

EAST HERTS COUNCIL

DISTRICT PLANNING EXECUTIVE PANEL - 22 OCTOBER 2014
EXECUTIVE – 4 NOVEMBER 2014

REPORT BY EXECUTIVE MEMBER FOR STRATEGIC PLANNING
AND TRANSPORT

GREATER ESSEX DEMOGRAPHIC FORECASTS 2012-2037
PHASE 6 MAIN REPORT - SEPTEMBER 2014

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report sets out the findings of the Greater Essex Demographic Forecasts 2012-2037 Phase 6 Main Report technical work, which is intended to form part of the evidence base for generating an appropriate district-wide housing target for the period 2011 to 2031, and inform and support the East Herts District Plan.

<u>RECOMMENDATIONS FOR DISTRICT PLANNING EXECUTIVE PANEL AND EXECUTIVE:</u> That:	
(A)	The Greater Essex Demographic Forecasts 2012 -2037 Phase 6 technical study, be supported as part of the evidence base to inform and support the East Herts District Plan.
<u>RECOMMENDATIONS FOR COUNCIL:</u> That:	
(A)	The Greater Essex Demographic Forecasts 2012 -2037 Phase 6 technical study, be agreed as part of the evidence base to inform and support the East Herts District Plan.

1.0 Background

- 1.1 East Herts Council is responsible for setting a district-wide housing target, based on objectively assessed needs for market and affordable housing.

- 1.2 Paragraph 47 of the National Planning Policy Framework (NPPF) states that '*local planning authorities should use their evidence base to ensure that their local plan meets the full objectively assessed needs for market and affordable housing...as far as is consistent with the policies set out in this framework...* In addition, Paragraph 159 of the NPPF states that local planning authorities should '*meet household and population projections, taking account of migration and demographic change [...and cater...] for housing demand and the scale of housing supply necessary to meet this demand*'.
- 1.3 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. This work is being undertaken in stages under the auspices of the Essex Planning Officers Association (EPOA). The preliminary results formed the basis of the Population and Household Topic Paper presented to the LDF Executive Panel on 29 March 2012.
- 1.4 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.
- 1.5 The Greater Essex Demographic Forecasts Phase 5 Main Report (April 2014) was presented to the District Planning Executive Panel on 17 July 2014, and subsequently agreed as part of the District Plan evidence base by the Executive and Full Council on 5 August and 1 October 2014 respectively.
- 1.6 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.
- 1.7 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.

- 1.8 This report presents the findings of Phase 6 which incorporates updated 'official' statistics from the Office for National Statistics (ONS). This new evidence includes key assumptions from the 2012-based national population projection, plus area-specific data on fertility, mortality and migration which drive the 25-year, 2012 based sub-national population projections (SNPP).
- 1.9 In addition, all scenarios in Phase 6 have been formulated using an upgrade to the POPGROUP forecasting software which incorporates important methodological changes, specifically to align more closely with ONS methods.
- 1.10 It is proposed that Phase 6 be agreed as part of the evidence base to inform and support the East Herts District Plan. All the Greater Essex and East Herts Sub-District studies are available on the Council's website - see Background Papers.

2.0 Report

Greater Essex Demographic Forecasts 2012-2037 Phase 6 Main Report

- 2.1 The Greater Essex Demographic Forecasts Phase 6 Main Report is structured as follows:
- **Section 1: Introduction** - provides a context for the project and summarises the content of the Main Report September 2014. Most of this Introduction is reproduced as **Essential Reference Paper 'B'** to this report.
 - **Section 2: Population Estimates & Projections** - provides an introduction to the 2012-based population projections, their national context and the growth trend evident across the study area.
 - **Section 3: London's demographic influence** – illustrates the continuing influence of Greater London upon growth in the study area and summarises the most recent forecasts produced by the Greater London Authority (GLA) in its own evidence to support housing growth in the London Boroughs.
 - **Section 4: Scenario Definition** – provides a description of each of the scenarios that have been formulated using the POPGROUP software. POPGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups.

- **Section 5: Area profiles** - summarises the outcome of each of these scenarios, presenting growth in terms of population, households, dwellings, labour force and jobs impacts for each of the study local authorities. The East Herts Area profile is reproduced at **Essential Reference Paper ‘C’ to this report**.
- **Section 5: Summary Comments** - provides a short summary of the analysis and an indication of the likely content of the Phase 7 analysis.
- **The Appendix** to the Main Report contains guidance on the data inputs and assumptions used in the development of the scenarios.
- An accompanying report provides scenario summaries for each of the 11 Macro Areas within the overall study, which are varying groupings of more than one local authority.

2.2 A summary of the Phase 6 Main Report is contained at **Essential Reference Paper ‘D’** to this report.

2.3 The Report considers ten alternative growth scenarios for the District as follows:

SNPP-2012	Where the 2012-based sub-national population projection from ONS is used as the trend benchmark
SNPP-2010	Where the 2010-based sub-national population projection from ONS is used as the trend benchmark
PG-5yr	Where internal and international projection assumptions are based on five years of historical evidence (2007/8 - 2011/12)
PG-5yr-X	Where internal and international migration assumptions are based on the last five years of historical evidence, ignoring the Unattributable Population Change (UPC)
PG-10yr	Where internal and international projection assumptions are based on 10 years of historical evidence (2002/3 - 2011/12)
PG-10yr-X	Where internal and international migration assumptions are based on the last 10 years of historical evidence, ignoring the UPC
Net Nil	Where migration assumptions are maintained but in-migration, as well as immigration and emigration, are set to balance each other, i.e. the net impact of

	migration is zero
Natural Change	Where in-migration, out-migration, immigration and emigration projection assumptions are each set to zero, with only births and deaths determining growth
Jobs*	Where demographic change is constrained to the growth in total employment
Employed people*	Where demographic change is constrained to the growth in the number of workplace employed people

* The revised 2013 'Baseline' scenario from East of England Forecasting Model (EEFM) has provided the latest employment growth forecasts for EPOA local authorities.

- 2.4 The East Herts Area profile at **Essential Reference Paper 'C'** summarises the new demographic evidence and sets out the implications of the various growth scenarios.
- 2.5 The 2012- based SNPP projection estimates that the population of East Herts will increase by 24% (approximately 33,500) over the 25-year period 2012-37. This equates to an average population growth of 0.96% per year, higher than that experienced in the latest 10-year historical period (0.73% per year) or the latest 5-year historical period (0.90% per year).
- 2.6 The components of this population change are summarised in the table below:

Component of Change	2012-based SNPP annual average (2012/13-2036/37)
Natural change	526
Net Internal Migration	642
Net International Migration	171
Annual Population Change	1,339
Annual Population Change (%)	0.96%

- 2.7 Over the 25 year period, internal migration will become the dominant component of population change in East Herts. However, both natural change and international migration will also continue to have a positive net impact on population growth
- 2.8 Each scenario has been evaluated using both 2011-based (Option A) and 2008-based (Option B) household headship rates,

providing a 'range' of household and dwelling growth options for consideration.

- 2.9 The application of the 2008-based household formation rates (Option B) results in a dwelling requirement that is approximately 11% higher than that associated with the application of the 2011-based household formation rates (Option A). This calculation excludes the 'Nil Net' and 'Natural Change' scenarios, as for local planning purposes, the NPPF requires local planning authorities to take *'account of migration and demographic change [...and cater...]' for housing demand and the scale of housing supply necessary to meet this demand'*.
- 2.10 In summary, the highest dwelling requirements result from the employment led scenarios, followed by the official demographic projections and then the migration led scenarios.
- 2.11 Considering the average of the 2011-based Option A and 2008-based Option B alternatives, suggests a dwelling requirement of 891-964 per year resulting from the East of England Forecasting Model (EEFM) scenarios (jobs and employed people). The official demographic projections (SNPP-2010 and SNPP-2012) suggest growth at 755 and 754 dwellings per year respectively. The four 'migration-led' scenarios (PG-10yr, PG-10yr-X, PG-5yr and PG-5yr-X) record a range of outcomes that are lower than the employment led and official scenarios, at 526-614 dwellings per year.
- 2.12 If the eight scenarios (excluding 'Net Nil' and 'Natural Change') are averaged to 'even out' the outcomes to take account of the different scenario approaches, origins and bases, the annual average dwelling requirements are as set out in the table below:

Option A (2011-based)	Option B (2008-based)	Options A and B Average 2011 and 2008-based
669	743	706

Establishing Objectively Assessed Need

- 2.13 Members will be aware that the draft District Plan identified a housing requirement of 750 dwellings per annum. This figure had been derived primarily from the DCLG 2011-based household projections. Acknowledging that the projections only covered the

period from 2011-2021, a calculation was made by officers regarding the likely increase in households from 2021-2031. This calculation concluded that the overall housing need was 736 dwellings per annum, which was rounded up to 750 dwellings per annum to reflect positive plan making.

2.14 Following the publication of the draft District Plan for consultation, DCLG published 'National Planning Practice Guidance' (NPPG) in March 2014 which sets out a 'standard methodology' that local planning authorities are expected to follow to establish the need for housing (and economic) development. Some of the key considerations are:

- Assessments should be 'policy-off', so free from considerations which may be a constraint, eg. the supply of land.
- No one methodology will provide a definitive answer but the latest official household projections produced by the Government (and population projections produced by the Office for National Statistics) are the starting point in establishing need.
- Adjustments **may** be made to the official household projection-based estimates of need based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Any local changes should be justified by a robust evidence base.
- Adjustments **should** be made to the official household projection-based estimates of need to reflect:
 - 'market signals'; market indicators of the balance between the demand for and the supply of housing, eg. increasing house prices and worsening affordability.
 - delivery of the required number of affordable homes.
 - the alignment of housing and jobs targets.

2.15 The NPPG states that this assessment should be included within the Strategic Housing Market Assessment (SHMA). Members will be aware that the Council's latest SHMA was published in March 2013, prior to the publication of the NPPG. That SHMA is therefore now considered to be an 'old style SHMA', prepared in accordance with the guidance set out under the old planning system.

Strategic Housing Market Assessment

- 2.16 The Council has recently commissioned ORS to carry out a Strategic Housing Market Assessment that conforms to the latest guidance set out in the NPPG. The assessment is being carried out with the adjoining local authorities of Uttlesford, Harlow and Epping Forest with whom East Herts shares a housing market relationship.
- 2.17 The key output of the SHMA will be the modelling of the objectively assessed need (OAN) for housing at both the Housing Market Area (HMA) level and disaggregated to each local authority level. The OAN may be a single figure, or it may be a minimum-maximum range. The demographic forecasts produced by Edge Analytics to date will provide the basis for further demographic analysis to ensure that the assumptions being made regarding population and households are accurate inputs for the modelling of OAN.
- 2.18 The NPPF and NPPG make it clear that an authority's OAN does not necessarily equal the housing provision target in its Plan. Two additional factors need to be considered when establishing the housing target. The first is the area's deliverable and sustainable supply capacity, defined with reference to constraints recognised in the NPPF. The second factor is the requirement to consider cross-boundary unmet need, which the area should accept if it is possible, sustainable and reasonable. These are factors which the Council will need to consider through on-going work on the District Plan.

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

National Planning Policy Framework (NPPF): March 2012: Department for Communities and Local Government.

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

National Planning Practice Guidance (NPPG): March 2014: Department for Communities and Local Government

<http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

Report to LDF Panel 29 March 2012 Agenda item 7: Population and Household Forecasts and the East Herts Housing Requirement

Greater Essex Demographic Forecasts-Phase 2: Scenario Development incorporating Phase 1: Model Development (March 2012) Edge Analytics on behalf of Essex Planning Officers Association (EPOA) and East Herts and Welwyn Hatfield Council

Greater Essex Demographic Forecasts- Phase 3: Further Scenario Development (July 2012) Edge Analytics on behalf of Essex Planning Officers Association (EPOA) and East Herts and Welwyn Hatfield Council

Report to District Planning Executive Panel-26 July 2012 Agenda Item 5: Sub-District Population and household Forecasts-Parish Groupings and Towns: Phase 1 (May 2012)

Report to District Planning Executive Panel - 28 November 2012 Agenda Item 5: Sub-District Population and Household Forecasts-Parish Groupings and Towns: Phases 1 and 2 (October 2012)

Greater Essex Demographic Forecasts- Phase 4: Demographic Model Update, Scenario Analysis and Report Edge Analytics on behalf of Essex Planning Officers Association (EPOA) and East Herts and Welwyn Hatfield

Greater Essex Demographic Forecasts 2012-2037 Phase 5 April 2014

Greater Essex Demographic Forecasts 2012-2037 Phase 6 September 2014

Links to all the reports listed above can be found at:
<http://www.eastherts.gov.uk/index.jsp?articleid=25754>

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