

South Gloucestershire Core Strategy Examination**'Interim' CLG Household Projections 2011 – 2021 - Note to Inspector****April 2013**

1. This note has been prepared following the publication by CLG of the 2011-based 'interim' CLG household projections in April 2013. We set out the implications of these latest 'interim' projections in establishing South Gloucestershire's future housing requirement below.
2. In the first instance however we provide an explanation of how the projections have been derived, and this is critical to establishing their implications in determining future housing requirements.

ONS 2011 based interim sub national population projections

3. The 2011 based interim sub national population projections underpin the latest household projections. They are based on the 2011 mid-year population estimates published on 25 September 2012 which are rolled forward from the 2011 Census.
4. Assumptions about future fertility, mortality and migration levels are based on the trends calculated for the 2010-based sub-national population projections. They have been projected ten years ahead to 2021 and published for each English region (formerly Government Office Region), county and local authority (LA) by single year of age and sex. Projections are not forecasts and take no account of policy nor development aims that have not yet had an impact on observed trends. The interim 2011-based sub-national population projections for England provide an indication of the possible size and structure of the future population, based on the 2011 mid-year population estimate and the continuation of estimated trends used in the 2010-based projections.



CLG 2011 based interim household projections

5. The household projections are produced by applying projected household representative rates (formation rates) to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data. The assumptions underlying national household and population projections are demographic trend based. **They are not forecasts as they do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.** They provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice.
6. The following table extracted from the CLG Housing Statistical Release (9 April 2013) clearly shows that the fall in household formations across England (compared with the earlier projections series) lies in the age group 25-34.

Table 1.1: 2011-based household projections compared with 2008-based household projections, by age, England.

<i>thousands</i>	2011-based projection Average annual change 2011 – 2021	2008-based projection Average annual change 2011 – 2021	Difference *
Under 25	-2	-6	3.2
25 – 34	23	49	-26.3
35 – 44	15	22	-7.5
45 – 54	17	11	6.6
55 – 64	50	47	3.1
65 – 74	46	48	-2.5
75 – 84	40	41	-1.4
85 +	32	33	-0.2
All households	221	245	-24.9

**Differences in percentage points need to be interpreted as indicative only because of the change in population base*

Source: CLG Household Interim Projections 2011-2021, England, Housing Statistical Release, Table 8 extract.

Comparison with previous projections

7. At the aggregate level (England) the 2011-based projections show a lower growth in households within compared with the 2008-based projections, equating to 24,900 fewer households per year between 2011 and 2021 in England. This is despite the fact that household population growth is larger under the 2011-based projections than the 2008-based projections. The difference therefore largely reflects lower household representative rates (household formation) compared with the previous projections. The outcome of this is that the average household size in the 2011-based projections decreases at a slower rate than in the 2008-based projections.

8. This same pattern of higher population growth yielding lower levels of household growth is repeated in South Gloucestershire as summarised in Table 1.2 below.

Table 1.2: Comparison of the 2011-based interim and 2008-based population and household projections for South Gloucestershire

2011-based Interim	2001	2011	2021	Total Change	Annual Average Change
Population	246,000	263,400	289,500	26,100	2,610
Households	99,289	107,803	120,029	12,226	1,223
Av. HH Size	2.48	2.44	2.41	-	-

2008-based	2001	2011	2021	Total Change	Annual Average Change
Population	246,000	268,400	289,500	21,100	2,110
Households	99,289	111,366	128,585	17,219	1,722
Av. HH Size	2.48	2.41	2.25	-	-

Source: ONS and CLG

9. Projecting forward these latest 'interim' projections beyond 2021 can only be undertaken once a view is taken on the impact of future policy and economic growth on household formation.
10. In our opinion the trend based CLG projections (and the assumed lower levels of household formation) are symptomatic of the consequences of the economic downturn, and the populations reduced ability to access mortgage finance. The under-delivery of housing since the start of the Core Strategy period (2006) in South Gloucestershire will only have sought to compound this issue, and these trend based projections simply roll this issue forward, without considering the consequences to household formation of a more buoyant housing market, where young people have improved access to finance.

Summary

11. The Interim 2011-based household projections provide a trend based projection of household growth over the 10 year period 2011 to 2021, based on levels of household formation experienced over the preceding 5 years. Notwithstanding our concerns over the degree to which these projections are informed by recessionary trends, they do not provide any indication of the appropriate level of housing that should have occurred over the 5 years between 2006 and 2011, and nor do they provide an indication of future household growth at the latter end of the Plan period (i.e. beyond 2021).

12. As we have previously set out in addition to considering demographic change in determining future housing requirements, account should also be taken of the need to balance the future supply of labour with jobs, and to this end our economic led Chelmer model scenario demonstrated a need for some 35,000 dwellings (2006 – 2027). It is also important to recognise that this scenario was modelled on the basis of a 1:1 ratio between jobs and labour. This was considered prudent in the context of the level of net-out commuting experienced in South Gloucestershire at the time of the 2001 Census, where commuting patterns displayed a similar ratio.
 13. However, more recent commuting patterns data provided by the ONS, Annual Population Survey confirms a ratio of nearer 1:2 (jobs: labour), indicating that a greater proportion of the resident workforce are commuting out of South Gloucestershire to work. This would suggest a heightened need for labour within South Gloucestershire to meet job growth forecasts. This will require a far higher level of population growth than suggested by the latest 'interim' projections (population and households), and even greater than indicated by our own economic led Chelmer scenario (35,000 dwellings).
 14. In short therefore whilst the latest 'interim' household projections project lower household growth (based on lower levels of household formation), any impact that these may be considered to have is cancelled out by the worsening commuting pattern ratio experienced in more recent years. Our proposed housing target therefore remains relevant.
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