

South Gloucestershire Core Strategy

South Gloucestershire Response to Inspector's Further Main Modifications

Appendix 1

**The implications of the CLG household projections for the period
2011-2021 for the South Gloucestershire Core Strategy**

May 2013

The implications of the CLG household projections for the period 2011-2021 for the South Gloucestershire Core Strategy

Introduction

1. On 15th April the Inspector invited written responses on the implications to the South Gloucestershire Core Strategy of the recent release of CLG household projections for the period 2011 - 2021¹. The 2011 CLG household projections replace the 2008-based household projections released in November 2010. This latest set of household projections clearly has relevance to the Core Strategy as the NPPF para 159 requires local planning authorities to identify the scale of housing need which “meets household and population projections”.
2. Having carefully considered this new CLG dataset, the council considers it is highly material in confirming the Plan’s strategic housing requirement over the period 2006 to 2027. This is because it supports the council’s case that the overall housing requirement of 28,355 complies with the NPPF requirement that plans are positively prepared in that it meets objectively assessed development requirements (which would include meeting the objectively assessed housing need) in order for a plan to be found sound.
3. The Core Strategy housing requirement was debated at length during the Examination process. A number of different figures, together with supporting evidence, were put forward by the council and other parties. In summary the RS and the CLG 2008 household projections for the area both led to a requirement of around 33,000 - a figure that was supported by the development industry (Barton Wilmore evidence to EIP 7th March 2013 ref 1442945 para 1.4). The Council however, presented robust and consistent evidence that the CLG 2008 projections and RS figures were out of date, unreliable and too high and that objectively assessed need did not exceed 26,000.
4. Having carefully considered this new dataset, as predicted in the council’s evidence to the Core Strategy EIP, the new CLG household projections reveal that the number of households in South Gloucestershire will increase at a lower rate than was projected by the (now replaced) 2008 based projections. These updated official figures therefore provide clear and objectively assessed further evidence for the Inspector to confirm that housing need for the plan period does not exceed 26,000 and that the housing requirement of 28,355 (plus further allocation at Morton Way, Thornbury) is adequate and will fully meet the objectively assessed housing need.
5. The council is therefore of the view that if there was ever any doubt in the Inspector’s mind as to the robustness of 28,355 (as other participants have inferred from the Inspector’s Note at paragraph 7 of his Initial Findings of 10 September 2012) this can be completely dispelled as a result of the publishing of the latest CLG household projections. Given the evidence the council provided to the Examination and the findings of the latest CLG data, the Inspector can be confident he has seen sufficient evidence to confirm that the Plan has been positively prepared in that it meets the objectively assessed development requirements (which would include meeting the objectively assessed housing needs) in order for a plan to be found sound. Notwithstanding that his full reasoning is yet to be provided, the fact that this

¹ The Inspector invited comments on the **ONS** household projections – it is assumed that this is a typing error which should read **CLG** household projections for the period 2011-21. The Communities for Local Government (CLG) are responsible for producing the national household projections, which are based on population projections produced by the Office for National Statistics (ONS).

Plan has reached such an advanced stage and in accordance with para 216 of the NPPF, the council continues to consider it can be regarded as a material consideration of substantial weight.

6. This paper presents a summary analysis of the latest CLG household projections for South Gloucestershire.

Analysis of the 2011 CLG household projections for South Gloucestershire

7. On 9 April 2013, the Department of Communities and Local Government (CLG) published the interim 2011 based Household projections which replace the 2008-based household projections released in November 2010. These latest household projections are based on the 2011-based interim sub-national population projections, published by the Office for National Statistics (ONS) in September 2012. They therefore represent the most up to date official and independently prepared and verified forecast of future household change.

8. The latest projections suggest that over the 10 year period (2011-21) the number of households in South Gloucestershire will increase by 12,200 (11.3%); the equivalent of 1,200 households per annum.

9. Table 1, demonstrates that the 2011 based projections show a considerably lower rate of household growth compared with the 2008-based projections, equating to 5,000 fewer households over the ten year period. Table 1 also demonstrates that the level of growth projected by the latest CLG projections is entirely consistent with the household projections previously produced by the Council (library reference documents CE7, PSM8). These were calculated by applying the ONS 2010 based SNPPs (which at the time of the EiP were the latest population projections) to the household formation rates in the 2008 CLG household projections (the latest official household projections at the time of the EiP) (library reference documents CE7, PSM8).

	2011	2021	2011-21	%
DCLG 2011-based Household Projections	108,000	120,000	12,000	11.3
2010 -based Household Projections (using 2008-based HHR Rates)	111,000	124,000	13,000	11.4
DCLG 2008-based Household Projections	111,000	129,000	17,000	15.5

Table 1: Comparison of different household projections 2011-21
(Chronological order – most recent first)

Totals may not sum due to rounding

10. As a result, the Council considers this endorses and confirms the evidential approach to establishing the strategic housing requirement and fully objectively assessed need it presented to the EiP. Conversely, the council considers it considerably undermines and significantly reduces any weight that other parties may continue to give the draft RS and the 2008 CLG Household Projections as the basis to establish the strategic housing requirement for the District up to 2027. Notwithstanding this, in order to assist the Inspector further and to avoid any doubt / criticism that the requirement of 28,355 dwellings does not represent the fully objectively assessed need, the following analysis and explanation is provided.

How reliable are the latest projections?

11. Developer opponents may try to argue that the latest official household projections are too low and should be given limited weight as they do not cover the full plan period and are based on earlier trends underpinned by lower levels of house building. However this would be incorrect, the projections are entirely plausible and the Council relies on the following matters to demonstrate this:

Shorter (ten-year) timescale

12. The latest household projections span ten years so do not cover the full Core Strategy plan period (2006-2027). Whilst the underlying re-calibrated population data is not yet available, if the annual trends in the 2011 CLG projections are extrapolated over the whole 21 years of the Core Strategy plan period they would equate to around 25,700 new households, a figure which is clearly considerably lower than the 2008 based household projections (33,200) and consistent with the level of household growth previously projected by the Council (25,100) (library reference: CE7, PSM8).

Potential implications of ‘over-inflation’ in the underlying ONS population model

13. The 2011 Census demonstrated that the population of South Gloucestershire had not increased at the rate estimated in pre-census ONS population estimates (Fig 1). The Census count for South Gloucestershire was 4,900 lower than was predicted by ONS in their (pre-census) ‘rolled forward population estimates’ (RFE), which incorporate data from the ONS Migration Statistics Improvement Programme (MSIP)² (CE7).

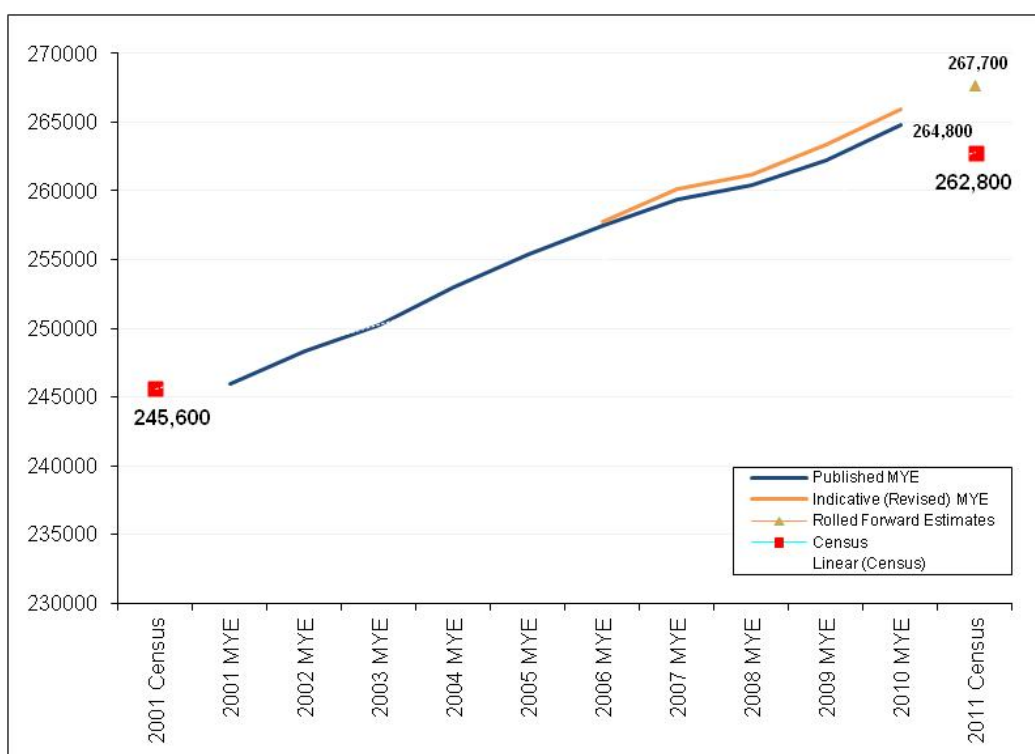


Fig 1: Differences between Census and ONS mid-year population estimates

Source: Census and mid-year population estimates, ONS

² The ONS Migration Statistics Improvement Programme (MSIP) is an ongoing programme of improvement which ONS make to their estimation methodologies to ensure that the most accurate data on migration (internal and international) is used in their population estimates and sub-national population projections.

14. Analysis of the differences in the age structure between the census and the ONS rolled forward estimates demonstrates that the majority of the differences are within the 20-29 age band, in particular the 20-24 age group, where the 2011 Census estimate was 3,600 people lower than the RFE had previously estimated (Fig 2).

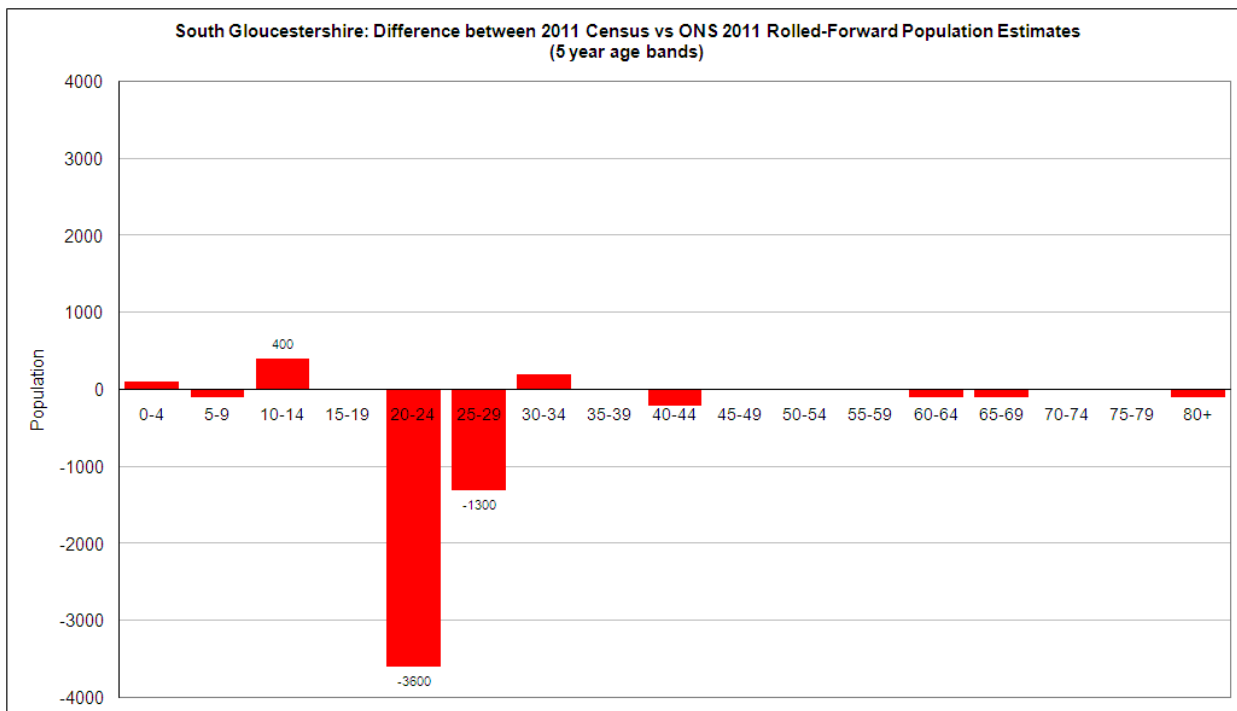


Fig 2: Differences in age structure between 2011 Census and ONS 2011 Rolled Forward Population estimates for South Gloucestershire

Source: Census and mid-year population estimates, ONS

15. The difference between the census and mid-year estimates for South Gloucestershire is largely related to the way in which student moves are measured in the mid-year population estimates. The ONS have identified that their population model (used to create the revised MYEs) overestimates the population in some local authority areas with university accommodation; and that in South Gloucestershire the University of the West of England is likely to create anomalies (Appendix A). The situation is complex but essentially the number of students living within South Gloucestershire beyond their first year of study is likely to be over inflated and over time the implications of this modelling ‘error’ will become more pronounced (as demonstrated in Fig 2). This issue is significant because trends in the revised (pre-census) MYEs, form the basis of the 2011 Interim SNPPs, which subsequently form the basis of the 2011 CLG household projections. Ultimately therefore the 2011 CLG household projections for South Gloucestershire may over estimate the level of future household growth.

Comparison between the 2011 CLG Household projections and past household growth

16. Whilst developer opponents may point to the fact that the latest CLG 2011 projections are too low because they are based on earlier trends underpinned by lower rates of house building, to justify a higher housing requirement such an approach is misconceived. Whilst the decade to 2011 saw lower rates of housing development in South Gloucestershire than had occurred previously, the 2011 CLG household projections do not continue this trend. The latest CLG figures project that household growth will increase at a rate of 11.3% over the next decade (2011-21), which is considerably higher than the 8.6% growth recorded over the previous decade (2001-11). The latest household projections therefore anticipate a higher rate of household growth than past trends have demonstrated.

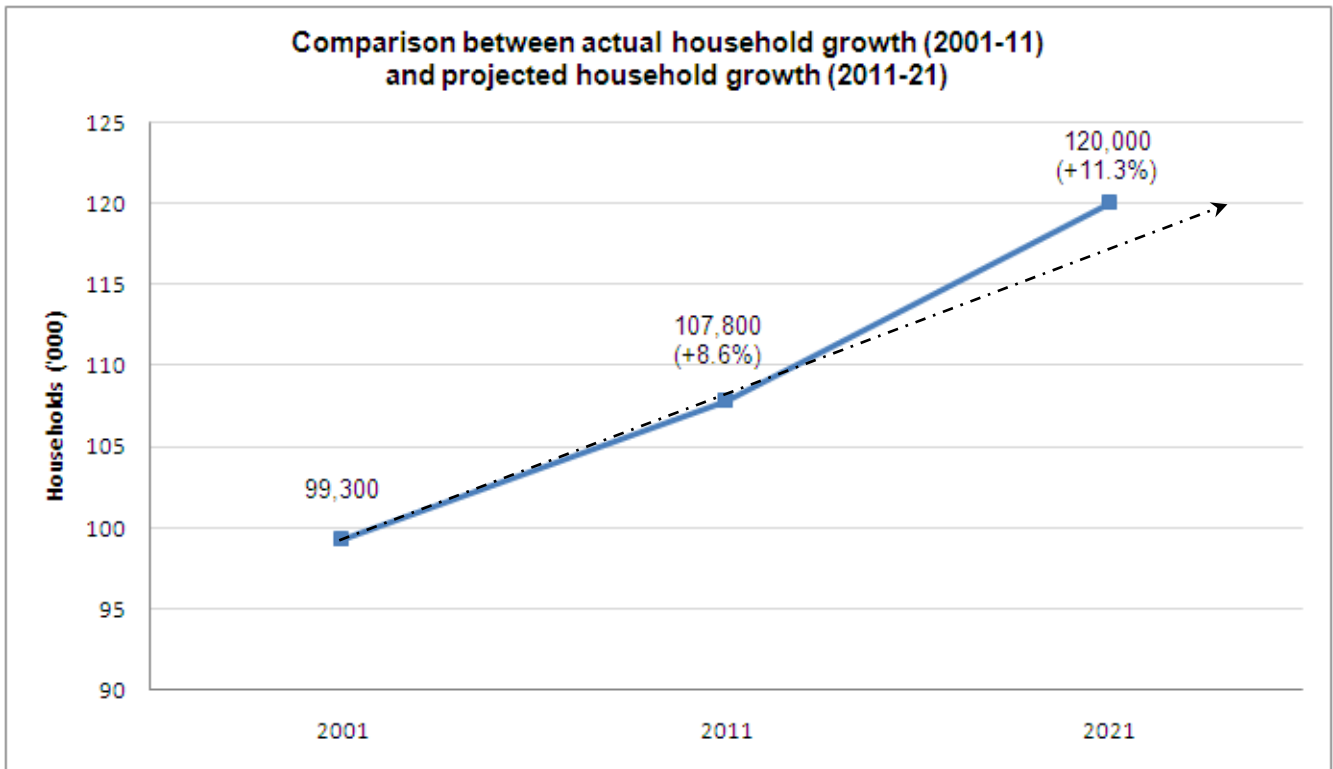


Fig 3: Comparison between actual household growth 2001-11 and projected household growth (2011-21)

Source: 2011 Interim Household Projections, CLG

17. This higher rate of projected household growth is likely to be a consequence of the higher rates of population growth estimated by the pre-census mid-year population estimates (which formed the basis of the 2011 based SNPPs). As explained above, the census demonstrated that population growth in South Gloucestershire had not occurred at the rate previously estimated. Therefore, later this year ONS will re-calibrate their mid-year population estimates for the period 2002-2010. These revised population estimates will then be used to create the ONS 2012-based Sub-National Population Projections (SNPPs) which will subsequently provide the basis of the 2012 based CLG household projections (due for publication in 2014). Given the lower level of population growth demonstrated by the census it is likely that the level of household growth in the 2012 CLG household projections – the next full set of official household projections - will be lower than the interim 2011 based projections .

The relevance of the RS household projections and evidence base

18. These new figures remove any justification for reliance on alternative household requirements based on the RS and 2008 based household projections as follows. The Secretary of State's RS Proposed Changes identified a need for 32,800 dwellings in South Gloucestershire. The RS was based on 2004 household projections combined with ambitious, above trend, economic growth targets for the West of England at 3.2% GVA per annum for the whole plan period. This level of growth led to a projection of 37,000 new jobs in South Gloucestershire.

19. These household and growth forecasts are now clearly out of date. The Council has demonstrated that as a result of the recession there has been effectively no growth for the first five years of the plan period (EB21 and EB21.1). The evidence based job projection for the plan period is now an upper estimate of 21,000 jobs if rates of 2.7% GVA per annum are reached for the remainder of the plan period (P21/1 para 13). These revised job figures are

in line with for South Gloucestershire's share of the LEP job ambitions for the WoE of 95,000 new jobs by 2030. Therefore the Core Strategy makes full provision for both population led and job growth related housing need based on evidence relating to population and economic growth forecasts which supersede the RS evidence base.

20. Since 2007, the prolonged economic recession resulting in a dramatic reduction in economic growth and job creation compared with pre 2007 levels has resulted in "lost years of growth" which will have an impact on the demand for and supply of housing for many years resulting from a reduction in job led in-migration from outside the area, the lack of availability of mortgage finance and lack of consumer confidence. These factors have contributed to a lower than expected rate of reduction in average household size and lower demand for housing and a reduction in the supply of housing due to lower demand.

Conclusion

21. The latest CLG household projections replace the previously published 2008 CLG household projections and confirm that the previously published CLG projections overstate housing need for the district.

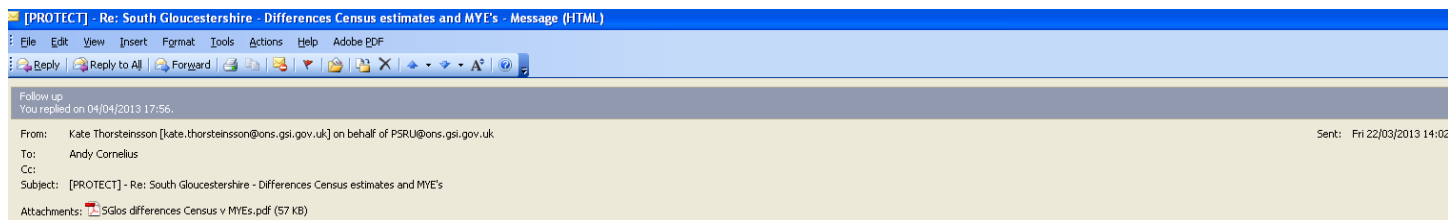
22. The new CLG household projections therefore support the council's position that the RS evidence base in relation to household projections and the 2008 household projections are out of date. They confirm (for the period 2011-2021) the council's projections already before the Inspector which have led him to support the Core Strategy housing requirement as sound.

23. If at the time the Inspector published his Main Modifications (September 2012) he had any remaining doubts as to the robustness of 28,355 dwellings as the Plan strategic housing requirement, this can now be firmly dispelled. The latest CLG Household Projections prove completely and unequivocally that the District's housing need does not exceed 26,000. It is wrong now to continue to rely on the superseded RS evidence base or previous CLG 2008 household projections which are no longer the most up to date or most accurate figures.

24. The latest housing projections represent a sound evidential basis to support the objectively assessed housing requirement and answer the question set by the Inspector in para 7 of his preliminary comments on his main modifications. i.e. they confirm that housing need is in the order of 26,000. At 28,355 (plus Morton Way North, Thornbury) the Core Strategy is therefore fully meeting the objectively assessed needs with significant provision and major flexibility to respond to rapidly changing circumstances. This is entirely consistent with the requirement of the NPPF at paragraphs 47 and 159.

25. Whilst the council is keen to make provision to significantly boost housing delivery, as has been further shown by the allocation of a further 300 homes at Morton Way North, Thornbury, and allow for any pent up demand arising from the recession, there is now a substantial risk that due to current and continuing economic conditions, the market will not deliver anywhere near the current rates of delivery (1800 pa) set out in the Inspector led Core Strategy Modifications. The Council and our communities are most concerned this will undermine the plan led system by opening up the extensive prospect of planning by S78 appeal which will weaken the spatial strategy and force development onto non NPPF compliant sites in the Green Belt and rural areas clearly not consistent with paragraph 14 of the NPPF. The Council will be setting out a more detailed response on these matters as per its letter to the Inspector of 3rd May.

Appendix – A – Email to Council from Office of National Statistics explaining reasons for the differences between the 2011 Census estimate and the Rolled Forward Population Estimates in South Gloucestershire



Dear Andy,

The explanation for the difference between the Census and mid-year estimates for South Gloucestershire is related to the measurement of student moves. In fact there are four inter-related factors that are contributing to the overestimate of 20-29 year olds in South Gloucestershire, these are:

- 1) There is often a lag between a person moving and their re-registration at a GP at their destination, this lag is often pronounced for males in 20s making local authorities with students especially prone to overestimation.
- 2) That students live for only a year in South Gloucestershire and then are likely to move to Bristol (this is purely based on the evidence in your email).
- 3) That a relatively high proportion of students at the University of West of England are on Sandwich courses (about a third according to data from UCAS).
- 4) In light of 1) ONS introduced a student adjustment, however evidence collected following the recent Census suggests that this student adjustment can exacerbate errors in the mid-year estimates if students have atypical 'life-cycles' (such as described in 2 or 3).

The mid-year estimates account for internal migration moves by looking at changes in GP patient registers. This works well for the majority of the population as most people register at a GP in their new place of residence relatively quickly after moving. Unfortunately this works less well for males in their 20s and early 30s. For this group there can be a substantial delay/lag between moving and registering at a GP. In many local authorities with higher education institutions it is these lags which lead to overestimation of the 20-29 age group (particularly for males). In South Gloucestershire it looks probable that this is further complicated by the particular characteristics of students.

In your email you refer to anecdotal evidence that students in South Gloucestershire are likely to leave after a year in halls of residence and move a short distance to Bristol. This can cause issues with the mid-year estimates that would lead to overestimation, our clearest demonstration of this issue can be seen in Oadby and Wigston. First year students at the University of Leicester are accommodated at halls of residence in Oadby, following their first year the overwhelming majority move into Leicester, however a substantial proportion of these do not register at a GP in Leicester and for the purposes of the MYEs are left in Oadby causing the 20-29 age groups to be overestimated.

According to UCAS about 34% of undergraduate students at the University of West England are on Sandwich courses. The lag between moving and registering at a GP is often greater than a year for those aged 20-29, as a consequence the mid-year estimates struggle to pick up moves by students on their sandwich year. A consequence of this is that we are more likely to overestimate the student age groups in local authorities where students are on these types of courses as they are included as resident for 4 years even though may be only present for 3.

To address some of the key issues with measuring the movement of students ONS introduced a suite of student adjustments in 2010 to better reflect the moves by students at the start and end of their studies. It was intended to increase the inflows into local authorities with students and to increase the outflow of those leaving at the conclusion of their studies, counteracting delays in the capture of migration and wholly missed migration moves. In most cases the student adjustment works well, but it does less well in areas where students have atypical movements, for example if they are on sandwich courses or stay in an area for fewer than three years. In local authorities with these types of students it can exacerbate the problem as the adjustment is far more efficient at adding students than taking graduates out.

The student adjustment uses Higher Education Statistics Agency (HESA) data as a benchmark for inward internal migration flows ('to study') and data based on the 2001 Census for outward migration ('post study'). For South Gloucestershire the impact of introducing the student adjustment was to increase the estimate of those aged 20-29, this is because the inflow was increased to better reflect HESA data but the outflow was not increased by a similar amount.

For an area like South Gloucestershire the 'post study' adjustment does not work well. This is because it's based on the premise that students stay in their place of study for 3 years, however in South Gloucestershire for various reasons (as in 2 & 3 above) they tend not to. The post study adjustment is designed to uprate the number of outward moves in the patient register for new graduates (aged 22) to the levels found in the 2001 Census. However, as the number of outward moves from the Census is low (because graduates do not tend to move out of South Gloucestershire at age 22 instead they move out of Bristol at age 22 or 23) the 'post study' adjustment is small. The impact of this is that extra students added through the 'to study' adjustment are invisible to internal migration (as they have no patient register record in South Gloucestershire) and largely invisible to the 'post study' adjustment, consequently they are left in the South Gloucestershire MYEs leading to an overestimate of the 20-29 population.

As part of the redevelopment of the MYEs a new method for dealing with the movements of students is being considered.

Kind regards,

Population Statistics Research Unit
Office for National Statistics
Segensworth Road
Fareham
PO15 5RR

Andy.Cornelius@southglos.gov.uk

12/03/2013 14:45

To: PSRU@ONS
cc:
Subject: South Gloucestershire - Differences Census estimates and MYE's

Dear ONS,

I hope you can help. I'm examining the Census population estimates for South Gloucestershire in relation to your recent MYE's. In terms of total population the differences are negligible. However, examination of the age structure (table below and attached) illustrates that the major differences are focussed within the 20-24 age band (and to a lesser extent the 25-29 age band).

My theory is that these differences are related to our student population. The University of the West of England's main campus at Frenchay is located within SGlos. We know that a large number of students live within student halls of residence at the campus in their first year – but then move to live within the Bristol UA area in their second and third years – thereby 'over inflating' the MYE's? Is there anything in the data which suggests that this is the primary cause of the difference – or is there another explanation?

Your assistance in helping us understand this situation would be much appreciated.

Kind regards
Andy

Andy Cornelius
Principal Research and Intelligence Officer
Corporate Research and Consultation Team
South Gloucestershire Council
andy.cornelius@southglos.gov.uk
01454 863990