

ESSENTIAL REFERENCE PAPER 'B'

POPULATION AND HOUSEHOLD PROJECTIONS:
UPDATE REPORT

UNIVERSITY OF CAMBRIDGE: CHOICE OF ASSUMPTIONS IN
FORECASTING HOUSING REQUIREMENTS (MARCH 2013)

SUMMARY OF MAIN CONCLUSIONS

The main conclusions are:

Births: Variations in birth rate assumptions could only have a negligible impact on the number of households to be planned for as the overwhelming majority of those who will form households during the projection period were born before the period began.

Deaths: Whilst death rates could differ from those assumed, the impact of quite wide variations to the assumptions made in the official projections on the number of households would be small. For practical purposes this area of potential uncertainty is not significant in planning for housing.

Flows to and from the rest of the UK (internal migration): The potential uncertainty here is much larger as a number of factors, including the number of homes built in a local authority area, could affect future flows. The NPPF makes it clear that account is to be taken of migration. This suggests that it is not open to an authority simply to make whatever assumption it chooses on flows to and from the rest of the UK and assumptions that imply a departure from recent trends (on which the official projections are based) would need to be carefully justified.

The 'Duty to Co-operate' is relevant here as any decision not to plan for a continuation of the flows that have taken place in the past would have an impact on the areas from which people move to the planning authority in question. There could also be impacts on the areas that receive people from the authority.

Some local authorities may wish to argue that to accommodate the projected net flows would have adverse impacts that outweigh the benefits of providing additional homes- a justification for not planning to meet the objectively assessed needs of an area that is specifically referred to in the NPPF. However, we suggest that in such cases, unless clear evidence can be provided that those not being planned for will be adequately accommodated elsewhere, then the adverse impact of providing housing should be weighed against the adverse impact on those who may as a result have to live in overcrowded or shared accommodation or be prevented from forming a household at all. There may also be broader impacts on other authorities,

increasing the housing pressures they face. That said, it has to be acknowledged that there are some authorities that are not physically able to accommodate the projected growth in households or where to do so would have severe adverse impacts.

International migration flows: International migration has varied considerably over the last 20 years. However, DCLG's sensitivity analysis shows that relatively wide variation in net flows (+/-38%) would have much smaller impacts (+14/-13%) on the number of extra households formed in England as a whole. We therefore suggest that local planning authorities with relatively small international flows should not regard that as an area of significant uncertainty.

For authorities with large international flows the uncertainty could be significant but it is difficult if not impossible to predict which ways flows might move. We therefore suggest that estimates of the scale of the uncertainty- potentially informed by DCLG's analysis of high and low migration scenarios- should be used to determine how much flexibility an authority should build into its planning for housing rather than to change the main estimate of the number of homes required.

Household formation rates: It is hardly surprising that there have been quite large variations in household formation patterns over the last 10 years as compared to earlier projections given the extent of economic and housing market volatility. It therefore seems likely that the changes seen in recent years are a departure from the longer term trends on which government projections are based and that a return to something closer to previous trends can be expected if and when economic conditions improve. We therefore suggest that it would be appropriate for local authorities to plan on the basis of household formation patterns assumed in the official projections unless there is strong local evidence to the contrary.

Overall conclusion: The overall conclusion is that modifications to the official assumptions should be used simply as sensitivity tests to determine how much flexibility an authority should seek to incorporate in its plans and authorities should normally plan on the basis of the official projections.