

EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL - 25 JULY 2013

REPORT BY EXECUTIVE MEMBER FOR STRATEGIC PLANNING
AND TRANSPORT

POPULATION AND HOUSEHOLD PROJECTIONS: UPDATE REPORT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report updates Members on aspects of population and household projections.
- Recently published and emerging information, together with the ongoing interpretation by the Planning Inspectorate of 'objectively assessed housing need' in the context of the National Planning Policy Framework (NPPF), continues to indicate that East Herts Council may need to plan for the upper end of the range 10,000 to 17,000 dwellings over the 20 year period 2011 to 2031.

**RECOMMENDATIONS FOR DISTRICT PLANNING EXECUTIVE
PANEL AND EXECUTIVE: That:**

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1.0 Background

- 1.1 In line with the Government's Localism agenda, the National Planning Policy Framework (NPPF) March 2012, and the abolition of the East of England Plan on 3 January 2013, East Herts Council is now solely responsible for setting a district-wide housing target, based on objectively assessed needs for market and affordable housing.
- 1.2 In July 2011, East Herts Council joined with the Greater Essex grouping of local authorities to commission Edge Analytics Ltd to undertake technical work, in respect of population and household forecasting, to provide robust evidence to support setting its own district-wide housing target. In addition to the strategic demographic work, the Council engaged the same consultants, Edge Analytics Ltd, to undertake sub-district population and household forecasts, in order to provide benchmarking demographic information to inform the preparation of the East Herts District Plan.
- 1.3 The Sub-District Population and Household Forecasts were presented to the District Planning Executive Panel on 28 November 2012, and subsequently agreed as part of the District Plan evidence base, by the Executive and Full Council on 4 and 12 December 2012 respectively. The Greater Essex Demographic Forecasts Phases 1 to 4 (March 2012-January 2013) were presented to the District Planning Executive Panel on 21 February 2013, and subsequently agreed as part of the District Plan evidence base, by the Executive and Full Council on 5 and 6 March 2013 respectively.
- 1.4 The Greater Essex and East Herts Sub-District Studies are available on the Council's website. See the Background Papers link at the end of this report.
- 1.5 Demographic and household projections are updated on a regular basis by ONS and DCLG respectively and it is important for local planning purposes to monitor such information:

- ONS Mid Year Population Estimates (MYE), for the total population of the District for the previous year, published every year at District local authority level
- ONS Sub-National Population Projections (SNPP), for 25 years ahead, normally published every two years at District local authority level
- DCLG Sub-National Household Projections (SNHP), for 25 years ahead, normally published every two years, at District local authority level.

2.0 Report

Household Interim Projections 2011-2021 (Published March 2013)

- 2.1 In accordance with this continuous process, the Department for Communities and Local Government (DCLG), published in April 2013 'Household Interim Projections 2011-2021, England' down to District local authority level. These projections are interim and only cover ten years from 2011 to 2021. Updated household projections beyond 2021 are anticipated to be published in late 2014, following further technical work by ONS and DCLG, and the availability of further statistical information from the 2011 Census.
- 2.2 The new household projections are based on the 2011 interim SNPP, published by ONS in September 2012 and replace the DCLG 2008-based household projections released in November 2010.
- 2.3 At the national level these projections:
- show a lower growth in households compared with the 2008-based projections; This lower growth largely reflects lower household formation rates compared with the previous 2008 based projections
 - represent a decrease in average household size from 2.36 to 2.33 persons per household in the ten years
 - show that two thirds (67%) of the increase in households between 2011 and 2021 is projected for households without dependent children
 - more than half (54%) of the increase in households is projected for households headed by someone aged 65 or over
- 2.4 At the District level these projections:

- show a greater growth in households compared with the 2008-based projections: 7680 (13.53%) increase between 2011 and 2021, compared with 7037 (12.16%)
- start from a lower total household base for 2011 of 56,765 compared with 2008 base for 2011 of 57,878. This is 1.96% less and takes account of new information from the 2011 Census
- represent a decrease in average household size from 2.40 to 2.33 persons per household in the ten years
- show that three quarters (75%) of the increase in households between 2011 and 2021 is projected for households without dependent children
- show that more than half (56%) of the increase in households is projected for those headed by someone aged 65 or over

How Many Homes?

- 2.5 In the absence of national, regional or county housing targets, established for local planning purposes at a District level, a new organisation has been set up by an informal grouping of professional bodies, trade associations and charities with an interest in planning for housing. 'How Many Homes?' was established in 2011 in response to a call for practical support in assessing how many homes were needed in local areas, in the context of the new housing and planning landscape.
- 2.6 The organisation's package of support and information is web based, and will be kept up to date. It uses as its basis ONS and DCLG statistics and projections.
- 2.7 The organisation has produced '*How Many Homes? - A Companion Guide*' (March 2013). See the Background Papers link at the end of this report.
- 2.8 The Guide covers such topics as:

National Context:

- National Planning Policy Framework
- '*Laying the Foundations: a Housing Strategy for England*'
- 'Duty to Co-operate'

Demographics:

- Why do we need to know about demographics?
- Why is looking at the past relevant?

- Why do we need to think about the mix of housing?
- Why do we need to think about the wider context that planning and housing links to?
- Is it appropriate to look at assumptions which are not based on past trends?
- Why is it important to look beyond an individual local authority's boundary?

Housing Need:

- What is housing need?
- Why assess housing need?

The Affordable Housing Evidence Base:

- Starting and managing the process
- In-house or consultants?
- Methodology
- Monitoring and updating
- Using the evidence in plan development

2.9 In terms of population and household projections and local planning requirements, the Guide concludes:

'The baseline population and household projections...form the starting point for assessing requirements. In identifying the level and type of housing to be delivered in a local plan, this baseline, and any alternative scenarios proposed, need to be assessed in relation to factors including, but not limited to:

- *Environmental, infrastructure and services capacity*
- *Economic objectives*
- *The timing and phasing of development*
- *The ability of the local market to accommodate development*
- *The willingness of the development industry to build it*
- *The availability of land - is there enough land identified through the Strategic Housing Land Availability Assessment (SHLAA), is it in the right place, and does it provide sufficient choice to deliver the new housing required?*
- *Viability considerations*

2.10 The 'Stepped Approach to preparation of the District Plan' is taking all these factors into account in working towards an appropriate housing target and development strategy for inclusion in the District Plan.

University of Cambridge: Choice of Assumptions in Forecasting Housing Requirements (March 2013)

2.11 This document was prepared by acknowledged national experts in the field. It is intended to help local authorities and others using the official population and household projections, published by ONS and DCLG, as the basis for planning for housing, to consider whether there is a case for modifying the assumptions behind those projections, in order to arrive at more appropriate estimates for an individual authority.

2.12 The general conclusion of the report is that:

'such modifications are best restricted to sensitivity tests as the official estimates are generally seen as the best available and are therefore likely to carry substantial weight at examinations and inquiries.'

2.13 A summary of the main conclusions from the report are contained at **Essential Reference Paper 'B'** to this report.

2.14 In setting the scene to their approach, at the beginning of the report, the authors state:

'In planning for housing at the local authority level projections need to be made not just on the future population in the area but also of the number, type and age of households. The population projections made by the Office for National Statistics (ONS) and the Department for Communities and local Government (DCLG) provide a ready-made and widely accepted basis for doing this.'

ONS and DCLG both emphasise that their figures are projections, not forecasts. They estimate what the effect would be if trends were to continue. Local authorities and others may therefore wish to consider whether the 'trends continue' assumption is the most appropriate to make for their area.

The future population in any area will be the current population plus births, less deaths, plus those who arrive, less those who leave. Those arriving and leaving can usefully be divided into those moving to and from others parts of the UK and those arriving from abroad or moving abroad. The number and type of households will then depend on the assumptions made of the rate at which men and women of different ages form households of different types.

The five notes look in turn at the following: births; deaths; flows to and from the rest of the UK; flows to and from abroad; and rates of household formation. They discuss the extent to which there might be uncertainty surrounding the assumptions made and the impact any uncertainty might have on the number and type of households to be planned for... In all cases the notes in effect ask the question, "To what extent might it be legitimate to vary the assumptions made in the official population and household projections?"

Interpretation of Recent Projections and Information

- 2.15 The DCLG recently published interim household projections provide an updated 'picture' of changes in the total and type of households anticipated to form. These most recent projections and their potential implications for setting an East Herts housing target for the District Plan, are compared with the previous 2008-based projections and the Greater Essex Edge figures, in the tables at **Essential Reference Paper 'C'** of this report.
- 2.16 The new household projections are greater than the 2008-based ones but 'scale back' the increase compared with the Greater Essex Edge figures. The Edge work was based on Government 'more buoyant' population change and household formation rates, which have 'abated' somewhat in the recent past, largely due to the social/economic impact of the on-going economic situation. This is identified in the University of Cambridge work which indicates that household formation is currently 'suppressed' and can be expected to return closer to longer term trends, if and when economic conditions improve.
- 2.17 When converted to dwellings, on the basis of these latest projections, the East Herts total housing requirement for 2011 to 2031 is 14,716, equating to an annual average of 736. These housing figures are greater than the 2008-based ones, of 13,224 total, 661 per annum but less than the Greater Essex Edge figures of 16,219 and 16,061 totals, 811 and 803 per annum.
- 2.18 In terms of the validity and robustness of the ONS and DCLG projections for East Herts, there are not considered to be any unusual or exceptional factors in these, taking account of the general assessment by the University of Cambridge, referred to above.
- 2.19 To further interpret the official projections for local planning purposes, there are several computer models, e.g. the Local

Government Association POPGROUP suite of demographic forecasting models, the Chelmer Model, and the East of England Forecasting Model. All these models do similar things with varying but largely similar outputs.

- 2.20 There is, therefore, considered to be no justifiable reason for not relying on such official projections as a basis for informing planning for housing and related policy work. Equally there is no justifiable reason for not accepting the outputs of the available demographic models for what they are: an interpretation of statistics, which are available to assist in strategy and policy formulation.

Conclusion

- 2.21 The overall conclusion from this review of recently published projections and informed academic assessment, together with the on-going interpretation by the Planning Inspectorate of 'objectively assessed housing need' in the context of the NPPF, continues to indicate that East Herts Council may need to plan for the upper end of the range 10,000 to 17,000 dwellings over the 20 year period 2011 to 2031.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Household Interim Projections, 2011- 2021, England: Department for Communities and Local Government: April 2013

<https://www.gov.uk/government/publications/household-interim-projections-2011-to-2021-in-england>

How Many Homes? A companion guide: Local Housing Requirements Assessment Working Group: March 2013

http://www.howmanyhomes.org/resources/LHRA_Guidance_7-3.pdf

Choice of Assumptions in Forecasting Housing Requirements: Methodological Notes: Cambridge Centre for Housing and Planning Research: University of Cambridge: March 2013

http://www.howmanyhomes.org/resources/Choice_of_Assumptions.pdf

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