has been partially development but was expected to deliver a high proportion of office floorspace. However, it is understood that there is some uncertainty regarding the deliverability of this site at the scale previously anticipated, particularly as whilst 2,320 sqm of E(g)(i) floorspace has been completed within the site (in 2014/2015) there has also been a loss of office floorspace elsewhere within the site to hotel (C1) use.
- 19.11 Table 159 shows the impact of removing the remaining undeveloped elements of the Priory Quarter site allocation (site HTC6) from the pipeline supply. This would result in a 19,380 sqm reduction in office (E(g)(i)/(ii)) floorspace, reducing the overall pipeline supply in Hastings to around 45,600 sqm.

Table 159 Pipeline Employment Land Supply in Rother and Hastings

	Rother	Hastings	
	Gross Pipeline Supply (sqm)	Gross Pipeline Supply – including Priory Quarter (sqm)	Gross Pipeline Supply – excluding Priory Quarter (sqm)
Office (E(g)(i)/(ii))	47,671	26,650	7,270
Industrial (E(g)(iii)/B2)	48,203	25,509	25,509
Industrial Storage/ Distribution (B8)	10,778	128,74	12,874
Total	106,653	65,033	45,653

Source: SPRU analysis of Hastings Borough Council and Rother District Council Data

- 19.12 It should be noted that the characteristics of the pipeline supply in both authorities, in terms of types of sites and their distribution, are broadly similar to that which was reported in the HEDNA (2020) largely due to the fact that the development plan allocations have not changed since this time.
- 19.13 The distribution of employment floorspace commitments by sub-area are discussed in Section 14 above (see Table 101). This analysis indicates that the gross employment floorspace commitments in the urban areas of Bexhill, Rye and Battle (totalling 75,215 sqm) far exceed the total commitments in the rural areas (totalling 38,935 sqm). The majority of the committed supply is within the Bexhill urban area, which is a change from previous development trends where the majority of completions between 2011-2022 were in the Rye Rural area.
- 19.14 The pipeline supply figures quoted above are gross additional floorspace figures so are not directly comparable with the net figures included in the HEDNA (2020) which identifies a net pipeline supply in Rother of 103,642 sqm and in Hastings of 47,442 sqm. The supply/demand balance calculations set out below are based on the gross pipeline supply (rather than net) because an allowance for losses is already included within the demand-side floorspace requirement figures.

Supply/Demand Balance - Hastings

- 19.15 Table 160 below provides the current supply/demand balance within Hastings Borough based on the recommended Labour Demand Growth Scenario (as set out in Section 17).

Table 160 Hastings Supply/Demand Balance based on Labour Demand Growth Scenario

Row	Growth Scenario	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage / Distribution (B8)	Total
(a)	Net Additional Floorspace Required (Including Working From Home Adjustment) (sqm)	6,008	4,818	19,040	29,867
(b)	Net-to-Gross Conversion - Allowance for Expected Future Losses	9,419	3,374	5,775	18,568
(c)	Net Additional Floorspace Completed 2020/21	0	568	0	568
(d)	Gross Additional Floorspace Required (Sqm) ('Demand') (a) + (b) - (c)	15,427	8,192	24,816	48,434
(e)	Demand (Equivalent ha)	3.9	2.0	6.2	12.1
(f)	Stock of Permissions and Allocations (Pipeline) (sqm)	26,650	25,509	12,874	65,033
(g)	Pipeline (Equivalent ha)	6.7	6.4	3.2	16.3
(h)	Net Surplus/Deficit versus Pipeline (sqm) (f) - (d)	11,223	17,318	-11,942	16,599
(i)	Flexibility Margin (converted to sqm)	597	4,030	8,417	13,044
(j)	Additional Floorspace Required (including flexibility margin) (sqm) (d) + (i)	16,025	12,222	33,232	61,478
(k)	Demand (inclusive of flexibility (Equivalent ha)	4.0	3.1	8.3	15.4
(l)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (f) - (j)	10,626	13,288	-20,359	3,555
(m)	Supply/Demand Balance (Equivalent ha) (g) - (k)	2.7	3.3	-5.1	0.9

Source: SPRU Analysis

- 19.16 This indicates an overall broad balance between supply and demand but with a potential deficit in the pipeline for Storage/Distribution by Use Class. The supply/demand balance provides an indication that this would at least in-part be required to be offset by more flexible use of the stock of floorspace identified for industrial (E(g)(iii)/B2) uses.
- 19.17 While a separate measure, Table 161 below illustrates the supply/demand balance based on past take-up trends for total change within employment use classes. This indicates a very similar picture, reflecting stronger recent take-up for B8 uses and also lower levels of development of industrial floorspace. The potentially greater surplus of office floorspace is a function of relatively slow recent take-up compared to the potential future demand identified within the analysis of relevant economic forecasts.

Table 161 Hastings Supply/Demand Balance based on Past Take-up Trend Scenario

Row	Past Take-Up Trend Scenario	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage / Distribution (B8)	Total
(a)	Floorspace Required (Total Change within B-Use) - 2016-21 5-Year Trend (Sqm)	1,526	-5,692	30,711	26,545
(b)	Stock of Permissions and Allocations (Pipeline) (sqm)	26,650	25,509	12,874	65,033
(c)	Pipeline (Equivalent ha)	6.7	6.4	3.2	16.3
(d)	Net-to-Gross Conversion - Allowance for Expected Future Losses	8,948	3,205	5,486	17,639
(e)	Gross Additional Floorspace Required (Sqm) (a) + (d)	10,474	-2,487	36,197	44,185
(f)	Net Surplus/Deficit versus Pipeline (b) - (e)	16,176	27,997	-23,324	20,849
(g)	Flexibility Margin (converted to sqm)	N/A	N/A	N/A	N/A
(h)	Additional Floorspace Required (including flexibility margin) (sqm) (e) + (g)	10,474	-2,487	36,197	44,185
(i)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (b) - (h)	16,176	27,997	-23,324	20,849
(j)	Supply/Demand Balance (Equivalent ha)	4.0	7.0	-5.8	5.2

Source: SPRU Analysis

- 19.18 Both iterations of the supply/demand balance include an allowance for future losses of employment floorspace that are not subtracted from the supply pipeline (to avoid double-counting) but can be compared with existing monitoring data. These are shown in Table 162 below.

Table 162 Committed Employment Floorspace Losses in Hastings

Committed Losses	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage/ Distribution (B8)	Total
As of November 2021	-4870	-786	-214	-5869

Source: Hastings Borough Council monitoring data

- 19.19 These data indicate losses are broadly below levels included as part of the allowance based on past trends. The potential exception relates to the extent of committed losses of office floorspace, which includes -2,894sqm at the Priory Quarter previously brought forward as part of an extant development plan allocation (with the remainder identified within the future pipeline) but potentially subject to change of use to visitor accommodation (C1 hotel use). Excluding Priory Quarter, around 1,900sqm of the total committed floorspace expected to be lost to alternative uses comprises the provision of residential development. Around 1,050sqm relates to proposals that would provide other 'non-E(g)/B' employment generating uses including gymnasia and retail. This is broadly similar to past trends in losses and suggests that the re-use of conventional employment sites may make a limited contribution to demand in other sectors. This indicates that the extent of future losses could continue to impact upon the pipeline of supply required to achieve demand for business floorspace identified within the Growth Scenario.
- 19.20 More significantly details within the committed losses highlight that the Hastings Council's pipeline for future office floorspace is also overwhelmingly concentrated at the Priory Quarter allocation site (HTC6). Uncertainty exists regarding the potential for delivery of the mix of uses within this scheme as previously consented, including c.19,000sqm of office floorspace. The Growth Scenario supply/demand balance has therefore been adjusted in Table 163 below to illustrate the effect of excluding this site from the pipeline.

Table 163 Hastings Supply/Demand Balance based on Labour Demand Growth Scenario excluding Priory Quarter allocation site

Row	Growth Scenario	Office (E(g)(i) / (ii))	Industrial (E(g)(iii)/ B2)	Storage/ Distribution (B8)	Total
(a)	Net Additional Floorspace Required (Including Working From Home Adjustment) (sqm)	6,008	4,818	19,040	29,867
(b)	Net-to-Gross Conversion - Allowance for Expected Future Losses	9,419	3,374	5,775	18,568
(c)	Net Additional Floorspace Completed 2020/21	0	568	0	568
(d)	Gross Additional Floorspace Required (sqm) ('Demand') (a) + (b) - (c)	15,427	8,192	24,816	48,434
(e)	Demand (Equivalent ha)	3.9	2.0	6.2	12.1
(f)	Stock of Permissions and Allocations (Pipeline) (sqm) Excluding Priory Quarter	7,270	25,509	12,874	45,653
(g)	Pipeline (Equivalent ha)	1.8	6.4	3.2	11.4
(h)	Net Surplus/Deficit versus Pipeline (sqm) (f) - (d)	-8,157	17,318	-11,942	-2,781
(i)	Flexibility Margin (converted to sqm)	597	4,030	8,417	13,044
(j)	Additional Floorspace Required (including flexibility margin) (sqm) (d) + (i)	16,025	12,222	33,232	61,478
(k)	Demand (inclusive of flexibility) (Equivalent ha)	4.0	3.1	8.3	15.4
(l)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (f) - (j)	-8,754	13,288	-20,359	-15,825
(m)	Supply/Demand Balance (Equivalent ha) (g) - (k)	-2.2	3.3	-5.1	-4.0

Source: SPRU Analysis

Supply/Demand Balance - Rother

19.21 Table 164 below provides the current supply/demand balance within Rother based on the recommended Labour Demand Growth Scenario.

Table 164 Rother Supply/Demand Balance based on Labour Demand Growth Scenario

Row	Growth Scenario	Office (E(g)(i)/ (ii))	Industrial (E(g)(iii)/ B2)	Storage / Distribution (B8)	Total
(a)	Net Additional Floorspace Required (Including Working From Home Adjustment) (sqm)	5,759	6,134	13,310	25,203
(b)	Net-to-Gross Conversion - Allowance for Expected Future Losses	12,533	6,855	5,200	24,587
(c)	Gross Additional Floorspace Completed 2020-22	591	933	2,230	3,754
(d)	Gross Additional Floorspace Required (sqm) ('Demand') (a) + (b) - (c)	17,701	12,055	16,280	46,036
(e)	Demand (Equivalent ha)	5.9	4.0	5.4	15.3
(f)	Stock of Permissions and Allocations (Pipeline) (sqm)	47,671	48,203	10,778	106,653
(g)	Pipeline (Equivalent ha)	15.9	16.1	3.6	35.6
(h)	Net Surplus/Deficit versus Pipeline (sqm) (f) - (d)	29,971	36,148	-5,502	60,617
(i)	Flexibility Margin (converted to sqm)	4,484	6,003	13,912	24,399
(j)	Additional Floorspace Required (including flexibility margin) (sqm) (d) + (i)	22,185	18,058	30,192	70,435
(k)	Demand (inclusive of flexibility (Equivalent ha)	7.4	6.0	10.1	23.5
(l)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (f) - (j)	25,487	30,145	-19,414	36,218
(m)	Supply/Demand Balance (Equivalent ha) (g) - (k)	6.4	7.5	-4.9	9.1

Source: SPRU Analysis

- 19.22 As with the position in Hastings, the supply/demand balance calculated using past take-up trends, shown in Table 165 below, provides a similar profile to the Growth Scenario. Within Rother the potential shortfall of B8 Storage/Distribution uses is exaggerated although this in-part relates to the impact of the Churchfields redevelopment in Rye providing for relatively large volumes of floorspace. This in-turn exaggerates the potential deficit in supply versus the pipeline.
- 19.23 The characteristics of the pipeline generate a deficit under either scenario, and this is principally due to the more limited provision for Storage and Distribution uses relative to the concentration of industrial floorspace within the pipeline for identified sites primarily at Bexhill. This creates some doubt as to the extent to which the pipeline may be capable of being delivered flexibly to address this deficit. The extent of the deficit produced by the Growth Scenario is considered more representative of future demand. This is on the basis that the Churchfields redevelopment was relatively exceptional for the area although the take-up scenario does provide a useful reference that additional supply to address the deficit will not necessarily be a function of demand within the main settlements.
- 19.24 The take-up scenario also reflects that the delivery of office floorspace in recent years has been similar, but slightly stronger, than the assumptions of the Growth Scenario equating to a less significant potential surplus within the pipeline. The overall calculation of the supply/demand balance is, however, principally driven by the concentration of the supply pipeline at Bexhill. The take-up scenario (and indicator of future demand) is a useful reference that recent trends have been driven by a combination of supply across the urban and rural areas.

Table 165 Rother Supply/Demand Balance based on Past Take-up Trend Scenario

Row	Past Take-Up Trend Scenario	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage/ Distribution (B8)	Total
(a)	Floorspace Required (Total Change within B-Use) - 2012-22 10-Year Trend (Sqm)	15,032	2,003	45,182	62,218
(b)	Stock of Permissions and Allocations (Pipeline) (sqm)(net)	47,671	48,203	10,778	106,653
(c)	Pipeline (Equivalent ha)	11.9	12.1	2.7	26.7
(d)	Net-to-Gross Conversion - Allowance for Expected Future Losses	11,279	6,169	4,680	22,129
(e)	Gross Additional Floorspace Required (Sqm) (a) + (d)	26,312	8,172	49,862	84,346
(f)	Net Surplus/Deficit versus Pipeline (b) - (e)	21,360	40,031	-39,084	22,307
(g)	Flexibility Margin (converted to sqm)	N/A	N/A	N/A	N/A
(h)	Additional Floorspace Required (including flexibility margin) (sqm) (e) + (g)	26,312	8,172	49,862	84,346
(i)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (b) - (h)	21,360	40,031	-39,084	22,307
(j)	Supply/Demand Balance (Equivalent ha)	5.3	10.0	-9.8	5.6

Source: SPRU Analysis

19.25 The level of committed losses of employment floorspace to other uses in the Rother Council area is shown in Table 166. These losses are not netted off from the future pipeline to avoid double-counting with allowances made as part of the Growth Scenario. In order to properly assess the contribution towards supply from sites providing a small element of employment floorspace as part of overall redevelopment, the total change in employment floorspace has been netted off separately in calculating the supply pipeline. This includes schemes at Rye and the Hastings Fringes⁹⁹ that are atypical in terms of the types of losses included within the replacement floorspace allowance. These examples place additional pressure on the supply pipeline in terms of achieving the net additional

⁹⁹ Land at Bridge Point and the former Michael Tyler Factory

floorspace required to meet labour demand. As such any future provision through plan-making for the redevelopment of existing premises and their potential replacement with a much lower quantum of employment floorspace within different Use Classes could exaggerate the need for additional provision for economic development on alternative sites.

Table 166 Committed Employment Floorspace Losses in Rother

Committed Losses	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage / Distribution (B8)	Total
As of 1 April 2022	-3,754	-5,666	-567	-9,987

Source: Rother District Council monitoring data

- 19.26 The pipeline of committed losses of office floorspace is broadly proportionate to the total allowance made over the plan period (11,300sqm) and principally comprises small-scale change of use below 1,000sqm. The relatively modest total is likely to reflect strong demand for the majority of existing stock.
- 19.27 In contrast, committed losses from industrial use are almost equivalent to the total allowance for the 2020-2040 forecast (6,200sqm). Once again almost all committed losses are from small-scale existing stock comprising less than 1,000sqm floorspace. Commitments data indicates that floorspace within these sites is being lost to non-employment uses (although may include other employment-generating activities) and therefore relatively less scope for the suitability of these sites to be redeveloped to meet other demand for economic development (including office or storage). This would support recommendations of close monitoring of the extent of future losses and giving consideration to the identification of additional supply to meet specific floorspace needs within the supply/demand balance.

Supply/Demand Balance - FEMA

- 19.28 Table 167 below calculates the supply/demand balance for the whole FEMA, including both Hastings and Rother Council areas. This is summarised in Table 168. This shows a potential shortfall in B8 Storage/Distribution uses across both Council areas, as well as an overall shortfall in Hastings (including in office and storage/distribution uses). As the majority of the committed employment floorspace supply in Rother District is in Bexhill, it may need to be considered whether any of this committed supply, if deliverable, can be used to offset these identified shortfalls. Conversely any constraints to the delivery of this pipeline may in-turn be reflected in indicators of demand extending beyond the main urban settlements of Bexhill and Hastings and placing additional pressure upon supply elsewhere.

Table 167 FEMA Supply/Demand Balance based on Labour Demand Growth Scenario (excluding Priory Quarter)

Row	Growth Scenario	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage / Distribution (B8)	Total
(a)	Net Additional Floorspace Required (Including Working From Home Adjustment) (sqm)	11,767	10,952	32,351	55,070
(b)	Net-to-Gross Conversion - Allowance for Expected Future Losses	21,952	10,228	10,975	43,155
(c)	Net Additional Floorspace Completed	591	1,501	2,230	4,322
(d)	Gross Additional Floorspace Required (sqm) ('Demand') (a) + (b) - (c)	33,128	19,679	41,096	93,903
(e)	Demand (Equivalent ha)	9.8	6.1	11.6	27.5
(f)	Stock of Permissions and Allocations (Pipeline) (sqm)	549,42	73,713	23,652	152,306
(g)	Pipeline (Equivalent ha)	1.8	6.4	3.2	11.4
(h)	Net Surplus/Deficit versus Pipeline (sqm) (f) - (d)	21,223	52,533	-19,674	54,082
(i)	Flexibility Margin (converted to sqm)	5,081	10,033	22,329	37,443
(j)	Additional Floorspace Required (including flexibility margin) (sqm) (d) + (i)	38,209	29,712	63,424	131,345
(k)	Demand (inclusive of flexibility) (Equivalent ha)	11.4	9.1	18.4	38.8
(l)	Net Surplus/Deficit versus Pipeline (inclusive of flexibility margin) (f) - (j)	16,733	44,001	-39,772	20,961
(m)	Supply/Demand Balance (Equivalent ha) (g) - (k)	4.2	11.0	-9.9	5.2

Source: SPRU Analysis

Table 168 Summary of FEMA Supply/Demand Balance based on Labour Demand Growth Scenario (excluding Priory Quarter)

Growth Scenario Supply Demand Balance (ha)	Office (E(g)(i)/(ii))	Industrial (E(g)(iii)/B2)	Storage/ Distribution (B8)	Total
Hastings	-2.2	3.3	-5.1	-4
Rother	6.4	7.5	-4.9	9.1
FEMA total*	4.2	11	-9.9	5.2

Source: SPRU Analysis. *Totals may not sum due to rounding.

Supply/Demand Balance – Implications for Monitoring and Comparison with Previous HEDNA

- 19.29 The HEDNA (2020) identifies a supply/demand balance in Hastings of -0.2 ha office and -1.2 ha industrial employment land, and a supply/demand balance in Rother of +3.6 ha office and +1.9 ha industrial employment land, noting that the figures in the previous HEDNA reflect net rather than gross supply commitments. Across the two authorities (the FEMA area) the HEDNA (2020) identifies a net surplus of 3.8 ha office employment land and 3.3 ha industrial employment land on the assumption that Rother can ‘absorb’ unmet needs within Hastings.
- 19.30 The HEDNA (2020) however also notes that the apparent ‘oversupply’ of offices should be treated with caution, as there were a large volume of commitments, particularly in Rother, without certainty in implementation.
- 19.31 The HEDNA Update has, through the exclusion of Priory Quarter from the overall supply/demand balance calculation, sought to account for the uncertainty in delivery of the remaining elements of this scheme in particular. However, there may be other committed schemes where deliverability is an issue. This should be taken into account when considering future allocations and the qualitative needs of employment growth sectors. The deficit in office floorspace within the Hastings component of the supply/demand balance is also a function of the increased allowance for replacement of future losses. This reflects existing trends (including loss to residential development). This is separate from the observation that modest net additional labour demand has been identified for uses requiring net additional office floorspace, supported through stakeholder input.
- 19.32 This is suggestive that the characteristics of some secondary stock (principally through lack of adaptability and suitability to provide for small and mid-size footplates) are potentially affecting the market and represent barriers to investment and meeting demand. The allowance for replacement is therefore considered reasonable. However, actual future losses of stock should be monitored closely. A reduction in anticipated losses would reflect

the potentially greater retention and re-use of existing stock to meet needs. There is also some flexibility of the characteristics of supply that would support future replacement, and this could be achieved through new delivery models rather than like-for-like replacement of conventional office floorspace. This could include flexible and co-working workspace and potential co-location with smaller-scale light industrial and studio uses. The allowance for replacement of anticipated losses within the supply/demand balance is not prescriptive in terms of location but it would be appropriate to view this as encouraging new opportunities for provision in both urban and appropriate out-of-town locations to provide flexibility in meeting total demand.

- 19.33 The 'lower' totals generated from the methodology for replacement industrial stock within the HEDNA are not indicative of reduced need, and this also has implications for monitoring the supply/demand balance and future changes in stock. Specifically, at least in the short-term the methodology for replacement adopted in this HEDNA Update anticipates the protection and retention of the majority of sites currently within industrial and storage use. This is considered preferable to a replacement factor based upon VOA stock, which in SPRU's view provides a skewed means on justification for supply in the pipeline without necessarily outlining a view on what is anticipated for existing sites which are effectively assumed to be replaced. The replacement allowance based on recent trends effectively means there is no assumption of large-scale losses of existing industrial floorspace, which is consistent with observations on market trends.
- 19.34 In terms of the potential 'surplus' in the pipeline of industrial floorspace should be monitored in the context of overall delivery. This is because increased delivery could affect the characteristics for retention and replacement or re-use of existing stock. Addressing the changing characteristics of industrial need (including improvements in the quality of accommodation) and any support arising for intervention and investment would be consistent with the take-up of the pipeline as it exists in prime locations (in the context of the FEMA) to deliver an increase in total stock. The justification for this does not need to be provided on the basis of replacement of existing stock but where the pipeline for new supply would provide the most appropriate means of meeting net additional needs.
- 19.35 It does not follow that there will be no net additional demand if this pattern of investment does not take place, or that there will inevitably be an increased loss of existing stock if it does. The outcomes of the HEDNA Update based on the growth scenario are that a positive total net change within employment floorspace is required before any replacement factor is considered. Total net change within the portfolio of industrial stock is therefore to be monitored closely but with a presumption for its retention subject to a marked change in take-up trends for new supply. If a marked change does not occur in take-up to overcome current market constraints then barriers to other opportunities to meet needs – such as redevelopment or intensification of existing sites – should be avoided. This would also support a strong policy basis to identify the most strategically important employment areas

and provide support for development in these parts of the existing portfolio will be important.

- 19.36 If a marked change in take-up does occur then the total net change in existing industrial floorspace could be expected to result in an increase in re-use of the existing stock either to other industrial or business uses, other employment generating uses or possibly loss from employment use - in effect retrospectively justifying realisation of a replacement factor.
- 19.37 While the take-up of new development would provide some flexibility for this to occur in the existing portfolio it should not automatically be assumed as what should be planned for from the outset, given the potential role of the existing portfolio to support diversification in the range of economic activity undertaken over time. The surplus in the industrial pipeline is therefore important for flexibility and would not, at the base-date of the plan, necessarily indicate an overprovision of land and floorspace for which there is no demand for these patterns of development.
- 19.38 The characteristics of storage and distribution demand in the FEMA (principally associated with small scale provision for local needs on non-dedicated sites) also has implications for how net additional needs are met. Current development trends include example of generating a positive net change in floorspace through re-use of the existing portfolio i.e., schemes recorded in Hastings corresponding to Change of Use from light industrial to storage. A deficit is identified against future needs for these uses, indicating constraints to supply. While it is certainly the case that the potential 'surplus' for industrial floorspace could mean that, subject to flexibility over delivery, there is scope for this to provide for alternative uses it is also the case that some of these needs could be generated from the re-use of existing industrial sites (providing the alternative provision for these uses is available elsewhere in the pipeline).

20 CONCLUSIONS ON ECONOMIC GROWTH AND EMPLOYMENT LAND NEEDS

Summary

- The HEDNA Update concludes that the local authority areas of Hastings and Rother, together with their intrinsic sub-areas, comprise a self-contained Functional Economic Market Area.
- The HEDNA Update recognises the uneven distribution of economic activity in the rural area overall that can be specifically attributed to the relationship with the fringes of the main settlements at Bexhill and Hastings and strengthening self-containment within the FEMA.
- The HEDNA Update concludes that any qualitative and quantitative observations on recent take-up trends and the characteristics of future demand for land and floorspace should be evaluated in the context of the FEMA as a whole. Any perception of short-term concentration of planning and development activity relating to provision in the rural areas specifically should be considered in the context of wider demand and relative to the overall stock of properties and floorspace in the FEMA. Stakeholder engagement undertaken as part of an assessment of market signals also supports a FEMA-wide approach to addressing future needs for economic development.
- Whilst there is no clear evidence to separately identify specific needs for employment floorspace in rural areas in order to help support future economic growth in rural areas there is a need for flexibility to enable further diversification and allow rural businesses to respond effectively to external factors, including changing markets and climate change.
- The HEDNA Update finds strong evidence to indicate an increase in rates of home-working over the plan period in-line with 2012-2019 pre-pandemic trends and having a moderate downward effect on future net additional needs for land and floorspace. It is acknowledged that there is some scope for uncertainty in these trends and the effect of local characteristics of labour demand (including activities such as tourism, outside of sectors generating conventional demand for land and floorspace but potentially supported by retention and re-use of the existing portfolio of stock) and

labour supply (including qualification levels and whether the operation of the housing market attracts an increase in home-workers).

- Whilst there has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall need for employment floorspace within the two Council areas, the increases in homeworking have however been reflected in the overall floorspace requirement figure and may result in an increased desire for dedicated homeworking space within residential units, which it is envisaged will be picked up through market demand for housing. The delivery of new homes in the course of the plan period will provide a longer-term solution to provide accommodation to support the anticipated increase in home-working.
- The performance of 'resort core' activities such as hospitality and tourism (particularly in Hastings) will be a leading indicator of whether the population locally is engaged in a higher or lower proportion of activities that support increased home-working. It would be open to the Councils to plan positively to ignore working from home trends when calculating demand for land and floorspace (in effect assuming that these do not dampen net needs) and place a greater onus on monitoring total change in employment.
- At present there does not appear to be any effect from Use Class E (introduced in September 2020), which enables permitted changes of use between commercial, business and service uses (including shops and offices), as losses have been lower in recent years. In-fact the presence of Class E might even act against future loss of offices as permitted development no longer applies above 1,500sqm floorspace for former B1(a) uses. However, there may be a need for town centres to focus on providing more mixed-use developments, including flexible and shared workspaces.
- Some of the characteristics of development in the rural area can be attributed to providing limited opportunities to replace floorspace lost elsewhere or providing some flexibility to meet changing market demand particularly in the small-scale office market. However, development in the rural sub-areas would not, in general terms, provide a direct substitute for under-provision elsewhere.
- In terms of ensuring the delivery of sufficient storage/distribution floorspace to meet future needs, particularly to serve the urban area of Hastings, it may be necessary to consider whether any existing stock can feasibly be redeveloped or repurposed to meet these needs. In suitable locations it may also be possible to re-designate sites allocated for former B1c/B2 uses for more flexible B-use (including B8) across the wider FEMA area.

- Subject to relevant criteria being used to determine the suitability of sites such as highway capacity, impact on local character and access to labour allocations across the FEMA, sites should not be unnecessarily restricted from accommodating B8 storage and distribution uses.
- It is likely that further public sector interventions will be required to ensure that existing allocations are delivered, including those in Bexhill which form a large proportion of the committed supply pipeline. Plans should seek to address barriers to investment, including upskilling of local residents.
- In terms of managing patterns of supply and demand control, over-provision in rural areas is likely to be partly dependent on bringing forward alternative sources of provision at Hastings and Bexhill. Non-delivery of the committed pipeline within the urban area could further increase actual or perceived increase in the synergy with the rural area in terms of supporting office-based employment needs.

Definition of the FEMA, Baseline Characteristics and Market Signals

- 20.1 The HEDNA Update concludes that the local authority areas of Hastings and Rother, together with their intrinsic sub-areas, comprise a self-contained Functional Economic Market Area. This conclusion aligns with findings presented in the Rother and Hastings HEDNA (2020) and similar studies undertaken in adjoining authorities.
- 20.2 The HEDNA considers the relative distribution and characteristics of employment across sub-areas within the FEMA to further support the conclusion that an overall understanding of needs for economic development can be understood on the basis of a self-contained total. This is due to the strength of links within the FEMA focused between Hastings, Bexhill and Battle (and to a lesser extent Rye) as the main urban concentrations of employment and economic activity. This is reinforced by the profile of North-South and East-West links that do existing focusing connections upon these settlements and the relative absence of strategic transport links and influence of other urban centres upon the FEMA.
- 20.3 The quantitative employment needs identified within this HEDNA are therefore presented at a local authority and/or FEMA totals, as appropriate.
- 20.4 Details of baseline characteristics and a qualitative overview of needs is provided by sub-area reflecting that these represent the main geographies that comprise the overall FEMA and will be used as a basis for policy-making.
- 20.5 The HEDNA Update recognises the uneven distribution of economic activity in the rural area overall that can be specifically attributed to the relationship with the fringes of the main settlements at Bexhill and Hastings and strengthening self-containment within the FEMA.
- 20.6 The economic baseline for the FEMA concludes that over 85% of employment and over 80% of economic output is generated by the urban areas within the FEMA. These trends have been stable over time while the most recent evidence series indicates that positive net change in total employment has been as a result of growth in the urban areas, primarily within service sectors. The economic baseline indicates rates of enterprise and business survival that exceed average performance for the region, particularly within Rother District. These baseline characteristics exist alongside an acknowledgement of somewhat greater barriers to increasing employment rates and the skills profile of employees within Hastings.
- 20.7 Commercial market signals have been reviewed as part of the HEDNA Update. These identify that the urban sub-areas within the FEMA overwhelmingly provide the majority of

floorspace stock and properties. Although modest overall, recent trends in take-up measured through gross and net delivery and change in floorspace through planning and development activity have not significantly affected this distribution. It is principally the continued use of existing stock for business uses and thus limited instances of annual net losses since 2016 that have led to stable trends in overall floorspace totals relative to pre-2009 levels. The limited evidence of recent development, and effect of 'one-off' schemes influencing supply, has led to the conclusions within this HEDNA Update that past take-up trends are unlikely to provide a reliable means of estimating future needs.

- 20.8 In terms of market signals the HEDNA Update concludes that any qualitative and quantitative observations on recent take-up trends and the characteristics of future demand for land and floorspace should be evaluated in the context of the FEMA as a whole. Any perception of short-term concentration of planning and development activity relating to provision in the rural areas specifically should be considered in the context of wider demand and relative to the overall stock of properties and floorspace in the FEMA.
- 20.9 Stakeholder engagement undertaken as part of an assessment of market signals supports a FEMA-wide approach to addressing future needs for economic development. Key findings have identified the importance of addressing barriers to supply principally focused upon responding to changing market needs and supporting delivery of the existing pipeline to support future investment, with a focus upon the urban centres at Hastings and Bexhill. Stakeholder comments have reinforced the strength of connections within the FEMA, including the role of sites at the urban fringe in providing additional flexibility in supply.
- 20.10 The baseline assessment and review of market signals has also acknowledged that the geographic extent of the rural areas of Rother is significant, indicating that some types of employment and patterns of land use might be highly dispersed (for example agriculture, hospitality and tourism). This does not in itself support the conclusion that the rural sub-areas should be viewed as substantiating separate assessments of needs for economic development nor is there any requirement for this in national policy.
- 20.11 Economic activity within the rural areas has generally been associated with stable levels of net employment and with the majority of employment in sectors not typically associated with needs for conventional employment land and floorspace (i.e., offices and industrial floorspace). Whether, for example, necessary floorspace for production and distribution can be provided as part of proposals for rural diversification and growth is specific to details of individual schemes and land use constraints. This could include the extent to which redevelopment and diversification reutilises existing buildings or corresponds to activities that are more closely aligned to pre-existing agricultural functions.
- 20.12 Whilst there is no clear evidence to separately identify specific needs for employment floorspace in rural areas in order to help support future economic growth in rural areas

there is a need for flexibility to enable further diversification and allow rural businesses to respond effectively to external factors, including changing markets and climate change.

Jobs Growth Forecasts

- 20.13 The recommended future employment land requirement for Rother and Hastings is based on the labour demand growth scenarios which are set out in Section 15 and in accordance with PPG, take account of past employment trends and market signals. The local growth scenario for Hastings is based on the OE baseline forecast but incorporates the adjustments to the manufacturing, transport & storage, accommodation & food services and public services sectors. The local growth scenario for Rother is based on the OE baseline forecast but incorporates the adjustments to the manufacturing and accommodation & food services sectors.
- 20.14 This identifies an anticipated jobs growth of 4,150 additional jobs in Hastings and 3,800 additional jobs in Rother over the period 2020-2040. In converting jobs growth in an employment floorspace and land requirement, a number of assumptions were applied, as set out in Section 18. The policy implications of two of these assumptions (working from home and replacement for losses) are discussed below.

Working from Home Trends

- 20.15 As detailed in Section 18, recent evidence suggests that whilst levels of home-working have declined from the high levels seen in particular sectors during the pandemic, levels of home-working continue to remain above those seen pre-pandemic as many of the cultural and technological barriers have been overcome and many advertised roles, particularly in office-based sectors, now offer 'hybrid' or 'flexible' working arrangements. This change in working practices is therefore likely to impact on the quantum of employment space required to be planned for to support existing and future jobs growth.
- 20.16 Trend-based adjustments to rates of homeworking have therefore been applied to the employment land requirement calculations, rather than forecasting a substantial reduction in the absolute net demand for floorspace.
- 20.17 Whilst there has been no evidence from stakeholders or past development trends to indicate that there is a demand or need for specific live-work units as part of the overall need for employment floorspace within the two Council areas, the increases in homeworking have however been reflected in the overall floorspace requirement figure and may result in an increased desire for dedicated homeworking space within residential units, which it is envisaged will be picked up through market demand for housing.

- 20.18 It should be noted that in the immediate term, subject to access to financial means, demand for housing with the ability to support home-working for the circumstances of any given family will most often be met through acquiring property larger than that otherwise required in terms of bedroom number. The delivery of new homes in the course of the plan period will provide a longer-term solution to provide accommodation to support the anticipated increase in home-working, noting that these trends may evolve further and be subject to different economic conditions at the time.
- 20.19 In that context the Councils may wish to consider the implications of home-working as part of options for planning control including conditions to restrict the use of dedicated home-working space. Likewise, any proposals to adopt the nationally described standards could reasonably take account of whether provision should be made to assess dedicated provision for home-working in accordance with room standards for minimum bedroom size. This would be with the objective of ensuring dedicated workspace could be occupied by additional residents without adversely affecting housing standards or delivery outcomes in terms of overall housing mix.

Replacement for Losses – Implications of Class E and Permitted Development

- 20.20 Section 18 presents an analysis of historic employment floorspace losses across the two authorities by use class. Assuming the same level of losses continues over the plan period, a further 18,570 sqm of employment land would be lost in Hastings and a further 24,590 sqm employment land would be lost in Rother.
- 20.21 In order to ensure that these potential future losses are adequately reprovisioned and to ensure there is sufficient employment land to support the net growth in jobs over the plan period, the net losses data has been annualised and then multiplied by twenty to identify the replacement demand required for the forecasting period. This has then been converted to a land requirement using the plot ratios used in the main labour demand modelling. This replacement demand has then been added to the net requirement in order to estimate gross needs.
- 20.22 At present there does not appear to be any effect from Use Class E (introduced in September 2020), which enables permitted changes of use between commercial, business and service uses (including shops and offices), as losses have been lower in recent years. In-fact the presence of Class E might even act against future loss of offices as permitted development no longer applies above 1,500sqm floorspace for former B1(a) uses. However, there may be a need for town centres to focus on providing more mixed-use developments, including flexible and shared workspaces.

Overall Employment Needs and Land Requirement

20.23 Once an allowance for working from home, an allowance for replacing losses and a flexibility margin has been applied, the labour demand growth scenario identifies a total employment land requirement of **15.4ha** in Hastings and **24.7ha** in Rother for the period 2020 to 2040. The overall employment floorspace and land requirement by use class for each authority is summarised in the table below.

Table 169 Total Employment Floorspace Requirement Summary (2020-2040)

	Office	Industrial	Storage/Distribution	Total
Hastings				
Ha	4.0	3.1	8.3	15.4
sqm	16,025	12,222	33,232	61,478
Rother				
Ha	7.6	6.3	10.8	24.7
sqm	22,776	18,991	32,422	74,189

Source: SPRU Analysis

Supply/Demand Balance

20.24 Analysis of the committed pipeline of employment land supply (extant permissions and allocations) in each authority, indicates a gross pipeline supply of 106,653 sqm in Rother and 45,643 sqm in Hastings (excluding the remaining allocation at Priory Quarter, Havelock Road). In terms of the overall supply/demand balance, there is expected to be a deficit in office (E(g)(i)/(ii)) and storage/distribution (B8) employment land in Hastings, and a deficit in storage/distribution (B8) employment land in Rother, over the plan period, as summarised in the table below.

Table 170 Summary of FEMA Supply/Demand Balance based on Labour Demand Growth Scenario (excluding Priory Quarter)

Growth Scenario Supply Demand Balance (ha)	Office	Industrial	Storage/ Distribution	Total
Hastings	-2.2	3.3	-5.1	-4
Rother	6.4	7.5	-4.9	9.1
FEMA total*	4.2	11	-9.9	5.2

Source: SPRU Analysis. *Totals may not sum due to rounding.

- 20.25 This indicates an overall deficit in employment floorspace in Hastings (particularly in office and storage/distribution) and a surplus in Rother (albeit with a deficit in storage/distribution).

Delivery of Future Employment Needs

- 20.26 The recommendations for future needs for land and floorspace identified within the HEDNA Update conclude that these cannot be reliably estimated based on past take-up arising from recent delivery.
- 20.27 Across the FEMA for the 2016-2021 period the short-term trend indicates positive net change in the rural areas relative to urban areas. However, these trends cannot therefore be considered indicative of wider demand in the FEMA in terms of the scale, type and distribution of new provision. This is particularly the case where existing stock is considered to be well occupied and performing well. The total stock of floorspace within the main urban areas has been relatively consistent and continues to provide the overwhelming source of supply to meet patterns of demand through searches for property and re-use of existing stock.
- 20.28 Total floorspace amounts delivered as a result of recent trends remain modest. These have not materially altered the substantially greater proportion of pre-existing floorspace and economic activity concentrated in the FEMA's main centres.
- 20.29 The typologies of development activity associated with this pattern of activity should therefore not be viewed as supporting large-scale displacement of demand from the main urban centres of the FEMA nor generating significant freestanding demand for land and floorspace specific to the rural area.
- 20.30 As such barriers to meeting future needs would still be associated with any failure to provide for net additional needs (and some replacement of existing stock) within the main urban locations within the FEMA.
- 20.31 Some of the characteristics of development in the rural area can be attributed to providing limited opportunities to replace floorspace lost elsewhere or providing some flexibility to meet changing market demand particularly in the small-scale office market.
- 20.32 This should be viewed as potentially reinforcing property and labour market links between urban and rural sub-areas in the FEMA through opportunities to meet immediate needs for start-up, expansion or investment and where necessary complementing the division of processes and operations. The committed pipeline for land and floorspace for schemes located at the fringes of Hastings and Bexhill is a separate example within the same context where there is the opportunity to deliver larger footprint floorspace for industrial and storage and distribution uses well located to the main centres of activity in the FEMA.

This illustrates that the urban and rural sub-areas are interdependent rather than any increase of development levels in the rural sub-areas providing a direct substitute for any limits to provision elsewhere.

- 20.33 The majority of committed employment land supply is located within the main urban settlement at Bexhill. This would represent a departure from recent development trends, and the delivery of the pipeline in urban areas will also require monitoring in terms of the extent to which it qualitatively and quantitatively supports provision for increased demand within growth sectors such as Professional Services in-line with the pre-existing distribution of levels of employment. Non-delivery of the committed pipeline would result in an increased deficit in the supply/demand balance and potentially result in increased pressure for development on unallocated or 'windfall' sites to address a quantitative shortfall.
- 20.34 The majority of committed office supply is located within the main urban settlements at Hastings and Bexhill, consistent with the main centres of activity and distribution of existing floorspace.
- 20.35 While delivery of this pipeline would represent a departure from recent short-term development trends stakeholders indicated that urban locations retain potential advantages in terms of access to markets and labour supply and with support the supply of new Grade A floorspace is likely to be attractive to meet demand that exists. While the forecast provision for net additional needs remains relatively modest the delivery of opportunities to increase the stock of office floorspace also takes account of provision for replacement of anticipated future losses.
- 20.36 Stakeholders supported greater flexibility in future models for the delivery of office floorspace, including provision of smaller sized units, adaptable accommodation, flexible and co-working space and potentially greater overlaps with smaller-scale workshop and light industrial space.
- 20.37 In terms of ensuring the delivery of sufficient storage/distribution floorspace to meet future needs, particularly to serve the urban area of Hastings, it may be necessary to consider whether any existing stock can feasibly be redeveloped or repurposed to meet these needs. In suitable locations it may also be possible to re-designate sites allocated for E(g)(iii)/B2 uses for more flexible employment use (including B8) across the wider FEMA area. It may be necessary to consider in further detail the characteristics of recent B8 uses that have been delivered alongside assessing potential sites in terms of their suitability for B8 uses (e.g. 'last-mile' delivery and distribution).
- 20.38 The qualitative and quantitative characteristics of demand for storage and distribution uses indicates that these are predominantly to serve a local market and it would be reasonable to assume that supply to meet demand would be non-strategic in nature (typically any unit under 10,000sqm). Activity is currently concentrated within the urban areas of the FEMA,

- particularly Hastings, which in part reflects the current generally flexible approach to support the re-use or intensification of existing stock for these uses. It is reasonable to anticipate this pattern being sustained given the characteristics of the FEMA acting as a constraint to larger-scale operations or serving wider distribution catchments.
- 20.39 Competing pressure for different employment land uses together with the continued growth of this sector could nevertheless necessitate supply and demand for these uses across a wider functional area of the FEMA. This HEDNA update recommends that subject to relevant criteria being used to determine the suitability of sites such as highway capacity, impact on local character and access to labour allocations across the FEMA, sites should not be unnecessarily restricted from accommodating B8 storage and distribution uses.
- 20.40 In light of the slow progress that has been made in delivering a number of existing employment land allocations in Hastings and Rother since the publication of the HEDNA (2020), including a number of sites which have been lost to principally residential but also other employment generating 'non-B' class uses, it is likely that further public sector interventions will be required to ensure that existing allocations are delivered, including those in Bexhill which form a large proportion of the committed supply pipeline.
- 20.41 It should also be noted as presented in Section 3 of this report that Hastings in particular has a low job density, poor attainment of formal qualifications, and high levels of unemployment amongst the working age population. This is also the case to a lesser but still significant extent in Rother.
- 20.42 Paragraph 85 of the NPPF states that significant weight should be placed on the need to support economic growth in plan making. The approach taken should include countering any weaknesses. Paragraph 86a further sets out that plans should encourage sustainable economic growth and (para 86c) seek to address barriers to investment. Therefore, in addition to considering the employment needs created by growth scenarios, the employment needs of existing residents of the HMA/ FEMA must also be considered, as well as the need to increase the skill level of the labour force and the job density to provide "spousal/ familial jobs" to remove key barriers to inward investment activity. This reinforces the justification to support for market intervention and delivery of the supply pipeline in Hastings itself, but can also be highlighted over and above the model-based job and floorspace requirements.
- 20.43 Two components arising from this are firstly that it would be open to the councils to plan positively to ignore working from home trends when calculating demand for land and floorspace (in effect assuming that these do not dampen net needs). Secondly, measuring total employment change by sector will be of greater importance to understanding overall patterns of labour demand and the characteristics of home-working. To some extent the performance of 'resort core' activities such as hospitality and tourism (particularly in

- Hastings) will be a leading indicator of whether the population locally is engaged in a higher or lower proportion of activities that support increased home-working.
- 20.44 The combined effect of these components would both directly and indirectly place a greater onus on the retention of existing stock as potentially appropriate to supporting economic development appropriate to the needs of the local population. Directly this would be consistent with the scope for intensification or redevelopment of existing sites meeting a proportion of future needs in circumstances where the changing characteristics of the local population and economy remain more consistent with current or pre-existing proportions of workplace-based employment. The dampening effect of projected trends in working from home effectively ignores or offsets this aspect of net additional future needs. Indirectly the total change in employment has a relationship with the existing portfolio of employment floorspace both in terms of induced employment (for example increased spend locally) and the potential benefits of its retention, even if land and floorspace is subsequently utilised for other non-B/E(g) employment generating uses.
- 20.45 The quantitative and qualitative characteristics for other supply in the rural areas, taking account of the relationship with the wider FEMA and role of the Hastings urban fringe should not necessarily be expected to follow recent take-up trends exactly.
- 20.46 Recent net trends may be broadly indicative of future changes in land and floorspace within the rural area (excluding the Hastings and Bexhill urban fringes), but this HEDNA does not consider it possible or appropriate to provide a robust standalone figure for specific needs for economic development within the rural area. These needs should be viewed in the context of the wider FEMA, and there is no requirement in policy or guidance to provide a geographic breakdown of needs by sub-area. Details of the existing pipeline indicate that supply is unlikely to be the current main barrier to support for economic growth in the rural area, which may also be affected by constraints to labour supply.
- 20.47 Any significant reduction in the provision of net additional floorspace within the rural sub-areas should be monitored closely. This has the potential to result in a negative effect on economic outlook given that the 2016-2021 period corresponded to generally stable levels of employment (with an increase in other key areas including hospitality and retail) and a corresponding increase in GVA.
- 20.48 Stakeholders have highlighted a preference for the policy approach to economic development in the rural areas to support the continued intensification, re-use or diversification of existing sites, but this is set against a relatively small existing portfolio for land and floorspace that provides for these opportunities without requiring new greenfield development. Conversely, the modest overall levels of development within recent trends mean demand for additional land and floorspace may increase over time as part of activities necessary to support future diversification (for example increased requirements for food production or distribution space) relative to recent examples of schemes.

- 20.49 The pipeline of additional office floorspace committed within the rural area is more widely dispersed. Around 25% is also attributable to the schemes within urban fringe locations. Stakeholder comments reflect the potential for a greater share of provision for labour demand within growth sectors being sought within rural areas.
- 20.50 Several factors were identified as contributing to this trend include post-Coronavirus working practices, attractiveness of the rural environment, quality of stock and low levels of vacancy (for suitable footplates) and current new build development activity within urban settlements. In terms of managing patterns of supply and demand control over provision in rural areas is likely to be partly dependent on bringing forward alternative sources of provision at Hastings and Bexhill. Non-delivery of the committed pipeline within the urban area could further increase actual or perceived increase in the synergy with the rural area in terms of supporting office-based employment needs.

APPENDIX A: ROTHER SUB-AREA PROFILE

2021 Census Headlines

- A.1 Rother is split into 6 sub-areas: Bexhill, Rye, Rye Rural, Battle, Battle Rural, and Ticehurst (Figure 116). At the 2021 Census, Bexhill has the largest population, at 44.5k, just under 50% of Rother's population (Table 171). It also has the highest population density, with 1,375 people per km², followed by Rye, with 1,083 people per km².

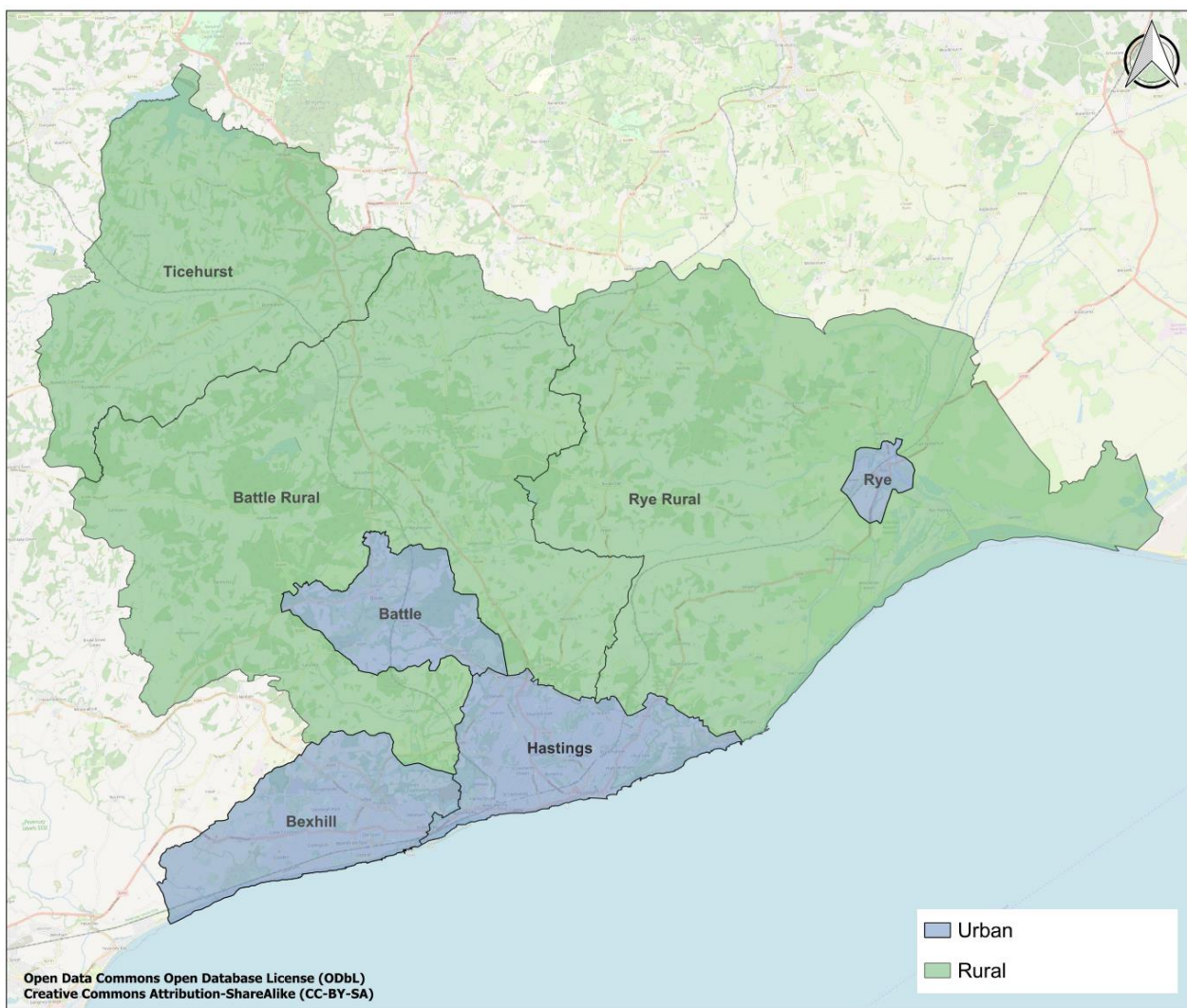


Figure 116 Rother sub-areas

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Table 171: Rother sub-areas 2021 Census populations

Sub-Area	2021 Census Population	% Population Share	Area (km ²)	Population Density (people per km ²)
Bexhill	44,568	48%	32.4	1,375
Rye Rural	15,804	17%	180.9	87
Battle Rural	13,331	14%	184.5	72
Ticehurst	8,967	10%	88.7	101
Battle	5,948	6%	21.1	282
Rye	4,484	5%	4.1	1,083
Rother	93,102	100%	512	182

Source: 2021 Census

- A.2 Using the latest 2021 Census small-area population data, the structure of the population in each sub-area has been estimated (Figure 117, Table 172). Rye Rural has the most aged population, with an Old Age Dependency Ratio (OAD) of 55, compared to Rother's OAD of 45. Bexhill has a slightly lower OAD (49), but a greater proportion of population aged 80+ (8.8%) compared to Rye Rural (7.9%). Battle has the most youthful population; 19% of the population here is aged 0-15, compared to 12.3% in Rye Rural, and 14.9% for Rother as a whole.

2021 Census: Population Age Profiles

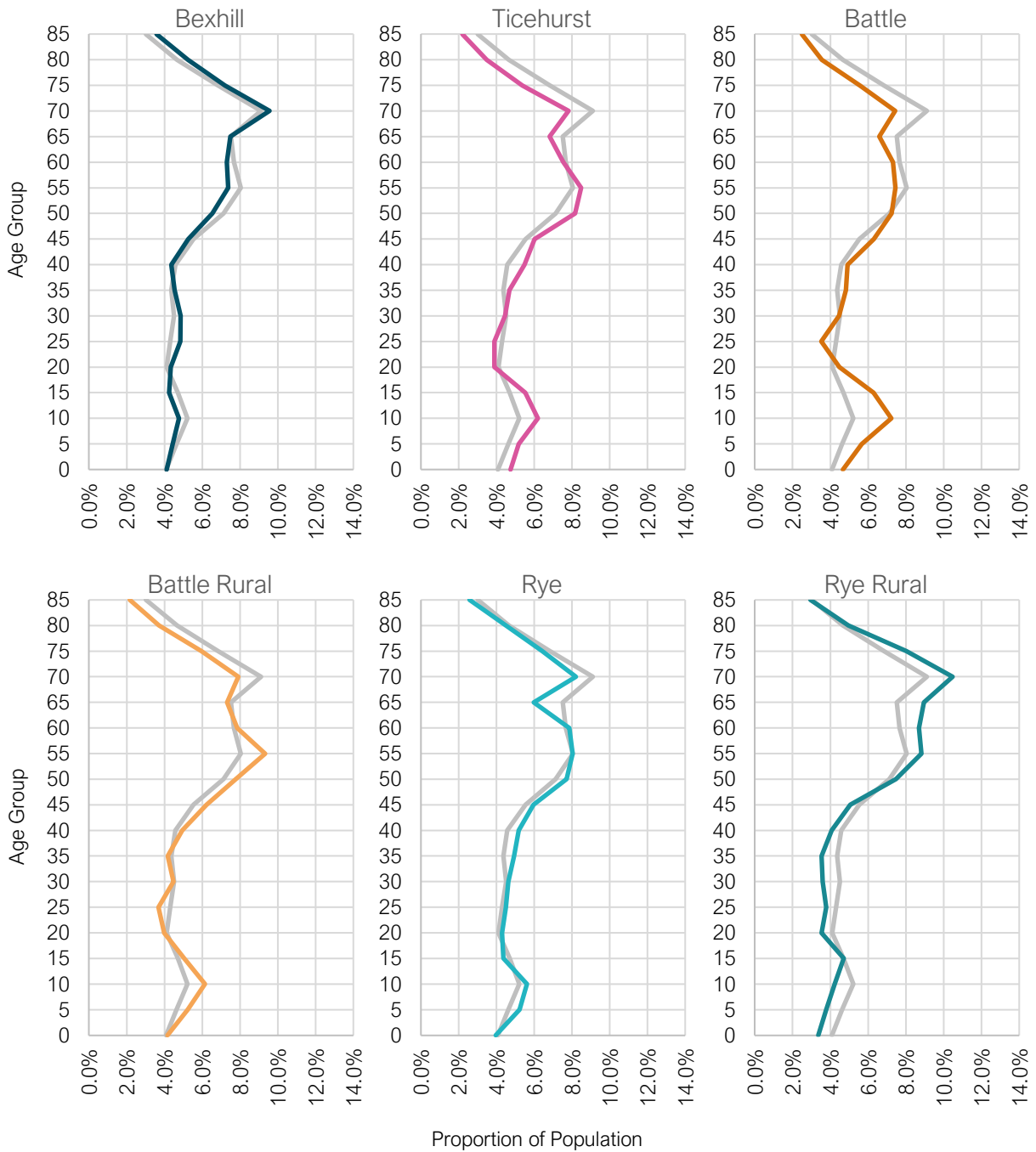


Figure 117: Rother sub-areas: 2021 Census age profiles
Source: ONS

Table 172: Rother sub-areas 2021 Census population age profile

Sub-Area	OAD	% Age 0-15	% Age 16-64	% Age 65+	% Age 80+
Rye Rural	55	12.3%	52.4%	35.3%	7.9%
Bexhill	49	14.2%	52.7%	33.1%	8.8%
Rother	45	14.9%	54.0%	31.1%	7.7%
Rye	38	15.8%	56.5%	27.7%	7.1%
Battle Rural	37	16.6%	56.4%	27.0%	5.9%
Ticehurst	35	17.4%	56.9%	25.7%	5.7%
Battle	34	19.0%	55.4%	25.6%	6.0%

Source: ONS. Note: Scenarios ranked on Old Age Dependency Ratio (OAD).

Households

A.3 At the 2021 Census, there were approximately 42,098 households in Rother, 50% of which were in the area with the largest population, Bexhill.

Rother Sub Areas: 2021 Census Household Size

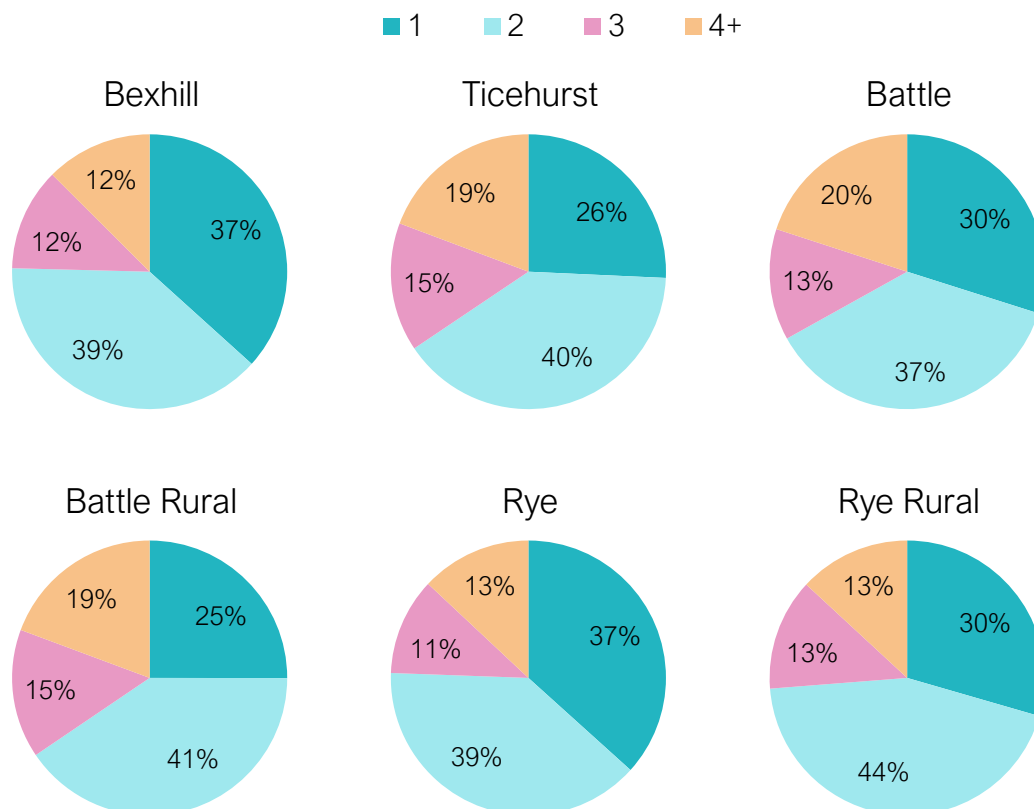


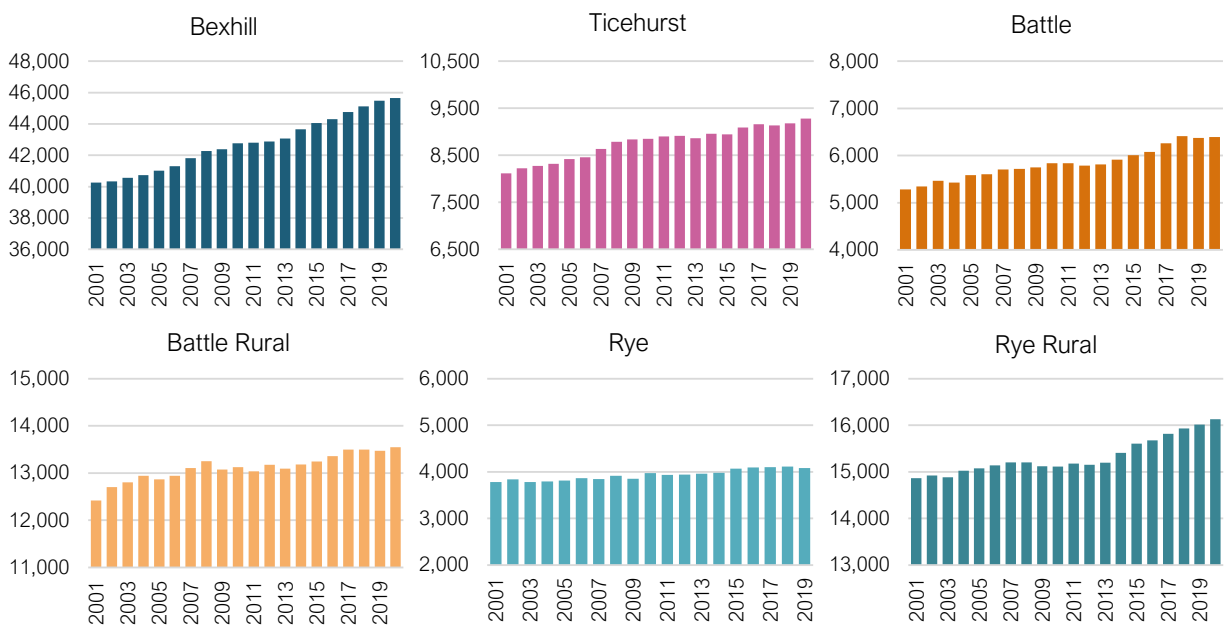
Figure 118: Rother sub-areas: 2021 Census Household Size

Source: ONS

MYEs 2001–2020

- A.4 Between 2001 and 2020, the population growth rate was highest in Battle at +21%, equivalent to an additional 1,110 people (Table 173). In absolute terms, population growth was highest in Bexhill; the population in this sub-area increased by 5,396 people since 2001.
- A.5 Population growth has primarily been driven by positive net in-migration and negative natural change (i.e. an excess of deaths over births) in all sub-areas (Table 173, Figure 120).

Rother Sub-Areas: MYE Population Growth 2001–2020



MYE Index of Population Growth 2001–2020

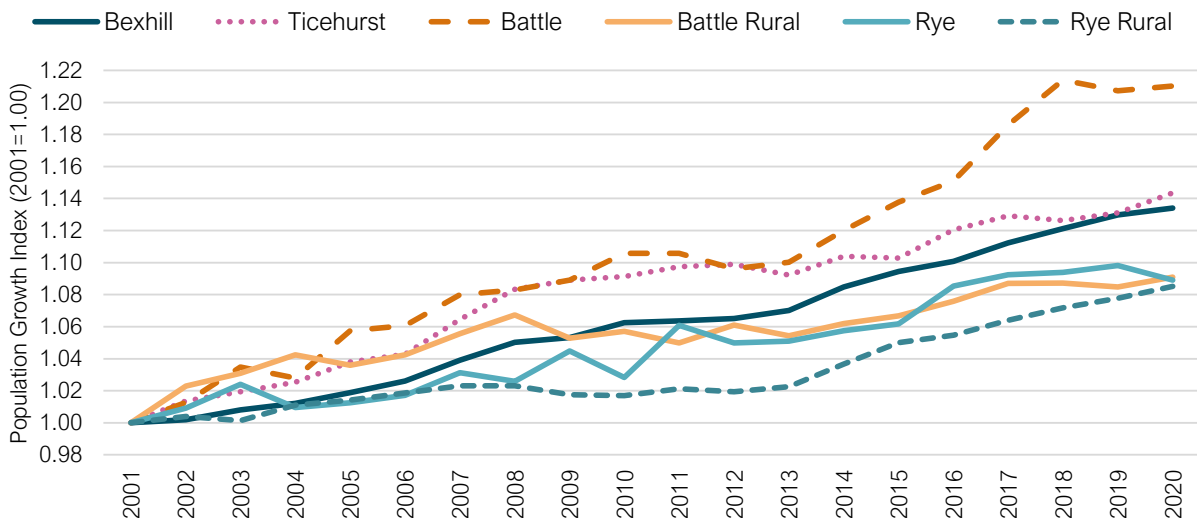


Figure 119: Rother sub-area MYEs 2001–2020

Source: ONS

Table 173: Rother sub-area MYE population growth

Sub Area	Population Change				Average Annual	
	2001 MYE	2020 MYE	Change	% Change	Natural Change	Net Migration
Battle	5,282	6,392	1,110	21.0%	-24	82
Ticehurst	8,113	9,278	1,165	14.4%	-10	71
Bexhill	40,250	45,646	5,396	13.4%	-497	781
Battle Rural	12,415	13,543	1,128	9.1%	-37	96
Rye	3,746	4,080	334	8.9%	-12	30
Rye Rural	14,861	16,128	1,267	8.5%	-97	164

Source: ONS MYEs. Note: Scenarios ranked on % population change 2001–2020.

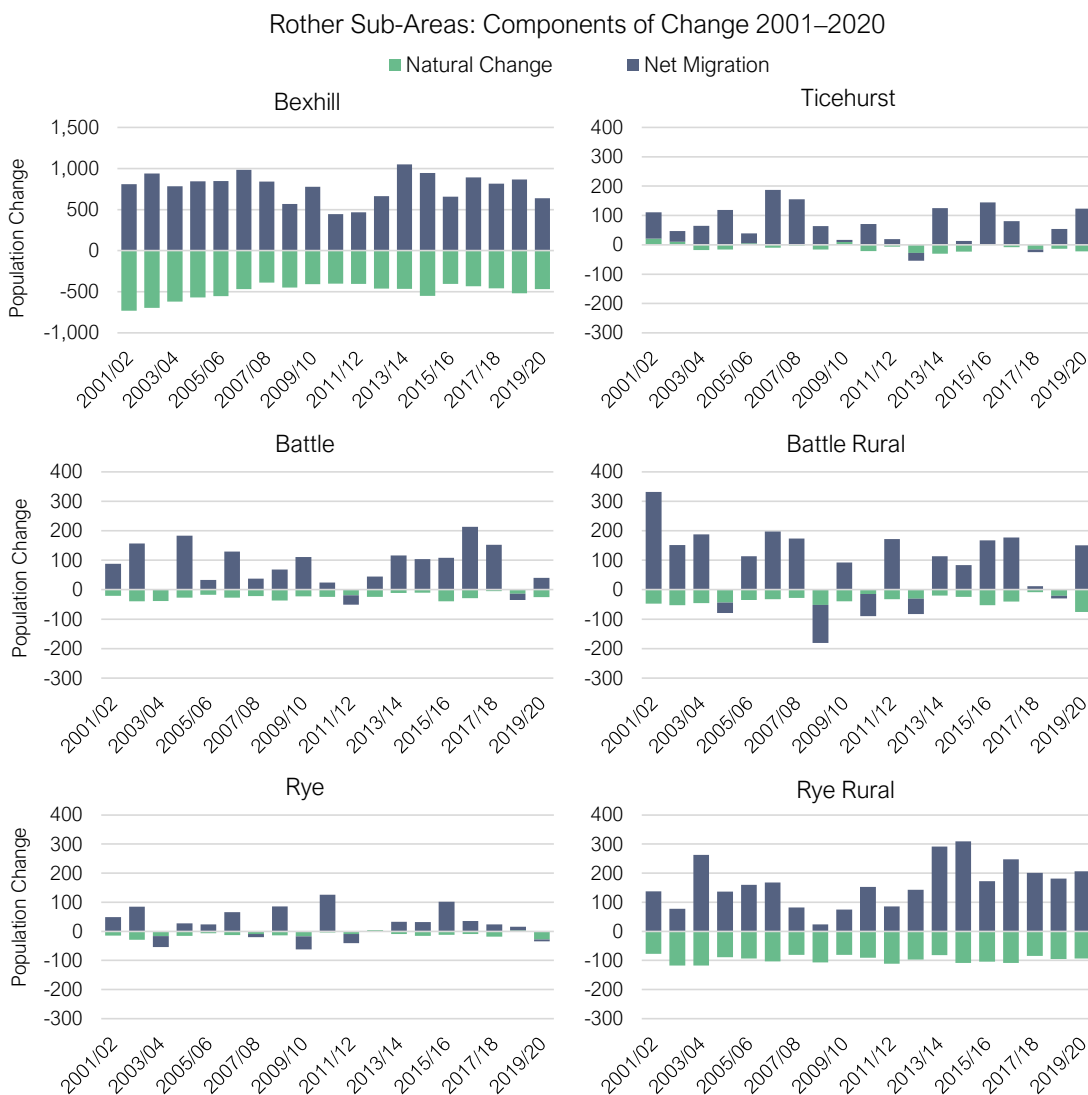


Figure 120: Rother sub-areas: MYE Components of Change

Source: ONS

APPENDIX B: POPGROUP METHODOLOGY

POPGROUP

A.6 POPGROUP is a suite of demographic models used to derive forecasts of population, households, and labour force, for areas and social groups. The main POPGROUP model (Figure 121) is a ‘cohort component’ model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

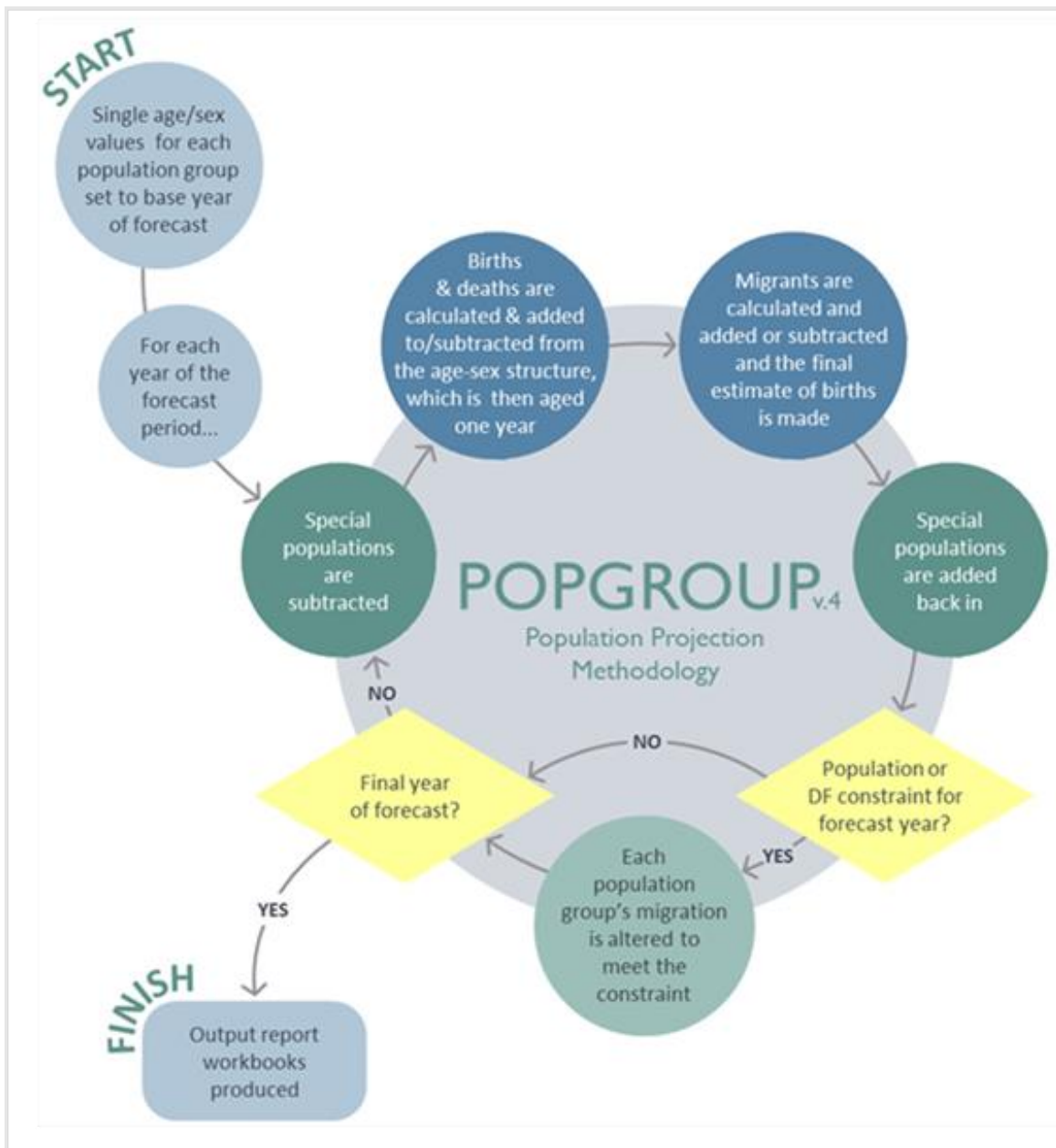


Figure 121: POPGROUP Population Projection Methodology

A.7 The Derived Forecast (DF) model sits alongside the population model (Figure 122) providing a headship rate model for household projections and an economic activity rate model for labour force and employment projections. Further information on POPGROUP can be found on the Edge Analytics website.

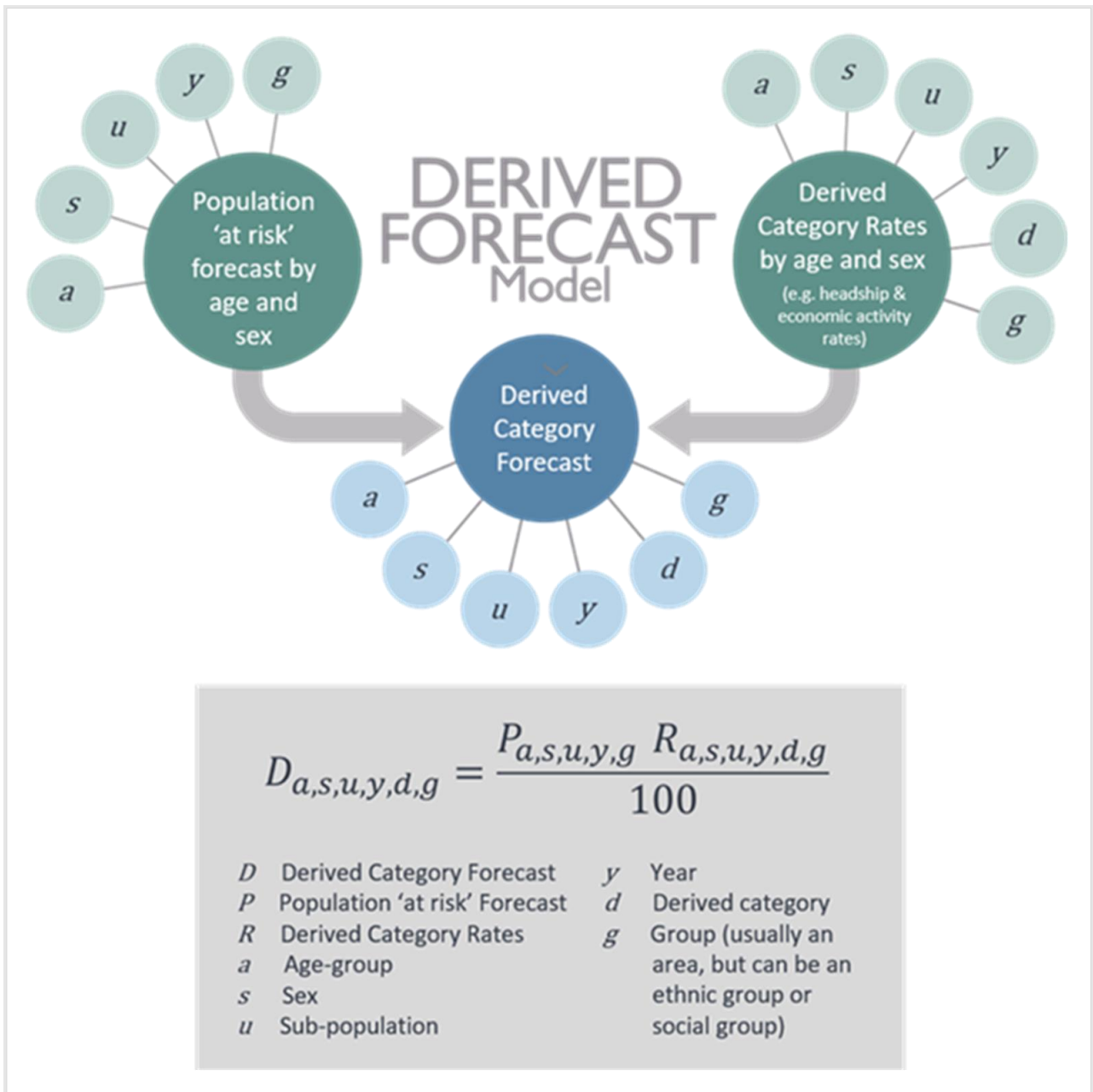


Figure 122: Derived Forecast (DF) Methodology

Scenario Inputs & Assumptions

Population

- A.8 In each of the **PG**, **Dwelling-led** and **Employment-led** scenarios, historical population statistics are provided up to 2020 by the ONS mid-year population estimates (MYEs), with all data disaggregated by single year of age and sex. In 2021, the Census population is defined, providing the base year of these projections. From the base year onwards, future population counts are estimated by single year of age and sex, using the defined assumptions on fertility, mortality, and migration.
- A.9 In the **SNPP** scenarios, the MYEs are defined up to their respective 2014 and 2018 base years. From 2014 and 2018 onwards, the population growth is as defined in the official projections.

Births & Fertility

- A.10 Historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.
- A.11 In the **SNPP** scenarios, historical counts of births have been used until each scenario's base year. The future counts of births are reproduced from the base year onwards to ensure consistency with the respective official projection.
- A.12 For the **PG**, **Dwelling-led** and **Employment-led** scenarios, birth counts are applied from 2001/02 to 2019/20. From 2020/21, an area-specific and age-specific fertility rate (ASFR) schedule is derived from the 2018-based SNPP. In combination with the 'population at risk' (i.e., all women between the age of 15–49), these ASFR assumptions provide the basis for the calculation of births in each year of the forecast period.

Deaths & Mortality

- A.13 Historical mid-year to mid-year counts of deaths by sex and 5-year age-group have been sourced from the ONS MYEs.
- A.14 Under the **SNPP** scenarios, historical counts of deaths have been used until each scenario's base year. The future counts of deaths are reproduced from the base year onwards to ensure consistency with the respective official projections.
- A.15 For the **PG**, **Dwelling-led** and **Employment-led** scenarios, counts of deaths by age and sex are applied from 2001/02 to 2019/20. From 2020/21, an area-specific and age-specific mortality rate (ASMR) schedule is derived from the latest 2018-based SNPP. In combination with the 'population-at-risk' (i.e., all population), these ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period.

Internal Migration

- A.16 Historical mid-year to mid-year estimates of internal in- and out-migration by five-year age-group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs.
- A.17 In the **SNPP** scenarios, these historical estimates are used up to each respective base year, with future counts of migrants defined, to remain consistent with the official projections.
- A.18 Under the **PG** scenarios, an area and age-specific migration rate (ASMigR) schedule is derived from a defined number of years of historical internal migration data, which then determines the future number of internal in- and out-migrants for the remainder of the plan period. For the **PG-5Y** scenario, this is derived from five years of historical data (2015/16–2019/20) and for the **PG-Long-Term** scenario, this is derived from the full nineteen years of historical data (2001/02–2019/20).
- A.19 Under the **Dwelling-led** and **Employment-led** scenarios, future internal migration rate assumptions have been derived from a five-year historical period (**PG-5Y**), with the level of internal migration altered by the model to meet defined annual dwelling and employment growth targets.

International Migration

- A.20 Historical mid-year to mid-year estimates of immigration and emigration by five-year age-groups and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs.
- A.21 In the **SNPP** scenarios, these historical estimates are used up to each respective base year, with future counts of migrants defined, to remain consistent with the official projections.
- A.22 In the **PG-5Y** and **PG-Long-Term** scenarios, historical counts of immigration are used from 2001/02 to 2019/20. From 2020/21, future international migration counts are based on the area-specific historical migration data, using a five-year, ten-year and nineteen-year migration history. An ASMigR schedule of rates is derived from the migration history and used to distribute the future counts by single year of age.
- A.23 Under the **Dwelling-led** and **Employment-led** scenarios, future international assumptions are derived from a five-year historical period (**PG-5Y**).

Households & Dwellings

- A.24 The 2011 Census defines a household as, "one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area".
- A.25 In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or can be vacant.

- A.26 The household and dwelling growth implications of each scenario are estimated through the application of communal population statistics, household representative rates (headship rates), and a dwelling vacancy rate. These assumptions have been sourced from the 2011 Census, and the MHCLG 2014-based household projection model. In a **Dwelling-led** scenario, these assumptions are used to derive the level of population growth required to meet a defined dwelling-growth targets.
- A.27 In the **PG**, **Dwelling-led** and **Employment-led** scenarios, the household forecasts have been rebased to the 2021 Census household figure.

Communal Population Statistics

- A.28 Household projections in POPGROUP exclude the population 'not-in-households' (i.e., the communal/institutional population). These data are drawn from the 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes, student hall of residence, and certain armed forces accommodation.
- A.29 For ages 0–74, the number of people in each age-group 'not-in-households' is fixed throughout the forecast period. For ages 75–85+, the population 'not-in-households' varies across the forecast period depending on the size of the population.
- A.30 The communal population statistics are therefore used to derive the size of the private household population in each scenario.

Household Representative Rates

- A.31 A household representative rate is defined as the "probability of anyone in a particular demographic group being classified as being a household representative"¹⁰⁰
- A.32 The household representative rates used in the POPGROUP modelling have been drawn from the MHCLG (now DLUHC) 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The household projections are derived through the application of projected headship rates to a projection of the private household population (i.e. the total population *minus* the communal population). The methodology used by MHCLG in its household projection model consists of two stages:
- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status group.
 - **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals.

¹⁰⁰ MHCLG [2014-based Household Projections](#)

- A.33 In each POPGROUP scenario, the **Stage Two** headship rates (HH-14) have been applied by age-group, sex and ‘household type’ (Table 174) to the private household population to derive the number and type of households (Figure 123, next page).

Table 174: MHCLG 2014-based Stage Two household type classification

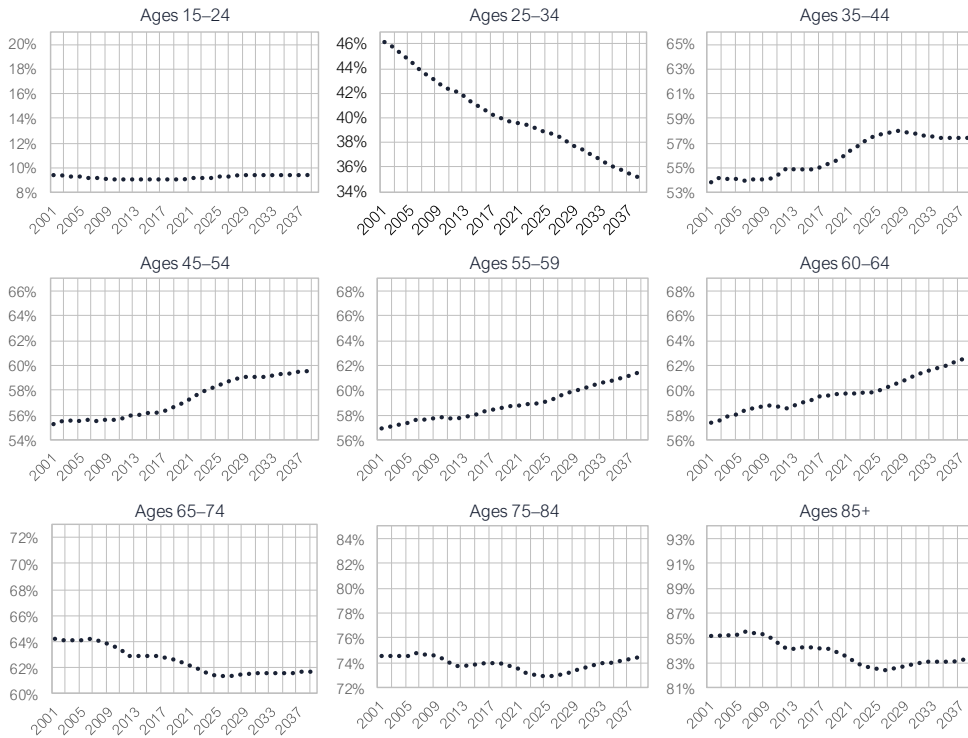
MHCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

- A.34 Each scenario has been run with a variation on the 2014-based headship rates, modelled to prevent further decline in the rates of household formation. In the **HH-14-R** sensitivity, rates in the younger adult age group (25–34) return to their 2001 values between 2021 and 2044. All other age groups remain unadjusted.

Vacancy Rate

- A.35 The relationship between households and dwellings is modelled using a ‘vacancy rate’, derived from the 2011 Census, using statistics on households (occupied household spaces) and dwellings (shared and unshared). Vacancy rates of 7.1% for Rother and 3.8% for Hastings have been applied and fixed throughout the forecast period. Using the vacancy rate, the number of dwellings needed to meet the household growth trajectory has been estimated.

2014-based Stage Two Headship Rates by Age: Rother



2014-based Stage Two Headship Rates by Age: Hastings



Figure 123: 2014-based Stage Two headship rates
Source: DLUHC

Labour Force & Employment

- A.36 In the trend and dwelling-led scenarios, economic activity rates, an unemployment rate and a commuting ratio are applied to the population growth trajectory, to derive the size of the resident labour force, and the level of employment growth that could be supported in each of the three authorities.
- A.37 In an employment-led scenario, these assumptions have been used to derive the level of population growth required to support the defined level of employment growth.
- A.38 Detail on these inputs and assumptions are as follows.

Economic Activity Rates

- A.39 Economic activity rates are the proportions of population that are actively involved in the labour force, either employed or unemployed looking for work. Economic activity rates by five-year age group (16–89) and sex have been derived from 2011 Census statistics, with adjustments made in line with the OBR analysis of labour market trends in its 2018 Fiscal Sustainability Report¹⁰¹ (Figure 124).

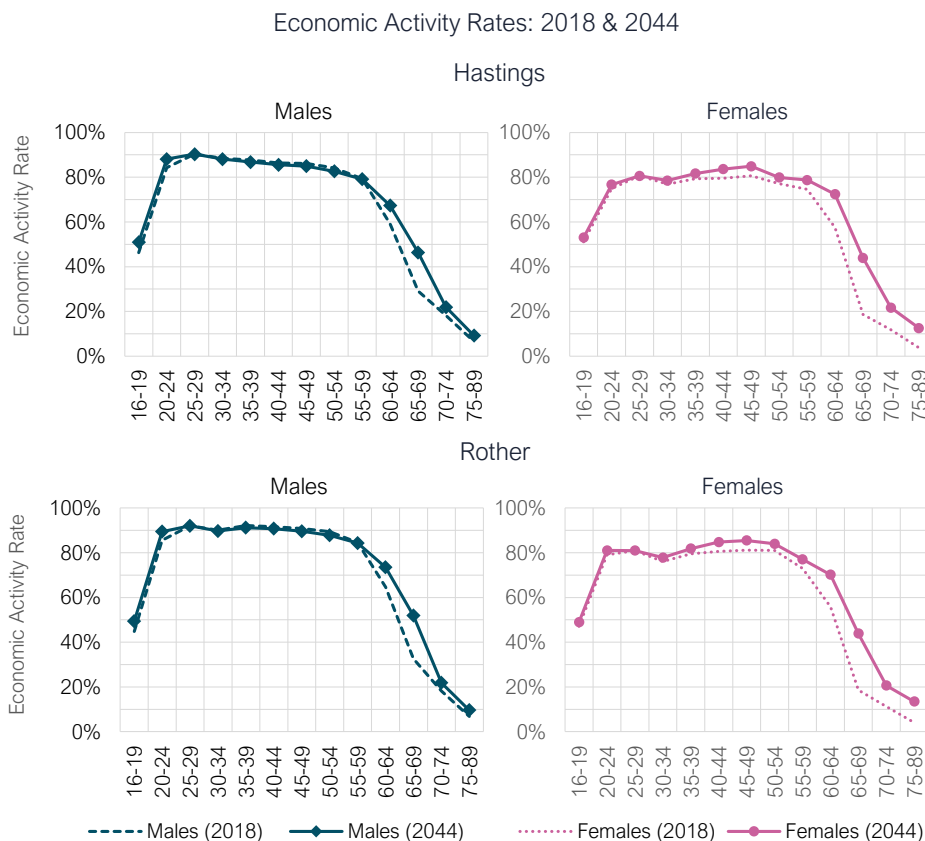


Figure 124: Economic Activity Rates, 2018 & 2044

¹⁰¹ OBR [Fiscal Sustainability Report, July 2018](#)

Commuting Ratio

- A.40 The commuting ratio measures the balance between the level of employment in an area, and the number of resident workers. A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the level of employment available in the area, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that employment in the area exceeds the size of the labour force, resulting in a net in-commute.
- A.41 In all scenarios, the 2011 Census commuting ratios of 1.17 for Rother and 1.10 for Hastings have been applied and fixed throughout the forecast period.

Unemployment

- A.42 The unemployment rate is the proportion of unemployed people within the economically active population. Historical unemployment rates are sourced from ONS model-based estimates. For Rother, an unemployment rate of 3.6% has been applied, and in Hastings, 5.5%. These rates have been applied in each scenario and fixed throughout the forecast period.

Employment Forecasts

- A.43 The employment forecasts are derived from the Local Growth Scenario set out for each authority in the Employment section of this HEDNA Update.

APPENDIX C: HOUSING REGISTER SUMMARY

Table 175: Housing Register Priority Bands: Rother

Band	Description	No. Households
A	<ul style="list-style-type: none"> • Homeless or threatened with homelessness under Part VII of the 1996 Act. • In severe need where exceptional circumstances warrant priority in order to prevent homelessness • Applicants with an overriding medical priority whose current accommodation is having a life threatening or significantly adverse effect on their health. • Housing association transfer applicants who are underoccupying family sized accommodation. • Applicants who are in properties that have an urgent and immediate need for major repair or redevelopment of their home. • Housing Association transfer applicants occupying an adapted property which is no longer needed. • Applicants resident in Supporting People funded supported accommodation meeting the local connection criteria and assessed as ready to move onto independent living. • Priority transfer cases (existing transfer tenants) where the Council, in conjunction with the registered provider agrees that emergency priority should be awarded. • Applicants where the Councils Private Sector Housing team has deemed the residents current accommodation to be an imminent risk to life. 	197
B	<ul style="list-style-type: none"> • Households in accommodation that lacks two or more separate bedrooms. • Applicants with very high medical priority where their current housing is seriously affecting their health. • Applicants with dependent children living in insecure and unsuitable accommodation lacking or sharing facilities. • Applicants in high need where exceptional circumstances warrant priority as awarded by the Social Welfare Panel. • Single homeless applicants who the Council have confirmed as rough sleeping within the district. This will be verified via interview and/or formal confirmation from an external organisation. 	491

Band	Description	No. Households
	<ul style="list-style-type: none"> • Working households with school age children whom the Council has assessed meets the poverty threshold. • Applicants living in accommodation that has been deemed by Private Sector Housing or the Environmental Health department as containing a “category one” environmental hazard and the property owner is unable or unwilling to remedy the defects. • Applicant who are resident in a refuge in the Rother area and meet the Rother Refuge agreed protocol. • Multiple Needs – Cumulative Band C reasons. 	
C	<ul style="list-style-type: none"> • Households lacking one separate bedroom. • Applicants with medium or low medical priority where their current housing is adversely affecting their health. • Single applicants resident with parents or other relative and sharing or lacking a bedroom. • Households living in unsatisfactory housing conditions posing a moderate risk to their health and safety. • Applicants requiring supported housing, older persons sheltered or extra care housing where there is no other housing need. • Applicants in moderate need where exceptional circumstances warrant priority, as awarded by the Social Welfare panel. • Applicants who are the confirmed victims of Anti-Social behaviour in the district and where a move to alternative accommodation would alleviate the hardship. • Applicants placed into temporary accommodation by the Council pending the outcome of a homeless application. 	665
D	<ul style="list-style-type: none"> • Applicants with no identified housing need. • Applicants who have been found intentionally homeless until they can provide evidence that they have managed and maintained a tenancy for a 6 month period. 	701
Total number of households		2,054

Source: Rother District Council

Table 176: Housing Register Priority Bands: Hastings

Band	Description	No. Households
A	<ul style="list-style-type: none"> • A transfer applicant or someone entitled to a statutory succession who would or is currently under-occupying their accommodation by two bedrooms or more. • A transfer applicant requiring a decant where the property is required for major repair with work planned to start within the next 12 months. • A transfer applicant living in a 'Mobility 1 or 2' classified adapted property where they no longer require the adaptations, but these could be used by someone else. • Applicants requiring an urgent move as a result of a serious imminent personal risk (to be agreed by the council's Housing Options Team Leader). • An applicant who has a medical condition or disability where their home is unsuitable for their needs and there is an urgent need to move to an alternative home to significantly improve their medical condition or disability. • Applicants considered to be in severe housing need as a result of housing conditions presenting an immediate threat of serious injury or if life threatening. • Applicants considered to in severe housing need as a result of cumulative circumstances. • Applicants to whom the council owe a statutory duty to house, but where the council has been unable to provide private sector accommodation and the household is resident in bed and breakfast accommodation. • Applicants who have unusually high ongoing accommodation needs, which cannot be met in the private rented sector. This category will only be used at the discretion of the council in consultation with support agencies. 	398
B	<ul style="list-style-type: none"> • A transfer applicant currently under-occupying their accommodation by one bedroom. • A transfer applicant requiring a decant where the property is required for major repair with work planned to start within the next 13 to 18 months. • Applicants assessed as lacking two or more bedrooms. • Applicants who have been accepted for fostering or adoption by Social Services, but who require additional bedrooms in order for them to proceed. • An applicant who has a medical condition or disability where their home is unsuitable for their needs and a move to a more suitable property would significantly improve their 	378

Band	Description	No. Households
	<p>health or their ability to cope with their medical condition or disability.</p> <ul style="list-style-type: none"> • Successors and non-statutory successors to a Registered Provider tenancy approved by the Registered Provider's Housing Management Team for an offer of smaller and/or suitable accommodation (applies to Hastings residents). • Management transfers agreed by a Registered Provider's Housing Management Team which are not considered to be at serious imminent personal risk • Applicants who have no other housing need and are serving in the Armed Forces (Regular or Reserves). Applicants will also be required to evidence that they are due to be discharged in the near future and have served a minimum of 3 years. The minimum service period will not apply to those who have been medically discharged. 	
C	<ul style="list-style-type: none"> • Applicants assessed as lacking one bedroom. • Applicants requiring a move because of unsatisfactory housing conditions whereby it would be unreasonable for them to remain. • Applicants requiring a move to a particular locality where failure to meet that need would cause hardship e.g. to give or receive support. • Applicants who have no other housing need, but have been discharged within the last 5 years from the Armed Forces (Regular or Reserves) having served a minimum of 3 years. The minimum service period will not apply to those who have been medically discharged. • Applicants owed a duty by Hastings Borough Council under Section 193 of the Housing Act 1996 Part VII (as amended) living in temporary accommodation other than bed and breakfast accommodation. • Households owed a prevention (s195(2)) or relief duty (s189B) 	387
D	<ul style="list-style-type: none"> • Applicants who are eligible for Sheltered Housing or the Housing for Older People Scheme (HOPS), but have no other housing need. 	148
Total number of households		1,311

Source: Hastings Borough Council

APPENDIX D: HOUSE PRICES, INCOMES AND AFFORDABILITY

House Prices

A.44 The median house prices in Rother and Hastings as of March 2022 were £336,885 and £275,000 respectively, cheaper than the South East price of £355,000, but more expensive than the England median of £270,000. Across all property types (median and lower quartile prices), homes in Rother are more expensive than in Hastings.



Figure 125: Median and Lower Quartile House Prices, by property type, year ending March 2022

Source: ONS HPSSA dataset 9 and 15

A.45 Since 2001, house prices in England have more than trebled; the median property price reached £270,000 in 2022, an increase of £186,500 since 2001 (Figure 126). In Rother, house prices (median and lower quartile) have consistently been higher than the England average throughout this time period, whereas in Hastings, house prices have generally been lower. In 2022, however, the median house price in Hastings (£275,000) was slightly higher than the England median (£270,000), and since 2018 entry-level (lower quartile) properties have been more expensive than across England as a whole. Properties are cheaper in Rother and Hastings than across the South East region.

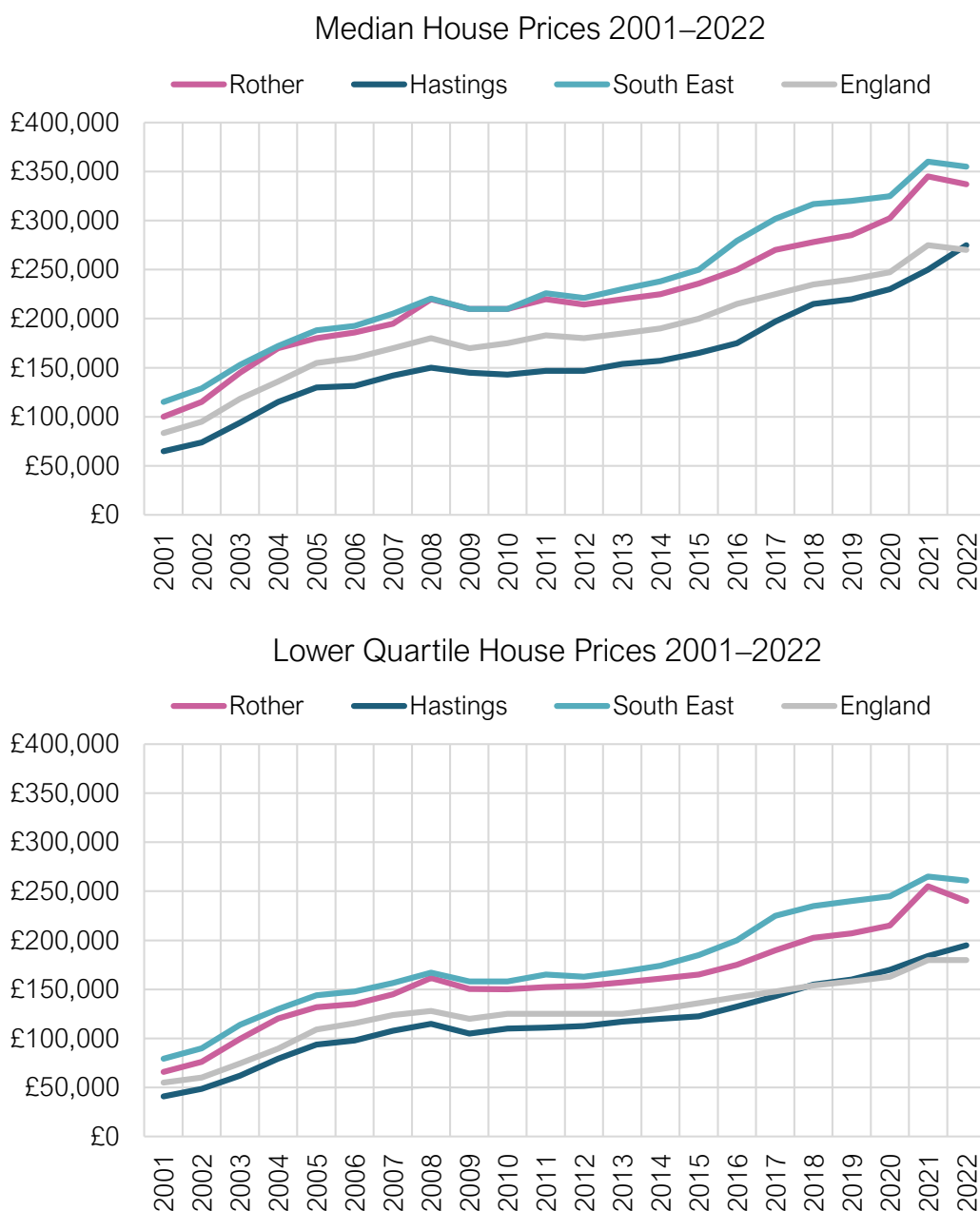


Figure 126: Median House Prices, 2001–2022

Source: ONS HPSSA datasets 9 and 10

- A.46 For Rother’s six sub-areas, median and lower quartile house prices have been calculated from postcode-level Land Registry data. In 2021, the median house price was highest in Battle Rural, at £428,000, and lowest in Bexhill, at £284,950. Lower quartile house prices were similarly most expensive in Battle Rural (£327,500) and cheapest in Bexhill (£200,000).
- A.47 The increase in house prices since 2011 has been greatest in Rye Rural, where median house prices have increased by 70% and lower quartile house prices by 62%. (Table 177).

Table 177: Rother sub-geography house prices, 2011–2021

Area	Lower Quartile House Prices				Median House Prices			
	2011	2021	Increase	% Increase	2011	2021	Increase	% Increase
Battle	£175,000	£275,000	£100,000	57%	£250,000	£380,000	£130,000	52%
Battle Rural	£220,000	£327,500	£107,500	49%	£271,000	£428,000	£157,000	58%
Bexhill	£125,000	£200,000	£75,000	60%	£177,000	£284,950	£107,950	61%
Rye	£168,000	£220,000	£52,000	31%	£215,000	£324,000	£109,000	51%
Rye Rural	£185,500	£300,000	£114,500	62%	£249,950	£424,650	£174,700	70%
Ticehurst	£216,400	£321,875	£105,475	49%	£280,000	£421,250	£141,250	50%

Source: Land Registry

Rents

Private Rented Sector

- A.48 ONS data on private market rental costs records a median rental price of £850 per month in Rother, and £725 per month in Hastings, both cheaper than the South East price of £950 (Figure 127).
- A.49 Lower Quartile rents in Rother are recorded at £700 per month and £580 per month in Hastings, making entry-level rental properties relatively cheaper than the regional average, but similar to or higher than the national figure of £595 per month.

Monthly Private Rents

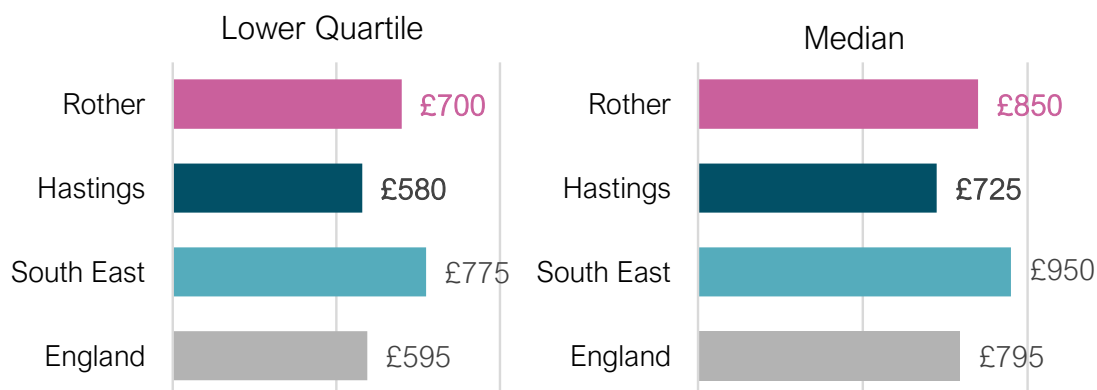


Figure 127: Monthly private rental cost comparison

Source: ONS Private rental market summary statistics, April 2021 to March 2022.¹⁰²

Social Rented Sector / Affordable Rent

A.50 Data from DLUHC indicates that affordable rents in Rother average around £563 per month, 66% of the median rental price of £850. Social rents average £405 per month, 48% of the median rental price (Table 178). This meets the requirement for affordable and social rents to be 80% and 60% of open markets rent respectively. In Hastings, affordable rent averages around 74% of the median cost, with social rents around 51% of the median rental price.

¹⁰² ONS [Private rental market summary statistics](#), April 2021 to March 2022

Table 178: Rother & Hastings - Monthly rental cost comparison

Description	Rother		Hastings	
	Monthly Rent	% of Median	Monthly Rent	% of Median
Median private rent (ONS Private rental statistics)	£850	-	£725	-
Lower quartile rent (ONS Private rental statistics)	£700	-	£580	-
Affordable rent (80% of median rent)	£680	-	£580	-
PRPs Affordable Rent, gross (RSH)	£537	63%	£500	69%
PRPs Affordable Rent, median (CoRe)	£590	69%	£566	78%
Average recorded affordable rent	£563	66%	£533	74%
Social rent (60% of median rent)	£510	-	£435	-
Median social rent, new lettings (DLUHC)	£354	42%	£337	46%
PRPs Social Rent (Regulator for Social Housing)	£422	50%	£380	52%
PRPs Social Rent, median (CoRe)	£439	52%	£384	53%
Average recorded social rent	£405	48%	£367	51%

Source: CoRe, RSH, DLUHC, ONS

Household Income

A.51 Household incomes have been drawn from CAMEO Income data, which classifies each postcode into one of eight income groups. Using Royal Mail's Postcode Address Finder (PAF), the household counts for each listed postcode in both Rother and Hastings have been used to calculate the proportion of households that fall within each income bracket (Table 179). The CAMEO Income data suggests that the median household income is £31,170 in Rother, and £25,200 in Hastings.

Table 179: CAMEO income bands: Rother & Hastings

Income Band	CAMEO Income Group Description	Rother % of Households	Hastings % of Households	UK % of Households
1	Many households with an income over £100K +	0.4%	0.0%	0.7%
2	Many households with an income between £75 - £100K	1.5%	0.3%	2.4%
3	Many households with an income between £50 - £75K	8.1%	2.3%	10.1%
4	Many households with an income between £40 - £50K	14.3%	5.9%	13.3%
5	Many households with an income between £30 - £40K	29.2%	21.2%	19.5%
6	Many households with an income between £20 - £30K	31.1%	42.0%	23.2%
7	Many households with an income between £10 - £20K	14.0%	26.7%	26.5%
8	Many households with an income less than £10K	1.5%	1.5%	4.1%

Source: CAMEO Income, TransUnion; Royal Mail PAF

- A.52 The percentage of households unable to afford social and affordable rent (as discussed in Section 7) are based on the CAMEO Income profile. This is derived from the postcode-level CAMEO Income classification, which assigns each postcode an income category and income bracket within which most households earn. This refers to gross household income.
- A.53 The postcodes are matched against a household count to derive the number of households that fall within each income bracket and generate the income profile. Based on the housing costs associated with renting and adjusting the income profile to reflect that newly-forming household typically earn less than the average household, results in the figures for the percentage who can afford.
- A.54 If anyone on such incomes below social rent, however defined, is nominated for social rent/affordable rent housing in theory the benefits system should work to cover costs up to those amounts. The important thing is knowing they are in need now (or future newly forming households would be in need under those terms).
- A.55 The income distributions shown in the table above, illustrate that in both authority areas the income needed to afford social rent is in the £10k-£20k bracket, with the number of households who can't afford worked out by assuming a normal distribution.

A.56 In the six Rother sub-areas, household income profiles have been derived in the same way (Figure 128). In Bexhill and Rye, a greater proportion of households have annual incomes lower than £30,000, whereas in Battle Rural and Ticehurst, over three quarters of households have incomes higher than £30,000. Using the CAMEO Income data, the median household income in each sub-area have been derived:

- Ticehurst £45,000
- Battle Rural £37,500
- Battle £35,500
- Rye Rural £32,000
- Bexhill £28,000
- Rye £26,500

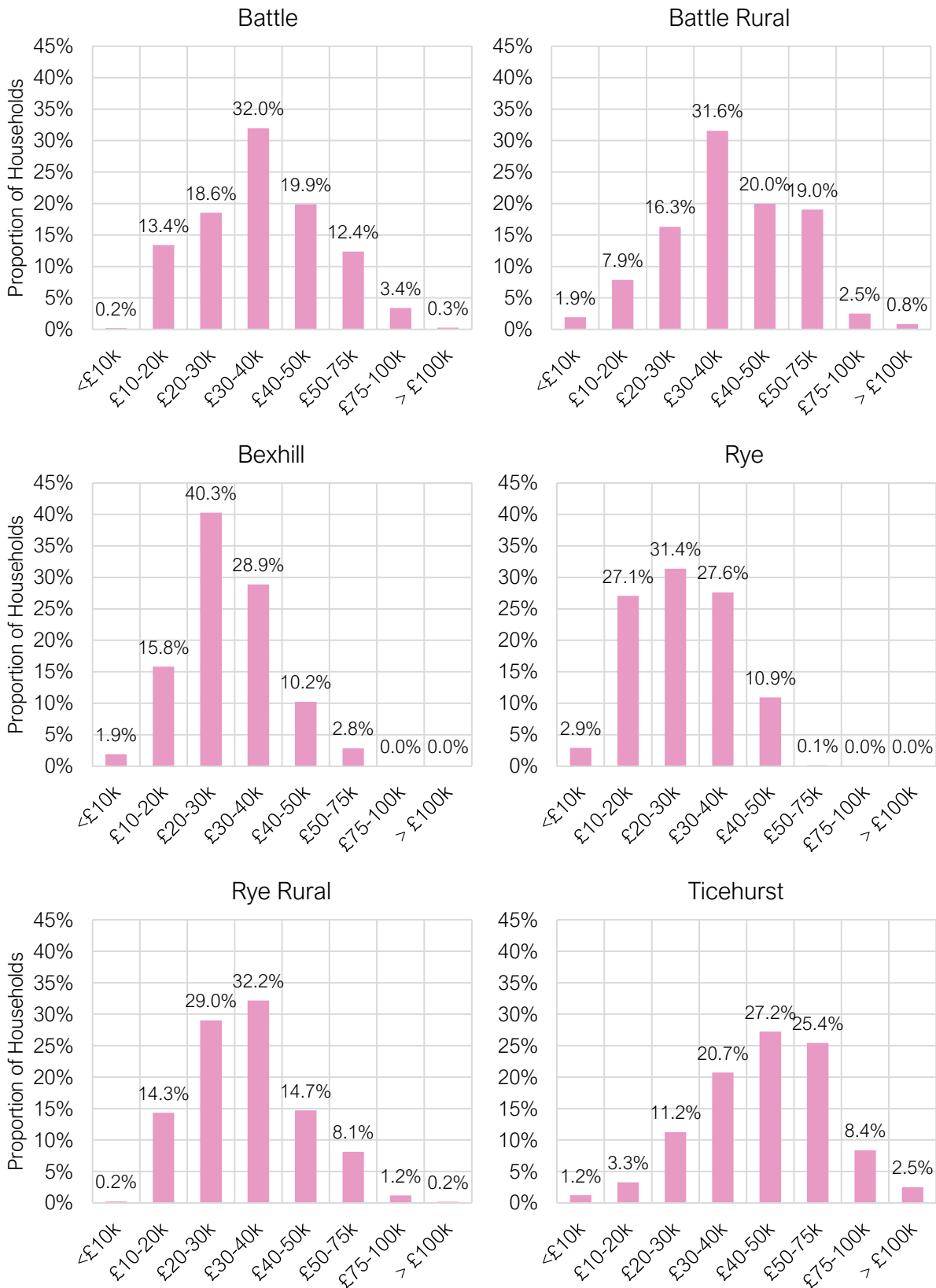


Figure 128 Rother sub-geography CAMEO household income profiles
Source: CAMEO Income, PAF

Income Variations by Age & Tenure

- A.57 Data from the English Housing Survey (EHS) on average weekly household incomes suggests that newly-forming households (ages 16–44) have an income that is approximately 96% that of the ‘all households’ average.¹⁰³ Table 180 presents the EHS household income data by tenure for the South East region, indicating that social renters earn 55% of the ‘all households’ average, whilst private renters earn 83% of this.

Table 180: English Housing Survey: weekly household income by tenure

Tenure	England		South East	
	Mean Weekly Income	% of all Households Average	Mean Weekly Income	% of all Households Average
Owners	£945	114%	£1,052	113%
Social renters	£472	57%	£508	55%
Private renters	£749	91%	£772	83%

Source: EHS 2018-19

- A.58 The CAMEO Income data has been used in combination with the EHS tenure and age data described above to generate a range of income distributions for Rother and Hastings (Figure 129), and for the six Rother sub-areas (Figure 130). For newly-forming households, the CAMEO Income brackets have been reduced to 96% of the ‘all household’ figures. For private renters, the CAMEO Income brackets have been reduced to 83%. These income distributions are used to calculate the proportion of households who earn less than the threshold amounts needed to afford open market housing in Rother and Hastings (to rent or buy), and to access affordable home ownership products.

¹⁰³ [English Housing Survey Housing 2018-19](#) Housing Costs and Affordability

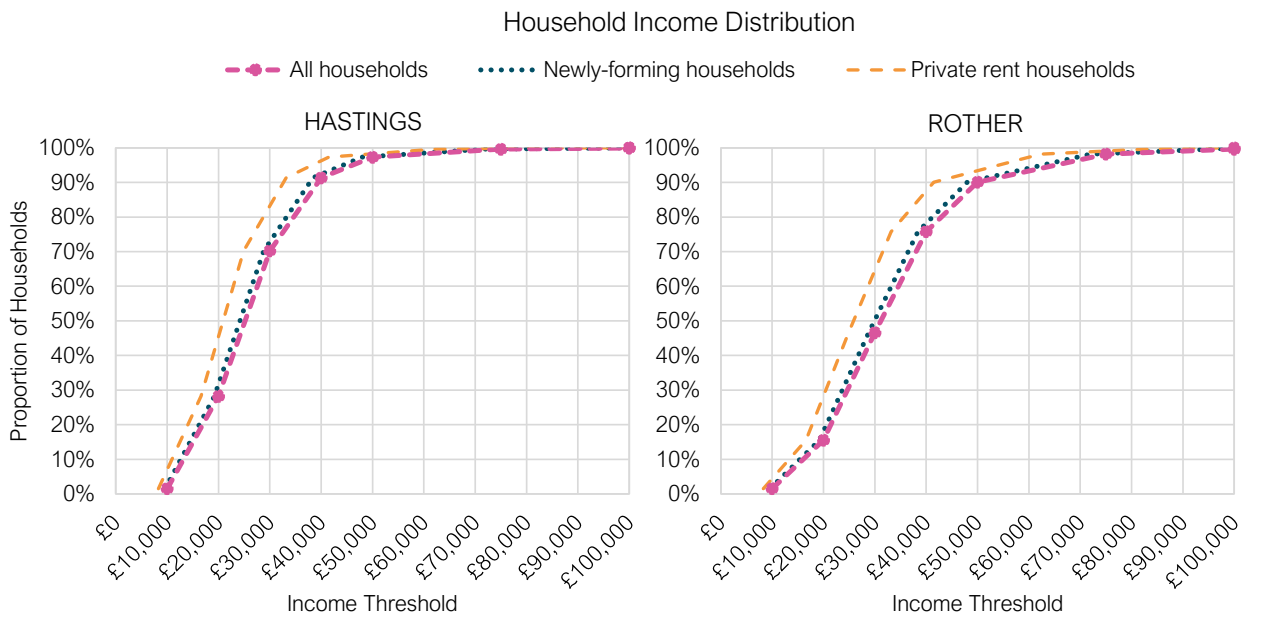


Figure 129: Household Income distributions
 Source: CAMEO Income, EHS, Edge Analytics

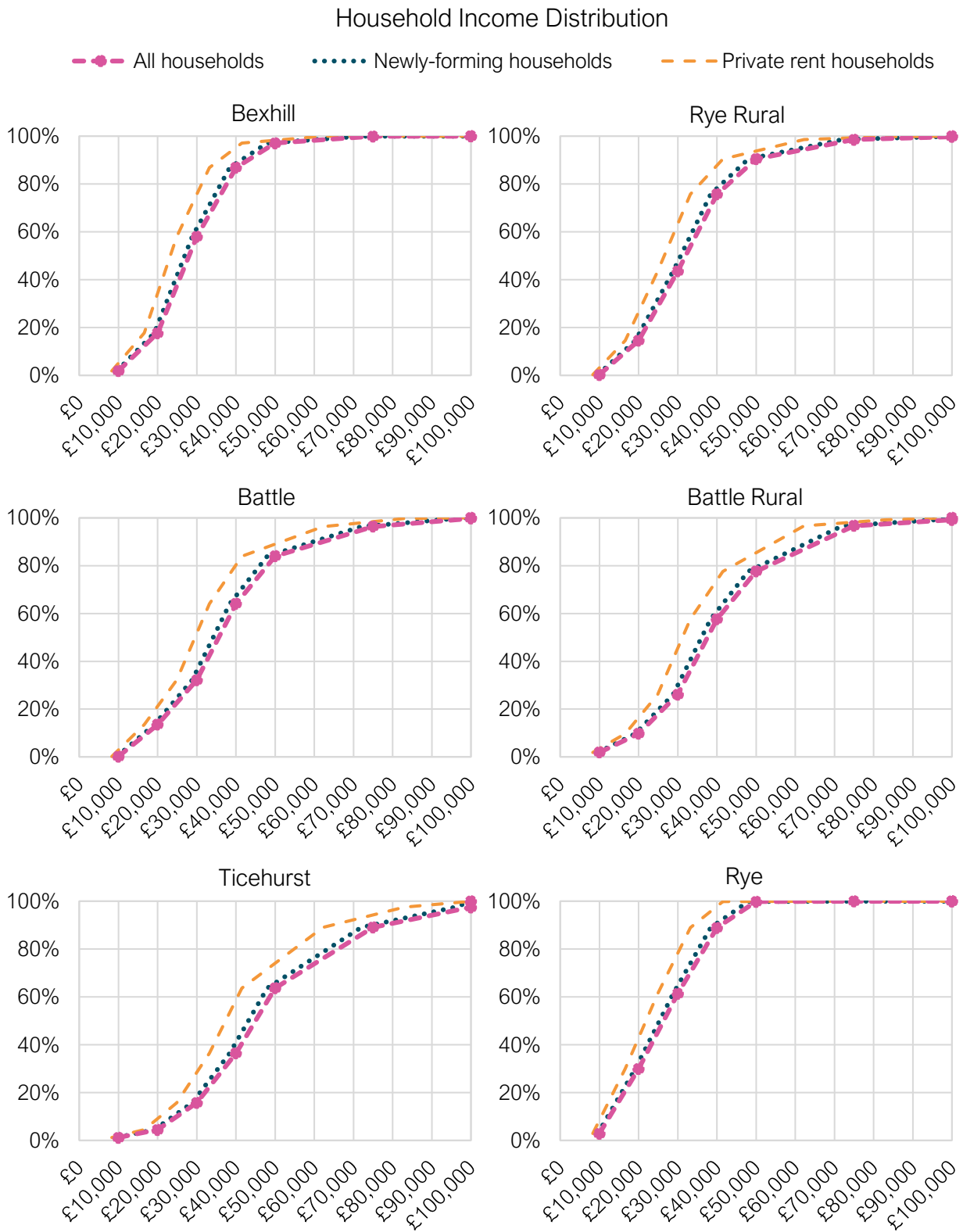


Figure 130: Rother sub-geography household Income distributions

Source: CAMEO Income, EHS, Edge Analytics

Affordability

- A.59 In this section, a range of evidence is presented on affordability in Rother & Hastings. The first section presents the latest house price to earnings ratios, a key input to the government's 'Standard Method' calculation, with an illustration of the changing profile of affordability since 2001.
- A.60 Following this, the incomes required to afford various housing options are considered, using house price and rental cost data combined with assumptions relating to the proportions of household income that are spent on housing. Using the CAMEO Income profiles outlined above, the proportion of households that are able/unable to afford social and affordable rent, housing on the open market, and affordable home ownership products has been calculated. These estimates are a key input to the affordable needs calculations.

Affordability Ratios

- A.61 The affordability ratio applied in the LHN Standard Method calculation is calculated by dividing the median house price by gross workplace-based annual earnings.¹⁰⁴ The ratio generated provides an indicator of relative affordability; the higher the ratio, the worse affordability is in an area.
- A.62 The affordability ratios for Rother and Hastings are presented in Figure 131, benchmarked against the regional and national profiles. In all years since 2002, Rother has had a higher affordability ratio than neighbouring Hastings, the rest of the South East, and England as a whole. In all areas, affordability has worsened since 2002; the affordability ratio reached 13.8 in Rother in 2021, and 10.8 in Hastings, both higher than the England ratio of 9.1.

¹⁰⁴ ONS [House price to workplace-based earnings ratios](#), 2021

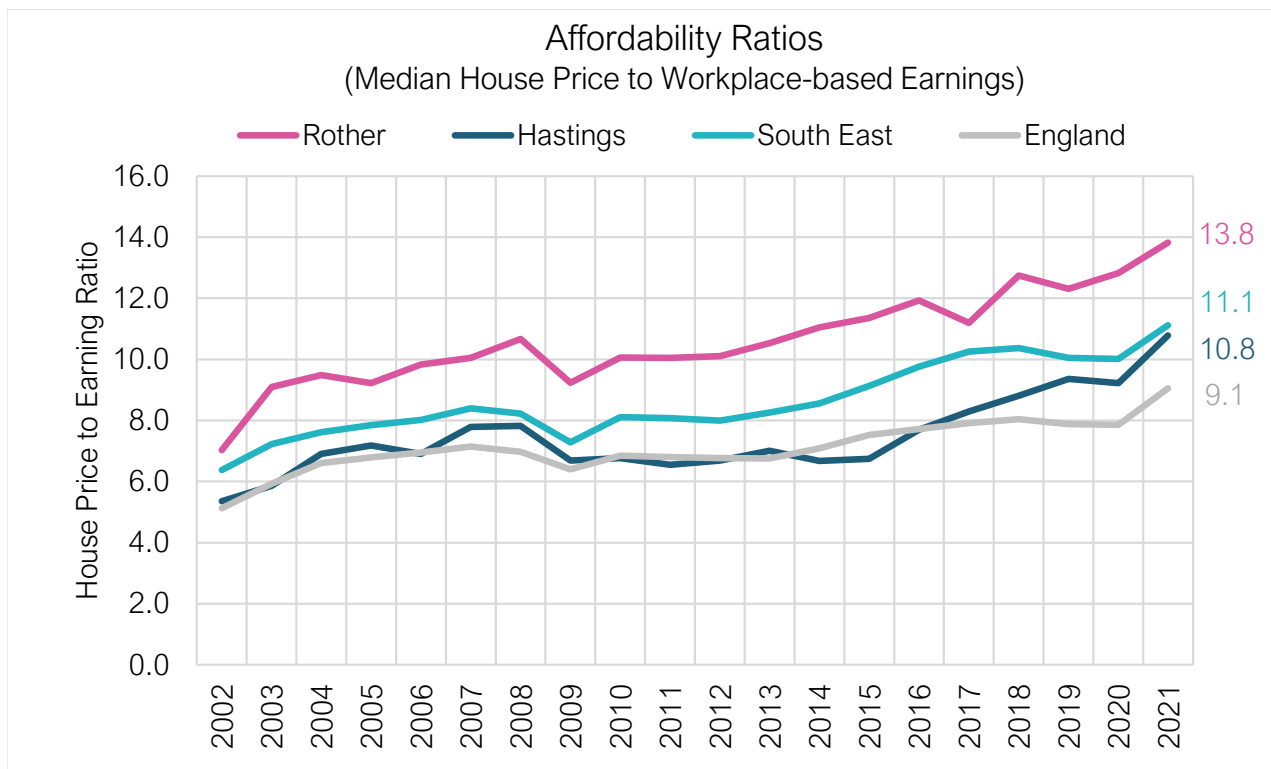


Figure 131: Affordability Ratios (Median House Price to Workplace-based Earnings Ratios)

Source: ONS

Housing Costs & Affordability

- A.63 Calculating the household income required to afford open market property prices involves making an assumption about the size of the deposit, and an estimate of the income relative to the size of the loan (mortgage). For the purposes of the calculations set out here, a deposit of 15% is assumed, with a loan to income multiple of 3.5.
- A.64 With a median property price of £336,885, a household income of £81,815 is required in Rother to afford open market house prices. In Hastings, where the median house price is £275,000, a household income of £66,786 is required. To afford entry-level (lower quartile) properties, it is assumed that a household must earn at least £58,286 in Rother, and £47,357 in Hastings.
- A.65 Using the CAMEO Income profiles, it is estimated that (with the deposit and loan to income multiple applied), the median house price in both Rother and Hastings is unaffordable for nearly all (99%) households. Entry-level (lower quartile) properties are considered affordable for just over 4% of households in Hastings, and 7% of households in Rother. For the younger ‘newly-forming’ households, and for private renters, with relatively lower household incomes, a greater proportion are unable to afford open market property prices.

Table 181: House prices and affordability

	Rother		Hastings	
Open Market House Prices: Costs & Affordability	Lower Quartile	Median	Lower Quartile	Median
Open market property price	£240,000	£336,885	£195,000	£275,000
Income needed (15% deposit and 3.5 loan to income multiplier)	£58,286	£81,815	£47,357	£66,786
Proportion of all households unable to afford	93%	99%	96%	99%
Proportion of newly-forming households unable to afford	93%	99%	97%	99%
Proportion of private renter households unable to afford	97%	100%	98%	100%

Note: It is assumed that private renters have household incomes that are 83% of the 'all households' figure. For newly-forming households, the equivalent figure is 96% (Sources: Edge Analytics, CAMEO Income, EHS).

- A.66 With higher household incomes in Ticehurst and Battle Rural, a greater proportion of households can afford Rother's lower quartile and median house prices (Figure 43), again assuming a 15% deposit and a loan to income multiple of 3.5.

Table 182: Incomes, house prices and affordability: Rother Sub-Areas

Rother Sub-Area	Median Household Income	% of households unable to afford Lower Quartile (£240,000)	% of households unable to afford Median (£336,885)
Ticehurst	£45,000	72%	91%
Battle Rural	£37,500	84%	97%
Battle	£35,500	88%	97%
Rye Rural	£32,000	93%	99%
Bexhill	£28,000	98%	100%
Rye	£26,500	100%	100%

Source: CAMEO Income, Edge Analytics, ONS HPSSA

Rental Costs & Affordability

- A.67 Lower quartile rent is £700 per month in Rother, and £580 per month in Hastings. (see Table 178). In terms of the income needed to afford annual rental costs, the 2007 CLG SHMA guidance states: "A household can be considered able to afford market house renting in

cases where the rent payable was up to 25 per cent of their gross household income”. This would equate to an annual household income requirement of £33,600 in Rother, and £27,840 in Hastings.

- A.68 The latest data from the English Housing Survey (2021-22)¹⁰⁵ suggests that the proportion of a household’s income is spent on housing varies sharply between tenures. Private renters represent a well-established subset of households spending the greatest proportion of income on housing costs – presently 33.1%. The proportion is greater (38.3%) for household income excluding housing support. The proportion of income spent on private rental costs represents the most meaningful benchmark for likely levels of expenditure (as a proportion of income) indicating a reasonable ability to access market housing. There are, however, also variations across tenures, with the latest housing statistics from DLUHC suggesting around 31% of the household income of social renters is spent on housing costs in Rother, and 36% in Hastings.¹⁰⁶
- A.69 The most recent data indicate a reversal of trends in 2019-20 and 2020-21 where the proportion of income fell from around 35% recorded prior to 2016. The increased proportion of likely to reflect post-Coronavirus impacts on the rental market and wider cost-of-living pressures also impacting upon landlords and rental values. While market indicators broadly indicate that an assessment of affordability at 35% of income may be considered reasonable this higher range has not been adopted for this HEDNA Update to take account of the context for wider pressure on household income and potential future rising costs.
- A.70 A 30% threshold is considered to be the appropriate scenario for modelling in accordance with the Planning Practice Guidance, which specifies that while current costs may for the basis for the assessment the potential for future changes in house prices and wages should be considered. The 30% threshold therefore allows some contingency in terms of potential increase in rents or alternatively a downward trend in the proportion of spending on housing costs where this would reflect improved affordability and support increased access to home ownership (i.e., improved ability to save for a deposit).
- A.71 Using the CAMEO Income data, and including adjustments to the income distributions to account for differences in household incomes across ages and different tenures, the incomes required to afford various rental products are summarised below, with an estimate of the proportion of households unable to afford these (Table 183).

¹⁰⁵ EHS 2021-22 Annex Table 1.12 Mortgage/rent1 as a proportion of household income (including and excluding housing support)

¹⁰⁶ DLUHC Housing Statistics 2020-21

Table 183: Rental costs and affordability

Lower Quartile Open Market Rent	Rother	Hastings
Lower Quartile rent (pcm)	£700	£580
Lower Quartile rent (annual)	£8,400	£6,960
Income required (30% of income spent on housing costs)	£28,000	£23,200
Proportion of all households unable to afford	40%	42%
Proportion of newly-forming households unable to afford	44%	45%
Proportion of private renter households unable to afford	57%	61%
Affordable Rent	Rother	Hastings
Affordable rent (pcm)	£563	£533
Affordable rent (annual)	£6,760	£6,397
Income required (30% of income spent on housing costs)	£22,534	£21,324
Proportion of all households unable to afford	23%	34%
Proportion of newly-forming households unable to afford	26%	37%
Proportion of private renter households unable to afford	38%	52%
Social Rent	Rother	Hastings
Social rent (pcm)	£405	£367
Social rent (annual)	£4,859	£4,405
Income required (30% of income spent on housing costs)	£16,196	£14,683
Proportion of all households unable to afford	10%	14%
Proportion of newly-forming households unable to afford	11%	16%
Proportion of private renter households unable to afford	15%	22%

Note: It is assumed that private renters have household incomes that are 85% of the 'all households' figure. For newly-forming households, the equivalent figure is 96% (Source: Regulator of Social Housing, MHCLG, Edge Analytics, CAMEO Income, EHS).

Affordable Home Ownership Costs & Affordability

A.72 There are a variety of affordable home ownership products available to those households that are unable to afford open market property prices, including:

- **First Homes**¹⁰⁷: a new scheme, introduced in June 2021, to provide discounted homes to first-time buyers and key workers in England, with a minimum 30% discount on the market price. Properties under the scheme will be subject to a £250,000 price cap (after the discount) outside of London. First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.
- **Rent to Buy**: a scheme that allows the householder to rent a home at 80% of the open market rental cost, aimed at easing the transition from renting to buying by providing subsidised rent for up to five years, with the balance (20%) being set aside for a deposit.

A.73 The incomes needed to afford Shared Ownership, Rent to Buy, and First Homes are summarised below (Table 184).

Table 184: Rother & Hastings: Indicative Affordable Home Ownership costs and affordability

Shared Ownership: Costs & Affordability	Rother			Hastings		
	10%	25%	50%	10%	25%	50%
Full Market Value (median house price)	£336,885			£275,000		
Share price	£33,689	£84,221	£168,443	£27,500	£68,750	£137,500
Deposit needed (10%)	£3,369	£8,422	£16,844	£2,750	£6,875	£13,750
Mortgage	£30,320	£75,799	£151,598	£24,750	£61,875	£123,750
Monthly rent (unsold equity at 2.75% of value)	£695	£579	£386	£567	£473	£315
Income needed	£37,663	£46,017	£59,954	£30,951	£37,799	£49,157
Proportion of households unable to afford	69%	84%	93%	72%	87%	97%

¹⁰⁷ [First Homes](#)

Rent to Buy: Costs & Affordability	Rother	Hastings
Full Market Rental Cost pcm (median)	£850	£725
80% market rent pcm	£680	£580
Income needed	£27,200	£23,200
Proportion of households unable to afford	38%	42%
First Homes: Costs & Affordability	Rother	Hastings
Full Market Value	£336,885	£275,000
Value with 30% reduction	£235,820	£192,500
Income needed (15% deposit, 3.5x loan to income multiplier)	£57,270	£46,750
Proportion of households unable to afford	92%	95%

Note that Shared Ownership calculations are informed by Legal and General Shared Ownership Affordability Calculator, an income multiplier of 3.5 for mortgage costs, and an assumption that 30% of income is spent on rent and service charges

APPENDIX E: OLDER PERSONS SPECIALIST HOUSING NEEDS MODEL

APPENDIX F: EXISTING SPECIALIST OLDER PERSONS HOUSING IN ROTHER AND HASTINGS

APPENDIX G: EMPLOYMENT MODELLING ASSUMPTIONS AND METHODOLOGIES

Cambridge Econometrics (CE)

- A.74 The approach taken by the CE forecast is perhaps the simplest of the forecasting houses, insofar as it assumes that economic growth in the local area is not constrained by supply-side factors – such as population and the supply of labour. Therefore, the CE forecast makes no estimates of population, activity rates and unemployment rates of the local population. The forecast only provides outputs for total employment, which is equivalent to workforce jobs.
- A.75 The CE forecast simply assumes that there will be enough labour (either locally, or through commuting and future in-migration) with the right skills to fill the jobs. The forecast provides no outputs on demographic or local population labour supply. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be constrained.
- A.76 The CE forecast is based on historic growth trends assessed in terms of the local area's performance relative to the region or UK trend – whichever has the strongest relationship with the local area. This process is undertaken on a sector by sector basis.
- A.77 The forecast assumes that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) in the past, then it will be assumed to continue to do so in the future. Similarly, if it underperformed the region (or UK) in the past then this will be projected forward in the future.

Oxford Economics (OE)

- A.78 The Oxford Economics forecasts sit within their global and national forecasts. This ensures macro-economic factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This means the trends in OE's global, national and sectoral forecasts have an impact on the local area forecasts and means that the OE forecast is more than just an extrapolation of historical trends.
- A.79 OE's local forecasting model depends essentially upon three factors;
- National/regional outlooks – consistency with the broader global and national forecasts;

- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development; and
 - Fundamental economic relationships which interlink the various elements of the outlook.
- A.80 OE report in their data guide that the current macro-economic climate means that their local forecasts show most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.
- A.81 The OE forecasts are produced within an integrated modelling framework, which takes account of labour supply-side factors such as migration, commuting and activity rates and thus the approach forecasts both employment and population growth.
- A.82 The starting point in producing employment forecasts is the determination of workplace-based employees in employment in each of broad sector consistent with the regional and UK outlooks. At local authority level sectoral growth is driven by a range of factors:
- Some sectors are driven predominantly by population estimates,
 - Others by total employment in the area,
 - The remainder relative to the regional performance (largely exporting sectors),
 - All sectors are also influenced by past trends in the local area.
- A.83 Total employment is calculated by adding the employees in employment, the self-employed and Her Majesty's Forces. Self-employment data by region is taken from Workforce jobs data which is then broken down into detailed sectors using both employee trends and comparison with the UK. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.
- A.84 The OE framework models population as an output which is economically driven and thus forecasts differ from the official population projections. The OE model uses official births and deaths projections from the 2016-based population projections; however, they use different migration assumptions based on their modelled UK migration, and at the local level, migration is linked to the forecast employment rate.

Experian

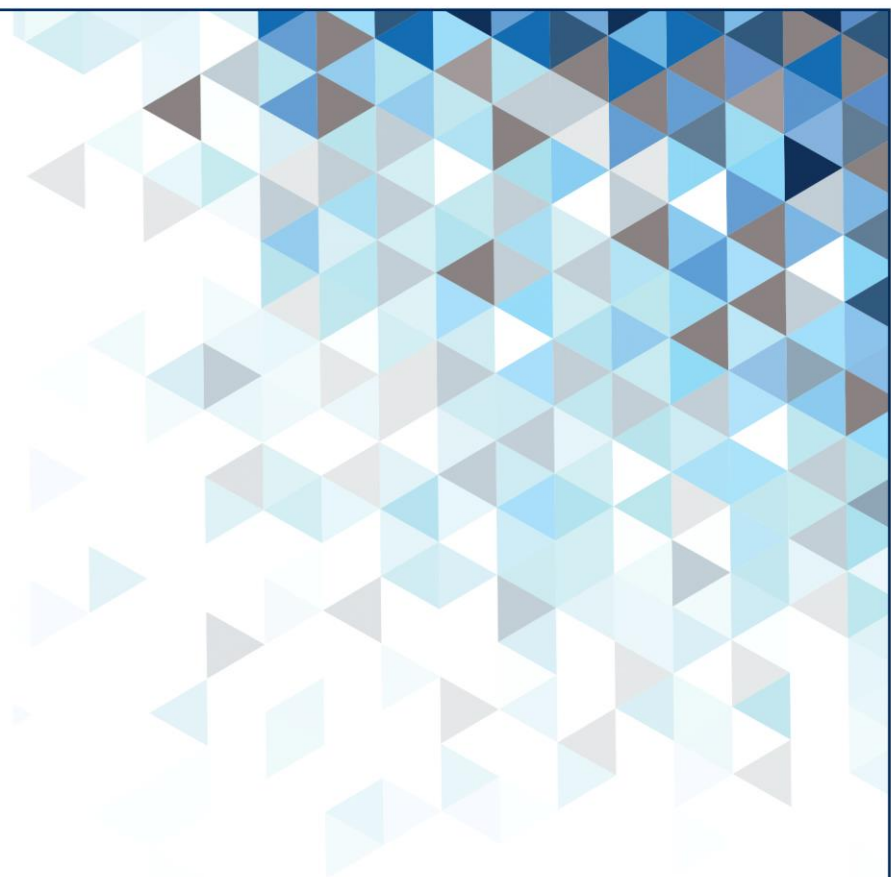
- A.85 Like OE, the Experian forecast is an integrated model providing a wide range of outputs on employment, workforce, and population trends. The Experian local model is based on the resolution of demand and supply for labour. This process takes into account commuting

between local areas within a region and across the regional boundary as well as an estimate of the growth in the economic participation rates in a local area.

- A.86 For population, the Experian model takes as an input data from the 2014-based Sub-National Population Projections. This shows considerable variation at the regional level. This, along with the economic participation rates, combine to produce substantial variation in the labour force forecasts for different regions.
- A.87 Commuting flows are used to derive the available labour force for a region. In the case of the South East, these flows lead to a substantial difference between the resident employment and the workplace based employment.
- A.88 In parallel, labour demand (in terms of workforce jobs) is estimated. This is done by industry sector by linking job growth in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level.
- A.89 The Experian forecast constructs workforce jobs series for each local area using BRES/ABI data to disaggregate estimates for each industry sector. This is determined by the BRES share for a particular industry in a local area relative to the share in its parent region, which is then used to disaggregate the regional workforce jobs series for that industry to a local level.
- A.90 The effect of this is:
- Demand for jobs at the local level is greatest / grows faster in those industries which are performing best at the regional level.
 - Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.
 - The supply and demand for labour is then resolved by considering:
 - The historic ratio between resident employment and workplace based employment in that local area
 - The inflow and outflow of workers across regional boundaries
 - Historic commuting patterns.
- A.91 This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

APPENDIX H: ABBREVIATIONS

APS	Annual Population Survey
ASFR	Age-specific fertility rate
ASMigR	Age-specific migration rate
ASMR	Age-specific mortality rate
CR	Commuting Ratio
DF	Derived Forecast
dpa	Dwellings per annum
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department for Works and Pensions
HELM	Higher Education Leavers Methodology
HNA	Housing Needs Assessment
LHN	Local Housing Need
MHCLG	Ministry for Housing Communities and Local Government
MYE	Mid-year population estimate
NINo	National Insurance Number
NPPF	National Planning Policy Framework
OAD	Old Age Dependency
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PAF	Postcode Address File
PG	POPGROUP
PPG	Planning Practice Guidance
SNPP	Subnational Population Projection
UPC	Unattributable Population Change



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