



STEVENAGE BOROUGH COUNCIL

**Response to Home Builders Federation
Submission to the Stevenage Local Plan
Consultation: February 2016.**

Response: June 2016

Introduction

1. Stevenage Borough Council have requested that Opinion Research Services (ORS) review the response to their Local Plan 2011-31 consultation from the Home Builders Federation (HBF).
2. ORS would like to welcome the very constructive tone of the submission from the HBF and note that they are in agreement with many elements of the SHMA. We note that their principle concern is whether the migration assumptions in the Stevenage and North Hertfordshire SHMA 2015 are consistent with those used to underwrite the London Plan. It is therefore on this issue that we will concentrate. We also aware that they are seeking clarity on the second home and vacancy rate used in the SHMA and the reference to the time period 2016-36 in Figure 40 of the SHMA.

10 year Migration Trends and the London Plan

3. Planning Practice Guidance states that household projections published by the Department for Communities and Local Government (CLG) should provide the starting point estimate of overall housing need. These in turn are based on the Office for National Statistics (ONS) Sub-National Population Projections (SNPP). The 2012-based household projections show an annual average increase of 380 households per annum in Stevenage. We can establish that the “*starting point estimate of overall housing need*” for the Plan period should be based on an overall growth of 380 households per annum. This is in line with the HBF’s position.
4. Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence:

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates ... Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance (March 2014), ID 2a-017

5. The ONS SNPP and CLG Household projections therefore provides a reasonable starting point for understanding local population projections (as the PPG recognises), however the PPG also clearly states that the starting point estimate of overall housing need may require adjustment to reflect factors affecting local demography (PPG, March 2014, para 015, emphasis added).

*Household projections published by the Department for Communities and Local Government should provide the **starting point** estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics ... The household projection-based estimate of housing need **may require adjustment to reflect factors affecting local demography** and household formation rates which are not captured in past trends.*

6. The SHMA at paragraphs 2.10 to 2.35 demonstrates why ORS chose to move from the 5 year migration trends which underlie the 2012 based SNPP and CLG household projections to a set of population projections based upon 10 year migration trends.
7. To reiterate the points in the SHMA, given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13) (UDC3/A9):

“To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. ... The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward.”

8. The second edition of the PAS OAN technical advice note (July 2015) (UDC3/A3) has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

“In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.”

9. The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning (April 2015) (UDC3/A10).

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

10. The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015) (UDC3/A11).

“3.6 Migration. The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS’ Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing.”

11. On balance, we consider that:
- » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
 - » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. Therefore, we favour using 10-year migration trends as the basis for our analysis.
12. ORS therefore consider that the 10 year migration trends used in the SHMA are more robust than the 5 year trends used in the 2012 based SNPP and CLG household projection. The consequences of this change are to reduce the adjusted starting point to an annual average of 325 households per annum.
13. ORS note that the HBF are concerned that the migration assumptions in the SHMA are inconsistent with those taken by the GLA in the London Plan. They are suggesting that taken together, there are some

people assumed to leave London as out-migrants but not being counted as in-migrants in the surrounding areas.

14. However, ORS do not believe that this is the case. In January 2015 there was a meeting between GLA officers and consultants working with the local planning authorities surrounding the London region and the issue of the “knock-on” consequences of their assumptions formed part of this discussion.
15. At that time, the latest GLA data was the 2013-round population and household projection and the “central variant” was the preferred scenario (which formed the basis of housing need for Further Alterations to London Plan). The 2013 round population projections assumed domestic migration followed 5-year trends based on data for 2007-12 through to mid-2017; but beyond this point, outflows increase by 5% and inflows decrease by 3%.
16. At the meeting, the GLA confirmed that they believed that this reflected a return to long-term trends, but accepted that the 5% and 3% were arbitrary adjustments and it might be better to base the projection on actual trends which covered a longer time period. They also confirmed that they were “lobbying” ONS to produce a variant of the official Sub-National Population Projections which used 10-year domestic migration trends (the current figures use 5-year trends for domestic migration).
17. It was agreed that short-term migration trends for the period 2007-2012 were not appropriate, especially for areas around London. Furthermore, it was accepted that it would be impossible to reliably identify the wider consequences of an arbitrary change (such as the 5%/3% adjustment adopted post 2018 in the 2013-round projections) and it was agreed that long-term migration trends were more appropriate.
18. The GLA accepted that the period 2001-11 was appropriate for establishing migration trends for SHMAs conducted in the wider area around London. On this basis, ORS’ long-term trend model already includes an appropriate measure of long-term migration between London and Stevenage and North Hertfordshire. Adding changes to London migration to data in the 2012-based SNPP (which is already over-estimating the number of migrants to Stevenage and North Hertfordshire) is adding a very clear double count.
19. It is also worth noting that the GLA 2014-round projections (published after the meeting) do not incorporate any arbitrary adjustment to domestic migration rates. Instead, migration estimates are based on long-term trends. **The latest GLA figures are therefore based on a method that is consistent with the approach taken by ORS for the Stevenage and North Hertfordshire SHMA and there is no need for any adjustment to be made.**

20. Considering the numbers, the GLA 2013-round “central variant” projection showed an increase of 1.62 million persons over the 20-year period 2011-31. This was the basis for the OAN in the FALP. The 2014-round long-term migration projection shows an increase of 1.55 million persons over the same period. So the FALP is based on a larger population growth than is likely based on migration trends for the period 2001-13 – around an extra 77,000 persons – so if anything, London is over-providing based on long-term trends and not under-providing.
21. The Stevenage and North Hertfordshire SHMA is based on trends for the 10-year period 2001-11; so there is substantial overlap with the GLA trend period – although the periods are different.
22. Figures 6 and 12 of the SHMA provide the relevant data for long-term migration. These establish net migration and other changes for Stevenage average a net loss of 27 persons for the period 2001-11, and for North Herts the average is a gain of 770 persons – so the SHMA baseline assumes a combined gain of 743 persons. The averages for 2001-13 are -11 and +731 respectively, so a combined net gain of 719 persons. Therefore, the trend period we’ve adopted (2001-11) had a higher rate of migration than the trend period the GLA has adopted (2001-13) – so if anything the SHMA marginally over-stated migration.
23. Taking everything together, the FALP is planning for a higher population growth in London than projections based on the period 2001-13; and the Stevenage/North Herts SHMA is based on a (marginally) higher population growth in your area than projections based on the period 2001-13. Whilst it is likely that net migration to the HMA from London will return to long-term trends, it is equally likely that net migration from the HMA to the rest of England will also return to long-term trends. It is not appropriate to factor in the extra growth from London without factoring in wider changes to movement patterns.

Vacant and Second Home Rate

24. For the vacant and second home rate Paragraph 2.74 of the SHMA notes that, *‘Figure 25 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes based on the proportion of dwellings without a usually resident household identified by the 2011 Census. This identified a rate of 1.9% for Stevenage and 2.9% for North Hertfordshire. The rate across Stevenage and North Hertfordshire as a whole was 2.5%.’* For clarity, ORS can confirm that a vacant and second home rate of 1.9% was used for Stevenage in the SHMA.

Time Period

25. Figure 40 of the Stevenage and North Hertfordshire SHMA references a time period for the demographic starting point as being 2016-36, when the Local Plan runs from 2011-31. The period 2016-36 is a typo and should have read 2011-31.

Summary

26. ORS and Stevenage Borough Council welcome the positive submission to the Stevenage Local Plan consultation from the HBF. We note the concerns raised by the HBF around what they perceive to be a potential inconsistency between the London Plan migration assumptions and those of the Stevenage and North Hertfordshire SHMA.
27. ORS do not consider that any migrants have been missed between by the assumptions in the FALP and the Stevenage and North Hertfordshire SHMA. The migration assumptions adopted by ORS were agreed as being appropriate by the GLA in January 2015, with the GLA also agreeing that it was inappropriate to use short-term migration trends.
28. The FALP was based on 2013 round GLA projections. The subsequent GLA 2014-round projections adopt long-term migration trends – so the SHMA is consistent with the latest GLA analysis, and attempting to adjust short-term SNPP trends changes to London migration is effectively a double count because these are already factored in to long-term trends.
29. We trust that the points raised above will help to clarify the situation for the HBF.