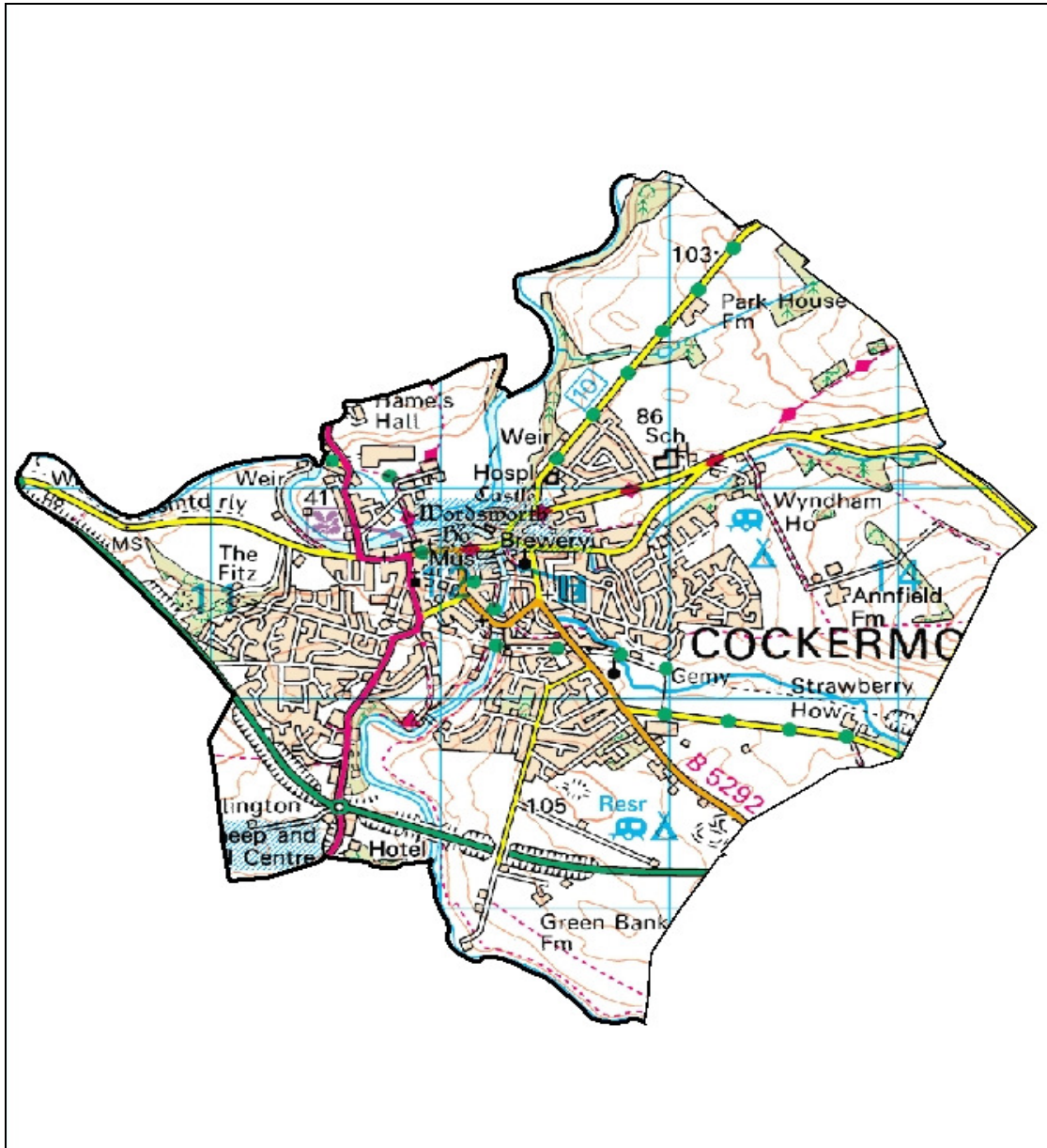


Cumbria Housing Strategy 2010/15

Strategic Housing Market Assessment 2011

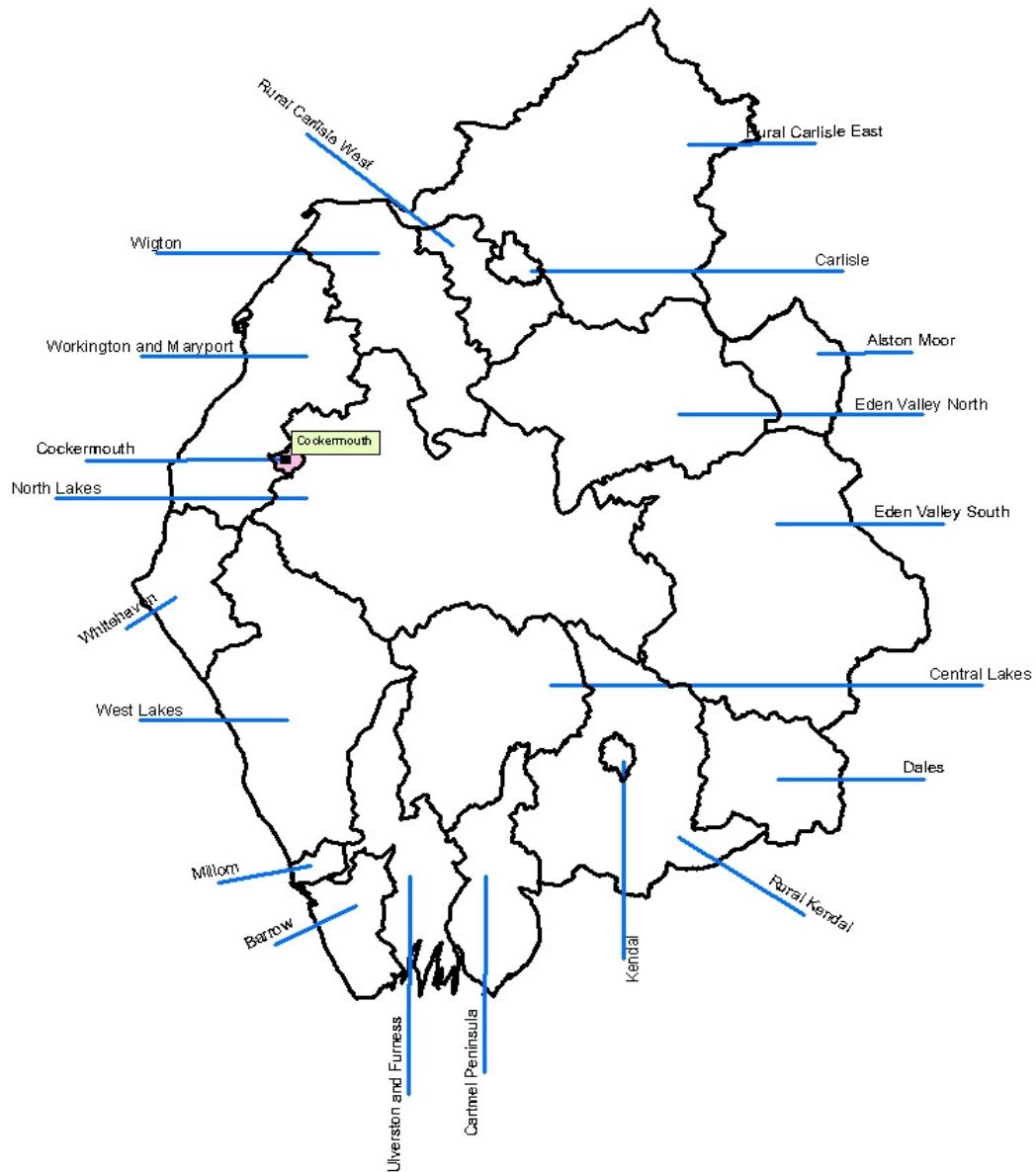
Cockermouth Housing Market Area



April 2011

Cumbria Sub-regional Housing Group

Cumbria's 20 Housing Market Areas



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Abbreviations

ABC	Allerdale Borough Council
ABS	Accommodation Based Support
CA	Community Alarm
HIA	Home Improvement Agency
HMA	Housing Market Area
LDNP/A	Lake District National Park / Authority
NABS	Non-accommodation Based Support
SHMA	Strategic Housing Market Assessment
TTWAs	Travel to Work Areas
GVA	Gross Value Added
RP	Registered Provider of Social Housing

Introduction to the Strategic Housing Market Assessment

The government guidance on completing strategic housing market assessments states that the value of the assessments is in assisting policy development, decision-making and resource-allocation processes by:

- enabling regional bodies to develop long-term strategic views of housing need and demand, to inform future policy development at both a regional and local level in both housing and planning disciplines
- enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area;
- providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing;
- providing evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable housing;
- supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market;
- drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer; and
- ensuring the most appropriate and cost-effective use of public funds.

The SHMA documents have been prepared jointly by each Cumbrian district in consultation with local and county stakeholders and have been compiled using the Governments Strategic Housing Market Assessments Practice Guidance December 2005. The documents are not intended to provide definitive estimates of housing need, demand and market conditions. However they aim to provide insights into how housing markets operate both now and in the future. They are intended to allow an evidence base upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing needs and demand.

To allow ease of reference each stage of the assessment follows the same order as the Guidance. Data sources occasionally differ from those recommended in the Guidance where they have been unavailable or where more robust up to date information has been accessed. The following analysis looks at the housing market area and provides information on the wider District and Cumbrian level where this adds contextual information. For a full methodology and checklist of core outputs and process please see appendix one.

Composition of Cockermouth Housing Market Area

Cockermouth is made up of two parishes All Saints and Christchurch.

Cockermouth is one of Great Britain's 51 'gem' towns recommended for preservation by the Council for British Archaeology as part of the national heritage. One of the reasons for its considerable growth in recent years is its position on the fringe of the Lake District National Park and its closeness to the A595 and the A66 which makes it an ideal base for those travelling to work at Sellafield and Penrith.

The housing market has been constrained in recent years and characterised by low completion rates of mainly executive housing. This, in addition to high numbers of right-to buy sales among the social housing stock has driven prices up to among the highest in Allerdale, and contributing to widespread affordability problems within the Cockermouth HMA.

Headline Findings

- A housing market weighted towards owner occupation
- 38 affordable units are required per year
- Equates to 195 affordable units over the next five years.
- Strong demand for affordable 2 bedroom properties.
- Prices have dropped slightly in Cockermouth, but until there is improvement in the availability of mortgages and less stringent requirements on deposits, the situation will not change for first time buyers.
- Out migration of local people caused by high cost of accommodation.
- Cockermouth School is one of the best performing schools in Allerdale, people move to the town due to the success of the school.
- Properties selling quicker than they were 12 months ago.

Key Issues

1. Affordable housing

- Need caused by low incomes compared to high house prices and the high cost of private renting.
- 300 housing association homes sold under the Right to Buy policy since 1979 but only 82 new housing association properties built since 1999.
- Estate agents highlight that local people, especially first time buyers have difficulties in accessing the housing market as house prices are so high.
- Demand has increased for housing association properties, while access is increasingly difficult as turnover has fallen
- Households staying in social rented properties longer than in the past as house prices so high.
- Increase in the number of people renting. There has been an increase in first time buyers renting while they save for a deposit.

2. Homelessness

- The number of households accepted as homeless fell from the previous year during 2009/10, although households presenting as homeless rose significantly.
- Few landlords of private sector rented accommodation accept tenants on housing benefit.
- Homelessness predicted to increase as a result of proposed Government cuts

3. Supported Housing

- Cumbria County Council is currently in the process of reviewing all supporting people contracts and services, including housing units needed for all client groups.

4. Decent homes

- Plans in place to bring make all social housing decent by 2019.
- Major redevelopment work has started on Manor Court and St Leonard's by Home Housing Association as homes do not meet the Decent Homes Standard. This involves demolition of existing properties and provision of new properties better suited to meet the needs of households in Cockermouth.

5. Housing for elderly

- There will be a massive increase in the number of people aged over 60. The number in the 60+ age group will have risen by 38% by 2029 (Popgroup). Within this those aged 85+ shows the greatest increase at 125%.
- Manor Court in Cockermouth which was a sheltered housing scheme managed by Home was demolished in August 2010. It will no longer be a development for the elderly with a warden but will be replaced by 40 x two bedroom flats for the over 55's with careline.
- The list for sheltered housing in the town managed by Derwent and Solway has decreased significantly over the last 12 months.
- A report carried out by Consultancy firm planning4care uses KIGS data for 2001-2002 to 2008-09 and identifies a consistent fall in take-up of LA-supported residential care places from 25.1 places per 1000 65+ population in 2001-2002 to 19.8 in 2008-2009.
- This is despite the report also saying that Cumbria shows the third highest projected increase in the older population. The report, based on demographic trends and current service patterns, continues to say that long term residential care places need to increase in the county in order to meet the need of the elderly population. Or alternate types of provision need to be developed across the county to meet the increasing social care need that is currently met mainly by long-term residential care.
- At the time of writing this report research is being undertaken by the County Research and Information Group to develop a range of housing and services that will meet the needs of the ageing population.

2. The Current Housing Market

Stage 1: The demographic and economic context

1.1 Demography and household types

- The resident population of Cockermouth grew from 7,877 in 2001 to 7,948 in 2006. This is an increase of 71 (0.9%).
- In All Saints ward, there are significantly more households with dependent children than there are single people and older people. This may be because Cockermouth School is situated within the ward of All Saints and is surrounded by many family homes.
- All Saints ward also contains a large social housing estate, providing social rented housing for families which could otherwise not afford to live in the town.
- In Cockermouth, 33.4% live in one person households compared to the Allerdale average of 29.2% and 25.3% of households have dependent children which is just slightly below the Allerdale average of 26.6% and the Cumbrian average of 27.5%.
- The number of pensioner households is also higher than the Allerdale average, with 29.2% being pensioner households compared to the Allerdale average of 26.1%, reflecting the town's popularity with retirees.
- Allerdale is one of the least ethnically diverse local authorities nationally, and over 96% of Cockermouth's population is white.

Table 1: Age Range

	All People	0 - 4	5 – 15	16-24	25-44	45-64	65-74	75+
Cockermouth	7,948	370	880	1,099	1,548	1,819	1,333	899
%	100	4.7	11.1	13.8	19.5	22.9	16.8	11.3

(Source: 2006 data, supplied by CCC, ONS)

Table 2: Household Type

	Cockermouth	%	Allerdale %	Cumbria %	North West %
All Households	3,515	100	100	100	100
One person households	1,175	33.4	29.2	30.1	30.9
- Of which Pensioners living alone	648	18.4	15.8	15.8	15.1
All other pensioner households	379	10.8	10.3	10.8	8.9
Households with dependent Children	889	25.3	26.6	27.5	30.4
- Of which lone parent households with dependent children	161	4.6	5.7	5.5	7.7
Households with non -dependent children	285	8.1	10.7	9.8	10.3
- Of which lone parent households	90	2.6	3.2	3.0	3.5
Households with no children	662	18.8	19.1	19.3	16.4
All other households	124	3.6	4.1	2.5	3.0

(Source: 2001 Census, ONS)

Table 3: Ethnic Group

	Cockermouth %	Allerdale %	North West %
All People	100	100	100
White; British	94.53	98.46	92.17
White; Irish	0.27	0.3	1.15
White; Other	1.3	0.7	1.11
Mixed - White and Black Caribbean	0.03	0.07	0.33
Mixed - White and Black African	0.03	0.0015	0.15
Mixed - White and Asian	0.27	0.1	0.26
Mixed – Other	0.09	0.04	0.20
Asian or Asian British; Indian	0.15	0.06	1.07
Asian or Asian British; Pakistani	0	0.004	1.74
Asian or Asian British; Bangladeshi	0.03	0.006	0.39
Asian or Asian British ; Other	0.03	0.017	0.22
Black or Black British: Caribbean	0	0.0015	0.30
Black or Black British; African	0.06	0.03	0.24
Black or Black British; Other	0	0.006	0.08
Chinese or Other Ethnic Group; Chinese	0.18	0.11	0.40
Chinese or Other Ethnic Group; Other Ethnic Group	0.03	0.06	0.20

(Source: 2001 Census, ONS)

1.2 Economic Context

Much of this section has been taken and informed by the Cumbria Economic Assessment 2010 and provides an up-to-date economic context for the housing market assessment.

The Global Economy

Macroeconomic factors such as bank rates, inflation and national economic growth impact on house building and investment on the supply side and household finances on the demand side. For example, higher interest rate makes it more expensive to borrow, thereby reducing demand for housing and affecting employment levels by increasing the cost of investment. Government subsidies; grants and policies can also influence housing markets.

Despite strong economic growth and broad stability since 1994/1995, a major global recession triggered by loss of confidence in asset prices and near meltdown of the financial system created unprecedented levels of uncertainty and instability in the international economy which led to a sharp fall in global trade and reductions in levels of output in many of the major industrialised countries. During 2010, nation-states have commonly responded to these conditions in various ways to try to stabilise demand while simultaneously being under pressure to address growing budget deficits in the public sector. More recently, there have been tentative signs of economic recovery, although the level of uncertainty over future forecasts of growth remains high.

The pace of recovery is slow, and activity remains well below pre-crisis levels. The recovery is being led by a rebound in manufacturing output and a turn in the inventory cycle, and there are some signs of gradually stabilizing retail sales, returning consumer confidence and returning confidence in housing markets. As prospects have improved, commodity prices have staged a comeback from lows reached in 2009 and world trade is beginning to increase.

After contracting by about 1 percent in 2009, The Organisation for Economic Cooperation and development (OECD) forecasts that global activity will expand by about 2.7 percent in 2010 and 2.8% in 2011. This is still well below the rates achieved before the crisis. Growth in advanced economies is expected to remain sluggish through the rest of 2010. The OECD forecasts only 1.2% growth in the Eurozone for 2010 following a contraction of 3.5 percent in 2009.

The UK Economy

Gross Domestic Product

The outlook for GDP growth remains highly uncertain. The strength and sustainability of the recovery will depend on the extent to which the prospective fiscal consolidation is matched by lower private sector saving net of investment and on how rapidly the past depreciation of sterling and the global recovery improve the United Kingdom's trade balance.

The UK economy grew at a faster-than-expected rate of 1.2% in the second quarter of 2010 and 0.8% in the third quarter according to official estimate by

the Office for National Statistics. This marks a sharp improvement in pace from the 0.3% growth in the first quarter of 2010 leading some analysts to suggest that the country may now be over the worst of the recession. However, the Governor of the Bank of England, Mervyn King, has warned that the UK economy faces a “choppy recovery” over the next few years.

The headline manufacturing and services sector Purchasing Managers Indices (PMIs) are now both at levels consistent with an expansion in activity and this conclusion is also echoed in the recent strength of other consumer and business surveys. It is uncertain, however, how much of the recent rise in demand has been driven by temporary factors, such as a rebuilding of inventories after the unprecedented de-stocking earlier in the year, and a bringing forward of consumption ahead of the 2.5 percentage point VAT rise to 20% in January 2011. More generally, persistent or rising unemployment (particularly in the public sector), continued tight credit conditions, low wage growth and the desire of households and businesses to repair balance sheets pose ongoing impediments to a strong recovery in 2010/11.

The Office for Business Responsibility (OBR), the new independent fiscal watchdog, has recently downgraded the economic growth projections for the UK economy. The OBR projects that the economy will expand by 2.6% in 2011, down from the 3.0% - 3.5% given in Labour's last budget. However, the revised figure is still considerably higher than the 1.5% growth forecast by the Organisation for Economic Cooperation and Development (OECD).

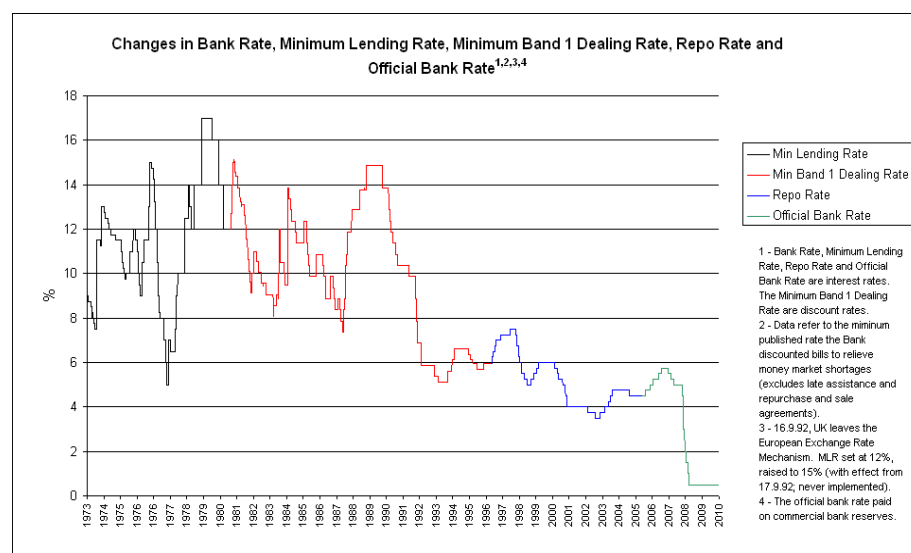
CPI Inflation & Bank Rates

In order to maintain price stability, the Government has set the Bank's Monetary Policy Committee (MPC) a target for the annual inflation rate for the Consumer Prices Index (CPI) of 2%.

In June 2010, CPI inflation was 3.2%, well above the 2% target. The high rate of inflation reflects temporary effects stemming from increase oil prices, the restoration of the standard rate of VAT to 17.5%, and the past depreciation of sterling. The forthcoming increase in VAT was expected to keep CPI inflation above the 2% target until the end of 2011, after which inflation was likely to fall back, reflecting the persistent margin of spare capacity. Overall, the MPC judged that the recovery was likely to continue (BoE 2010).

Responding to the severity of the global economic crisis and to help stimulate the British economy the Bank of England's official interest rate has been reduced significantly over the last few years. A record monthly decline of 1.5 percentage points from 4.5% to 3.0% in November 2008 was followed by a continued reduction until March 2009 when the official Bank of England base rate was lowered to 0.5%, the lowest rate in the Bank's 315 year history. In October 2010, the Monetary Policy Committee (MPC) has maintained Bank Rate at 0.5% for the 20th consecutive month. The Figure below shows how interest rates have fluctuated since the early 1970s clearly showing the result of the financial strategy currently being used.

Figure 1: Historic Variation in the UK Interest Rate



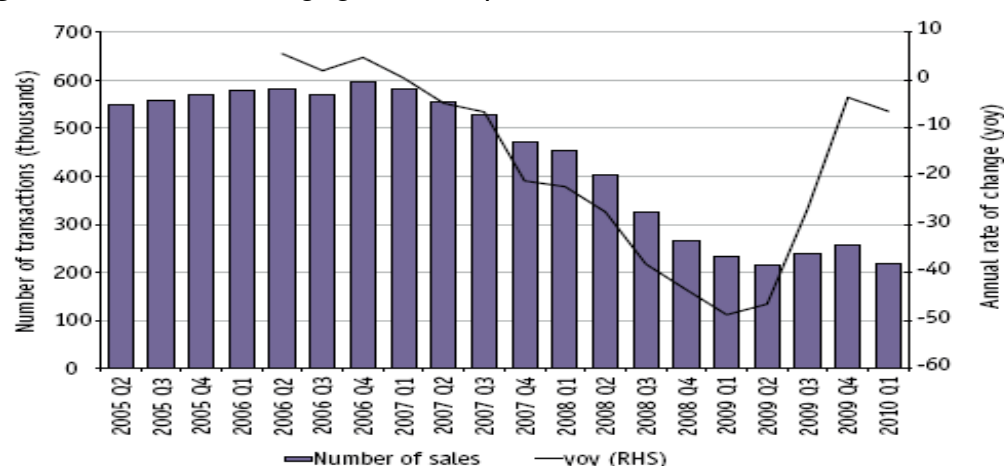
(Source: Northwest Regional Economic Forecasting Panel, Spring 2008)

In the light of that outlook, in October 2010 it was judged that maintaining Bank Rate at 0.5% and maintaining the size of the programme of asset purchases financed by the issuance of central bank reserves at £200 billion was appropriate to meet the 2% CPI inflation target over the medium term. But the prospects for inflation remain highly uncertain.

Credit Conditions

Credit conditions remained tight relative to their immediate pre-financial crisis levels. Recent developments in the mortgage market suggest that lenders have tightened the availability and raised the cost of higher-risk loans. The contraction of the lending market has seen the national sales fall from a high of approximately 600,000 in 2006 Q4 to just above 200,000 2009 Q2. Figure 2 shows that the fall in lending appears to have levelled off with a slight upward trend since 2009 Q2.

Figure 2: Trend in mortgage sales April 2005 to March 2010

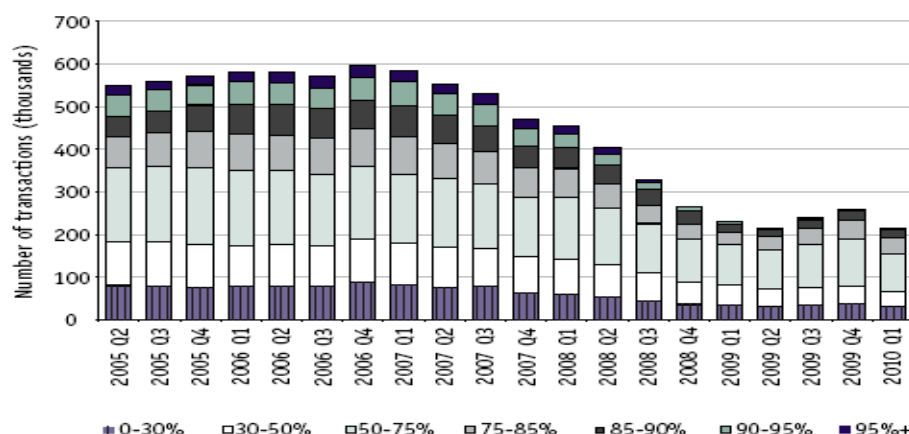


Source: FSA Mortgage PSD.

Notes: RHS stands for right hand side. Data are seasonally adjusted.

The fall in mortgage sales can clearly be linked to the financial crisis with access to financial becoming a leading factor to the slow down in the market. The Financial Services Authority's *Product Sales Database* suggests that the share of high loan to value lending fell over the year to 2010 Q1 (see Figure 3). And the spread between higher and lower loan to value mortgage rates has remained much wider than its pre-crisis level. The contraction of lending has led to buyers requiring larger deposits to secure credit and has severely limited house purchase for many households, especially those with lack of equity and on low incomes.

Figure 3: Mortgage sales by loan-to-value ratios April 2005 to March 2010



Source: FSA Mortgage PSD.

Note: Data have been seasonally adjusted.

The low rate of interest has helped to ensure mortgages remain affordable for existing borrowers. However, in spite of some fall in house prices, prospective first time buyers still face affordability problems, as many of mortgage lenders have become more cautious about who they lend to and how much they are willing to lend. During the last three years mortgage companies often required deposits of up to 25% or more, and until the wider UK economy and employment situation improve it is unlikely that large numbers of first time buyers will return to the market.

Typical UK first-time buyer deposits rose from under £15,000 in the second quarter of 2007 to £19,000 in 2008 according to the Council of Mortgage Lenders before peaking at 25% in February 2009 (<http://www.cml.org.uk/cml/media/press/2329>) and have remained around this level since. The 100% mortgage availability which marked the peak years of the housing boom has on the whole been removed from the market and is unlikely to return in the short term.

In general interest rates principally affect the housing market in one of two ways:

Mortgage Payments: An increase in interest rates will increase monthly mortgage payments on a variable mortgage. For example, a quarter point rise on a £140,000 mortgage will increase monthly payments by approximately £30.

Demand for Housing: A sustained rise in interest rates will affect the affordability of paying a mortgage. As interest rates rise, buying a house becomes less attractive and therefore demand falls. This can lead to falling house prices. For example, in the late 1980s interest rates rose to 15% causing house prices to collapse in the UK.

Housing Price Changes

According to some market analysis, while the recovery in the UK housing market has not been derailed completely, price growth shows distinct signs of slowing. While prices are not expected to fall dramatically, a degree of pricing stagnation in the short-term until the economic picture brightens.

Short term buyer/investor confidence remains fragile. House price growth is expected to moderate in the latter part of 2010. Over the long term though, house prices are expected to experience significant growth by 2012 (Jones Lang LaSalle 2010).

With the recession it is likely that there are reductions in demand for housing, with resultant falls in house prices, until such time as a new equilibrium is reached between demand and supply and stability is achieved in the international markets. However, aside from the lending practices of major lenders, the underlying reasons behind the high house price inflation in recent years, is the fact that there has been insufficient housing provision to meet needs across the UK. Some economists predict that once the economy picks up again, there could be a further surge in house price inflation, which may be as serious as had been experienced in recent years. There is a need therefore to continue to build new houses in order to respond to underlying housing needs.

The Public Sector

Over the last five years, public sector spending has made an average contribution to annual GDP growth of 0.5%. So far during the recession, the contribution has been sustained at that level. However, fiscal policy is set to tighten considerably from 2010-11 onwards, particularly in 2011-12. Having boosted nominal GDP in the current fiscal year, the decline in public sector net borrowing is set to depress nominal spending by 0.6% in 2010-11 and by 1.9% in 2011-12. Analysts argue that these cuts are necessary to bring borrowing back in line with the tax base so as not to damage the long run growth potential of the economy.

Four fifths of the Government's planned deficit reduction measures are expected to come from public sector spending cuts. This compares with a 71% share under the former Labour governments plans and includes a massive £31.9bn annual net spending cut by 2014-15. Of this figure, £11bn is expected to come from cuts to welfare benefits and another £2.2bn from reductions in government investment programmes. However, it will not be clear where most of the reductions will be experienced until the Comprehensive Spending Review details emerge in late 2010. Nonetheless, government departments are already being told to plan for 25- 40% reductions in their budgets.

The result of this is predicted to be a sustained period of contraction in the public sector inevitably leading to widespread job losses. The OBR has forecast that 12% (600,000) of public sector jobs may be lost over the next six years. However, the OBR also predict that these losses will be more than compensated for by the creation of 1.34 million jobs in the public and private sector over the same period.

In short, the Chancellor's proposal to eliminate the structural deficit over the next four years is founded on a key assumption: that private spending is being held back by worries about the scale of government borrowing. It is argued that by bringing spending under control through taxes and spending cuts, households will be encouraged to spend and companies to invest and that this extra activity will offset contraction in the public sector. Critics argue, however, that with confidence still low after the recession combined with ongoing threats to employment, household spending may remain subdued. In addition, levels of investment in business may not compensate for this if growth in the eurozone – which is the UK's largest export market – fails to materialise.

Government Changes to Housing Benefits

As a result of recent Government announcements made under the 2010 Budget (HM Treasury 2010) and Comprehensive Spending Review (HM Treasury 2010a), the social housing budget in England is to be cut by more than half. The Government announced the following changes to the Local Housing Allowance:

From April 2011, the Government will: remove the five bedrooms Local Housing Allowance rate so that the maximum level is for a four bedroom property; introduce absolute caps; in addition, the £15 weekly excess that some customers can receive under the Local Housing Allowance arrangements will be removed.

From October 2011, the Government will: set Local Housing Allowance at 30 percent of local rents (currently set at the median of local rents); and triple its contribution to local authorities' funding for Discretionary Housing Payments. This is currently £20 million a year and will increase to £30 million in 2011/12 and then to £60 million a year from 2012/12.

Government Funding for Regeneration

The Government set a target of 150,000 affordable homes being built over the spending review period. To achieve this, the CSR announced a series of funding streams, in relation to housing, these included:

National Affordable Housing Programme – the programme funds new build social rented housing in England and low cost home ownership scheme HomeBuy. A total of £4.5 billion has been allocation over the four years, of which £2.5 billion has been allocated to existing commitments.

New Homes Bonus – the scheme aims to encourage councils to approve more housing schemes by matching fund for six years the council tax generated by each new home ("net gains" only). A total of £950 million has been allocated, broken down into £196 million in 2011/12, rising to £250 million in each of the following three years.

Property and Regeneration Fund – since 2007, the fund has been used to subsidises Brownfield reclamation and mixed-use regeneration developments. All funding for 2010/11 is committed. No further commitment has been made.

The Labour Market

In the second quarter of 2010 national employment levels were 417,000 lower than at the beginning of 2008. Despite this there was an increase in self employment over the period, possibly reflecting more limited employee opportunities, and an increase in part time employment, indicating flexibility in the labour market with adjustment in demand resulting in lower hours rather than lower employment. This has reduced the impact of the recession on employment by transferring some of the effect away from the number of people to the number of hours.

Since the start of 2008, the number of people out of work has risen from 1.78m to 2.45m, a rate rise from 5.7% up to 7.8% and any prediction of future trends in unemployment remains highly uncertain. The risk is that, should the pace of the recovery remain sluggish and public sector redundancies start to filter through into the unemployment figures then unemployment may begin to rise further. In any event, the fall in unemployment, when it occurs, is likely to be held back by the planned retrenchment in the public sector.

Although current labour market prospects can be described as an improvement on a year ago, the surplus of labour supply is likely to ensure that earnings growth remains modest. Public sector earnings have been frozen for two years for anyone earning over £21,000 and overall annual wage inflation is expected to remain in the 1-2% range over 2010 and 2011, around half the ten-year average. Given this outlook, labour market conditions are likely to continue to act as a substantial drag on GDP growth through much of 2010/11.

The North West Regional Economy

It has been widely debated that the North West's wealth (as measured by GDP per capita) is 14% below the UK average, a gap which has widened progressively over the last 35 years. Many factors influence long term productivity gaps, but one structural trend stands out: since the late 1970s the region has lost relatively high productivity jobs in manufacturing and created lower productivity jobs in services. However, in many of the service sectors in question – financial, professional and public – the North West has not been able to match the higher value job creation of London and the South East. This is reflected in lower fees and salaries and, ultimately, in lower wealth per head. The region's 14% wealth gap with the UK equates to £20.4bn or, put another way, roughly the size of the Merseyside economy.

Regional Context

Source: Northwest Regional Economic Forecasting Panel, Spring 2008

The recent history of the regional economy includes a period of:

Very rapid jobs growth, especially between 2001 and 2004. This may be exceptional and unlikely to be seen again. It followed marked recent increases in public spending such that a third of the region's jobs are now in the public sector; and it also included the out-sourcing of jobs in financial and business services from higher cost places in the South, following a downturn in international financial markets in 2001.

Net migration shift, which explain why the region's population began to grow again from 2001. This also appears to have been closely related to this exceptional period of growth in job opportunities. While the growth in participation amongst men has remained low, a significant increase of the participation of women in the region's labour force appears to have been a further response to this same peak in job opportunities. Nevertheless, the underlying trend in the growth of jobs in the North West has still been running on average around 0.1 percentage points a year below that in the UK. A fall in productivity, which accompanied the recent peak in jobs growth in the North West. Services now represent the bulk of jobs, and productivity levels in all broad service sectors in the region fell relative to the UK between 1995 and 2005. Also, there is little left of an advantage the region once enjoyed in the productivity stakes because of its once considerable concentration of employment in manufacturing, in which labour productivity is generally higher than in services.

The relative decline in the region's productivity in services is attributed to: A gradual fall in its price level relative to the UK, which is bound to have had a general effect on relative wages.

A shift in the balance between lower and higher level jobs in favour of the UK, and a widening disparity between earnings in higher-level jobs between London and other major cities, including Manchester and Liverpool. This effect has been particularly marked in top-end jobs in financial and business services, a sector that now provides almost half of GVA in London as against less than a fifth in the North West.

The output gap between the region and the UK has generally grown faster than the North West. The main influence has been the performance of London as a global city and as an international provider of high level services, together with consequential growth in the 'super city region' around London. Its direct influence now expands into parts of the East Midlands, the West Midlands, and the South West, as well as into Eastern England and much of the South East.

Figure 4: GVA per head - % difference between North West & UK (current prices)



Source: *Regional Accounts & Cambridge Econometrics*

Figure 4 shows the GVA gap between the North West and nationally. As can be observed the gap has been steadily growing over the last few decades and has three main explanations:

About a quarter reflects labour market differences, mainly lower participation, but also fewer hours worked, and less double jobbing in the North West, despite broadly similar patterns of part-time working.

About a third reflects the fact that employees in the North West earn less for similar kinds of work, interpreted as a reflection of the influence of its lower general price level on wage settlements, a price level that has been falling relative to the UK.

The rest reflects an additional gap in earnings because of the nature of jobs in the North West as compared with jobs in the UK. The fact that there are relatively fewer higher-level jobs, and relatively more lower levels jobs, in the North West plays a part, as does the industrial structure in the region with a slight bias towards sectors that tend to generate lower value added per job. But the most important influence here is shown to be comparatively high rewards for higher-level jobs in London and the Wider South East, especially in financial and business services, which now generates nearly half of London's GVA.

The expectation that these trends will continue, and that growth rates in GVA and in GVA per head will continue to diverge with the UK and England, has mainly to do with the dynamic effects of economic agglomeration continuing in and around London. It is also expected that national and international business is likely to continue to become more concentrated in London.

Generally speaking, a distinction can be drawn between areas of the UK that are directly influenced by London, and others, such as the North West, that are generally further away, and have less well developed links, even if they may host support services for firms based in higher cost places, including the London area. Therefore, although Manchester has developed into the equivalent centre for the North West and has some national and international business, it is on a much smaller scale. Based on projected trends in total and working age populations and likely developments in participation, the effective supply of labour and jobs is expected to continue growing more slowly in the region than in the UK. There is a risk that this expected divergence in jobs growth could be wider than expected, depending on where net immigration is concentrated.

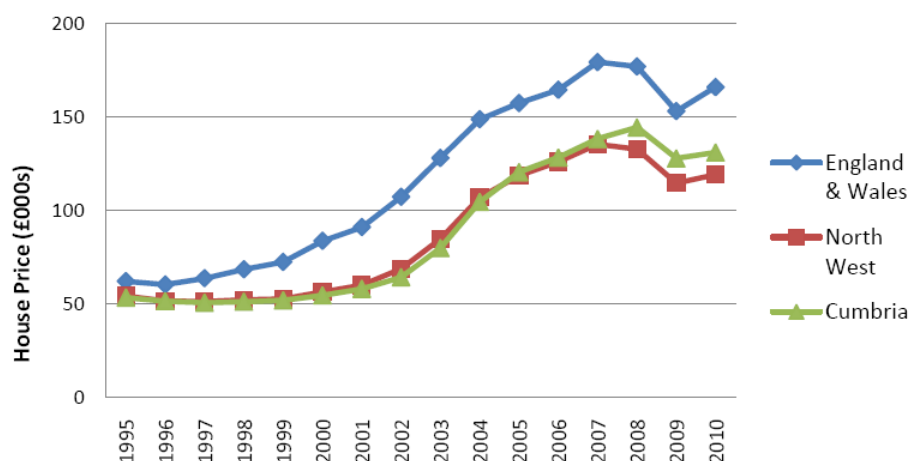
The central forecast of the most likely gap in GVA growth between the North West and the UK over the next twenty years is an average of 0.4 percentage points per annum, or a little more. The results of public policy initiatives are implicit in these trends and the Forecasting Panel think change is unlikely mainly because many programmes are similar to those that have been in place for some time and economic performance seems to have been driven mainly by structural change responding to market forces. This may change if firms and other bodies in the region take increased advantage of strategic opportunities in which the region has strengths (for instance in nuclear, energy, and environment-related industries) and if we saw public policy concentrating an increased proportion of resources on growth, especially on accommodating and underpinning agglomeration through appropriate policies, such as transport and housing.

It is nonetheless implicit in this view that the North West's economy will continue to grow more rapidly than in the 1990s, and also that living standards in the region will continue to improve on average even if the gap in GVA per head is expected to widen. Although the North West's growth corridor may flourish, and its influence will spread geographically, especially given effective transport and spatial policies, the corridor is simply different in character and scale, and less of an integrated whole at present, than is London and its surroundings.

House Prices and Sales

After the sustained period of growth from 2004-08, prices dipped in the second half of 2008 and throughout 2009 but have since begun rising again in 2010. House prices dipped later in Cumbria than in the NW or across England and Wales as a whole and also dipped by less. However the slight recovery in early 2010 has also not been as strong in Cumbria as elsewhere in the country as Figure 5 shows.

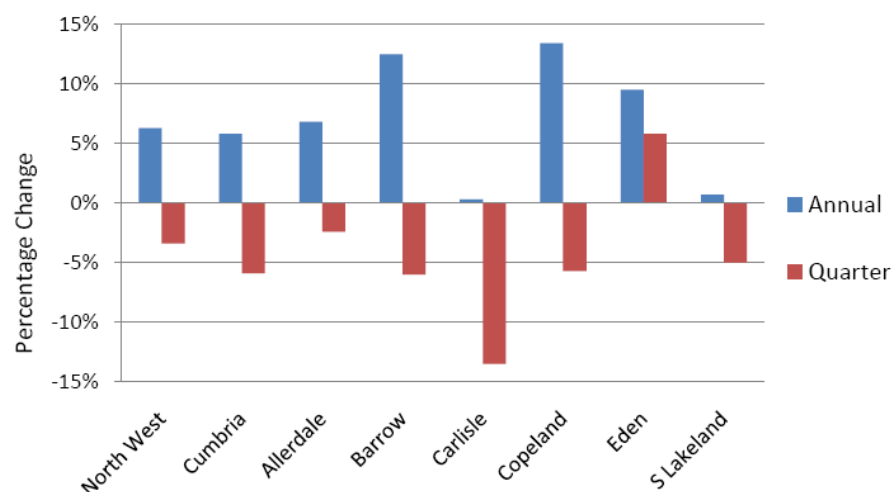
Figure 5: Change in House Prices, 1995-2010



Source: Land Registry

The level of the recovery has been very similar in both Cumbria and the North West, however as Figure 6 demonstrates there has been a varied change in both quarterly and annual prices within the County.

Figure 6: Annual and Quarterly Change in house Price by Area



Source: Land Registry

The Cumbria Economy

Given the wider economic conditions, and the scale and depth of economic problems which have occurred, it is inevitable that Cumbria has experienced economic difficulties over the last 2 years and faces, as elsewhere, the challenges of recovery. To some degree, however, it is possible that Cumbria's economic difficulties have been less than elsewhere in the UK and in other developed economies.

A number of factors may have provided insulation from economic shock. Firstly, Cumbria has two major industries and employers – defence activity in Barrow and nuclear decommissioning on the West Coast – which are influenced less directly by national and international business cycles (though, of course, they are subject to other concerns). Secondly, Cumbria has a relatively self-contained economy in which a smaller proportion of business activity (than is average for the UK) is dependent on external sales and, therefore, is less vulnerable to sharp downturn in demand in non-Cumbrian markets. This “localised” economy may continue to be supported not only by stable, even rising earnings in defence and nuclear sectors, but also by the pension income of Cumbria's older-than-average population. It may also be that Cumbria's tourism market may have been less affected by the sharp downturn in international travel. Similarly, Cumbria's agricultural sector is predominantly based on the rearing of livestock where prices and margins have strengthened (whereas cereals-based agriculture elsewhere has suffered from poor prices over the last year).

However, the relative insularity of the Cumbrian economy to major global changes may offer only temporary respite. It is fair to say that Cumbria has struggled, historically, to attract inward investment particularly without public sector support. This is likely to weaken any private sector driven recovery in the County. It is also significant that Cumbria is highly vulnerable to employment losses arising from any forthcoming public sector recession. Addressing these issues is likely to be a major concern for the future Local Enterprise Partnership for Cumbria.

Gross Value Added (GVA)

GVA in Cumbria has long since lagged behind its more urban neighbours in the North West, primarily due to the county's reliance on agriculture and tourism where the generation of GVA is relatively low. The lack of corporate headquarters also affects GVA, since the generation of GVA is often attributed entirely to the HQ base.

Headline GVA for Cumbria in 2007 at current basic prices stood at £7,379m which is 6% of the total for the North West and 0.6% of the UK total. Over the long term (1995-2007) Cumbria was the slowest growing of the 37 NUTS2 (i.e. county type) areas in the UK with an overall growth rate of 51.4% compared to 71.2% in the North West and 90.5% for the UK.

In the medium term (2002-2007) the growth rate was 30.2% which is faster than the North West (24.4%) and the same as nationally (30.2%) making Cumbria the 13th fastest growing NUTS2 area and the fastest in the North West. In the short term (2006-2007) Cumbria's total GVA grew at 5.1% which

is faster than the region (4.6%) but a little slower than the UK (5.5%). This places it 19th out of the 37 NUTS2 areas and the fastest in the region.

East Cumbria (Carlisle, Eden, South Lakeland) was responsible for 58% of Cumbria's total GVA in 2007 compared to West Cumbria (Allerdale, Barrow, Copeland) which produced 42% of the total. West Cumbria's share of the county's GVA has been declining steadily since 1999 when it was 46%. The table below shows total GVA and growth over the long, medium and short term.

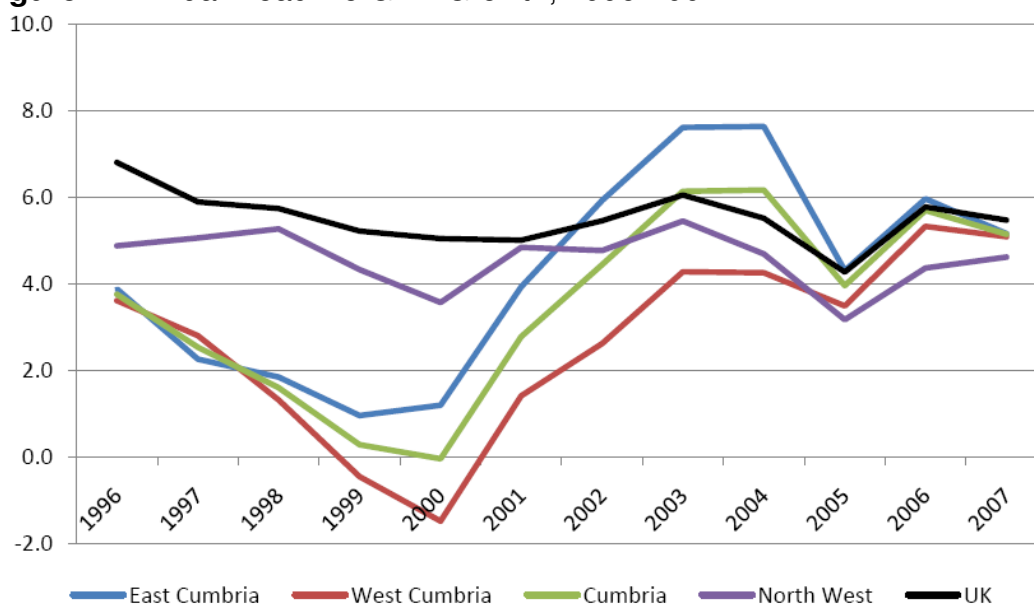
Table 4: Headline GVA 2007 and Change over Time

	Headline GVA 2007 (£m)	% change 1995-2007	% change 2002-2007	% change 2006-2007
East Cumbria	4,261	63.8	34.6	5.2
West Cumbria	3,117	37.2	24.5	5.1
Cumbria	7,379	51.4	30.2	5.1
North West	116,466	71.2	24.4	4.6
UK	1,245,735	90.5	30.2	5.5

Source: Office for National Statistics

Figure 7 shows annual growth in headline GVA in East and West Cumbria, together with Cumbria, the North West and the UK. This shows that the generation of GVA in Cumbria dropped sharply in the late 1990s before recovering, and in the case of East Cumbria, overtaking national growth rates in the early years of the new millennium. Since 2005, growth rates have been close to the national average.

Figure 7: Annual Headline GVA Growth, 1996-2007



Source: Office for National Statistics

GVA Per Head of Population

It is common to report GVA per head of population as a measure of productivity. However, this is an imperfect measure as it includes the entire population, not just the “productive” population and also because it mixes workplace data (GVA) with residence data (population). It is therefore influenced by demographic and commuting issues as much as economic output.

At present this data is only available for West and East Cumbria. For West Cumbria, the GVA per head has, since 1995, been lower than the county, regional and national averages, and currently stands at just 65% of the national average. West Cumbria has shown a consistent decrease in GVA per head since 1995, whereas East Cumbria has shown a steady increase in GVA per head since 2002, possibly reflecting the decline in the dominant manufacturing industries in the West of the county. For East Cumbria the GVA per head of population has been higher since 1995 than the regional and county average. While this is still only 80% of the UK average (indicating that the area is lagging behind in terms of productivity of the workforce) this area has shown a faster growth in recent years.

GVA per head of population stood at £14,848 in Cumbria in 2007 which is 88% of the North West level (£16,967) and 74% of the UK level (£20,458). There is a significant difference between East and West Cumbria – in East Cumbria GVA per head of population is £16,374, whereas in West Cumbria it is just £13,171.

Table 5: GVA per Head of Population, 2007 and Change over Time

	GVA per head of pop 2007 (£m)	% change 1995-2007	% change 2002-2007	% change 2006-2007
East Cumbria	16,374	56.7	31.4	5.0
West Cumbria	13,171	37.9	23.4	5.0
Cumbria	14,848	48.3	28.0	5.0
North West	16,967	70.3	22.8	4.4
UK	20,430	81.3	26.6	4.8

Source: Office for National Statistics

Forecasts reported in the 2007 Economic Assessment of Cumbria suggest progressively weaker GVA, productivity and employment growth in Cumbria that regionally or nationally in the period to 2016, a main cause of which is “expected to lie in decline in the nuclear industry in Copeland”, which currently generates around 40% of West Cumbria’s GVA.

The Economic Assessment refers to expectations that the number of employees at the Sellafield site will decline from around 10,500 in 2007 to around 4,000 in the ten year period to 2017. The assessment states that this change “has the capacity to severely weaken the West Cumbria economy” due to the effects of “the loss of expenditure from wages”.

The assessment goes on to state that plans to regenerate West Cumbria through the Energy Coast Master Plan (Britain's Energy Coast, A Master plan for West Cumbria, Cumbria Partners 2006) constitute a critical contribution to Cumbria's future.

General Remarks

While the economic recovery is open to interpretation, it is likely that housing areas with stronger, more stable markets will be able to weather the storm more effectively than weaker markets.

In Cumbria, if economic growth is to be supported by adequate housing provision (both in terms of quality and quantity); the county will need to supply sufficient new dwellings to meet the needs of in-migrants. However, by increasing the economic activity rates of the indigenous population, the demands placed on housing by economic growth could be lessened with fewer migrants required to sustain the same level of growth.

Key Issues: Remote but attractive places, ageing population and strain on support services, reliance on public sector contracts, nuclear and energy industries. The table below shows a number of strengths, weaknesses, opportunities and threats facing Cumbria.

Figure 8: SWOT Analysis

<p>Strengths:</p> <p>Key sectors in nuclear, energy & environmental technologies High share of self employed compared with regional average National parks and other attractive places encourage leisure, tourism, outdoor education and wealthy incomers Concentration of wealth in some parts of South Cumbria</p>	<p>Weaknesses:</p> <p>Has seen relatively slow growth in GVA and GVA per head Traditional dependencies on agriculture and on manufacturing (especially in W. Cumbria) Many places have poor skills and are not well connected to major centres or transport routes High incidence of worklessness in Barrow & West Cumbria</p>
<p>Opportunities:</p> <p>Secure maximum benefit from the nuclear agenda Public sector initiatives for Carlisle, Barrow and the University of Cumbria South Cumbria could gain from spill over from Manchester</p>	<p>Threats:</p> <p>High wage levels in nuclear industry on West Coast distort local labour markets Generally high level of grant expectation in West Cumbria alongside heavy reliance on nuclear industry and failure to reach consensus on nuclear waste Challenges in maintaining the sustainability of rural communities</p>

Source: North West Development Agency, May 2008

1.3 Employment levels and structure

The following looks at the economic situation at both district and housing market area level. The analysis is slightly constrained by the unavailability of up-to-date lower level (ward and HMA) data.

Commuting, travel to work patterns and self-containment

A review of data available on migration and travel to work patterns shows wide variations on self-containment across the County. The Regional Strategic Housing Assessment (4NW, 2008) summarises the picture as follows:

“In Cumbria, the housing market areas are smaller and this might lead to lower average levels of self-containment. But the picture is more varied. In terms of migration, most of the Cumbria housing market areas have a low level of self-containment reflecting the popularity of the area for retirement or other long distance movement. The exceptions are Barrow, Dalton and Askam and the two West Cumbria housing market areas, which experience much lower levels of migration to and from external areas. In terms of travel to work, these three areas are also very self-contained, but so are Carlisle, Eden Valley and Alston Moor. For Carlisle, Eden Valley and Alston Moor, this may reflect the long distance to other employment centers. Cumbria housing market areas are less self-contained in terms of travel to work.

“In terms of linkages with other areas, because of its geographic position, Barrow, Dalton and Askham have strong links only with Ulverston/Cartmel. The West Cumbria housing market areas tend to have links with one another, and to some extent with Carlisle. For the remainder of Cumbria, there is a north-south split, with stronger links between Central Lakes, Dales/Rural Kendal and outside the sub region Lancaster, and a separate grouping of Eden Valley, North Lakes, Alston Moor and Carlisle.” (RSHA p32)

Analysis in March 2008 at county and district level tends to confirm “spatially coincident housing and labour market... with a high degree of home to work trip self-containment” (Stephen Hincks, *Cumbria Economic Bulletin*, 2008). However the same analysis also showed that Cumbria also has longer distance commuting (i.e. over 30km in length). This might reflect the fact that some residents in Cumbria need to travel greater distances to access employment opportunities. For example, there are known links with Workington/Maryport, Cockermouth and North Lakes housing market areas commuting to Whitehaven housing market area and vice versa.

Economic Activity

Table 6 below shows that at the time of the 2001 census the percentage of population in the Cockermouth housing market area who were economically active and employed was higher than the percentages at district, county and regional levels. Self employment was lower than district and county figures, as was unemployment. The percentage of those who were economically inactive was lower than levels in the wider area. However, the Cockermouth HMA had a significantly higher percentage of residents who are economically inactive due to early retirement. This may be because this is where senior managers, and therefore higher earners, tend to live. Table 7 uses data from

2007, but does not provide data at HMA level. However, looking at a district level, we can see that the percentage of the working population that is economically active has risen, and of these the percentage of those who are unemployed and seeking work has fallen. Analysis of both tables shows that the working age population in Allerdale has decreased, reflecting the growing elderly population at district level.

The proposed building of a University of Cumbria campus in Workington and the National Nuclear Academy has the potential to significantly impact on economic activity in the area, through an increased number of students and peripheral employment opportunities.

Table 6: Economic Activity 2001

		Cockermouth (%)	Allerdale (%)	Cumbria (%)	North West (%)
Economically Active	Total Number	3,677	43,326	225,722	3,014,218
	Total %	78.8	77.3	77.3	73.8
	Employee	64.0	59.7	59.8	58.6
	Self Employed	9.1	10.8	11.0	7.9
	Unemployed	3.7	4.7	4.1	4.2
	Student	2.1	2.1	2.4	3.0
Economically Inactive	Total Number	987	12,755	66,330	1,072,370
	Total %	21.2	22.7	22.7	26.2
	Retired	3.6	3.0	3.2	2.4
	Student	4.0	3.1	3.4	54.0
	Other	13.6	16.7	16.1	18.4
Base: Working Age Population		4,664	56,081	292,052	4,086,588

Source: 2001 Census

Table 7: Economic Activity 2007

	Allerdale (%)	North West (%)	England (%)
Total Economically Active	82.8	76.8	78.6
In Employment	80.7	72.3	74.4
Unemployed	4.0	5.8	5.4
Economically Inactive	17.2	23.2	21.4
Base: Working Age Population	53,600	4,050,100	30,452,700

Source: ONS Worklessness Summary Statistics Jan – Dec 2007

Unemployment and Claimant rates

The ONS uses the ILO (International Labour Organisation) definition of unemployed, which is “all those who were without a job that were able to start work within the next fortnight and had actively looked for work in the last four weeks or had recently found a job and were waiting to start”. There is a natural rate of unemployment that will always occur in an economy, due to job turnover or a mismatch between job skills and job availability. Claimant rates record the number of people claiming Job Seekers Allowance. This might not, for example, include those that choose not to claim or fail to sign for JSA.

The information presented in table 8 shows that the unemployment rate in the HMA is significantly lower than at district, county and regional levels, which is a pattern recorded over the past three years (table 9).

Table 8: JSA Claimants

	Cockermouth	Allerdale	Cumbria	North West
Number	95	1,623	7,639	177,067
% of working age population	1.9	2.8	2.5	4.0

Source: Cumbria Intelligence Observatory Labour Market Briefing, October 2010

Table 9: JSA Claimants over 3 years

	Sept 07- Aug 08		Sept 08 – Aug 09		Sept 09- Aug 10	
	No.	Rate	No.	Rate	No.	Rate
Cockermouth HMA	63	1.2	85	1.7	93	1.9
Allerdale	1,056	1.8	1,560	2.6	1,747	3.0
Cumbria	4,871	1.6	7,221	2.3	8,102	2.6

Source: Cumbria Intelligence Observatory Labour Market Briefing, August 2010

Claimant to Vacancy Ratio

Table 10 shows the benefit claimant to vacancy ratio, taken from the Cumbria Intelligence Labour Market briefing August 2010.

Vacancy data can be used in conjunction with the claimant count to calculate a simple 'claimant to vacancy ratio'. This uses the number of live unfilled vacancies in a month, together with the number of claimants. A claimant/vacancy ratio of more than 1 means that there are more claimants than live vacancies.

Table 10: Claimant to Vacancy Ratio

	Claimant Count	Live Vacancies	Claimant / Vacancy Ratio
Cockermouth HMA	86	27	3.19
Allerdale	1,683	344	4.89
Cumbria	1,878	7,803	4.15

Source: Cumbria Intelligence Observatory Labour Market Briefing, August 2010

Note: The Jobcentre Plus vacancies dataset does not provide comprehensive measures relating to all vacancies in the economy. The proportion of vacancies which are notified by employers varies over time, according to the occupation and industry of the area and labour market conditions. Notified vacancies are those placed with Jobcentre Plus during the month, Live Unfilled vacancies are those for which a jobseeker can actively apply

Occupation levels

Data on occupation levels are residence based and as such it needs to be borne in mind that this does not necessarily reflect the economy in a particular area. However, it can be seen that different groups operate in and drive different housing markets and it has been argued that there is a strong association between occupational status and housing markets principally

driven by income (Regeneris, NWRA, 2008). The higher skilled have a greater propensity to be owner occupiers, while the lower skilled and workless are significantly more likely to reside in social housing or in the private rented sector. This will influence the locations in which people search for property.

Those that can afford higher value property can be more selective about location. Household type will influence preferences for location and type with families requiring larger properties in urban or rural locations and younger professionals' urban locations and smaller flats/apartments. In addition there are links between average earnings and the distance travelled to work, so while higher priced housing may be located in specific areas, there may be a wider area from which to choose to commute to.

Generally speaking the lower the occupational group, the greater the affordability issues and the more limited the TTWAs. However groups may also be forced to widen their TTWAs in order to find affordable housing. In some areas affordability is driving intermediate markets, with shared ownership becoming more prevalent. For younger people with lower income occupations there is also a greater inclination to enter the private rented sector. For those in the lowest occupation groups there is a substantial requirement for social rented housing.

Affordability is squeezing workers in the lowest occupation groups out of the private market which may in turn create recruitment problems. On the one hand this group has the lowest mobility. However there is some evidence that TTWs have extended due to a lack of affordable housing near their place of work. Some employers, for example, may need to provide transport for lower skilled employees. For these groups shared ownership may not be an option.

Cumbria and the North West in general have a lower proportion of its workforce in professional, managerial and associated technical occupations than Britain, (although indications are that this is rising). However there is a much higher incidence of skilled occupations in Cumbria than the North West and England.

Occupation Levels in Cockermouth HMA

A snapshot of jobcentreplus.gov.uk shows that at the time of this report there are 20 jobs available within a 15 mile radius of Cockermouth. By far the largest number of vacancies is within the hospitality industry, which accounts for 10 of the vacancies. These are split in to waiting or bar staff which all pay the minimum wage and a variety of chef jobs. The chef jobs are advertised with salaries ranging from £15,500 up to £26,500 depending on qualifications and experience. Five of the remaining vacancies are for carers; all these positions pay a little over the minimum wage.

The James Walker group has a large manufacturing plant in the town, and other major employers are Sainsbury's who employ 125 local people and Jennings Brewery who employ 40 people.

Table 11: Employment by Occupation Jan-Dec 2009

	Allerdale (Number)	Allerdale (%)	North West (%)
Managers and senior officials	3,900	8.8	14.6
Professional occupations	4,100	9.3	12.6
Associate professional & technical ¹	7,700	17.5	14.0
Administrative & secretarial	4,500	10.2	11.5
Skilled trades occupations	6,700	15.2	10.4
Personal service occupations ²	4,400	9.9	8.9
Sales & customer service	N/A	N/A	8.6
Process plant & machine operatives	6,100	13.9	7.6
Elementary occupations ³	4,900	11.1	11.4

Source: NOMIS Labour Market Profile

Note: Numbers and % are for those of 16+. % is a proportion of all persons in employment.
N/A indicates the sample size is too small to be reliable

A postcode search of all employees at the Sellafield site located in Copeland showed that 20% of the Sellafield employees were resident in Allerdale; this is broken down as follows.

Table 12: Sellafield workers resident in Allerdale

Postcode	Number	Population at 2001 Census	Percent	Distance in miles	Town
CA12	18	4,984	0.3%	37	Keswick
CA13	494	7,877	6.2%	28	Cockermouth
CA14	1445	29,502	4.8%	22	Workington
CA15	258	11,275	2.2%	28	Maryport

Source: Peoplesoft Consultancy, Sellafield Sites

The highest percentage is in Cockermouth, and this tends to be the higher earners who can afford the high house prices within the town. These figures only include the population directly employed within the BNG organisation and do not include construction/contractor workers employed at the plant, which will also be a considerable number.

A look at sellafieldsites.com shows that at this time there are five vacancies within Sellafield. These are all managerial positions, of the three jobs that have their salary shown, one starts at £37,000 and the other two at £54,000.

¹ **Associate professional and technical occupations** are diverse. Examples include: science and IT technicians, health workers, youth workers, housing officers, police officers, firemen, artists, journalists, photographers, sports coaches, insurance brokers, tax experts, sales reps, estate agents, public service professionals.

² **Personal service occupations** include nurses, ambulance staff, residential wardens, care assistants, educational assistants, veterinary nurses, sports and leisure assistants, tour guides, hairdressers and beauticians, housekeepers, pest control officers, undertakers. For a full definition see ONS Standard Occupational Classification, major group 6.

³ **Elementary occupations** include agricultural workers (farm, forestry and fishing), construction labourers, dockers, hospital porters, waiters, bar staff, leisure attendants, refuse, traffic wardens and car park attendants. For a full definition see ONS Standard Occupational Classification, major group 9.

Industry of Employment⁴

While occupational levels are helpful in understanding the links between labour markets and housing markets, this can be understood more deeply by looking at the variations within categories. For example managers within the banking and finance sector are likely to have higher incomes than those in the public sector, which in turn influence housing requirements, mobility and housing locations. What is less certain is how much this influences preferences about housing types and specific locations at a local level. Further research is needed in this field.

The data from the Annual Business Inquiry presented in the following tables examines industries of employment at housing market area, district, county and regional level. The first table includes data that is work-based, or representative of the occupations undertaken in the area, and the second data is residence based, or representative of the occupations held by the residents of the area.

The work based comparator (table 13) indicates that the predominant industry in the Cockermouth area is Distribution, hotel and restaurants (29.3%) and although there has been a slight drop since 2003, in 2006-07 it remains the largest industry not only in Cockermouth HMA area, but in Allerdale as a whole (27.3%). This will be largely due to the Cockermouth and North Lakes HMA areas which are close to and within in the Lake District National Park respectively. The Lake District, i.e. Keswick and surrounding areas, is greatly reliant on the hospitality industry. Cockermouth area also shows a heavy reliance on the Banking, Finance and Insurance industry (20.3%) and the Public Administration, Education & Health industry. Allerdale's percentage per industry is not dissimilar to the County figures.

⁴ **Industry of Employment** is available for both district and HMA from the Annual Business Inquiry but reflects the jobs in the areas rather than the jobs held by people living there. To obtain employment by place of residence it is necessary to look at the ONS Annual Population Survey. Comparisons with total jobs should be treated with caution as ABI data does not include self-employment and agricultural employers, who are treated as self-employed.

Table 13: Industry of Employment

Count and Percentage 2006-7 (work based ⁵) including 2003 comparator		Cockermouth 2003	Cockermouth 2006	Allerdale 2006	Cumbria 2006	North West 2006	Great Britain 2006
Agriculture and fishing (SIC A,B)	No.	19	19	524	2,777	13,369	203,124
	%	0.7	0.7	1.8	0.2	0.5	0.9
Energy and water (SIC C,E)	No.	1	4	297	1,528	10,087	153,600
	%	0.0	0.1	1.0	0.9	0.4	0.7
Manufacturing (SIC D)	No.	417	436	6,193	35,004	362,815	2,747,432
	%	16.1	15.1	21.4	19.7	14.3	12.4
Construction (SIC F)	No.	210	260	2,498	12,180	144,567	1,205,704
	%	8.1	9.0	8.6	6.8	5.7	5.4
Distribution, hotels and restaurants (SIC G,H)	No.	757	790	7,883	47,698	550,019	4,798,596
	%	29.3	27.3	27.2	26.8	21.6	21.6
Transport and communications (SIC I)	No.	98	119	1,178	10,129	169,057	1,439,638
	%	3.8	4.1	4.1	5.7	6.6	6.5
Banking, finance and insurance, etc (SIC J,K)	No.	452	586	3,364	22,832	516,287	4,962,241
	%	17.5	20.3	11.6	12.8	20.3	22.3
Public administration, education & health (SIC L,M,N)	No.	519	570	5,736	40,355	665,542	5,602,997
	%	20.1	19.7	19.8	22.7	26.2	25.2
Other services (SIC O,P,Q) ⁶	No.	112	111	1,276	7,852	111,353	1,108,558
	%	4.3	3.8	4.4	4.4	4.4	5.0
TOTAL		2,583	2,893	28,946	180,353	2,543,095	22,221,887

Source: ABI Analysis, 2006-07. Work based.

From the residence based comparator (table 14), we have slightly different picture with Public Admin, Education and Health being the predominant industry in Cockermouth (32.7%) with Manufacturing coming in as second largest (19.1%) and Distribution, Hotels and Restaurants being third largest at 18.8%. This would indicate that a significant proportion of Public Admin and manufacturing jobs within the SHMA area are occupied by people who live in other SHMA areas. Allerdale residence based comparator also shows a different picture to the work based comparator, public admin/education/health remains the largest industry, hotels and restaurants second largest and manufacturing third largest also indicating that many of these jobs are occupied by people who are not resident in the borough.

⁵ Data does not include self employment. Data only includes agricultural employees at district (added together to give a County figure) and will leave out farmers counted as self-employed, which accounts for the seemingly low figure for this industry given Cumbria's rural nature.

⁶ 'Other services' include: other community, social and personal service activities (e.g. sewage, cultural/sporting activities, dry cleaning, hairdressing); Private households with employed persons (maids, gardeners, caretakers, babysitters, private secretaries); And extraterritorial organisations.

Table 14: Industry of Employment

Count and Percentage Jan 07-Dec07 (residence based)	Cockermouth	Allerdale	Cumbria	North West
Agriculture, Forestry and Fishing	60	2,628	12,600	37,200
%	1.5	5.8	5.3	1.2
Mining and Quarrying; Electricity; Gas and Water Supply	64	599	3,500	27,800
%	1.6	1.3	1.5	0.9
Manufacturing	739	8,902	42,200	445,000
%	19.1	19.6	17.7	14.7
Construction	290	3,739	17,600	234,700
%	7.5	8.2	7.4	7.7
Distribution Hotels and Restaurants	729	9,511	52,600	586,200
%	18.8	20.9	22.0	19.3
Transport and Communications	146	2,175	13,300	212,600
%	3.8	4.8	5.6	7.0
Banking, Finance and Insurance, etc	317	3,095	17,300	427,900
%	8.2	6.8	7.2	14.1
Public Admin, Education and Health	1,270	11,442	61,700	898,400
%	32.7	25.2	25.8	29.6
Other Services	264	3,336	18,200	161,100
%	6.8	7.3	7.6	5.3
Total Workforce	3,879	45,427	239,000	3,030,900

Source: ONS – Annual Population Survey

Labour supply and demand

Tables 15 and 16 show that in the Cockermouth HMA there are most vacancies in Elementary Occupations. These are jobs which require limited amounts of training. Looking at the qualifications figure (Figure 9), this is perhaps because most of the working population will be over qualified for such jobs, and are likely to be chasing higher paid positions. The second highest vacancy by occupation rate is in the Process & Machine Operatives area. This may be caused by labour turnover at the James Walker manufacturing plant in the town.

Looking at the vacancy rates by industry, most vacancies are in the Banking, Finance and Insurance industry. Possibly this is because young people start their careers in this industry in the town, but have to leave to work in larger branches to progress their careers.

Table 15: Live unfilled vacancies by occupation

	Cockermouth HMA	Allerdale	Cumbria
Managers & Senior Officials	1	24	137
Professional Occupations	5	15	33
Associate Professional & Technical	2	31	284
Administrative & Secretarial	0	11	66
Skilled Trades	3	60	331
Personal Services	2	42	218
Sales & Customer Services	0	63	255
Process & Machine Operatives	6	16	200
Elementary	8	82	354
Total	27	344	1,878

Source: Cumbria Intelligence Observatory, August 2010

Table 16: Live unfilled vacancies by industry

	Cockermouth HMA	Allerdale	Cumbria
Agriculture & fishing	0	4	5
Energy & water	0	0	1
Manufacturing	0	2	43
Construction	2	14	122
Retails, hotels & restaurants	9	142	560
Transport & Comms	0	2	40
Banking, finance etc	14	126	821
Public administration	1	43	231
Other Services	1	11	55
Total	27	344	1,878

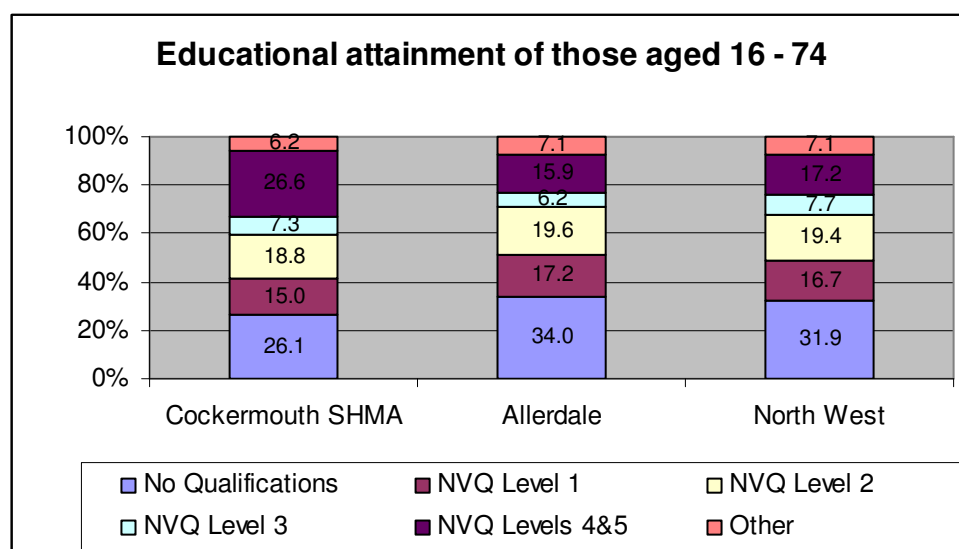
Source: Cumbria Intelligence Observatory, August 2010

Qualifications

Qualifications in the working population usually tend to mirror the occupational structure. The national average (not shown) at the time figure 9 was created was that 27% were educated to NVQ level 4, and 14% had no qualifications.

Cockermouth has a significantly lower percentage of people with no qualifications than district and regional levels. Unlike other areas, the largest percentage of residents in the Cockermouth housing market area is educated to NVQ Levels 4&5. These workers will probably have salaries which reflect their qualification levels and which allow them to purchase properties in Cockermouth.

Figure 9: Educational Attainment



Source: ONS, table UV24. Information as at 18/11/2004

Note: NVQ level 1 is equivalent to GCSE grades D-G, whilst NVQ level 4 is broadly equivalent to Honours Degree level

Migrant Workers

The Department for Work and Pensions has produced the only official data relating to the number of migrant workers in the UK, This is based in National Insurance Number allocation to overseas nationals. Table 18 shows that for Allerdale, people from 2004 EU Accession countries were by far the largest group of overseas nationals working in the district. Of these Polish nationals are the largest single group.

The number of migrant workers peaked in 2005/06 and since then has been declining for all migrant groups.

Table 17: National Insurance Registrations

Origin	2004/05	2005/06	2006/07	2007/08	2008/09	Total
Australia	10	0	0	10	10	30
Bulgaria	0	10	0	10	10	30
Canada	10	0	0	0	0	10
Czech Republic	0	30	0	10	10	50
France	0	10	10	10	10	40
Germany	10	0	0	10	10	30
Hungary	20	10	20	0	10	60
India	0	0	10	0	10	20
Ireland	0	10	0	0	0	10
Italy	10	10	0	0	0	20
Lithuania	10	100	80	0	10	200
Philippines	0	0	10	0	10	20
Poland	40	160	180	120	70	570
Rep of Slovak	20	60	40	50	10	180
Romania	0	0	0	10	10	20
South Africa	30	30	40	20	10	130
Spain	0	10	10	0	10	30
Sweden	10	10	10	0	0	30
Thailand	0	10	10	10	10	40
Turkey	0	0	0	10	0	10
USA	10	0	0	0	10	20
Total	180	460	420	270	220	1550

Source: Department for Work and Pensions, National Insurance Number Registrations in respect of non-UK Nationals by country of origin, numbers rounded up to nearest 10

- In April 2008, the BBC News channel gave details of a report issued by the Institute of Public Policy Research which stated that every local authority in the UK has seen migration from the eight Eastern European countries which joined the EU in May 2004.
- In Allerdale, 940 workers registered on the Workers Registration Scheme between May 2007 and December 2007. This equates to 7 migrant workers per 1,000 of the local population.

Table 18: Migrant Employment by Industry per District

District	Tourism (catering)	Process Worker (factory)	Cleaner, Handyman	Sales, Retail	Food Process- ing	Medical	Agri- culture	Total
South Lakeland	730	0	115	50	0	55	0	950
Allerdale	200	215	25	0	105	0	0	545
Eden	270	35	30	50	0	15	30	430
Carlisle	55	120	75	10	0	10	30	300
Copeland	40	5	5	10	0	10	5	75
Barrow	15	10	0	5	0	10	0	40
Total	1310	385	250	125	105	100	65	2340

Source: Social/Demographic Trend Analysis of the EU Immigrant Population in Cumbria 2003-2007 (Cumbria Constabulary), Cumbria Equality and Diversity Partnership Needs of Migrant Workers in Cumbria)

- Cumbria is an area of relatively little unemployment, with the rate remaining below the national UK rate. Therefore, many employers rely on migrant workers to fill any vacant positions.
- Cumbria is following the national trend of the majority of Eastern European immigrants taking on lower-skilled jobs, mainly because these are easier to find and do not require advanced language skills.
- A large number of migrant workers take jobs below their education, qualification and work experience level from their home country, as they can earn more in a low skilled position in the UK than they can in a professional position in their own country.
- In Allerdale, 59% were employed in food processing or in factories
- 37% employed in tourism; likely to be in hotels in Keswick
- Major employers in Allerdale include;
Cumbrian Seafood factory (Maryport) where there are approximately 200 Lithuanians and Polish workers.
West Port (Maryport), where there are approximately 100 Eastern European workers.

Migrant Workers and Housing

The key housing issues affecting migrant workers are:

- Most of the migrant workers in the service industry are in tied accommodation. Although this has advantages, such as minimising travel costs, it may mean that workers are reliant on their employer for providing meals, and they could be paying higher rates for the type of accommodation they are in.
- Some migrant workers live on poor quality or overcrowded accommodation. This may be provided by their employer and rent deducted direct from pay, making the migrant worker likely to become homeless should their employment cease.
- Some interviewees are interested in purchasing their own property and settling in Cumbria.

Source: Social/Demographic Trend Analysis of the EU Immigrant Population in Cumbria 2003-2007 (Cumbria Constabulary), Cumbria Equality and Diversity Partnership Needs of Migrant Workers in Cumbria)

1.4 Incomes and earnings⁷

Government guidance suggests that incomes and earnings are key drivers of demand. Studies suggest that households spend more on housing as incomes increase, though at a rate less than their growth in income, and as incomes rise demand for neighbourhood quality increases together with house size.

For all years shown in table 19, Cockermouth has a higher median and lower quartile income than at district and county levels. From 2007 to 2009, the median income of the HMA rose 4.84%. Conversely, the Allerdale median income fell by 3.83% and the Cumbria median income fell by 0.9%.

The gap between the median and lower quartile incomes is £11,565. Lower quartile income is 58.44% of median income. This gap indicates that there is a large gap between the incomes of the most poorly paid and other households. Median income figures reflect the incomes of those working at Sellafield, one of the highest payers in the area.

It is not possible to say what proportion of this income is earned income and what may be income from investments and pensions.

Table 19: Median and Lower Quartile Incomes

	Median Income			Lower Quartile Income
	2007	2008	2009	2010
Cockermouth	26,547	28,500	27,831	16,266
Allerdale	25,142	N/A	24,293	14,633
Cumbria	25,758	N/A	25,525	14,977

Source: CACI, supplied by Cumbria County Council

Deprivation

Deprivation is categorised into seven indices - income, employment, health deprivation and disability, education, skills and training, barriers to housing and services, crime and living environment.

The Government's 2007 Index of Multiple Deprivation (CLG, 2007) ranks each of the 32,482 Super Output Areas in England for overall deprivation against the above seven indices. The Index identifies that out of the nine regions that make up the UK, the North West is the third most deprived. Cumbria is the 84th most deprived county nationally, out of a total of 149 counties.

Of the six constituent local authorities that make up Cumbria, Barrow is the most deprived ranking 36th nationally. Allerdale is ranked 116th nationally. Other authorities are ranked Copeland (88th), Carlisle (108th), South Lakeland (297th), whilst Eden is the least deprived area in the county ranked 309th nationally.

⁷ Information on incomes is derived from CACI Paycheck. This utilises Census data and does not therefore ask householders if their property is a second/holiday home. 'Income' includes income from savings, investments, certain benefits and earnings. Earnings are salary only.

Stage 2: The housing stock

2.1 The dwelling profile

- Owner occupation in this housing market area is slightly higher than the percentage of owner occupation in Allerdale and Cumbria.
- As a result of low levels of development of new social housing and losses through right to buy sales the social sector has declined in size quite dramatically over the last thirty years. As of the 2001 Census, there is a lower percentage of social housing stock in this housing market area than in Allerdale and Cumbria and this has probably declined further since then.
- The percentage of properties in this area that are detached is similar to the percentage in Allerdale and Cumbria as of the 2001 Census. However since the 2001 Census the newly built developments in Cockermouth have been predominantly detached and therefore this figure should now be treated with caution as it may have changed significantly by the next Census.
- A lower number of properties in this area are terraced compared to the percentage in Allerdale and Cumbria, which means there are fewer properties at the lower end of the market for first time buyers.
- Between April 2001 and March 2010, 49 extra homes for rent have been built or purchased by local housing associations. In addition, 31 additional properties have been built for shared ownership; this allows local people to buy a share of a newly built home (from 25% to 75%) but costs less than buying the entire property outright. Two properties have also been sold for low-cost home ownership.

Table 20: Tenure

	Cockermouth	%	Allerdale %	Cumbria %	North West %
All Occupied dwellings : Total	3,314	100	100	100	100
Owned - Owns outright	1,267	36.0	33.9	35.0	29.8
Owned - Owns with a mortgage or loan	1,324	37.7	35.2	37.0	38.9
Owned - Shared ownership	18	0.5	0.5	0.5	0.6
Social rented	543	15.4	20.7	16.0	20.1
Private rented - Private landlord or letting agency	265	7.5	6.3	7.8	7.7
Private rented - Employer of a household member	3	0.1	0.2	0.2	0.1
Private rented - Relative or friend of a household member	24	0.7	0.8	0.9	0.6
Private rented - Other	7	0.3	0.2	0.2	0.1
Lives rent free	64	1.8	2.2	2.4	2.1

Source: 2001 Census, ONS

*Living Rent Free: could include households that are living in accommodation other than private rented. The above table has amalgamated local authority and Social Rented as Allerdale has transferred all their stock to a Housing Association. Local Authority/social rented housing stocks at April 2001, as reported by CIPFA, were generally higher than Census counts. The difference may be partly explained by people on full Housing Benefit ticking 'Lives here rent free'.

Table 21: Property Type

	Cockermouth	%	Allerdale %	Cumbria %	North West %
All Occupied Household Spaces	3,525	100	100	100	100
In an unshared dwelling	3,522	99.9	99.9	99.8	99.8
- House or bungalow - Detached	864	24.5	26.4	25.5	18.0
- House or bungalow – Semi-detached	1,274	36.1	33.1	33.0	37.4
- House or bungalow - Terraced (including end terrace)	828	23.5	31.8	31.2	31.4
- Flat, maisonette or apartment	556	15.8	8.2	9.7	12.7
- Caravan or other mobile or temporary structure	0	0	0.4	0.4	0.3
In a shared dwelling : Total	3	0.1	0.1	0.2	0.2

Source: 2001 Census, ONS

Table 22: House Size

	Cockermouth	%	Allerdale %	Cumbria %	North West %
All Households	2,545	100	100	100	100
1 room	6	0.2	0.2	0.4	0.5
2 rooms	64	1.8	1.1	1.4	1.8
3 to 4 rooms	984	27.8	23.5	25.0	26.9
5 to 6 rooms	1,683	47.5	52.6	51.4	52.1
7 or more rooms ⁸	808	22.7	22.6	21.8	18.7

Source: 2001 Census, ONS

⁸ Allowing for a kitchen, living room, bathroom and possibly a separate dining room this means 3-4 bedrooms or more.

2.2 Stock condition

The Communities and Local Government Housing Health and Safety Rating System (2005) set standards for acceptable accommodation. A home should be above the current statutory minimum standard for housing, in a reasonable state of repair, have reasonably modern facilities and provide a reasonable degree of thermal comfort. Where there are homes failing the decency standard, there may be people who are in housing need. Allerdale Borough Council carried out a stock condition survey in June 2008, and a county wide stock condition survey is planned for March 2011.

Decent Homes information is not available at HMA level; figures in table 23 and 24 refer to properties in Allerdale.

Table 23: Private Sector Decent Homes 2008

	Number of Properties	% of all properties occupied by vulnerable people
Properties failing Decency Standards and occupied by vulnerable people	2,332	70

Source: Decent Homes Survey 2008

Table 24: Social Rented Decent Homes 2010

	Number of Properties	% of all social rented properties
% of social rented properties failing Decency Standards	380	11.4

Source: Annual Performance Statement 2009/10

2.3 Shared housing & communal establishments

- Houses of Multiple Occupation (HMOs) only need to be licensed if they have 3 or more storeys and have five or more people in.
- Records show that there are currently 4 HMOs in Cockermouth. It is not known how many people or households reside in HMOs.
- A communal establishment is an establishment providing managed residential accommodation.
- There are no current records concerning communal establishments, in 2001 there were 10 communal establishments, housing 98 people.

Stage 3: The active market

3.1- 3.2 The cost of buying or renting property and affordability

This section looks at the current situation in the housing market regarding the cost of buying or renting as one of the indicators of current demand. According to Government Guidance where demand is lower than supply, the prices will fall; where demand is higher than supply, the price will rise. 'Affordability' looks at what is accessible to local people. The 2005 report used mean and median figures for house price and income to indicate demand hotspots or low demand areas and calculate affordability. This update also includes lower quartile figures to give an indication of entry level ratios. A household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner households or 2.9 times the gross household for dual-income households.

- The lower quartile price for a property in Cockermouth is £145,569
Source: Cumbria Observatory
- Therefore a household would need an income of at least £41,591 per annum to be able to buy a property in Cockermouth.
- However the lower quartile income per household for Cockermouth is £16,266 per annum *Source: Cumbria Observatory*
- This situation is particularly bad for first time buyers. Using lower quartile house prices as an approximation shows this to be nine times income levels, compared to 6.4 times for the County.
- If we use the formula based up on the lending criteria of banks and building societies then we define affordable as being 3.5 times the average household income, meaning the average household earning the lower quartile income can borrow £56,931.

The cost of buying a property and affordability

Table 25 shows mean, median and lower quartile house prices and mean, median and lower quartile income details. Median house prices rose from £158,000 in 2005 to £178,205 in 2010, a 12.7% rise. Whereas the median income has only increased by 9.8%, increasing from £25,332 in 2005 to £27,831 in 2010.

Table 25: House price / Household income 2010

		Cockermouth	Allerdale	Cumbria
Price	Mean	190,900	160,995	172,547
	Median	178,205	137,061	148,581
	Lower Quartile	145,569	90,907	95,568
Income	Mean	34,134	30,818	34,140
	Median	27,831	24,923	25,525
	Lower Quartile	16,266	14,633	14,977
Price : Income Ratio	Mean	5.6:1	5.2:1	5.5:1
	Median	6.4:1	5.5:1	5.8:1
	Lower Quartile	8.9:1	6.2:1	6.4:1

Source: CACI, supplied by Cumbria County Council

Table 26: House Price Increases 2005-2010

House Prices in Cockermouth 2005 to 2010			
Year	Mean (£)	Median (£)	Lower Quartile (£)
2005	159,162	158,000	123,000
2010	190,900	178,205	145,569
Average annual growth rate 2005-2010	19.9%	12.7%	18.3%
House prices in the Cumbria County region, 2005 to 2010			
Year	Mean (£)	Median (£)	Lower Quartile (£)
2005	162,647	146,000	88,000
2010	172,547	148,581	95,568
Average annual growth rate 2006-2010	6%	1.7%	8.6%

Source: CACI Street Value/ CACI Paycheck supplied by Cumbria County Council

The ratio in 2005 was 6.2:1 whereas the ratio is now 6.4:1 which highlights a slight increase in affordability issues.

The Department of Communities and Local Government recommend that lower quartile data is used to estimate entry level ratios and that these should be compared to the mean and median ratios to assess the extent to which the income distribution is skewed. Lower quartile house prices rose from £123,000 in 2005 to £145,569 in 2010, an 18.3% rise. All the scenarios below are unaffordable based on the affordability ratio of between 2:1 and 4:1.

All the affordability ratios are higher than the Allerdale affordability ratios and Cumbrian affordability ratios. In addition, house prices have increased significantly more in Cockermouth compared to the rise in house prices in Cumbria as a whole. This is even more concerning and indicates a strong demand. The Figures below confirm that market housing is considered to be unaffordable across Allerdale for both those on lower Quartile and Median incomes emphasising the extent of the problem across all HMAs.

Figure 10: Affordability Map (Lower Quartile)

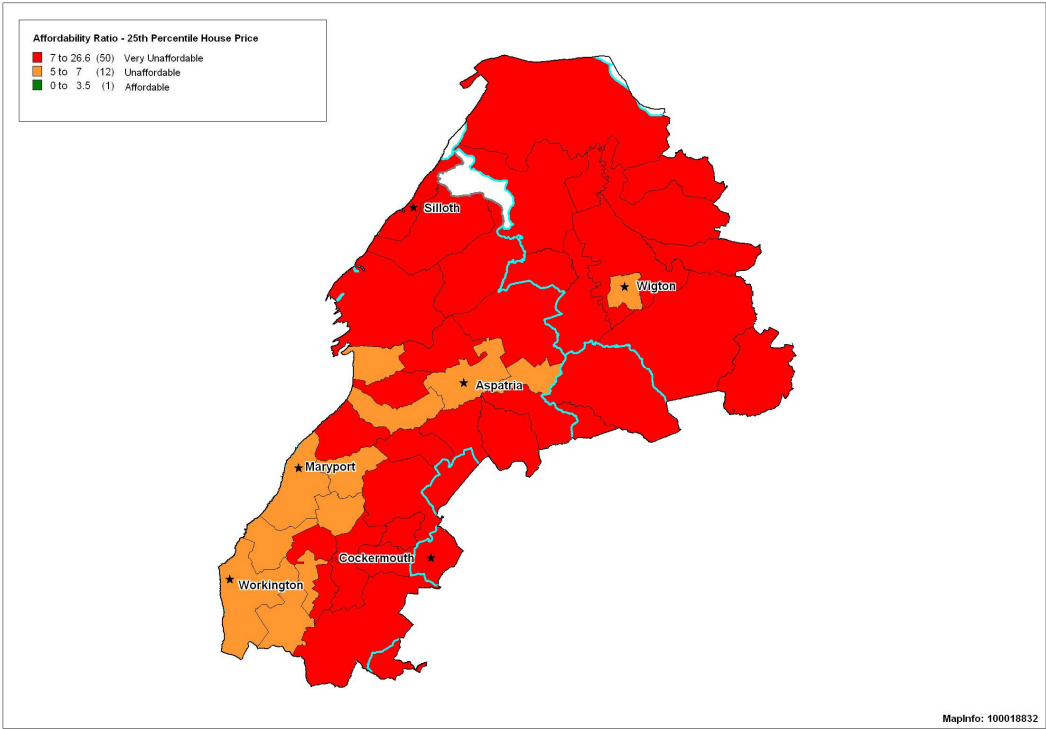
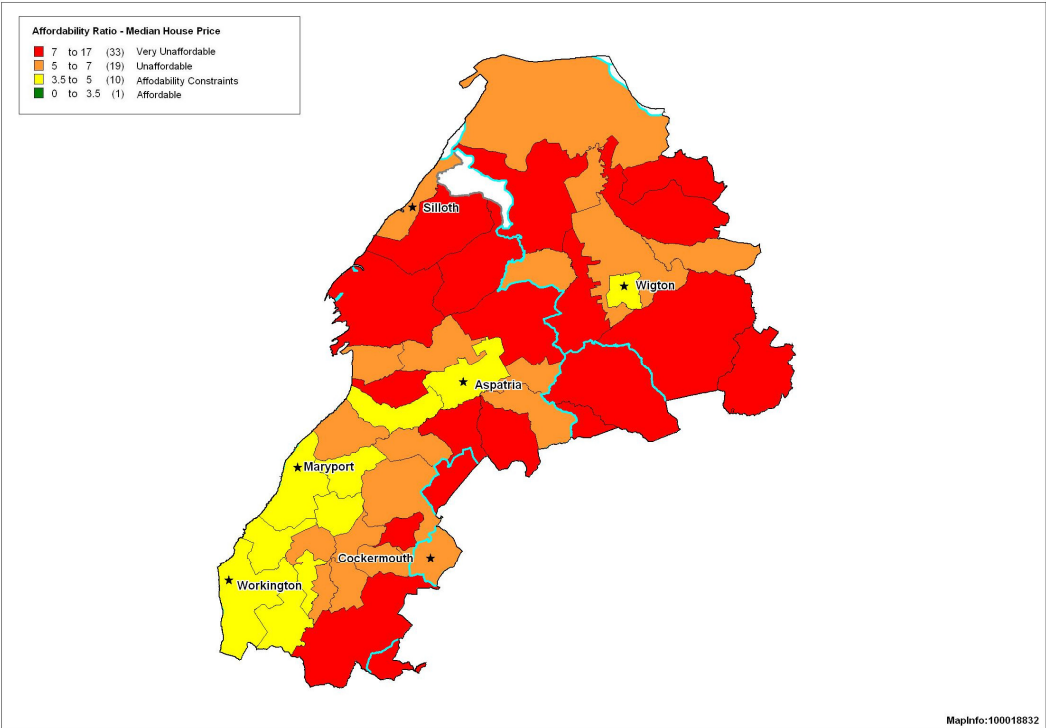


Figure 11: Affordability Map (Median Quartile)



Evidence from Estate Agents

The cost of buying a property and affordability

The following is based on telephone interviews and surveys conducted during summer 2010 with some of the estate agents in the town. It is based on the agents own perceptions of the area.

- Estate agents who responded to our questionnaire reported that sales of detached properties have risen over the last few months. This is a big change compared to the report that was written two years ago, when estate agents said that the detached property market especially those priced over £200,000 had almost come to a standstill.
- Sales of semi-detached properties and terraced properties are roughly the same. The average price for a flat has decreased slightly year on year.
- Estate agents report that all types of properties are selling quicker than they were twelve months ago.
- According to estate agents demand is highest for 3 and 4 bedroom properties though the Housing Needs results show that there is a greater need for 2 bedroom properties.
- All estate agents who were interviewed are consistent in their view that there is a need in Cockermouth for affordable housing for local people only and that it is wrong that locals have to move out of the town to be able to afford a home. They state there is a need for 2 and 3 bedroom homes and bungalows close to the town centre.
- 100% mortgages are no longer available; this is leading to problems for first time buyers as they have to save for a deposit. The average deposit is 24%.
- Estate agents report that potential first time buyers are renting while they are saving for a deposit.

Right to Buy

- Right to Buy sales have had a significant effect in reducing the supply of social rented properties to meet housing need and have exceeded levels of new housing completions.
- 300 housing association homes sold under the Right to Buy policy since 1979 but only 82 new housing association properties built since 1999.
- The re-sale value of ex-Right to Buy properties is well above the income thresholds of people in the town. There are several ex-council properties on the market at the time of this report priced between £130,000 for a two bedroom house and £155,000 for a three bedroom house.
- However, to obtain a mortgage for either of these properties households would still need an income far in excess of the lower quartile income for the town. This would suggest that new households will be unable to enter the housing market.

The cost of renting a property and affordability

Social Rent

- There are 575 properties for social rent in Cockermouth and these are managed by Derwent and Solway, Home, Impact, Two Castles and Westfield. There are 29 properties for shared ownership managed by both Impact and Home.
- Housing association rents are still more affordable than private sector rents.
- The turnover in housing association properties has been very low now for several years in Cockermouth as households only tend to terminate their tenancies for genuine life reasons such as death, going into a home, having to move for work.
- The housing associations state that one-bedroom flats and one bedroom bungalows are often quite difficult to let within the town and tend to have quite a high turnover. The one-bedroom flats are often very small and some can only fit a single bed in them.
- People wanting to live alone are boosting demand but applicants do not want to be forced into taking one bedroom properties and prefer two bedroom properties.
- There is a lot of demand for two and three bedroom homes in Cockermouth. The turnover in the town is so low that people have to wait many years before they will be offered a property. Demand is far exceeding supply within the town. This has been exacerbated by the flooding in November 2009 as tenants had to be moved while their property was drying out and repaired.
- Despite the high demand for Cockermouth, Derwent Mill is increasingly difficult to let and the housing association is struggling to find suitable households to live in the development.
- Local housing associations used to try and encourage households to put their name down on waiting lists for neighbouring villages, however now turnover in the neighbouring villages is very low and therefore this cannot always help households to get a home. For example as of September 2010, there are 24 households waiting for a 2 bedroom property in Brigham and 17 waiting for a three bedroom property and no properties have come empty in the last 12 months.

The following table gives an understanding of the current housing situation. It uses waiting list data and stock turnover to identify if there is a need for more affordable housing. The ratio of waiting list demand to supply is the number of years it would take for the waiting list for individual property sizes to be met through the turnover of existing stock. This also makes the assumption that there will be no new applicants joining the waiting list, which will clearly not be the case.

Table 27: Accessibility of Social Rented Stock

Property Type	Waiting list	Stock Turnover	Waiting List Analysis
2 bedroom house	177	0	177 years
3 bedroom house	81	2	40 years
4 bedroom house	11	0	11 years
2 bedroom bungalows	24	1	24 years
Flats	106	11	9 years
Total	399	16	

Source: RSL Information

In this housing market area, if no new need arose and taking into account the turnover for 2009/10, it would take potentially:

177 years to address the need for 2 bedroom houses
 40 years to address the need for 3 bedroom houses
 11 years to address the need for 4 bedroom houses
 24 years to address the need for 2 bedroom bungalows
 9 years to address the need for flats

These scenarios show that demand far exceeds supply within this housing market area. These factors are important in assessing future need rather than just using survey data. It shows that there is a shortfall of all property types in Cockermouth.

Private Rent

It is well recognised that the private rental market is notoriously difficult to analyse given that there exists a lack of robust, centrally collected data and / or regulatory control in the sector. On this basis, the analysis uses the most widely used marketing tool in the rental market in order to establish entry-level rental values: rightmove.co.uk. Whilst this may not provide complete coverage of the supply of rental properties, it does serve to illustrate the widest spectrum of such properties available across the market place. We have established entry-level housing costs for the private rented sector by undertaking a survey of properties marketed on rightmove.co.uk.

In November 2009 Cockermouth experienced devastating floods. 917 properties were flooded in total and of these 691 (75%) were residential properties. A study of affected households across Allerdale showed that elderly households were disproportionately affected, 63% of affected households were inhabited by the elderly. This had a big impact on housing available in Cockermouth. Many of those affected moved in to private rented accommodation, including holiday lets, whilst others were re-housed in scarce

social rented properties. Not only did this worsen the shortage of social rented properties, it also led to a shortage of properties available for private rent. The economics of demand and supply indicate that this will have led to an increase in private rent amounts.

Renting and Affordability

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. Income includes money from earnings, savings and investments, but excludes benefits.

Table 28: RSL and Open Market Rents

	RSL annual rents	% of lower quartile income	Open market annual rents	% of lower quartile income
1 bed flat	3,273.92	20.1	4,500	27.7
2 bed flat	3,726.84	22.9	5,676	34.9
2 bed house	3,753.36	23.1	6,816	41.9
3 bed house	4,202.12	25.8	9,084	55.8
4 bed house	4,205.24	25.9	-	N/A
2 bed bungalow	3,764.80	23.1	6,900	42.4

Source: Annual Performance Statement 2009/10 and rightmove.co.uk

Note: RSL rents are an average of rents charged by registered social providers throughout Allerdale. Open market rents are an average of the asking rents of available properties in Cockermouth on rightmove.co.uk as of September 2010.

Evidence from Lettings Agents

The following is based on telephone interviews and surveys conducted during summer 2010 with some of the lettings agents in the town. It is based on the agents own perceptions of the area.

- Local lettings agencies report that it generally seems to be young professionals moving into the area for work who rent properties through them. Hence flats and smaller properties tend to be let much more easily than larger detached properties.
- The lettings agencies report that locals very seldom use letting agencies to rent properties in Cockermouth as the rents are more expensive, instead local people seem to either rent properties through the housing associations or rent privately out of the town.
- The private rented sector is used as an alternative to affordable housing in some housing market areas, however this is deemed to be not as secure as the social housing sector which has been evidenced more so in the current climate with private landlord having the dwellings repossessed by the banks, leaving the tenants homeless. The private sector in Cockermouth is not necessarily affordable, especially to the larger household types. There are also issues with large deposits and

advanced rent payments, which are not always accessible by those in housing need.

3.3 Overcrowding and under-occupation

Table 29: Occupancy Rates⁹

	Cockermouth	%	Allerdale %	Cumbria %	North West %
All Households	3,514	100	100	100	100
Owned – Not overcrowded	2,572	73.2	68.4	70.9	67.2
Owned - Overcrowded	31	0.9	1.2	1.4	2.0
Rented from housing association – Not crowded	520	14.9	19.4	14.7	18.0
Rented from housing association - Overcrowded	33	1.0	1.2	1.3	2.1
Private rented or living rent free – Not overcrowded	318	9.0	9.1	10.6	9.4
Private rented or living rent free - Overcrowded	40	1.0	0.7	1.1	1.3

Source: 2001 Census, ONS

- Table 30 shows that as of the 2001 census overcrowding was not a problem. However when talking to the local housing associations they are aware of households living in two bedroom houses who are in need of three bedroom houses.
- The English Housing Survey¹⁰ 2008-09 used the bedroom standard to calculate overcrowding. It reported that nationally overcrowding is worst in the social rented sector which has an overcrowding rate of 6.7%.
- The same survey showed that overcrowding in the private rented sector is at 5.4%, whereas only 1.6% of owner occupiers were overcrowded.

3.4 Vacancies, available supply and turnover by tenure

Table 31 uses data provided by all registered social housing providers with properties in Allerdale to show turnover of social rented properties. Turnover is the percentage of properties re-let during the year compared to the total stock. Figures are unavailable at HMA level; data shown refers to social rented properties throughout Allerdale.

The highest % of turnover occurs in 1 bed properties, this reflects the mobile nature of those occupying the properties. Couples are likely to move out of these properties in to larger properties to start families.

⁹ The occupancy rating provides a measure of under-occupancy and overcrowding. It assumes that every household including one person households requires a minimum of two common rooms (excluding bathrooms) based on an assessment of the relationship between household members, their ages and gender.

¹⁰ A continuous national survey of around 17,000 households per year, commissioned by Communities and Local Government.

The lowest turnover % is for houses, and this demonstrates the fact that families are remaining in social rented houses for longer as they cannot afford to buy a family home.

The low number of current vacancies highlights the high demand for social housing throughout Allerdale.

Table 30: Access to Social Rented Housing

Property Type	Stock at 31/03/10	Turnover 2009/10		Vacancies	
		No.	% of stock	No.	% of stock
1 bed properties	1,032	159	15.4	0	0
Houses	5,430	407	7.5	3	0.05
Bungalows	863	79	9.2	2	0.2
Flats	829	67	8.1	15	1.8
Other properties	29	1	3.4	0	0

Source: Annual Performance Statement 2009/10

Note: Vacancies are current vacancies reported as at October 2010, not all registered social providers reported figures.

Units taken out of management

A sheltered housing scheme consisting of 22 social rented units in Cockermouth were demolished in August 2010 as they could not be brought up to decent homes standard. This is due to be followed by the demolition of a further 30 houses, flats and maisonettes in the same area. However, all demolished units are due to be replaced over the next few years.

3.5 Vacant Dwellings and Second Homes

Empty Properties

- As of March 2010, there are 61 empty properties in Cockermouth which is 1.4% of the properties in the town. This is an increase of 11 since March 2008. This is still less than the indicative 'transactional vacant' rates of around 2% (social rented) and 4% (private sector) i.e. the proportion of stock which should be vacant at any one time to allow mobility within different tenures. This is also well below the national average of 3.2%.
- The low level of vacant stock demonstrates that housing supply has not kept pace with housing demand.
- This increase could be an after-effect of the November 2009 floods; affected properties that were previously used as second homes are now classed as empty properties as they are no longer habitable.
- Other factors such as lack of investment funds, reluctance to speculate on property or to sell until the market picks up also go some way to explaining the increase.

Table 31: Number of Properties Empty for more than 6 Months

	Number of properties empty for more than six months	% of properties empty for more than six months
2008/2009	44	1.1%
2010/2011	61	1.5%

Source: Council Tax records, 2010/11

Second Homes

- Estate agents state that the number of people buying properties in Cockermouth as buy to lets, second homes and holiday homes has reduced compared to two years ago.
- Council Tax report that there are 108 properties receiving 10% second home discount as of March 2010 which accounts for 2.5% of the total properties in the town. This has decreased from 121 in August 2008.
- Again, this may be due to flood affected properties moving classification from a second home to an empty property.

Table 32: Number of Second Homes

Second and Vacant Dwellings	
Total Stock	4,156
Holiday Homes/ Second Homes	108

Source: Allerdale Council Tax Register, 2010

3.6 Affordable Housing Supply

Table 33: Permissions and Completions (Market led and affordable housing)

	09/10	08/09	07/08	06/07	05/06	Total
Total housing permissions	4	36	22	92	6	160
- of which affordable permissions	1	34	19	22	0	76
Total housing completions	33	18	34	62	35	182
- of which affordable completions	23	4	16	0	6	49
Affordable housing as % of total permissions	25.0	94.4	86.4	23.9	0	47.5
Affordable housing as % of total completions	69.7	22.2	47.1	0	17.1	26.9

Source: Allerdale Borough Council, Planning Department

Stage 4: Bringing the evidence together

4.1 Market characteristics

Access to rented housing association properties is difficult throughout this housing market area. 300 properties have changed tenure through right to buy since 1979 but only 82 new social rented properties have been built. This has meant that those households waiting to access social rented housing have had to wait longer as households only tend to terminate their tenancies for genuine life reasons such as death, going into a home, having to move for work. As of October 2010, 175 households were on housing association waiting lists for a property in Cockermouth. This was made up of 26 for a two bedroom bungalow, 93 for a two bedroom house and 56 for a three bedroom house.

In addition, properties recently built by private developers have tended to be detached homes that are priced at the higher end of the housing market and are aimed at higher income groups.

These factors have all led to this area having an unbalanced housing market and have left the area with a need for more social housing and for more affordable housing for those on average incomes who cannot afford suitable accommodation.

4.2 Trends and drivers

Housing markets are driven primarily by supply and demand but there are a variety of local trends and factors which will influence both of these key areas. Cockermouth HMA is an area of limited supply and high demand, resulting in high property prices

Factors Influencing Housing Supply

- Cockermouth HMA has a lower percentage of social rented properties available compared to Allerdale as a whole
- RSLs report exceptionally long waiting lists for properties in Cockermouth, 175 households as at October 2010
- Supply of social rented properties limited by inability of those current residing in them to afford to move in to open market properties.
- New build open market properties restricted by lack of suitable brownfield sites for development.
- The current economic climate and changes to government funded schemes does not encourage private or public investment.

Factors Influencing Housing Demand

- A popular area for retired households, the percentage of those aged over 65 living in the town is higher than the Allerdale average.
- The House Condition Survey 2003 showed that 98.8% of households thought that the value of their property had increased and 94.8% wanted to continue living in the area.
- Cockermouth School is one of the best performing schools in Allerdale with 79% of pupils attaining 5 or more GCSE's at grades A* - C, well above the national and Cumbrian averages (76.1% and

73.8% respectively). The school also has one of the highest average point scores per student at A Level in Allerdale. Families want to move to the town due to the success of the school (*Source: Home Movers survey and interviews with estate agents*).

- Cockermouth is very close to the Lake District National Park, but with substantially lower house prices.
- Large number of people who find work in Allerdale initially rent privately in Cockermouth before deciding where they want to buy a home (*Source: Home Movers survey and interviews with estate agents*).

Other Market Influences

- The town is situated on the A595 and the A66 which make it an ideal base for those travelling to work at Sellafield, Carlisle and Penrith
- Work is underway to improve the Cottage Hospital site to provide an increased number of services. Making the town more attractive to those who need the services and those who will provide them.
- Cockermouth is seen as an attractive place to live, it is one of Great Britain's 51 'gem' towns recommended for preservation by the Council for British Archaeology as part of the national heritage.
- The high number of elderly residents in the town may mean that services for the elderly are given priority; households with young families could be discouraged from moving in to the town.
- Limited employment opportunities within the town. Those on lower wages may not be able to afford to travel to work and will have to leave the town.

4.3 Issues for future policy / strategy

- Flats are often viewed as an answer to housing affordability problems by developers but they are not a popular choice as highlighted by the relatively high vacancy rates in table 30. Additionally, when given the choice in the housing need questionnaires as to whether households would like 'house only or house/flat', the general response is 'house only'. However on some occasions, flats need to be provided when re-developing buildings that have fallen into disrepair especially in town centres and therefore Allerdale Housing Services will look at the re-development of derelict buildings on a case by case basis.
- One bedroom properties are also unpopular and tend to have a very high turnover. Many single people may have access to their children on a part-time basis or may need a carer to stay over at their home and therefore one bedroom properties can be very hard to let even in some popular areas. This suggests that one bedroom properties should only be supported by Allerdale Housing Services where the size and shape of the re-development has no alternative.
- However, in the past, single people have not been allocated two and three bedroom properties as they have been given less preference under local allocation policies than couples and families. Some housing providers have now changed their allocation policies to ensure that single people are now allocated two bedroom properties. It is important that this continues, otherwise the housing situation for single people could become more severe.

- Impact Housing Association and Home Housing Association have both built a scheme of properties for shared ownership in Cockermouth. However although initial enquiries for these properties were very high, the actual take up was slow. Local people seem to either prefer renting from a housing association or would prefer open market housing that is affordable to local households earning either the lower quartile income or above the lower quartile income.
- The town has professional people who live there but choose to commute to work. This has driven the demand for family accommodation which outstrips supply and has fuelled price increases. Therefore move-up accommodation needs to be provided for local people who are earning more than the lower quartile income but who are trapped on the bottom rung of the housing ladder and who cannot compete with those on higher salaries.
- More affordable rental properties and/or low cost home ownership properties required in the town to prevent younger generations having to move out to neighbouring villages and towns.
- Discussion and planning needs to take place with housing providers regarding accommodation for the elderly.

3. The Future Housing Market

This chapter estimates the total number of new dwellings that may be required in the future in response to various scenarios reflecting the scale of housing demand. The scenarios have been generated using POPGROUP, a forecasting tool supplied by the University of Manchester. The analysis is only available down to a district level.

The analysis has four stages:

Stage 1: Projecting changes in population and future numbers of households

Stage 2: Future economic performance

Stage 3: Future affordability

Stage 4: Bringing the evidence together

Stage 1: Projecting changes in future numbers of households

This stage gives projections of population, housing and migration at a district level. POPGROUP population forecasting software has been used to create all the scenarios contained in both this section (population led and dwelling led) and also section 4.4 (labour force led). All these scenarios contain estimates of local information to provide likely scenarios for growth into the future. Like all population forecasting outputs, the results are simply a representation of what might happen in the future if various trends are played out as we expect. As a result, they cannot be relied upon as fact, and actual results may end up being significantly different to what the scenarios suggest will happen. This should be kept in mind at all times when using the outputs, and caution should be used when incorporating the outputs into any decision making process.

Three types of scenario have been generated for this document:

1. Population Led Scenarios
2. Dwelling Led Scenarios
3. Labour Force Led Scenarios

Within each table below, population, households and dwellings are shown as the Level they would be in that particular year (shown in 5 year bands).

Population/migration led scenarios

These scenarios look at what has happened to population in the past, and apply what we think will happen in the future. These scenarios therefore depict what could happen if certain assumptions we have made about population and migration are realised. The predicted figures for households and dwellings represent what would be needed to accommodate the forecasted population growth.

Zero Net Migration Scenario

Shows what might happen if natural change were the only contributing factor to future population trends.

Table 34: Zero net migration scenario

Allerdale District	2009	2014	2019	2024	2029
Population	94,256	93,370	92,604	91,971	91,192
Households	41,553	41,962	42,577	43,058	43,224
Dwellings	44,681	45,120	45,781	46,299	46,477
5 year Net Migration		0	0	0	0
5 Year Net Change		-886	-765	-633	-779
Annualised Migration		0	0	0	0
Annualised Change		-177	-153	-127	-156
Annualised Dwelling Requirement		88	132	104	36
Average Annualised Dwelling Requirement	90				

5 Year Migration Scenario

Shows what might happen if future migration follows past trends.

Table 35: 5 Year migration scenario

Allerdale District	2009	2014	2019	2024	2029
Population	94,256	94,540	94,760	94,720	94,259
Households	41,553	42,564	43,750	44,816	45,640
Dwellings	44,681	45,768	47,043	48,189	49,076
5 year Net Migration		1249.39	1317.51	1234.54	1238
5 Year Net Change		284	220	-40	-461
Annualised Migration		250	264	248	248
Annualised Change		57	44	-8	-92
Annualised Dwelling Requirement		218	255	229	177
Average Annualised Dwelling Requirement	220				

10 Year Migration Scenario

Shows what might happen if future migration follows past trends.

Table 36: 10 Year migration scenario

Allerdale District	2009	2014	2019	2024	2029
Population	94,256	94,399	94,458	94,312	93,706
Households	41,553	42,698	43,793	44,659	45,218
Dwellings	44,681	45,912	47,089	48,020	48,622
5 year Net Migration		1112	1192	1203	1172
5 Year Net Change		143	59	-146	-606
Annualised Migration		222	238	241	234
Annualised Change		29	12	-29	-121
Annualised Dwelling Requirement		246	235	186	120
Average Annualised Dwelling Requirement	197				

Dwelling Led scenarios

These scenarios look at what has happened to the number of dwellings in the past, and apply what we expect to happen to the number of dwellings in the future. These scenarios therefore depict what could happen if certain assumptions we have made about the provision of dwellings are realised. The predicted population and migration figures represent what would be needed to satisfy the assumed dwelling levels.

10 Year Dwelling Led

Shows what would happen if net dwelling change remained the same as the last 10 years through to 2029

Table 37: 10 year dwelling led

Allerdale District	2009	2014	2019	2024	2029
Population	94,256	94,708	94,682	94,684	94,791
Households	41,553	42,635	43,716	44,798	45,879
Dwellings	44,681	45,844	47,007	48,170	49,333
5 year Net Migration		1407.72	1068.24	1292.74	1799.68
5 Year Net Change		452	-26	2	106
Annualised Migration		282	214	259	360
Annualised Change		90	-5	0	21
Annualised Dwelling Requirement		233	233	233	233
Average Annualised Dwelling Requirement	233				

Dwelling Led based on Regional Spatial Strategy (RSS)

Shows what might happen if net dwelling change followed those laid out in the former RSS targets.

Table 38: Dwelling led based on RSS

Allerdale District	2006	2011	2016	2021	2026	2031
Population	93,487	93,447	93,801	93,052	93,584	94,702
Households	40,738	41,920	43,231	44,542	45,854	47,165
Dwellings	43,804	45,075	46,485	47,895	49,305	50,715
5 Year Net Migration		1,014	844	1,355	2,265	3,416
5 Year Net Change		-40	-365	-29	533	1,118
Annualised Migration		203	169	271	453	683
Annualised Change		-8	-73	-6	107	224
Annualised Dwelling Requirement		254	282	282	282	282
Average Annualised Dwelling Requirement	276					

All information contained in the above tables should be used as a guide only. It is improbable that any one scenario will be realised exactly. However, by using the information contained in each scenario together it may be used to aid the

Population predictions:

- Using the five year migration led scenario in table 34 the Allerdale District population is expected to remain the same between 2009 (94,256) and 2029 (94,259).
- There will be an increase in people aged over 60 years of age. This category will rise by 38% by 2029 (Popgroup). Within this those aged over 85 shows the greatest increase at 125%.
- All age groups under 60 are expected to decrease.
- There are implications for service provision and housing demand but also for the economy: the working age population (15-59 from table 39) are expected to decline from 52,763 to 45,008, a drop of 14.7% (PopGroup). The recent government decision to increase the age of retirement will temper the size of the decline in the short term, however unless the birth-rate or migration increases the trend will remain.
- The 15-29 and 30-44 age groups are most likely to raise children and also bring economic potential.

Table 39: District Age range changes 2008 – 2031

Age Band	2009	2029	District Count Increase / decrease	% increase / decrease
0-14	15,159	12,835	2324 decrease	15% decrease
15-29	14,619	13,852	767 decrease	5.2% decrease
30-44	17,679	15,542	2137 decrease	12% decrease
45-59	20,465	15,614	4851 decrease	23% decrease
60-74	17,576	20,553	2977 increase	17% increase
75-84	6,402	10,554	4152 increase	65% increase
85+	2,356	5,309	2953 increase	125% increase
Total	94,256	94,259	Remains stable	Remains stable

Data supplied by Cumbria Intelligence Observatory, using PopGroup software, August 2010

Household Projections

- Popgroup estimates show an increase in the number of households from 41,553 to 45,640 between 2009–2029. This is a 9.8% increase and an annual increase of 204.
- The increasing number of households within Allerdale in the context of a declining population highlights the declining trend in household size. Over the period 2009-29 the average household size will decrease from 2.23 to 2.02, continuing to drive the need for more residential development.
- The number of single person households is expected to rise from 13,397 to 18,492 between 2009-2029, an increase of 38%.

Stage 2: Future Economic Performance in West Cumbria

Regional Growth

In its Autumn 2009 report (A Short Term Forecast for 2009-2012), the North West's Regional Economic Forecasting Panel (REFP) set out a view on regional prospects. The Panel noted that the recession had been sharper than had been earlier expected. However, there were clear signs from business surveys that the economy had begun to stabilise and was starting to expand again, albeit at a slow rate. These business surveys and forward-looking indicators suggested that the North West was sharing in the recovery and might even be among the regions recovering first. Findings from the British Chamber of Commerce (BCC) survey also support increased optimism: a balance of both manufacturing and service companies in the North West expected output to increase in 2010, with positive views more widespread than reported in the UK as a whole.

The REFP believe that stimulus coming from global restocking is likely to continue through 2010, sustaining the recovery in manufacturing output but supporting growth of only 1.5% in that sector. By 2011 REFP anticipate that readjustment of inventories will be over, and performance will be determined more by growth in final global demand. The Northwest has strong representation of industries that operate in a global context. A key uncertainty for manufacturing in the medium term is how these industries restructure globally as demand picks up.

The prospects for growth over 2010-12 are constrained by the sharp cuts in public spending. While world growth is set to strengthen in 2011 and 2012 supporting manufacturing in the North West, cuts in public spending and increases in taxation are expected to restrict growth to just 1.25% in 2011 and 2% in 2012. These are weak rates of growth in comparison to those during the recovery from previous recessions.

Shortly after coming to power in June 2010, the Government announced plans to abolish England's nine Regional Development Agencies by 2012 and to replace them with Local Enterprise Partnerships. In this context, it is not clear what significance regional boundaries may have in shaping future spatial policy.

Economic forecasting

This section was prepared by Cumbria Vision and leads into economic based household growth scenarios. It should be noted when considering the following scenario work that they are based on the economic forecasts from 2008 projected into the future, and as such must be viewed in the context they were produced. These scenarios are in the process of being updated and will be available in spring 2011, after which time the key message from this section will be considered and revised accordingly

Introduction

Future housing demand will be affected not just by the number of households but by their ability and willingness to pay for housing. The economic performance of an area can influence both the number of households (e.g. through migration) and the willingness and ability to pay for housing (e.g. through income and investment potential).

Developments in the UK and world economies and financial systems have now undermined many, if not all, of the positive factors which have influenced the strong growth in the housing market since the turn of the century. The UK housing market is experiencing a period of decline with falling or static prices and low turnover, and, in the short term at least, a period of inactivity amongst first time buyers unable to gain access to mortgage finance as a result of the 'credit crunch'. Whilst these factors may ultimately help to improve the problems of affordability in the long term; in the short to medium term they will almost certainly have an impact on new housing completions and, at worst, it is possible to envisage a scenario of falling prices and sharply reduced demand.

The following section looks at how future economic performance at a regional, sub-regional and local level may develop and draws upon regional and sub-regional economic forecasts to help show how future housing demand may be influenced by economic performance.

Regional Economic Outlook

These scenarios are based on work carried out the *Northwest Regional Economic Forecasting Panel* in spring 2008. According to this report, GVA is expected to grow more slowly in the North West than nationally by an average of some 0.4 percentage points a year. Thus, if growth in the UK turns out to average 2.7% a year as predicted, the North West should average 2.3% which is still substantially better than GVA growth of 1.8% achieved per annum on average in the region in the 1990s (mainly because the region's population and working age population are expected to grow rather than fall, as they did then). GVA per resident head is expected to grow on average over the next twenty years by 1.6 percent a year, as compared with 1.9 percent in the UK. As a result, the gap in the level of GVA per head in the region, which presently stands at around 13.5 percent lower than in the UK, is likely to widen further.

Gross Value Added (GVA) growth in construction is estimated to have picked up in 2007 to 2.1%, but in 2008 growth is expected to weaken to 1.5%. GVA in construction is then expected to fall in 2009 before recovering in 2010 and 2011.

Cumbrian Economic Outlook to 2016

In conjunction with the North West Regional Development Agency, Cumbria Vision has undertaken a process of economic modelling to determine how the economy of Cumbria may grow during the period to 2016. Using a forecasting model developed by Experian, five scenarios have been developed that are outlined in more detail in 4.2.11, namely:-

1. Scenario 1 – Labour Force Led, No Change
2. Scenario 2 – Labour Force Led, Experian Baseline
3. Scenario 3 – Labour Force Led, Aspirational Growth
4. Scenario 4 – Labour Force Led, Worst Case Scenario
5. Scenario 5 – Migration Led, Labour Force Impact

The three key scenarios are Scenarios 2, 3 and 4 as they illustrate how Cumbria's economy may develop over the coming years provided certain conditions are met. Scenario 1 is based on no change which is unlikely to occur and Scenario 5 simply mirrors the Migration Led Run in 4.1.1.

In each case the forecast is employment led with each new employment opportunity being filled by a new member to the workforce, in other words the employment growth figures represent net job gains. However it is not possible to accurately determine what proportion of this employment growth represents true incomers to the county that will be requiring homes and what proportion is filled by, for example, a return to employment amongst the indigenous workless population or how much is attributable to the 60-70 age groups remaining in employment for longer. In the case of the latter example, current indications such as a declining working age population and recent falls in the value of pension funds suggest that this factor may be particularly acute in the coming years.

It is worth adding a caveat here. Econometric modelling is inherently based upon the observation of past events and the extrapolation of baseline trends from the past into the future. As such, any forecasting model relies upon an accurate baseline from which any scenarios manually inputted by a user subsequently depart. However, due to the fact that the baseline data contained within forecasting models generally lags behind the present by six months to a year, it is extremely difficult in times such as these where economic conditions are changing on a weekly basis, to be completely confident in the validity of the scenario outputs. Unfortunately no systems yet exist which can accurately predict external shocks to the economy and as such the results of this, and indeed any, scenario modelling, should be treated with an element of caution. This is true at any time, but the issue is particularly acute at the moment due to the degree of instability in current macroeconomic conditions.

The forecasts provided below must, therefore, be taken with this same element of caution as they are posited upon baseline trends which do not yet take into account the downturn in the UK (and World) economy which began to emerge in 2008 and have continued to present. Within the scenarios a certain amount of artistic license has therefore been taken in an attempt to estimate, on the one

hand, the possible outputs of an aspirational vision for employment growth in Cumbria and, on the other hand, the potential effects of the downturn on the economy of Cumbria if the worst were to happen. It must be stressed however that the scenarios have been formed from assumptions based on the collective judgment of a number of individuals and that any semblance to events as they subsequently unfold owes only to the experience of the group of individuals involved in the design of the scenarios.

Employment Growth Forecast:

The table below shows how total employment and the numbers of full time equivalents (FTEs) may grow over a ten year period from an initial position in 2006 to 2016.

Table 40: Baseline, Aspirational and Worst Case Scenario Employment Growth, 2006-2016

Data at County Level	2006	2011	2016	Change	% Change, 2006-2011	Annual % Change
Baseline Total Employment	253,900	258,800	258,900	5,000	1.97	0.20
Aspirational Total Employment	254,400	264,900	280,400	26,000	10.22	1.02
Worst Case Total Employment	253,900	238,500	252,000	-1,900	-0.75	-0.07
Baseline FTEs	206,000	208,500	207,600	1,600	0.78	0.08
Aspirational FTEs	206,400	213,700	225,700	19,300	9.35	0.94
Worst Case FTEs	206,000	192,400	202,300	-3,700	-1.80	-0.18

Under the aspirational scenario “total employment” is expected to grow by 26,000 in the period 2006-2016 which equates to an annual increase of 1.02%. This compares with a baseline employment growth rate of 0.20%. FTE employment is expected to grow by 19,300 or 0.94% annually, suggesting that part time employment will be growing at a slightly faster rate than full time employment. Under the worst case scenario, on the other hand, total employment will fall by 1,900 over the period 2006-2016 which equates to an average of -0.07% annually. However, total employment will fall as low as 238,500 in 2011 which is a fall of 15,400 from the figure in 2006 or an average of -1.21% annually. FTE employment will fall by 13,600 during 2006-2011, but will then increase by 2016 to stand at only 3,700 below the 2006 figure. This indicates that part-time jobs may be shed at a faster rate than full time positions but may then also be created again more quickly once the recovery begins to take effect by 2012.

Projected Gross Value Added:

Annual GVA growth of 3.30% is forecast under the aspirational growth scenario. Compared with the baseline scenario, the GVA difference in 2016 as a result of this accelerated rate of growth would amount to an additional £1.04bn of GVA. GVA growth under the worst case scenario will be slower than under the baseline

scenario at an average of 1.68% over the ten year period, however when splitting the period in two, the growth rate during 2006-2011 is markedly slower at 0.61% than that in the recovery period of 2011-2016 where the average annual rate is 2.66%.

Table 41: Baseline, Aspirational and Worst Case Scenario GVA Growth, 2006-2016

Data at County Level	2006	2011	2016	Change	% Change, 2006-2016	Annual % Change
Baseline GVA (£million)	6,850	7,510	8,080	1,230	18.0	1.80
Aspirational GVA (£million)	6,870	7,790	9,140	2,270	33.0	3.30
Worst Case GVA (£million)	6,850	7,060	8,000	1,150	16.8	1.68

Economic Outlook – West Cumbria

West Cumbria encompasses the districts of Allerdale and Copeland, and has a history of leading the way in developing new industries, within agrarian, industrial and nuclear sectors. West Cumbria is home to Sellafield, one of the most complex and compact nuclear sites in the world and the location of the world's first commercial nuclear power station which started generating electricity in 1956. One of the biggest challenges West Cumbria faces is how to deal with the remediation, decommissioning and clean up of its industrial and nuclear legacy. With job losses at the site a possibility in the future, West Cumbria faces a difficult road to prosperity however the area's key regeneration agencies are working in partnership to secure a sustainable and thriving economy for the future.

Britain's Energy Coast™ – A Master plan for West Cumbria

The Britain's Energy Coast™ Master plan is a £2 billion package of regeneration projects which will advance West Cumbria's existing strengths in the nuclear industry and use them as a spring board for diversifying into other forms of low carbon industries such as renewable energy.

The Master plan also focuses on significantly improving West Cumbria's infrastructure. The plan extends to 2027 and is expected to create 16,000 jobs and boost the economy by £800 million.

The vision is that:

- West Cumbria will be globally recognised as a leading nuclear, energy, environment and related technology business cluster, building on its nuclear assets and its technology and research strengths.
- West Cumbria will be a strong, diversified and well connected economy, with a growing, highly skilled population with high employment.
- West Cumbria will project a positive image to the world and be recognised by all as an area of scientific excellence, outstanding natural beauty and vibrant lifestyle, which attracts a diverse population and visitor profile.

- West Cumbria will provide opportunities for all its communities, where geography is not a barrier to achievement and where deprivation, inequality and social immobility have been reduced.

Key Opportunities

The following key opportunities & issues have been identified from the Cumbria Economic Strategy 2009-2019.

- West Cumbria boasts the reputation as a world-leader in nuclear energy, with wide-ranging expertise in skills such as decommissioning, engineering and environmental remediation. Today Sellafield is home to 50 per cent of the UK's civil nuclear workforce and 36 per cent of the UK's civil nuclear industry.
- Derwent Forest, near Maryport is the largest brownfield site in the North West region. It was formerly the Royal Navy Armaments depot Broughton Moor which requires significant reclamation works, but agreement has been reached with the Regional Development Agency for marketing to commence shortly which will result in a major flagship regeneration project in due course.
- Other major projects are allied to the Energy Coast Master plan. For example, construction is currently underway at Lillyhall, close to Workington, of Energus – The National Nuclear Academy. This education facility will train the next generation of nuclear staff for decommissioning and new build up to NVQ level 4 and above.
- Places such as Workington grew thanks to mining and steel making and despite the decline in these traditional industries over time, have begun to adapt and branch out into other fields such as commerce, retail and new industries. New opportunities have also arisen from the ashes of industrial decline, with West Cumbria boasting an array of brownfield sites that are ideal for development.
- Miles of stunning coastline, stretching from Morecambe Bay to the Solway Firth and encrusted with Georgian gems such as Whitehaven and Maryport.
- Close proximity to the world renowned Lake District, means that there is huge potential for West Cumbria to expand Cumbria's tourism offer to visitors from far and wide.
- In Workington the Port is due to undergo major development, and there is also developer interest in creating a marina nearby.
- The former Corus site is to be developed into a new community by the private sector.

Key Issues

- Sellafield is by far the largest employer in the area, employing more than 10,000 people. Future plans for the site will play a major role in the fortunes of the area. Diversification needs to be undertaken in light of the expected downscaling of nuclear decommissioning activity with attraction of inward investment playing a key role.
- West Cumbria is perceived by many as being remote and difficult to get to, providing the area with a set of barriers to investment and inward-migration.

- The Workington and Maryport area has a history of heavy industry and their loss over the years is still affecting the local economy. This has left a legacy of unemployment leading to intergenerational poor health and educational attainment and a benefit claimant rate significantly above the Cumbrian average. Indeed, many people in West Cumbria have come to accept decline as inevitable and, despite ability, their aspirations are low.
- The more affluent areas to the east of the area, which are mostly within the National Park boundary, have acute housing market problems. There is an imbalance in this area, owing to a lack of supply, and consequently very high prices.
- The seasonal and part time nature of the jobs on offer within the tourism industry in the east of the area, coupled with the low wages, mean many local people struggle to gain adequate housing to meet their needs. Nevertheless, opportunities do exist to add value to the existing tourism offer and attract entrepreneurs based on the stunning scenery and quality of life.
- The northern area has pockets of both prosperity and deprivation. This area has suffered from the loss of manufacturing jobs over the past decade as well as a decline in the availability of local services. There is the opportunity to increase tourism in the area, especially centred on the Solway Coast Area of Outstanding Natural Beauty, and the prospect exists to add value to the high quality agricultural produce of the Solway Plain.
- Transport links need to be improved to overcome the geographical isolation of the area; and there is a pressing need to tackle the pockets of deprivation that exist in some communities by improving the quality of life.
- Engagement of the Business community needs to be improved.
- Anecdotal evidence suggests out migration of young and talented people is a particular issue in some parts of West Cumbria so it is imperative that work is done to retain and attract a skilled and talented workforce.

Future Economic Potential – West Cumbria

The results from Cumbria Vision's modelling of future economic performance can also be interrogated at a district level. The tables below show how employment and GVA in West Cumbria as well as in both Allerdale and Copeland could grow under the baseline, aspirational and worst case scenarios.

Table 42: Baseline, Aspirational and Worst Case Scenario Employment Growth, 2006-2016

Data	District	2006	2011	2016	Volume Change	% Change, 2006-2016	Annual % Change
Baseline FTEs	Allerdale	33,400	34,300	34,200	800	2.40	0.24
Aspirational FTEs		33,400	34,900	36,500	3,100	9.28	0.93
Worst Case FTEs		33,400	31,200	33,000	-400	-1.20	-0.12
Baseline FTEs	Copeland	28,500	27,000	24,900	-3,600	-12.63	-1.26
Aspirational FTEs		28,700	28,700	30,900	2,200	7.67	0.77
Worst Case FTEs		28,500	26,800	25,900	-2,600	-9.12	-0.91
Baseline FTEs	West Cumbria	61,900	61,300	59,100	-2,800	-4.52	-0.45
Aspirational FTEs		62,100	63,600	67,400	5,300	8.53	0.85
Worst Case FTEs		61,900	58,000	58,900	-3,000	-4.85	-0.48

Table 43: Baseline, Aspirational and Worst Case Scenario GVA Growth, 2006-2016

Data	District	2006	2011	2016	Volume Change	% Change, 2006-2016	Annual % Change
Baseline GVA (£m)	Allerdale	974	1,096	1,220	246	25.26	2.53
Aspirational GVA (£m)		976	1,121	1,319	343	35.14	3.51
Worst Case GVA (£m)		974	1,007	1,180	206	21.15	2.11
Baseline GVA (£m)	Copeland	1,615	1,627	1,488	-127	-7.86	-0.79
Aspirational GVA (£m)		1,625	1,760	1,977	352	21.66	2.17
Worst Case GVA (£m)		1,615	1,650	1,624	9	0.56	0.06
Baseline GVA (£m)	West Cumbria	2,589	2,723	2,708	119	4.60	0.46
Aspirational GVA (£m)		2,601	2,881	3,296	695	26.72	2.67
Worst Case GVA (£m)		2,589	2,657	2,804	215	8.30	0.83

Under the aspirational scenario, growth in employment will amount to an additional 8,100 full-time equivalents in the West Cumbrian workforce when compared with the baseline scenario. In turn this would generate an additional £570 million GVA over 10 years. Under the worst case scenario there would be 200 fewer FTEs in Cumbria than the baseline by 2016, however the difference with the baseline would have been as great as 3,300 fewer FTEs in 2011.

A number of assumptions underpin the different levels of growth forecast in the aspirational and worst case scenario. The key assumptions are listed in Appendix 1.

The effects of economic forecasts on the housing requirement

This section principally draws upon the work in sections 4.1 and 4.2 and incorporates the economic forecasts produced by Cumbria Vision into the population and dwellings based modelling provided by POPGROUP. The scenarios presented below are labour force led scenarios which draw upon what has happened to the number of full time equivalent jobs in the past, and apply what we think could happen in the future provided certain conditions and assumptions are satisfied. The outputs of population, households and dwellings are provided to support the change in the number of jobs over the period of the forecast.

As the outputs from one forecasting model (Experian) have been used as the inputs to another (POPGROUP), extra caution should be taken when interpreting the results as they are indicative only and are best understood, therefore, in the hypothetical context: 'what would be the population and dwelling requirements

if...'. The assumptions underlying the employment growth (or decline) within each scenario have already been presented on page 62 however it is worth repeating the general intention behind each economic scenario:

1. **Scenario 1: Labour Force Led, No Change** – The first scenario is a control scenario which assumes that no additional jobs are inputted to the model. Accordingly, any fluctuations in employment under this scenario are purely a result of natural and migratory change in the workforce. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, it is assumed that the net gain in jobs, year on year, is nil. Prior to 2006 actual population is used as a constraint.
2. **Scenario 2: Labour Force Led, Experian Baseline** - this scenario takes a purely econometric approach to modelling and projects the future based on historic trends and assumes a 'policy-off' response. As such, this scenario forecasts a relatively low level of growth. This scenario has been developed by Experian in consultation with regional and sub-regional partners and is held within the Experian forecasting model as the "**baseline**" scenario. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the Experian model baseline forecast provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.
3. **Scenario 3: Labour Force Led, Aspirational Growth** - the third scenario includes employment growth assumptions based on local knowledge of committed, proposed and potential future developments and programmes. As such the second scenario paints a more positive picture being responsive to local policies and ambitions and forms the "**aspirational**" scenario. This scenario has been developed within the sub-region and through consultation with regional partners. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the aspirational growth scenario provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.
4. **Scenario 4: Labour Force Led, Worst Case Scenario** - the fourth scenario attempts to estimate the potential effects of the national and global economic downturn on the Cumbrian economy. A particularly pessimistic view has been taken when devising the assumptions underlining this forecast in an attempt to create a "**worst case**" scenario. This scenario has been developed within the sub-region. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the worst case

scenario provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.

5. **Scenario 5: Migration Led, Labour Force Impact** - The fifth scenario is the 5 year migration-led run from stage 4.1. The inclusion of this scenario here will help tie these labour force led forecasts to the population and dwelling led forecasts from stage 4.1. This scenario uses population as a constraint and is consistent with the 5 year migration forecast provided in stage 4.1. The scenario shows the number of households and dwellings required to satisfy the growing population.

These scenarios illustrate how Cumbria's economy may develop over the coming years provided certain conditions are met. The forecasts are employment led with each new employment opportunity being filled by a new member to the workforce and the employment growth figures representing net job gains.

To keep things relatively simple and in recognition of the potential increase in margins of error when transferring the results of one model into the inputs to another, it has been assumed that in all scenarios economic activity (the percentage of people economically active within the working age population) remains constant across the time period modelled. In reality, however, any new job may actually be filled by someone within the indigenous population who has been out of work (thereby increasing economic activity) but who nevertheless already lives within the area and so would not necessarily require a new house. It is therefore recognised that future refinements to the scenarios presented here could forecast what effect a 1 or 2% increase to economic activity may have on the demand for dwellings.

It is also worth rehearsing the general caveat already outlined above. Econometric (and demographic) modelling is inherently based upon the observation of past events and the extrapolation of baseline trends from the past into the future. As such, any forecasting model relies upon an accurate baseline from which any scenarios manually inputted by a user subsequently depart. Whereas demographic trends are reasonably predictable from one year to the next; volatility in economic trends are much more difficult to predict. Unfortunately no systems yet exist which can accurately predict external shocks to the economy and as such the results of this, and indeed any, scenario modelling, should be treated with an element of caution. This is true at any time, but the issue is particularly acute at the time of writing due to the degree of instability in the current macroeconomic climate.

The forecasts of population and dwelling requirements provided below must, therefore, be taken with this same element of caution as they are posited upon economic trends which do not yet take full account of the downturn in the UK (and World) economy which began to emerge in 2008. Nevertheless, as long term forecasts, the scenarios contribute to any discussion of future housing demand in the county by providing an insight into the possible demand associated with a baseline and aspirational vision for employment growth on the one hand and, on the other, the potential effects on the housing market of the downturn in the Cumbrian and wider economy if the worst were to happen.

Table 44: Scenario 1: Labour Force Led, No Change

Allerdale District	2006	2008	2010	2012	2014	2016
Population	94,286	94,571	95,102	95,298	95,672	96,073
Households	41,147	41,681	42,408	43,072	43,845	44,580
Dwellings	44,244	44,818	45,600	46,314	47,145	47,936
Annualised Dwelling Requirement		287	391	357	415	395
Average Annualised Dwelling Requirement	369					

Table 45: Scenario 2: Labour Force Led, Experian Baseline

Allerdale District	2006	2008	2010	2012	2014	2016
Population	94,286	95,273	96,890	97,335	97,586	98,236
Households	41,147	41,969	43,148	43,927	44,655	45,498
Dwellings	44,244	45,128	46,396	47,233	48,016	48,922
Annualised Dwelling Requirement		442	634	419	391	453
Average Annualised Dwelling Requirement	468					

Table 46: Scenario 3: Labour Force Led, Aspirational Growth

Allerdale District	2006	2008	2010	2012	2014	2016
Population	94,286	95,399	97,506	98,686	100,031	102,269
Households	41,147	42,021	43,403	44,492	45,686	47,207
Dwellings	44,244	45,184	46,670	47,841	49,125	50,761
Annualised Dwelling Requirement		470	743	586	642	818
Average Annualised Dwelling Requirement	652					

Table 47: Scenario 4: Labour Force Led, Worst Case Scenario

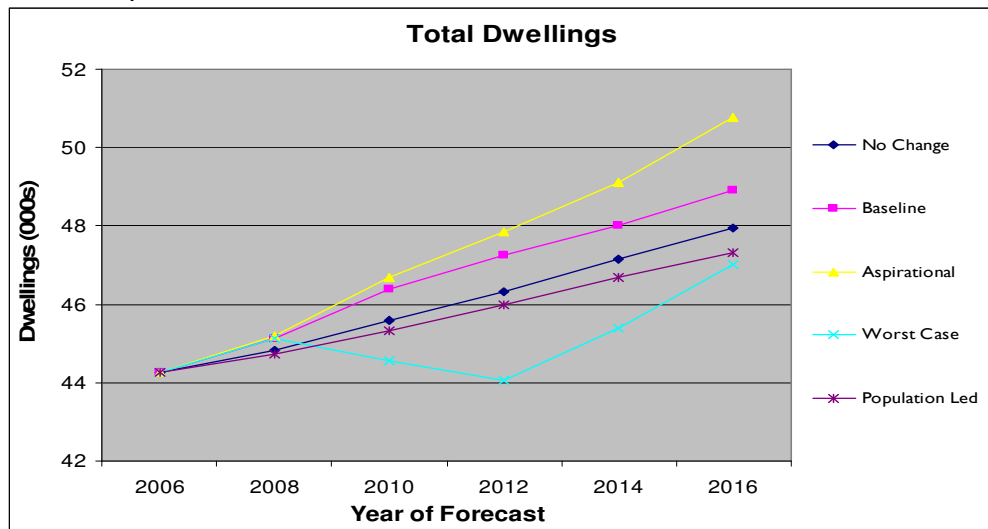
Allerdale District	2006	2008	2010	2012	2014	2016
Population	94,286	95,273	92,744	90,313	91,797	94,048
Households	41,147	41,969	41,438	40,990	42,197	43,713
Dwellings	44,244	45,128	44,557	44,075	45,373	47,003
Annualised Dwelling Requirement		442	-286	-241	649	815
Average Annualised Dwelling Requirement	276					

Table 48: Scenario 5: Migration Led, Labour Force Impact

Allerdale District	2006	2008	2010	2012	2014	2016
Population	94,286	94,326	94,462	94,582	94,673	94,739
Households	41,147	41,581	42,143	42,772	43,422	44,013
Dwellings	44,244	44,710	45,315	45,991	46,690	47,325
Annualised Dwelling Requirement		233	303	338	350	317
Average Annualised Dwelling Requirement	308					

The graph below shows the growth in the number of dwellings required by the population under each of the five scenarios above.

Figure 12: Population Forecasts



Stage 3: Future affordability

The tables below outline a range of scenarios based upon house prices increasing or decreasing +/- up to 50% until 2019. These are based on lower quartile housing prices (entry level into the market). It illustrates that even with 10% decrease in entry level house prices and a 5% increase in lower quartile incomes the ratio for Cockermouth is 5.2, this is beyond Government guidelines on affordability.

Average income increases tend to be around the 2-3% range. To make housing within this housing market more affordable, we would require a 50% decrease on entry levels house prices.

Table 49: Change in House Prices

Change in House Prices	Lower Quartile House Prices	
	2010	2019
50% increase	145,569	218,353
20% increase	145,569	173,769
10% increase	145,569	160,125
5% increase	145,569	152,847
Stable	145,569	145,569
5% decrease	145,569	138,291
10% decrease	145,569	131,013
20% decrease	145,569	116,456
50% decrease	145,569	72,785

Source: House price data supplied by Cumbria Observatory 2010

Table 50: Annual % Income Increase

Annual % Income Increase	Lower Quartile Household Income									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1%	16,266	16,429	16,593	16,759	16,926	17,095	17,266	17,439	17,613	17,789
2%	16,266	16,591	16,922	17,247	17,592	17,944	18,303	18,669	19,042	19,423
3%	16,266	16,754	17,242	17,587	18,114	18,657	19,217	19,793	20,386	20,997
4%	16,266	16,917	16,943	17,621	18,326	19,059	19,821	20,614	21,438	22,295
5%	16,266	17,079	17,933	18,829	19,770	20,758	21,796	22,886	24,030	25,231

Source: Income data supplied by Cumbria Observatory 2010

Table 51: Affordability Matrix

Change in House Prices	2010 Baseline	Annual Income Increase to 2019				
		1%	2%	3%	4%	5%
50% increase	8.9	12.2	11.2	10.3	9.7	8.6
20% increase	8.9	9.7	8.9	8.2	7.7	6.8
10% increase	8.9	9.0	8.2	7.6	7.1	6.3
5% increase	8.9	8.5	7.8	7.2	6.8	6.0
Stable	8.9	8.2	7.5	7.0	6.5	5.7
5% decrease	8.9	7.7	7.1	6.6	6.2	5.5
10% decrease	8.9	7.3	6.7	6.2	5.9	5.2
20% decrease	8.9	6.5	6.0	5.5	5.2	4.6
50% decrease	8.9	4.0	3.7	3.4	3.2	2.9

Source: House price and income data supplied by Cumbria Observatory 2010

In addition, first time buyers in particular are having difficulties obtaining mortgages. The average deposit being put down by first time buyers now is 24% of a property's value, the Home Builders Federation said (*source: Times and Star, 5th November 2010*). The federation says that these large deposits are 'shutting' first time buyers out of the house market. Stewart Baseley, executive chairman of the Home Builders federation, said 'The lack of mortgage availability is further strangling a market already choking on a lack of supply. We desperately need an increase in lending and a properly functioning and sustainable mortgage market' (*source: Times and Star, 5th November 2010*).

Given the relatively low incomes in Cumbria compared to high house prices outlined under Chapter 2 - The Current Housing Market – Affordability, the issues of affordability still remains and whilst house prices have dropped this has not made a significant difference to affordability.

Buyers for low cost home ownership products are likely to be affected by the lack of mortgage finance and with 9,955 unsold shared ownership properties nationally there is likely to be a local impact (Figure source: Housing Corporation Housing Association Financial Health report). It is therefore, likely that housing associations will need to use low cost home ownership stock for social and intermediate rent in future. The majority of local parish needs survey undertaken reveal that the majority of need is for rent with a minority of households being able to afford low cost home ownership such as shared equity/ownership.

Stage 4: Bringing the Evidence Together

- Across the District there is a projected population reduction of 0.5% from 94,286 to 93,835 between 2006 and 2031 and annual dwelling requirement of 280 based on population projections (PopGroup) if future migration follows past trends
- There is set to be a massive increase in elderly population and decrease for other age groups. This will have implications for service provision including requirements for specialised housing and adaptations.
- Households are set to increase by 13.8%. Taken together with population decrease this indicates a tendency towards smaller households. There is proportionate decline in married households, and a rise in cohabiting households and one person households.
- Cumbria prices have fallen by 4.7%. However this is not likely to have an impact on affordability. First time buyers are likely to have problems obtaining mortgages.
- Housing Associations may need to use low cost home ownership stock for social and intermediate rent. Early surveys indicate that the majority of need is going to be for social rent with an element of LVHO but this may no longer be accessible.
- Recent economic performance and the effects of the 'credit crunch' will effect the willingness to pay for housing and place further pressure on affordable housing supply. There is also expected to be a weakened GVA growth in construction at least in the short term.
- The 'aspirational' growth scenario which forecasts 3,100 additional jobs across the Allerdale (2006-2016) paints a positive picture. It is based on a number of opportunities and assumptions that need to be met before this employment forecast can be realised.
- However there are a number of issues that may undermine this – supply of business and housing sites, an aging population, the Workington and Maryport heavy industry and their loss over the years is still affecting the local economy and pockets of rural deprivation etc. We have found that employment by occupation showing lower than regional and national levels of managers and senior officers, professional occupations and other office based jobs and higher levels of skilled trades occupations reflecting the levels of heavy industry and construction within the district. This may also be a reflection of poorer pay rewards which may mitigate the undersupply of managerial posts as students studying outside of the area don't usually return. There is also evidence of a growing older population of non working age which may result in a need for more support jobs, which are generally lower paid. Affordable housing for these lower paid industries is essential to retain our current skills base and prevent further out-migration.

4. Housing Need (affordable housing)

As set out in PPS 3, 'housing need is defined as the quantity of housing required for households who are unable to access suitable housing without financial assistance'. The guidance provided by the Department for Communities and Local Government takes into account homeless households and those in temporary accommodation, the data from the housing needs survey 2008, the committed supply of new housing stock and the turnover of social rented properties.

Stage 1: Current Housing Need

The housing needs surveys give the figures for the next five years. The analysis is detailed below and shows the annual requirement for affordable housing in this housing market area is for 38 affordable homes, 195 over the next five years, taking into account the surplus of two bedroom flats.

Table 52: Detailed Needs Assessment Table

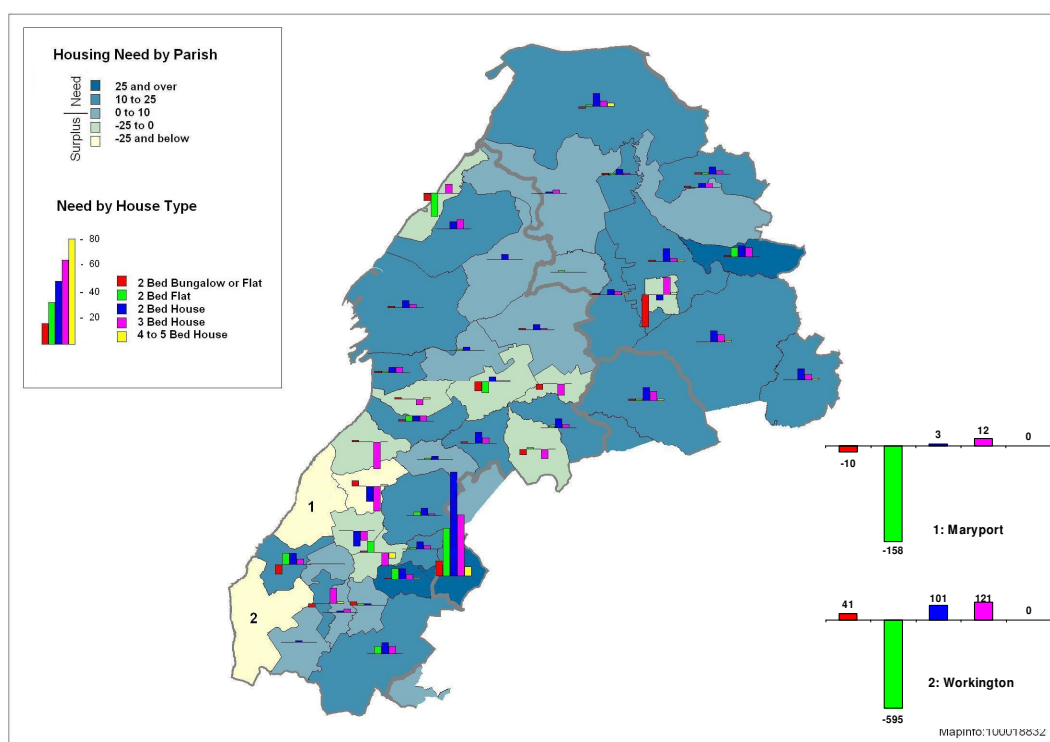
Step	Stage 1: Housing Need		
1.1	Current households in need of LCHO		51
1.2	plus current households in need of rented accommodation		106
1.3	plus households without self-contained accommodation (homeless)		12
1.4	equals Total current housing need 1.1 + 1.2 + 1.3 = 1.4		169
	Stage 2: Available Stock to Offset Need		
2.1	Current occupiers of affordable housing in need		2
2.2	plus Surplus stock		0
2.3	plus Committed supply of new affordable units		85
2.4	minus Units to be taken out of management		52
2.5	equals Total stock available to meet current need 2.1 + 2.2 + 2.3 – 2.4		35
2.6	equals Total current unmet housing need 1.4 – 2.5		134
2.7	times annual quota for the reduction of current need		20%
2.8	equals annual requirement of units to reduce current need 2.6 x 2.7	Annual	26.8
	Stage 3: Newly Arising Need		
3.1	New household formation	Annual	52
3.2	times Proportion of new households unable to buy or rent in the market	Annual	48%
3.3	plus Existing households falling into need	Annual	0
3.4	equals Total newly arising need 3.1 x 3.2 + 3.3	Annual	24.96
	Stage 4: Future Supply of Affordable Units (From HA's)		
4.1	Annual supply of social re-lets		14
4.2	Plus Annual supply of intermediate housing available for re-let or re-sale		0
4.3	Equals Annual supply of affordable units 4.1 + 4.2		14
	NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS 2.8 + 3.4 – 4.3	Annual	38 per annum

(Source: 2008 Housing Needs Survey)

This equates to 195 over five years, taking into account the surplus of 2 bedroom flats. The figure below demonstrates that both the level of housing

need and the types of dwelling required varies considerably within the across the parishes of Allerdale.

Figure 13: Housing Need by Parish



(Source: Housing Needs Model)

This need is broken down below in more detail and by tenure of affordable need in the table below:

Table 53: Affordable Need by Property Type

	LCHO	Rent
2 bedroom house	25	58
3 bedroom house	15	34
4 bedroom house	1	3
5 bedroom house	1	2
2 bedroom bungalow	0	0
2 bedroom bungalow / ground floor apartment	3	9
2 bedroom house / apartment	13	31
2 bedroom apartment	0	0
Total	58	137

Source: 2008 Housing Needs Survey

Stage 2 : Future housing need based on Annualised Dwelling Requirements

The data contained in Chapter 3, stage 1, used Popgroup and Experian data to predict population increases. It then used modelling techniques to estimate the number of dwellings required as a result of, for example, in migration and increased industry, to derive an average annualised total dwelling requirement.

Popgroup and Experian data are only able to project the population at a district-wide level. Therefore these figures have been split proportionately depending on the current size of the population within each of the Strategic Housing Market Areas. Cockermouth has 9% of the population of the district and therefore 9% of the average annualised dwelling requirement is 8.

Additionally, the Popgroup and Experian data does not include a split between market led and affordable housing. Therefore in order to estimate the breakdown into open market housing and affordable housing, percentages from the recent housing needs survey needs to be applied to the annualised dwelling requirements. From the housing needs survey for Cockermouth carried out in 2008, 95% of those who returned the forms were in need of affordable housing. This calculation has then been applied to the annualised dwelling requirement for both table 54 and table 55.

Table 54: Requirements based on projections of population, housing and migration using annualised dwelling requirements

	Scenario 1 : Zero net migration	Scenario 2: 5 year migration	Scenario 3: 10 year migration	Scenario 4: 10 year dwelling led	Scenario 5: RSS
Affordable housing need based on HMA %	7	19	20	20	24
Open market housing based on HMA %	1	1	1	1	1
Average Annualised Dwelling Requirement 2006-2016	8	20	21	21	25

Based on these analyses, the number of affordable dwellings could be as low as 7 or as high as 24.

Table 55: Requirements based on population growth, household formation and economic forecasts using annualised dwelling requirements

	Scenario 1 : Labour force led – no change	Scenario 2: Labour force led – using Experian baseline job levels	Scenario 3: Labour force led - Aspirational growth	Scenario 4: Labour force led - worst case scenario	Scenario 5: Migration led – labour force impact
Affordable housing need based on HMA %	31	40	55	24	27
Open market housing based on HMA %	2	2	3	1	1
Average Annualised Dwelling Requirement 2006-2016	33	42	58	25	28

Based on these analyses, the number of affordable dwellings under the worst case scenario is 24 per annum for the housing market area rising to 55 per annum under the aspirational growth scenario.

Future housing need based on the Housing Needs Survey

The two tables below then update the housing needs survey results based on the effects of different migration scenarios and different labour force scenario growth rates, using the same calculations as used by Popgroup.

Table 56: Requirements based on projections of population, housing and migration using survey data as a starting point

	Scenario 1 : Zero net migration	Scenario 2: 5 year migration	Scenario 3: 10 year migration	Scenario 4: 10 year dwelling led	Scenario 5: RSS
Affordable housing need based on Survey	195	480	508	508	603
Open Market Housing Need based on Survey	10	26	27	27	32
Total Number of Properties	205	506	535	535	635

Based on these analyses, the number of affordable dwellings could be 195 per annum or as high as 603 per annum.

Table 57: Requirements based on population growth, household formation and economic forecasts using survey data as a starting point

	Scenario 1 : Labour force led – no change	Scenario 2: Labour force led – using Experian baseline job levels	Scenario 3: Labour force led - Aspirational growth	Scenario 4: Labour force led - worst case scenario	Scenario 5: Migration led – labour force impact
Affordable housing need based on Survey	195	247	343	146	162
Open Market Housing Need based on Survey	10	13	18	8	9
Total Number of Properties	205	260	361	154	171

Based on this analysis, the worst case scenario taking into account an economic downturn is 146 affordable housing units per annum or 343 dwellings per annum under the aspirational growth scenario.

Local Development Framework

Allerdale Borough Council Planning Service is currently working on producing a Local Development Framework which will guide the level and pattern of growth over the next 15 years. An important element of this is developing a preferred growth scenario together with a spatial strategy which when combined with the level of affordable housing required at HMA level to gain an understanding of the level of affordable and market housing required. The spatial option and growth scenario will be published as part of the wider Allerdale Cores Strategy Preferred Option paper towards the end of 2011, however, when the options have been selected this information will be used to update this section of the SHMA in order for the implications to be considered in the context of the SHMA.

Stage 3: Housing requirements of households in need

Government guidance suggests that this stage looks at the requirements of households in need and the choices available which may constrain options. This links in with aspirational demand as a driver of the housing market - pressure can be placed on a certain tenure/size, driving up prices and forcing some to remain in unsuitable housing.

In terms of choices available within this area, evidence from preceding chapters indicates the following:

- Family housing for sale and rent is in high demand, indicating a shortage of both types.
- The town has professional people who live there but choose to commute to work. This has driven the demand for family accommodation which outstrips supply and has fuelled price increases. In addition, a lower number of properties in this area are terraced compared to the percentage in Allerdale and Cumbria, which means there are fewer properties at the lower end of the market for first time buyers.
- More affordable rental properties and/or low cost home ownership properties required in the town to prevent younger generations having to move out to neighbouring villages and towns.
- Move-up accommodation needs to be provided for local people who are earning more than the lower quartile income but who are trapped on the bottom rung of the housing ladder and who cannot compete with those on higher salaries.
- The housing associations report a high turnover of one bedroom flats as single people are reluctant to accept smaller properties. Some housing providers have now changed their allocation policies to ensure that single people are now allocated two bedroom properties. It is important that this continues, otherwise the housing situation for single people could become more severe.
- At the time of writing this report research is being undertaken by the County Research and Information Group to develop a range of housing and services that will meet the needs of the ageing population.

Stage 4: Bringing the Evidence Together

Table 58: Comparison of annual housing need 2006 and 2010

	2006	2010
1. Current Housing need	354	169
2. Stock available to meet need	139	35
3. Total unmet housing need	215	134
4. Times annual quota for the reduction of current need (20%)	43 per annum	26.8 per annum
5. Total future need (annual)	22	25
6. Annual supply of relets	21	14
NET ANNUAL AFFORDABLE HOUSING NEED (4 + 5 – 6)	44	38

Taking into account all the information on the Cockermouth housing market, future housing policies need to consider the following:

- The high need for affordable housing in Cockermouth
- The greatest need in the town is for social rented
- There will be a rise in single person households
- There is a need for younger persons accommodation to retain them in the area but not necessarily flats
- There will be a rise in the elderly population and consequently a need for suitable accommodation

5. Housing Requirements of Specific Household Groups

Supported Housing

This covers homes and housing services for people who need help and support to be able to live as independently as possible within the community. Supported housing is concerned with the housing needs of a diverse range of people based on client groups identified in the Supporting People Strategy, but also those who require accommodation with particular facilities.

Cumbria as a whole has a shortage of supported and move-on accommodation for many client groups, which means that individuals who are ready to progress to more independent living, perhaps with floating support, are often unable to do so. This in turn prevents supported accommodation from being accessed by other people in housing need. There is also a need for more floating support across the county, both generic and in relation to specific client groups.

The provision of housing related support services is increasingly determined by the availability of Supporting People funding. Over the last year the Commissioning Body has agreed a strategy and implemented a review process to ensure resources are targeted and used effectively.

Demand for disabled facilities grants continues to grow. This represents one area in which providing additional facilities to people allows them to remain in their own home and makes better use of existing housing stock.

Current provision in Allerdale is summarised in the table below.

Table 59: Supported Housing Provision in Allerdale

Client Group	Supply as at 31/03/2010			
	ABS	NABS	CA	HIA
Learning disabilities	29	1	0	0
Physical/Sensory disability	0	1	3	0
Frail elderly	0	0	0	0
Older people with mental health problems	0	0	0	0
Older people with support needs	420	3	1,007	62
Alcohol misuse	0	10	0	0
Drug misuse	6	12	0	0
Homeless families with support needs	1	1	0	0
Mentally disturbed offenders	1	0	0	0
Offenders and those at risk	9	8	0	0
People with HIV/AIDS	0	0	0	0
People with mental health issues	29	16	0	0
Refugees and asylum seekers	1	0	0	0
Rough sleepers	0	0	0	0
Single homeless with support needs	0	3	0	0

Teenage parents	1	4	0	0
Travellers	1	0	0	0
Young people at risk	1	13	0	0
Young people leaving care	1	0	0	0
Women escaping domestic violence	0	9	0	0

Source: HGO Consultancy Ltd

At District level questions have been raised regarding the methodology behind the research, and some conclusions were felt to be inconsistent with local knowledge. However, time constraints and lack of information about current provision at district level made it difficult to challenge these inconsistencies. Further understanding at district level is therefore required to substantiate these findings. The research covers Supporting People funded supply and there are thought to be charitable organisations providing support outside this framework. A full assessment to identify provision is required.

Research by Turning Point highlights the following client groups as being in greatest need of additional service provision :

- Complex needs/dual diagnosis
- Substance misuse

Older People

- There will be an increase in the number of people aged over 60. The number in the 60+ age group will have risen by 38% by 2029 (Popgroup). Within this the number of people aged 85+ is the greatest increase at 125%.

Table 60: District Age range changes 2009 – 2029

Age Band	2009	2029	District Count Increase	% increase
60-74	17,576	20,553	2977 increase	17%
75-84	6,402	10,554	4152 increase	65%
85+	2,356	5,309	2953 increase	125%

Data supplied by Cumbria Intelligence Observatory using PopGroup software 2010

The evidence presented in this report emphasises the need to plan for our increasingly aging population. This will have consequences for the level of services and suitable housing provision. There is likely to be an increase in the number of one person pensioner households in part due to the death of a partner but also due to the increase in separation and divorce. Older people may find it more difficult to live independently because they lack the support of a partner and because their income may be lower. This implies that changes in the situations for elderly people will become more frequent as this group starts to grow.

In the past many elderly people sought specialised housing in the social rented sector. However, given the high incidence of owner occupation in Cockermouth it is likely that in years to come there will need to be a move to provide care within people's own homes. This is likely to be centred on adaptations and support services. This is supported by a report carried out by Consultancy firm planning4care using KIGS data for 2001-2002 to 2008-09 which identifies a consistent fall in take-up of LA-supported residential care places from 25.1 places per 1000 65+ population in 2001-2002 to 19.8 in 2008-2009.

At the time of writing this report research is being undertaken by the County Research and Information Group to develop a range of housing and services that will meet the needs of the ageing population.

In addition, there is evidence that older people are disproportionately represented in poor physical housing conditions (Allerdale Decent Homes survey 2007/08) and policies to address non-decency standards are therefore required to enable the elderly to remain in their homes in the longer term.

Gypsies and Travellers

We specifically need to meet the needs of hard to reach groups and ethnic minorities within the District. Two such groups whose needs are often not met are Gypsies and Travellers.

The Council together with Cumbria County Council and the other Districts carried out a Gypsy and Traveller Accommodation Assessment in 2008. This looked at needs in terms of both static and transient sites. This identified the need for 19 extra residential pitches within the District and 35 transit pitches across the County. Policy CS11 below sets out the criteria for the assessment of any potential site search proposals.

CS11 Provision for Gypsies and Travellers

Appropriate provision for Gypsies and Travellers will be made by identifying specific sites. The suitability of sites will be tested against the following criteria:

- Access to schools, shops and other community facilities are within reasonable travelling distance, and can be reached by foot, cycle or public transport.
- The site is served (or can be served) by adequate water and sewerage connections.
- The amenity of nearby residents or operations of adjoining land uses would not be materially harmed.
- The siting and landscaping ensure that any impact upon the character and appearance of the countryside is minimised, and the development can be assimilated into its surroundings.
- The development would not materially harm the natural or historic environmental assets of the District.

Homelessness in Cockermouth

Tackling homelessness is a priority for Allerdale and although the number of households accepted as homeless almost halved from 2008/09 to 2009/10 the number of households presenting as homelessness significantly increased in the same time frame. This indicates that many households in this HMA are either struggling to maintain tenancies or ownership or cannot access social or open market housing. This may be due to the fact that there are such a low number of social rented properties in this area and turnover of these properties is negligible and house prices are prohibitively high.

The current economic climate may lead to owner occupiers falling behind with their mortgage. To prevent these households falling in to homelessness, Allerdale Borough Council has entered in to partnership with Derwent & Solway (D&S) housing association to launch a 'mortgage rescue' initiative. D&S will buy some or all of the equity in a property belonging to eligible households so homeowners will either have lower mortgage repayments or become a tenant of D&S.

Table 61: Homeless Cases in Cockermouth

	Presentations	Acceptances
2008/09	16	12
2009/10	28	7

Source: Allerdale Homelessness dept

Table 62: Causes of Homelessness for households accepted as homeless

	2008-09		2009-10	
	Count	% of total acceptances	Count	% of total acceptances
Parents no longer willing or able to accommodate	79	26.2	77	25.0
Other relatives or friends no longer willing or able to accommodate	60	19.9	41	13.3
Non violent breakdown of relationship with partner	27	8.9	43	14.0
Violence involving partner or associated person	27	8.9	43	14.0
Other violence, harassment, threats or intimidation	8	2.6	8	2.6
Mortgage arrears (repossession or other loss of home)	18	6.0	4	1.2
Rent arrears	5	1.7	8	2.6
Loss of rented or tied accommodation	40	13.2	42	13.6
Leaving institution or care, e.g. hospital, LA care or prison	9	3.0	15	4.9
Sleeping rough or homeless in emergency	5	1.7	16	5.2
Other (e.g., ex-HM forces, returned from abroad or main reason not known)	24	7.9	11	3.6
Total	302	100	308	100

Source: Allerdale Homelessness dept

Note: figures in table 62 are for Allerdale only; they cannot be broken down into Housing Market Area

6. Report Conclusions – Bringing the Evidence Together

This report has examined recent trends in the Cockermouth housing market area and placed this in the context of Cumbria and the Allerdale District. It has looked at possible developments in the market and the effects of economic changes. From this an estimate of housing requirements has been made broken down by size, tenure and type. Further examination of specific groups has also been made. The following brings together the evidence in preceding chapters to draw overall conclusions regarding housing needs that will influence the direction of future policy and strategy.

Cumbria is often seen as an affluent area but the local housing market assessments highlight areas of deprivation. While property prices are high and there are high wage earners living here this masks problems of affordability for local residents dependant on local wages.

The Regional study points to factors including drivers pushing migration out from larger centres and factors pulling people to more rural areas and it is the most affluent who are moving out. Historically this has certainly been felt within the Cockermouth housing market area with the in-migration of more affluent households and retirees choosing to relocate here.

The study further characterises the housing markets in Cumbria as follows:

- Generally weak local economies expressed through low incomes, except for those people not dependant on the local labour market for resources
- An aging population fuelled by out-migration of younger people (caused by lack of higher education institutions, graduate employment opportunities, and affordable housing) and continuing in migration of older retirees/people seeking a high quality lifestyle.
- High proportions of second and holiday homes in rural areas, reducing the size of the effectively available housing stock.
- Large social housing waiting lists, with long waiting time for those wishing to be housed, brought about not only by high demand from those on low incomes but by a very limited supply.

Current trends across the North West point to a continuing fall in house prices which may continue for the next two to three years. In some areas in the Allerdale district there is clear evidence of some falling house prices. However even with a 10% reduction entry level prices remain unaffordable to people on lower incomes. Furthermore in areas where the property market has been strong and stable in the past, people are reluctant to sell at a reduced value and are tending to 'sit out' the current economic climate – the picture here is one of a static rather than falling housing market. This may change if people need to sell urgently to move for employment opportunities, but this is unlikely to impact sufficiently on the supply of affordable housing and in the short term the effects of the 'credit crunch' will impact negatively on people unable to access finance and therefore increase the immediate pressure on the social and private rented stock.

The extent of the current economic climate on investors and property developers in the Allerdale area is uncertain but it is possible that speculative investors may take advantage of reduced prices. This makes it harder for those on lower incomes to enter home ownership, and therefore face longer period in private and social rented sectors or intermediate housing if this is an option.

In the long term there are clear linkages between housing supply and economic development. The economy needs a sufficient workforce in order to grow which in turn needs suitable accommodation. In this sense economic development and housing are mutually supportive & the effects and implications are felt throughout the district

The evidence presented here points to a workforce in poorly paid jobs, in the hospitality trade in particular, and also to residents in professional occupations commuting out of the SHMA area. There is also some evidence of recruitment problems in elementary occupations. Sellafield is a substantial contributor and the de-commissioning and subsequent down sizing will have a considerable impact. An insufficient workforce to maximise full economic growth opportunities is likely to be compounded by out migration of younger people and an aging workforce. While this may be mitigated by better pay awards to encourage residents to work here and the choice to continue working past retirement age, the extent and long term effect of these factors are not known. In the immediate future affordable housing for people on low incomes wishing to remain in the District and start families is required to discourage further out migration.

Given the evidence on incomes and the current economic decline, the majority of affordable housing needs to be initially pitched towards social rental. Low cost home ownership options may be considered in future years but this will depend on the availability of lending.

Perhaps most significantly the population will age over the next two decades with crucial implications for specialised housing and services. Property that is or can be adapted to enable independent living is required in locations that are accessible. The rise in one person households is in part attributed to the longer life expectancy and through the death of a partner in the elderly but also through increasing levels of separation/divorce and newly forming single households (the tendency to marry and then move out of the family home is a dwindling trend). Therefore while the current level of single person households headed by pensioners is 15.8% in both Allerdale and Cumbria and this element is likely to rise. However assumptions regarding the size of units for the elderly needs further evidence as households may aspire to have larger two bed properties to accommodate carers and visitors. Given the minimal difference in social rents between 1 & 2 bed units, it is possible people will be able to afford additional space but discussions with housing providers should begin to explore options.

The propensity to form smaller households might lead to the conclusion that there is a need to focus on one bed units. However this trend does not necessarily reflect a younger generation remaining in the area – there has also been an out migration of smaller, younger households as they move for employment or education. There is also a high turnover of one bed flats which

indicates that these properties do not suit occupants in the long term. Furthermore the propensity to form co-habiting households and later families needs consideration. Longer term sustainability is more likely to be achieved by the concentration on two bedroom accommodation that would be more appealing, have greater flexibility for changing life styles and a longer occupation expectancy which applies to both affordable and market led housing. This would support economic growth measures by encouraging people to remain in the District, maintain the workforce, and which in turn would benefit residents.

Further research is needed on:

- The housing and support needs of elderly residents.
- Further research into the supply and needs for supported accommodation
- Private sector leasing, the level and extent of accessibility and affordability

7. Monitoring and updating the assessment

Monitoring the Assessment

The preceding chapters set out the housing need and demand in the Cockermouth HMA, drawing on key evidence in accessing the current market and considering the likely future trajectory of change. The key drivers of the housing market are dynamic and can change very quickly, in turn affecting the performance of the housing market. Allerdale Borough Council and the Cumbria Strategic Housing Market Partnership therefore need to monitor trends and activity in the housing market in a co-ordinated and timely manner.

The assessment also needs to be updated on a regular basis. Government guidance identifies this as a five-yearly review cycle to coincide with the monitoring and update of development frameworks and local housing strategies.

The assessment is intended to be continually and proactively monitored, responding to a range of indicators used to assess the housing market as a whole. As a considerable amount of monitoring is already carried out within the council and the partnership, it is important that a coordinated approach is taken to ensure the most efficient use of resources and expertise. This will be carried out in conjunction with planning departments and authorities. To achieve this aim and to provide a county wide framework for updating SHMAs, a set of indicators have been developed and are listed in Appendix 2. Further discussion is required on the appropriate measures for Housing Market indicators.

Updating the Assessment

Housing need and demand assessments provide a robust basis for developing housing and planning policies by considering current and future housing need and demand over the longer term. Guidance suggests that partnerships should not need to undertake comprehensive update of the assessment more frequently than every five years, however, it is also recognised that they should be reviewed regularly.

Allerdale Borough Council will continue to carry out parish surveys on a rolling three year programme and will therefore update the SHMAs when a new dataset has been gathered. This is due to start in 2011. Additionally the 2011 Census results will be available to inform the first 5-yearly review in 2015/16 and should provide a valuable source of information.

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Appendix One: SHMA Methodology

To begin with, housing market areas were identified throughout Cumbria by the Chief Officers Group which comprises of officers from local authorities and local housing associations. The housing market areas were identified with regard to functioning housing markets defined as *‘the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay’* (MacLennan et al, 1998, cited in LHA, ODPM 2005).

A number of considerations were taken into account including:

- Patterns of relocation within local areas and the degree of self-containment
- Travel to work patterns and commuting to centres of employment
- Areas of high and low demand
- Other information such as recent structure plans and local plans

Each of the parishes falls into a Strategic Housing Market.

Allerdale Borough Council is the only authority in Cumbria that carries out parish wide surveys on a three year rolling program. Every parish was surveyed between 2007 – 2009. The findings and the results detailed in the parish surveys then all feed into the Strategic Housing Market assessments.

Survey Objectives

The Strategic housing market assessments include a housing need forecast for:

- The next five years
- The long-term future, i.e. 2011-2016

The findings should be set in the context of national or regional data where possible. In more detail, the strategic housing market assessments should:

- Outline the nature and reasons for housing need
- Inform corporate strategies
- Assist in the development of the Council's Housing Strategy
- Assist the Council to make informed decisions about the targeting of housing resources
- Assist in developing the housing policy within the Core Strategy for planning, particularly in respect of projecting the scale and reasons for the need for affordable housing and appropriate tenure mixes to achieve sustainable communities
- Inform the further development of services by providing information about physical disability; the need for housing adaptations; the likely need for disabled facilities grants; indicative need for supported housing and housing with support for older people
- Provide background material to inform, annual bidding rounds with the Homes and Communities Agency

Information Required from the Survey

The following list, which is not exhaustive, shows the type of information that we hope to obtain from parish surveys. The list comprises:

- Estimates of housing need broken down by area, tenure, type, size
- Projections of housing demand in the longer term
- Issues of low and high demand
- Recent housing history, in terms of tenure, geographical origin and reasons for moving within / in to / out a district
- Information on house prices and rental prices by area and property type, property availability by area and type and demand for different types, sizes, tenure and prices of properties and the relationship between the housing markets in Cumbria and other neighbouring areas, the employment market and economic trends, including travel to work areas, should be examined
- Analysis of each defined housing market including an assessment of whether these markets are balanced
- Expected rate of new household formation and future household composition
- Current demographic patterns and projections on long term demographic changes
- Information on household income and patterns of employment
- Local affordability trends
- Recommendations for action taking into account issues of sustainability and balancing housing markets.

Sample design

Allerdale Borough Council is the only authority in Cumbria that carries out parish wide surveys on a three year rolling program. Every parish was surveyed between 2007 – 2009. The parish surveys are carried out following the common methodology for housing needs surveys as produced by the Cumbria Sub Regional Housing Group's research and information group to ensure consistency.

It has been agreed that in parishes with under 1,000 households that every household will be surveyed. For those parishes with over 1,000 households the sample size has been agreed through the Cumbria Research and Information Group and was designed to provide statistically valid information. For those parishes that are not 100% then the results are extrapolated.

Each of the parishes is then grouped together and all fall into a Strategic Housing Market.

Sample selection

A list of addresses was randomly pulled from the GIS database based on the agreed sample sizes.

Results from Housing Survey

There were 1208 forms sent out and 254 (21%) were returned. This return rate produces a credible error margin of +/-5.93%.

Area	Number of Households	Households contacted	Households contacted %	Response Rate	Response Rate %	Estimated sample error
Cockermouth	3527	1208	34	254	21	5.93%

After analysis, 53 existing or emerging households were found to have a housing need. This equates to 15.3% of those that returned the forms are in housing need, which is extremely low for a town with such a high demand for affordable housing. It would seem fair to say that if the demand is so high from a limited number of returns then the demand could be even higher if more properties were surveyed.

As only 34% of the parish is surveyed then the results are extrapolated up to produce that are representative of the entire population of the housing market area.

The returns are assessed according to the Department of Communities and Local Government's Housing Market Assessment Methodology, December 2005.

Step	Stage 1: Housing Need	Data Sources
1.1	Current households in need of LCHO	Housing Needs survey
1.2	plus current households in need of rented accommodation	Housing Needs survey
1.3	plus households without self-contained accommodation (homeless)	Homeless department
1.4	equals Total current housing need	1.1 + 1.2 + 1.3 = 1.4
	Stage 2: Available Stock to Offset Need	
2.1	Current occupiers of affordable housing in need	Housing Needs survey
2.2	plus Surplus stock	Local Authority and RSL records
2.3	plus Committed supply of new affordable units	Local Authority and RSL records
2.4	minus Units to be taken out of management	Local Authority and RSL records
2.5	equals Total stock available to meet current need	2.1 + 2.2 + 2.3 – 2.4
2.6	equals Total current unmet housing need	1.4 – 2.5
2.7	times annual quota for the reduction of current need	Planning policy
2.8	equals annual requirement of units to reduce	2.6 x 2.7

	current need	
	Stage 3: Newly Arising Need	
3.1	New household formation	EHC Survey
3.2	Times proportion of new households unable to buy or rent in the market	EHC Survey
3.3	plus Existing households falling into need	RSL records
3.4	equals Total newly arising need	$3.1 \times 3.2 + 3.3$
	Stage 4: Future Supply of Affordable Units (From RSL's)	
4.1	Annual supply of social re-lets	RSL records
4.2	Plus Annual supply of intermediate housing available for re-let or re-sale	RSL records
4.3	Equals Annual supply of affordable units	$4.1 + 4.2$
	NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS	$2.8 + 3.4 - 4.3$

Stage 1: Current need

Step 1.1: Current households in need of LCHO

Surveys were analysed according to need. A household is considered to be in housing need if:

- They fulfil the requirements of affordability, i.e. unable to access suitable housing in the market without financial assistance
- They are in housing need, e.g. relationship breakdown, overcrowding in your current home, shared bathroom or kitchen facilities or you cannot afford your current mortgage or rent payments.

For those households who have a need for alternative housing, actual house prices have been used for the appropriate house type.

For those households who need their first home, we used lower quartile house prices as this is an indicator of entry level market housing. A new household is considered able to afford to buy a home if 3.5 times their gross household income for a single earner household or 2.9 times their gross household income for dual-income households.

Once it has been agreed that the household returning the form is in housing need, then it is important to establish the tenure they can afford, taking into account their income and savings. If they can afford between 50% and 99% of a property on the market which is suitable for their needs, then they are assessed as being in need of low cost home ownership.

Step 1.2: Current households in need of rented accommodation

Surveys were analysed according to need. A household is considered to be in housing need if:

- They fulfil the requirements of affordability, i.e. unable to access suitable housing in the market without financial assistance
- They are in housing need, e.g. relationship breakdown, overcrowding in your current home, shared bathroom or kitchen facilities or you cannot afford your current mortgage or rent payments.

For those households who have a need for alternative housing, actual house prices have been used for the appropriate house type.

For those households who need their first home, we used lower quartile house prices as this is an indicator of entry level market housing. A new household is considered able to afford to buy a home if 3.5 times their gross household income for a single earner household or 2.9 times their gross household income for dual-income households.

Once it has been agreed that the household returning the form is in housing need, then it is important to establish the tenure they can afford, taking into account their income and savings. If they can afford between nil and 50% of a property on the market which is suitable for their needs, then they are assessed as being in need of rented accommodation.

Step 1.3: Households without self-contained accommodation

The guidance states that homeless households and those in priority need should be included as current need. An average number is taken over the last three years.

Step 1.4: Total current housing need

This is the sum of 1.1 + 1.2 and 1.3.

Stage 2: Available Stock to Offset Need**Step 2.1: Current occupiers of affordable housing in need**

This is an important consideration in establishing housing need as the movement of these households within affordable housing will have a nil effect in terms of housing need.

Step 2.2: Surplus Stock

A certain level of voids is normal and allows for transfers and works on properties. However if the rate is in excess of 3% then this should be counted as surplus stock.

Step 2.3: Committed supply of new affordable units

This includes new social rented and new intermediate housing which are committed to be built over the times period of the assessment.

Step 2.4: Units to be taken out of management

This is all social rented and intermediate units that will be taken out of management, e.g. planned demolitions.

Step 2.5: Total stock available to meet current need

This is the sum of step 2.1 + 2.2 + 2.3 – 2.4

Step 2.6: Total current unmet housing need

This is the sum of 1.4 – 2.5. This calculation assumes a one-to-one relationship between households and dwellings.

Step 2.7: quota to reduce levels of current need

Planning policy states that a five year period should be used; this means that 20% of current unmet need should be addressed each year.

Step 2.8: annual requirement to reduce the level of current unmet need

This is the number of affordable units needed each year to address levels of unmet housing need over the times period stated in 2.7. It is obtained by multiplying current unmet need (step 2.6) by the quota (step 2.7).

Stage 3: Newly Arising Need

This step in the affordable housing needs model followed methodology set out in the strategic housing market assessment guidance (Department for Communities and Local Government, 2007) and associated annex. In order to calculate the number of newly forming households who cannot afford to access market housing a variety of secondary data has been used and is detailed in this methodology.

Step 3.1: Newly forming households

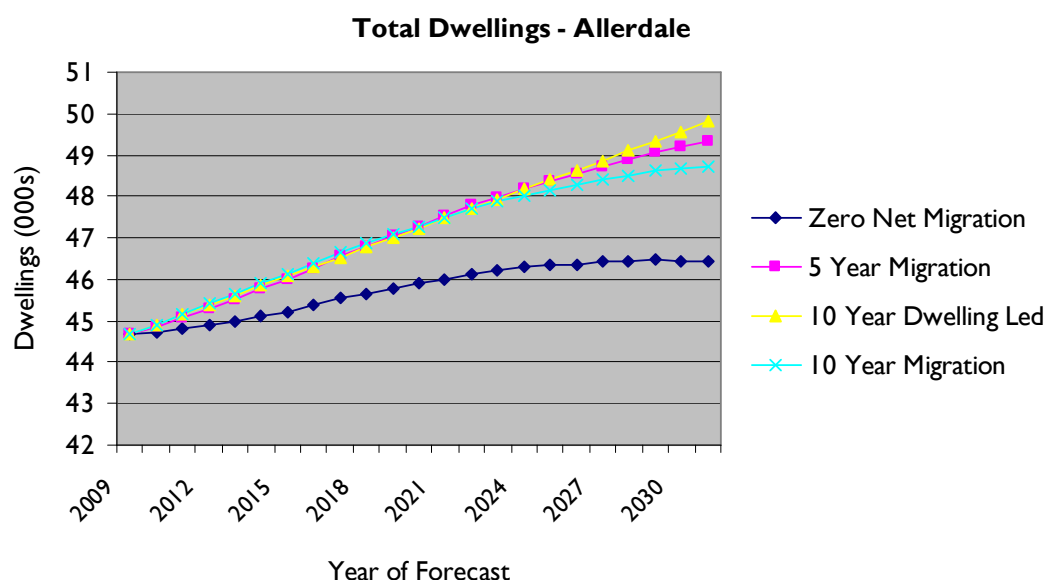
The first step involves using household projection data, to calculate the total number of gross household forming over a set period. Here the guidance suggests using the change of head for a subset for each five-year population cohort the change in the headship rate between one point in time and five years on from that point. This can be identified by looking at the change in

headship rate between the group at the first date (e.g. 21-25 year olds in 2003) and that for the next oldest cohort at the second date (e.g. 26-30 year olds in 2008). When divided by five, this gives the annual number of extra households formed by this cohort. Since most household formation is concentrated in the younger household age ranges, it is only necessary to look at a subset of cohorts where household formation is likely, for the purposes of this study the age ranges considered were 16-44.

Demographic projections

Using the household project discussed in chapter 3, stage 1 the 5 year migration run was selected as this is Allerdale's preferred scenario for future household growth. Using this particular run over one of the alternatives does not impact on the final figures as the variance over the early period is very similar as can be observed in the figure below.

Figure 14: Dwelling Requirement by Scenario



Source: POPGROUP Forecasting Software, Cumbria Intelligence Observatory, August 2010

Using the methodology set out above the annual gross number of newly forming households by type was calculated at Borough level and disaggregated to parish level based on the distribution of households between parishes.

Step 3.2: *times* proportion of new households unable to buy or rent in the market

Estimating the gross annual income levels of new households

The guidance suggests affordability tests should be based on gross household income. At present, CACI Paycheck is the only source of data on gross household incomes available at local level. Although it would be preferable to have specific data on the incomes of households represented by someone aged 16-44 years such data is not available. However, the use of CACI is not considered unduly problematic and presents the best source of data available. The 2009 release of CACI data was used.

Entry level housing for sale

As in other sections of the report the entry level house price was generated using the 2009 lower quartile house price from CACI Street Value.

Private renting threshold

In investigating affordability the methodology devised made consideration of the possibility of private rental market. Data for this was collected from estate agents for each of the housing market areas to give an average level of monthly rent by house type. This was then multiplied to get an annual rent. In order to use a comparable lower quartile figure the rental average for a 2 bedroom house was used. The guidance suggests that a household should be considered able to afford a rent that costs no more than 25% of its gross income so a threshold of affordability was obtained.

This method follows the guidance and represents the best available option, given data and other issues. However, it should be noted that although this method estimates the cost of entry to the private rental market, it makes no judgement as to availability of rental units. This could be an issue in some of the more rural parishes where the rental market is small and tenures are longer, giving rise to an underestimation of households unlikely to afford market housing.

Affordability test

Government guidance indicates that households should be considered able to afford to buy an entry level priced house that costs 3.5 times gross income for single income households or 2.9 times for dual income households. Using the CACI data the methodology estimates the number of households below the thresholds for each of the parishes and then combines the proportion of households who can access the rental market. Several affordability tests were used to prepare the central estimates using the different multiples of borrowing and using the decision was made to use the specific levels detailed in the guidance, in addition to the threshold estimating the likely affordability of the rental market.

It is worth noting that the choice of multipliers assumes a 100% mortgage, and as the earlier section explained the access to high loan to value loans is presently very limited. The decision to exclude the issue of deposits from this calculation was taken due to both a lack of suitable and robust intelligence on this issue and the need to consider and estimate housing need over the longer term.

The proportion of household who fall below the thresholds by type were then applied to the number of newly forming households (step 3.1) to give the number of households unable to afford the buy or rent in the private market.

Step 3.3: Existing households falling into need

The guidance states that the number of existing households falling into need each year should be estimated by looking at recent trends. Ideally it should be based on

the annual average number of applicants from the resident population that apply for social housing over the past three years. However the necessary data is not available at the moment.

Step 3.4: Total newly arising need

This is the sum of step 3.1 x 3.2 + 3.3

Stage 4: Future Supply of Affordable Housing

Step 4.1: Annual supply of social re-lets

Average number of relets over the previous three years.

Step 4.2: Annual Supply of intermediate housing

The number of units that come up for re-let or resale.

Step 4.3: Annual supply of affordable housing units

This is the sum of 4.1 + 4.2.

Net shortfall or surplus of affordable housing supply

This represents the number of affordable housing units that would need to be provided each future year to meet housing need over the chosen time period. It is calculated by subtracting step 4.3 (the future supply of affordable housing units) from annual need (step 3.4 + 2.8). As with step 2.6 this assumes a one-to one relationship between households and dwellings.

Appendix 2 Key Economic Scenario Assumptions

Aspirational

West Cumbria

- Growth in the agricultural and forestry sector due to significant potential for improvements in the management of woodland areas. In turn, this would lead to significant potential for biomass production helping to fuel a low carbon economy in the future.
- Within the energy sector, the west coast is ideally placed to derive maximum benefit from the current UK-wide emphasis on low carbon energy generation. Significant potential for new start up companies and supply chain development on the basis of successful delivery of the Energy Coast Master plan.
- Growth expected through Energy Coast proposals in the manufacturing sector, however this is not enough to offset the decline in manufacturing employment under the baseline scenario. Accordingly net job losses will be minimised but not completely offset under the aspirational scenario. The Energy Coast programme can be expected to drive growth in specialist niche markets related to the nuclear sector with potentially high added value credentials.
- The west coast of Cumbria is under exploited from a tourism perspective and exhibits significant potential for development of water sports, marina activities and walking/cycling/etc. Improved use of the area's natural assets will be made in the future.
- The financial and business services sector will see moderate growth.
- The public sector is a major employer in west Cumbria and it is expected that with the expansion of the University of Cumbria, the construction of the West Cumbria Acute Services Hospital and the Energen facility coming on stream, there will be significant expansion in the sector. With a critical mass of services and strong R&D element associated with its close links to the University and Sellafield, the West Cumbria Acute Services Hospital could potentially be a world leader in fields such as radiology and epidemiology and thereby attract significant interest from potential inward investors.

Allerdale

- Job losses in the fishing sector could be expected (at Maryport).
- The natural geography gives the area a distinct advantage over other parts of the country for renewable, particularly wind, generation, but there is also potential for tidal energy generation in the Solway Firth.
- Major development in Workington town centre and significant potential at the Derwent Forest site.
- Improved marketing of Roman Maryport emphasising Hadrian's Wall link including Camp Farm at Maryport.
- Significant expansion of construction jobs in connection with Workington Port development, Derwent Forest, housing market renewal.
- The future of Sellafield is the key determinant to the prospects for Copeland. However, the future of this site will also affect Allerdale.

Under the baseline scenario – which is based mainly on historic trends and limited knowledge of future plans for the site – almost 2,800 jobs are expected to be lost in the period to 2016. More up to date intelligence, however, suggests that a more optimistic view should be taken so accordingly, under the aspirational scenario, the view has been taken that any job losses from the site will be offset by new job creation in the energy sector with the Britain's Energy Coast programme facilitating such diversification. New start ups and business expansions thereby mitigate job losses from Sellafield and nil growth is predicted. There is a particular focus on energy sector job creation at West Lakes Science Park. Nuclear new build is also a possibility for the future, although these would be construction jobs in the first instance. Also, as in Allerdale, the natural geography gives the area a distinct advantage over other parts of the country for renewable energy generation. There also exists within the district a particular specialism in contamination and waste management with potential for a new radioactive waste facility in the future.

- New build at Sellafield, likely not to start until 2015 at the earliest – mass influx of construction workers (circa 5000 over 5 years) then leaving once the reactor is built and requiring very few workers to operate.

Key Worst Case Scenario Assumptions

- Due to constant demand for food and a shifting emphasis on buying local produce it is expected that job losses will be minimal within the agriculture, forestry and fishing sector; nevertheless, the sector will fail to live up to its potential for growth. The worst case scenario is only marginally worse than the baseline.
- A focus on renewables and a renaissance in nuclear power is high on the agenda at both a regional and national level so there is some hope that the Britain's Energy Coast™ Master plan will be to a large degree unaffected by any downturn. However there is a possibility that whilst public spending may remain relatively constant, private sector investment will not be as great as expected and this is reflected in the lower employment growth under the worst case scenario.
- Baseline growth at Sellafield was, for reason's mentioned above, very pessimistic and, with the benefit of more recent information even under the worst case scenario the prospects for employment at the site are better than the baseline figures.
- Manufacturing was already expected to decline even under the aspirational scenario, so it is not surprising that this will be one of the hardest hit sectors. Particular pressure will come from rising cost of imports, although some firms dealing mainly in exports may be more fortunate. However the vast majority of small-medium sized firms operating mainly within localised markets will come under pressure from all sides as both upper tier companies and retailers attempt to retain their profit margins. Declining consumer spending and lack of buyer confidence will lead to falls in output and pressure on managers to either reduce the number of working hours or, where this fails, reduce the size of the workforce.
- As in other forms of manufacturing, the food and drink sector will be squeezed as a result of the downturn albeit to a more limited extent due

to the size of the sector. Demand for food will not decline as markedly as other products although there may be a move from luxury products to shops own brands with farm shops and higher added value produce likely to be worst hit.

- The extent of any change in the retail and hospitality sector is difficult to predict, however it is expected that job losses in retail will be widespread due to a decrease in consumer confidence/spending and a number of national stores going into administration. Within hospitality, any job losses may be absorbed by the migrant workforce returning to their country of origin due to the fall in the value of sterling. However there is a counter-argument which suggests tourism based revenue may actually increase in the Lake District as more people decide to holiday in the UK rather than abroad.
- The construction industry has been severely hit due to the stalling of new housing and commercial projects, falling land prices and difficulty in accessing finance. The knock-on effects are now taking hold with many smaller businesses in the supply chain facing difficult times. The coming years are predicted to be especially difficult for the construction industry until confidence returns to the housing market and credit conditions improve.
- Financial and business services are under-represented across Cumbria as a whole, so any potential job losses within the sector as a proportion of total job losses within Cumbria are likely to be less pronounced than for across the UK. However, a number of high profile job losses have been announced by global firms in recent months and it is very possible that rationalisation of services and associated downsizing will affect businesses operating in Cumbria.
- As a result of contraction elsewhere, it is possible that employment in the public sector may actually increase rather than decline in an attempt to stem rising unemployment. However it is still expected that any increase will be at a slower rate than that of the baseline trend. Investment in skills and education infrastructure is likely to remain strong, as is expenditure in the health sector.

Appendix 3: Draft Local Housing Market Indicators

Whilst some of the indicators in the table on the following page cannot currently be broken down to SHMA area, they indicate whether or not a housing market area is balanced and highlights areas which will need to be improved to re-balance the housing market.

The measures which can currently be broken down to SHMA area are;

Measure 1 – using the SHMA Housing Need

Measure 2 – using the Parish Housing Market Assessments

Measure 3 – using the SHMA Housing Need

Measure 4 – using the Local Indicator data

Measure 10 – Second Homes using the council tax data

Measures not currently available are:

Measures 5 and 6 – Allerdale Borough Council database has the capacity to report by parish and moves are being made to enable this reporting to be available in future years at SHMA level.

Measure 7 – Not currently available at SHMA level and there are no current plans to make this available at SHMA level.

Measure 8 – RSL databases do not have the capacity to report at SHMA level and since there are several RSLs with housing stock in Allerdale, all using different programmes for their stock, it is not likely that this data will be available at SHMA level.

Measure 9 – Speak to EHO

Draft Local Housing Market Indicators

HOUSING MARKET AREA	HMA	TOTAL	Baseline	Target
Key Indicator				
Measure 1: Provision of affordable housing to buy as a % of overall LCHO need				
Number of LCHO required (housing need figure)				
Number of affordable houses to buy completed				
Percentage				
Measure 2: Provision of affordable housing to rent as % of overall affordable rental need				
Number of affordable housing to rent required (housing need figure)				
Number of affordable housing to rent completed				
Percentage				
Measure 3: Provision of local occupancy housing as a % of net housing required				
Number of homes required (all tenures)				
Number of local occupancy housing provided				
Percentage				
Measure 4: Number of long-term empty homes returned to use				
Number of long-term empty homes - Total				
Number of long-term empty homes returned to use via LA assistance				
Percentage				
Measure 5: % of homeless presentations				
Total households				
Total presentations				
Percentage				
Measure 6: % of homeless acceptances				
Total households				
Total acceptances				
Percentage				
Measure 7: % Private sector decent properties				
Number of private sector properties				
Number of private sector properties made decent by the local authority				
Percentage				
Measure 8: % RSL decent properties				
Number of RSL Properties				
Number of decent RSL properties				
Percentage				
Measure 9: Fuel poverty (NI 187)				
Number of households on income based benefits				
Properties with low energy efficiency rating				
Measure 10: % Second homes				
Number of properties				
Number of Second and holiday homes				
Percentage				

Appendix 4: Definition and types of affordable housing

Excerpt from Delivering Affordable Housing, Annex B: Definition and types of affordable housing, Communities and Local Government, November 2006

Definitions

30. **Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and – include provisions for:
 - (i) the home to be retained for future eligible households; *or*
 - (ii) if these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision.
31. **Social rented** housing is rented housing owned and managed by local authorities and RSLs, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.
32. **Intermediate affordable** housing is housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out above. These can include shared equity (e.g. Home Buy) and other low cost homes for sale, and intermediate rent.

Context of the definitions

33. The definitions above replace the guidance given in *PPG 3 Housing* (2000) and Circular 6/98 *Planning and Affordable Housing*. They are set out in Annex B of *Planning Policy Statement 3 (PPS3): Housing*.
34. The Government has adopted this definition of affordable housing because it wishes to ensure that developer contributions are used to help provide genuinely affordable housing for households in need over the long term. The definition includes homes owned or managed by private sector bodies and provided without Government grant, and new models of affordable housing. It is not essential that all affordable homes are offered under identical conditions.

Social rented housing

35. Normally, only households on local authority and RSL registers are eligible for social rented housing. Target rents are set under a national rent regime; are well below market levels; and, are normally based on relative property values, local earning levels and property size. When a household ceases to occupy a social rented home, it is normally made available to other households eligible for social rented housing. Social rented homes are normally owned and/or managed by a RSL (or other body agreed by the Housing Corporation), and will be required by regulation or contract to meet the criteria.
36. Some tenants have the legal right to purchase at a discount the social rented home in which they live, e.g. RSL tenants with a Right to Acquire and local authority tenants with Right to Buy. Where these rights are exercised the home itself ceases to be affordable, but procedures are in place to reuse receipts. Receipts from Right to Acquire sales are recycled to provide more social rented housing to help other eligible households. Receipts from Right to Buy are partly (25 per cent) retained by the local authority for use however the authority chooses; the remaining 75 per cent is kept by Government to be reinvested in new supply.
37. Local authority homes which are let in connection with the tenant's employment, or are particularly suitable for occupation by disabled or elderly persons are exempted from Right to Buy. Publicly funded housing in small rural settlements¹¹ is exempt from Right to Acquire, as replacing those with other affordable homes would be extremely difficult. (It is not exempt from the Right to Buy, but the landlord may require that properties sold under that scheme can only be resold to people who live or work locally). Landlords will also usually have a right of first refusal to buy back any homes sold under the Right to Acquire and Right to Buy, if they are resold within ten years.

Intermediate affordable housing

38. Types of housing between market and social rented housing include:
- **Intermediate rented** homes are provided at rent levels above those of social rented but below private rented. The Government offers these to some key workers who do not wish to buy.
 - **Discounted sale** homes have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate.
 - **Shared equity** is where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale.
 - **Shared ownership** is a form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains the

remainder and may charge a rent. The purchaser may buy additional shares ('stair casing'), and this payment should be 'recycled' for more affordable housing. In most cases, a purchaser may buy the final share ('staircase out') and own the whole home, though this may be restricted in some rural areas.

39. Homes of any of these types should only be considered intermediate **affordable** housing if they meet the criteria in the definition. If they do not, even if offered at less than market price, they should be considered 'low cost market housing', outside the definition of affordable housing.
40. For example, a shared ownership home is likely to be affordable if access is restricted to households from a target group at a price they can afford. The purchaser may staircase out, but there should be secure arrangements for subsidy to be recycled to provide more affordable homes or buy back the home if needed.
41. Low cost market housing is not part of the Government's definition of affordable housing although it can play an important role in meeting housing demand. Local authorities should consider the potential to provide low cost market housing as part of their approach to achieving a mix of housing (PPS3, paragraph 26).

- **Low Cost Market Housing**

Is housing provided which is more expensive than 'intermediate affordable' housing but less expensive than 'open market' housing and in the current climate has been offered by private developers as a means of selling properties that have been difficult to sell due to economic downturn. These are, as a rule, not supported or endorsed by local authorities, nor are they considered affordable but can be a useful step onto the housing ladder for those who do not qualify as in need of affordable housing but struggle to purchase open market due to their financial commitments.

- **Intermediate Affordable Housing**

Intermediate affordable housing is housing at prices and rents above those of social rent but below market price or rents. These can include shared equity (e.g. Home Buy also known as Shared Ownership) and other low cost homes for sale such as those capped to be sold as no more than 3.5x the median income under a Section 106 Agreement and intermediate rent. Intermediate housing for sale has not been the most successful option in Allerdale due to a couple of reasons, one being that Shared Ownership is not actually that affordable when you take into consideration rent on the percent not owned and any relevant service charges. The other reason is that this type of housing option is considered 'sub prime' by the lenders and as such they are not as keen to grant these types of mortgages as they are considered 'higher risk' loans. Local occupancy clauses have also been a deterrent for lenders as this limits the range of buyers who the property can be sold on to, however this is a crucial clause to ensure that affordable housing in Allerdale can be secured by local residents.

Intermediate rented homes are provided at rent levels above those of social rented but below private rented. The Government offers these to some key workers who do not wish to buy. This is a fairly new concept and as yet has not been piloted in Allerdale.

- **Eligibility**

Eligibility to access affordable housing will be determined by the type of scheme and the location of the scheme. For example, an intermediate affordable scheme provided by a private developer or in a location where the Interim Housing Policy restricts housing to affordable only would be delivered under a Section 106 Agreement and eligibility would be determined as per the criteria in the agreement. These criteria would include local connection and affordable need and would be determined by the Local Authority. In other areas where the Interim Housing Policy does not restrict building and where the housing is provided by a Registered Social Landlord (RSL), the eligibility criteria is set out by the Homes and Communities Agency (HCA) and is available to existing social housing tenants, people on local authority waiting lists, key workers and those who have a priority need for housing.

- **Key Workers**

In many areas in Allerdale, key workers have access to open market housing which is affordable to them. Key worker industries, i.e. health and public services, are usually located in market towns which have good access links to areas where housing is affordable and as such housing available for key workers has not been seen as a big issue in Allerdale. In areas where the affordability of open market properties is not within the reach of key workers, the key worker salary is usually within the limits of the criteria, meaning that key workers have access to intermediate affordable housing. A key worker is usually defined as someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety where there are serious recruitment and retention problems. A key worker is usually defined as someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety where there are serious recruitment and retention problems.

- **The Requirements of Intermediate Affordable Housing**

Shared ownership has been piloted in Allerdale in two separate schemes in Cockermouth, which is one of the key areas where affordability is a problem. Both proved difficult to sell and the reasons vary from affordability to accessing mortgages. Smaller developments in areas where affordability is not such an issue but where incomes are lower have also not proved as successful as expected but this could be due to the current climate and accessibility to mortgages to those on lower incomes. Until the economy improves, the requirements of intermediate affordable housing would be minimal but this is not to say that this will remain the case.