North Essex Authorities Strategic (Section 1) Plan

The 2018-based household projections

Report to the North Essex Authorities

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Project Reference

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CONTENTS

1 INTRODUCTION

1.1 The examining Inspector wrote to the North Essex Authorities on 2nd July 2020, further to the publication of the 2018-based household projections by the Office for National Statistics (ONS). The letter summarises the new projections as they relate to Braintree, Colchester and Tendring, and requests a statement from the authorities as follows:

'5. In order to determine whether or not the Plan's housing requirements remain soundly-based, I will need to consider whether or not the publication of the 2018-based household projections represents a meaningful change in the housing situation from the situation that existed when I produced my letter of 27 June 2018.

6. As a first step, I would like to invite the NEAs to address this question. Please could the NEAs provide a statement, with evidence-based reasons, on whether or not they consider that the publication of the 2018-based household projections represents a meaningful change in the housing situation from the situation that existed when I produced my letter of 27 June 2018; and if so, what the implications are for the housing requirement figures in the submitted Section 1 Plan.'

1.2 This statement provides Stantec's advice to the Authorities on the Inspector's question, together with supporting evidence. Below, Section 2 shows how the household projections have changed since the Inspector's June 2018 letter and section 4 considers why those changes have occurred. Section 4 draw conclusions on whether they represent a meaningful change.

2 WHAT HAS CHANGED

Before

2.1 At the time of the Inspector's letter of June 2018, the latest official household projections were the 2014-based release, published by the Department for Communities and Local Government (CLG, now MHCLG) in 2014. The letter endorsed the housing needs shown in the submitted plan, which were taken from the Objectively Assessed Need Study (2016 update). Those assessed needs were calculated for the study period 2013-37 and were derived in different ways for each authority:

- Braintree's housing need was based on the 2014-based official projections. The projections showed household growth of 606 p.a., which with a small adjustment for vacant dwellings produced a demographic starting point of 623 net dpa. The study also applied a 15% market signals uplift, resulting in objectively assessed need of 716 dpa..
- For Colchester, the official projections showed household growth of 831 dpa. With the vacant homes adjustment, this produced a demographic starting point of 866 dpa. There was no market signals uplift,. But the East of England Forecasting Model (EEFM) predicted that to meet labour demand would require more homes, at 920 dpa. The OAN study advised that housing need should be the higher of the demographic starting point and the job-led housing need. Accordingly it found that the OAN was 920 dpa.
- For Tendring, the OAN study set aside the official projections as being unreliable, due to errors in estimating past migration. The study calculated the need by an alternative method, which produced a demographic starting point projection of 480 dwellings p.a. With an uplift for market signals, this resulted in an objectively assessed housing need of 550 dpa, which was endorsed by the Inspector.

2.2 Table 2.1 below summarises the above projections and assessed needs, and compares them with the net new homes delivered in the first five years of the study period, 2013-18. The table uses 2018 as an end date because it is the base year of the new household projections, which we discuss later. Completions data are also available for 2019, but they are of less interest to us, because nothing that happened after 2018 can have influenced the 2018-based projections.

Table 2.1 Household projections, housing need and housing delivery, 2013-18

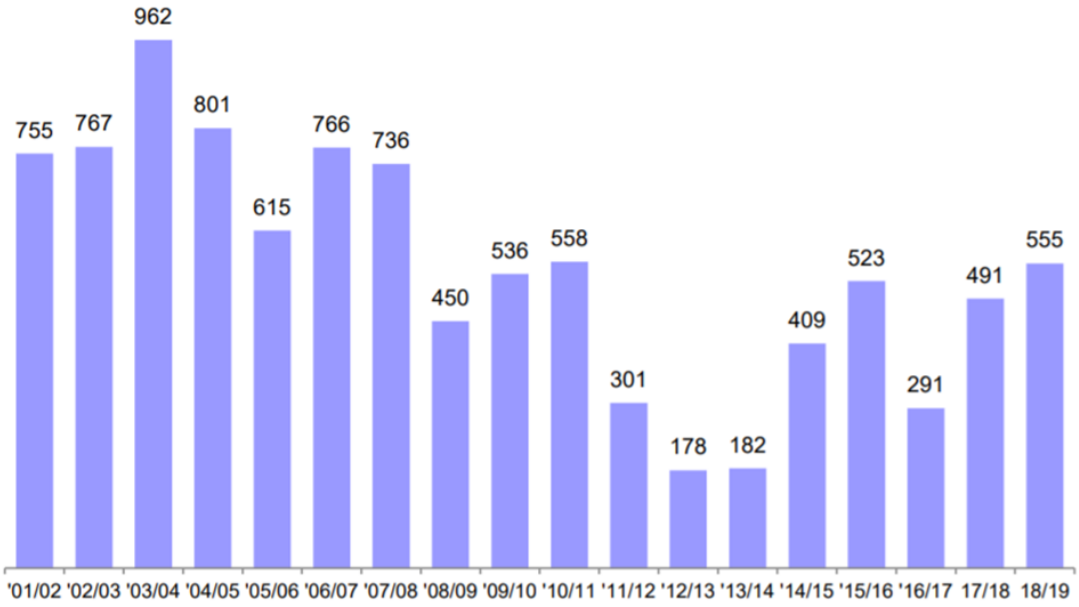
	2014-based h/h projection h/hs p.a.	Demographic starting point Dwellings p.a.	Objectively assessed need dwellings p.a.	Completions dwellings p.a.	Completions as % of starting point
Braintree	606	623	716	379	61%
Colchester	831	866	920	955	110%
Tendring	625	480	550	388	81%
North Essex	2,062	1,969	2,186	1,722	87%

Source: CLG, ONS, Councils, Stantec.

2.3 In Colchester, housing delivery in the period was slightly above the assessed need, and 10% above the growth predicted in the 2014-based projections. By contrast, in Braintree and Tendring delivery fell short not only of assessed needs, but also of the (smaller) demographic starting point. In other words, those two areas did not deliver enough housing to accommodate the household growth shown in the projections. The greater shortfall was in Braintree, which in the five years to 2018 delivered 379 homes p.a., or 61% of the number that would have been required to match the 2014-based projections.

2.4 The chart below shows this housing delivery year by year, together with earlier figures since 2001/02, and one later figure, for 2018/19. It shows that in the early years of the century, until 2007/8, annual delivery was in the region of 700-900 homes. Since 2008/09 numbers have been considerably lower, reaching a low point of around 200 in 2012/13 and 2013/14, since when the trend has been rising.

Figure 2.1 Net housing completions in Braintree District



Source: Braintree District Council Annual Monitoring Report

After

2.5 On 29th June 2020, ONS published the 2018-based household projections, which replace the 2014-based release (the 2016-based projections were published in between, but are not directly relevant to our analysis). Table 2.2 summarises those new projections and compares them with the 2014 version.

2.6 For Tendring, the 2018 projections show a small increase in household growth over the 2014 ones. But as noted earlier the official household projections are not relevant to housing need, because they are distorted by errors in the ONS estimates of past migration, as confirmed in the inspector's letters of 27th June 2018 (relating to the 2014 projections) and 15th May 2020 (relating to the 2016 projections). The same is true of the 2018 projections, because there has been no change in method between

the two releases that would make the migration estimates more reliable. Therefore the projections for Tendring cannot indicate a meaningful change in the housing situation previously considered by the Inspector. We do not consider them further.

2.7 For Colchester, the new projections show fractionally more housing growth than the old ones. The increase is just 18 households per year, or 2% of the original household growth. This increase is insignificant in itself, and the demographic starting point of 849 households p.a. that results from it still far below the job-led OAN of 920 dwellings p.a. Since as noted earlier the OAN is the higher of demographic starting point and the job-led need, the OAN remains 920 dpa. Therefore the new projections do not represent a meaningful change in housing need.

Table 2.2 Household projections compared Household growth, 2013-37

2014-based projection				
	2013	**2037**	**Change**	**Change p.a.**
Braintree	62,368	76,907	14,539	606
Colchester	73,593	93,525	19,932	831
Tendring	62,500	77,508	15,008	625
2018-based projection				
	2013	**2037**	**Change**	**Change p.a.**
Braintree	61,945	70,516	8,571	357
Colchester	73,226	93,596	20,370	849
Tendring	62,530	79,279	16,749	698

Difference, 2018-based less 2014-based			
	Change	**Change p.a.**	**% difference**
Braintree	-5,968	-249	-41%
Colchester	438	18	2%
Tendring	1,741	73	12%

Source: CLG, ONS. The figures are the same as in the Inspector's letter of 2nd Jul 2020 except for rounding.

2.8 For Braintree, the new 2018 projections show annual average growth of just 357 households. This is a reduction of 249 households per year, or 41%, from the old projections. Other things being equal (including no change in Braintree's 15% market signals uplift), under the new projections Braintree's objectively assessed need (OAN) would fall to by 294 dpa, from 716 in the submitted plan to 422 dpa. The North Essex total of course would also fall by 294, from 2,186 to 1,892 – a reduction of 13%.

2.9 The household growth in the new projection is very close to the annual average delivery of 379 homes that was achieved in the five years preceding its base year. In other words, over the first five years of the study period Braintree has been delivering almost exactly the right number of homes to accommodate the annual household growth shown in the 2018 projections.

2.10 To determine if the 2018 projections signal a meaningful change in the housing situation, we need to understand why they are different from the 2014 version. This is the subject of Section 3 below.

3 REASONS FOR CHANGE

3.1 For any geographical area, there are two reasons why the 2018 projections may show different results from the 2014 ones. Firstly and obviously, like each new release, they roll forward the base period, or trend period, which the projections carry forward ('project'). This works differently for different components of change, as we discuss later. A second, more specific, reason is that the underlying methods and assumptions have changed. These changes are of two kinds: some impact on total numbers of households in England, and others on the distribution of that total across local authorities. They impact differently on different local authority areas, depending on their demographic profiles and histories.

3.2 Before we look at the numbers for Braintree, it may be helpful to rehearse briefly how the household projections are made. Both for England as a whole and for individual local authorities, the calculation starts with the ONS population projection, from which it removes people living in communal establishments such as prisons. For the remaining population, known as the household population, the number in each age-sex group is multiplied by the group's household formation rate – also known as household representative rate or headship rate. That formation rate is the proportion of people in each group who are household representatives, or heads of household. As each household has one head and only one, the result of the calculation is the number of households.

3.3 In summary, therefore, the official household projections are driven by two components – population numbers and household formation rates. Below, we discuss these two components and their joint impact, first for England as a whole and then for Braintree.

Projections for England

3.4 The 2018-based household projection shows significantly less growth for England than the 2014-based vintage – 6.3m new households in 2018 against 8.4m in 2014. Virtually all of this reduction occurred between the 2014 and 2016 releases; between 2016 and 2018 the England total was virtually unchanged. The reduction is due to reductions in both components of change – population growth and household formation. These reductions in turn are explained by changes in method and assumptions introduced in the 2016 projections.

3.5 The reason for the expected fall in population growth is that the ONS expected more deaths, as the long-standing growth is life expectancy had flattened out.

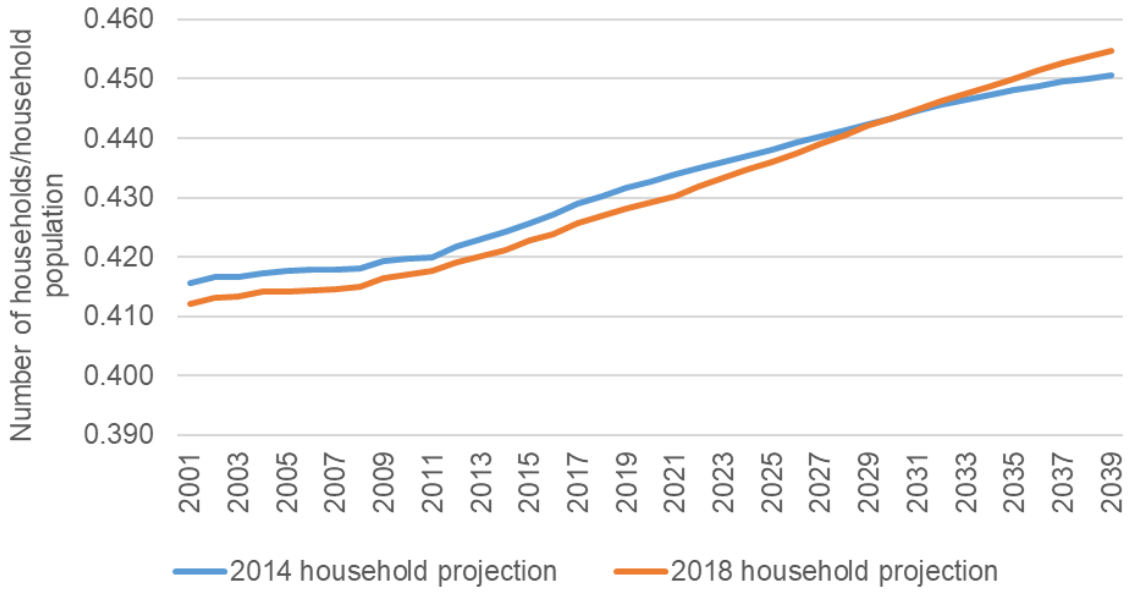
3.6 Expected household formation also fell in general between the 2014 projections and later vintages, depending on age-sex group. The reason is that ONS, on taking over the projections from CLG (now MHCLG), changed the base period whose trends the projection rolls forward ('projects'). While the previous base period started at the 1971 census, ONS shortened it to just two data points, the 2001 and 2011 censuses (the projected formation rates follow that trend until 2021 and thereafter remain fixed).

3.7 The reason for the change was that historical data before 2011 were considered unreliable, due to changing definitions. The result is a more pessimistic view of future formation rates, and hence household numbers, than was the case in 2014 and earlier. This is because the period 2001-11 saw a downturn compared to earlier years (mainly due to demand-side factors, such as younger people having lower more precarious incomes).

3.8 The impact of these national changes play out differently in different local areas, depending on each area's age-sex profile and demographic history.

3.9 For Braintree, it seems that worsening household formation rates have not contributed to the downward revision in Braintree's household projection. This is pictured in the chart below. For the end year of the study period, 2037, Braintree's formation rates are slightly higher in the 2018 than the 2014 projection.

Figure 3.1 Aggregate household formation rates, projections compared



Source: NMSS analysis of ONS data

3.10 By contrast, the increase in national death rates does impact on Braintree. We will estimate that impact in the next section.

Projections for Braintree

Alternative household projections

3.11 To understand what happened to the household projections between the 2014 and 2018 releases, it will be helpful to look at a range of alternatives. Table 3.1 shows a series of household projections for the district (it also shows corresponding migration data, which we will discuss later). Below, we first explain briefly how these projections were derived, before discussing the figures themselves.

Table 3.1 Alternative household projections and past migration, Braintree

Projection release (migration base period)	Household growth p.a. 2013-37	Net migration p.a. in base period
CLG 2014-based (2009-14)	606	567
ONS 2016 -based (2011-16)	487	432
ONS 2018 -based (2016-18)	357	9
ONS 2018-based variant - 10-year migration (2008-18)	440	387
ONS 2018-based variant - five-year migration (2013-18)	375	271
NMSS 2019-based (2014-19)	430	354

Source: ONS, NMSS

3.12 The first three rows of the table show the latest releases of the main household projection (known as the principal projection

3.13 The 2018-based release is derived by a different method from the others, in that the population projection behind it (SNPP 2018) uses a different trend period for internal (within-England) migration. In previous releases, the trend period whose internal migration rates the SNPP rolled forward was five years. But in the 2018-based projections ONS shortened the period to two years. The reason was that for those latest two years the Mid-Year Population Estimates had been using a new, improved method to measure past internal migration, including the Higher Education Leavers Method (HELM), to provide a more accurate view of where people move to on leaving University[1].

3.14 At the time the 2018-based SNPP was prepared, there were only two years of historical data produced through the new improved method. ONS chose to use those two years as the base for the projection, because they reflected a more accurate history, albeit with the risk that this very short history would be unrepresentative of longer-term reality[2]. In our opinion, a projection based this very short trend period is not a reasonable starting point for assessing housing need, because migration fluctuates widely from year to year, and for many local authority areas it is the main driver of population and household change.

3.15 To mitigate the risk that a two-year trend period may be unrepresentative, the 2018-based projections provide two variants using longer trend periods for internal migration, covering five and 10 years. These alternatives are also shown in Table 3.1. They are technically imperfect, being based on a combination of old and new methods. One such imperfection is that the ONS did not correct past estimates to take account of HELM, and therefore the history that the variant projections carry forward includes years in which the destinations of higher education leavers were calculated through both new and old methods.

3.16 Finally, the bottom row of the table shows our own independent projection, produced by Neil McDonald's NMSS model. The NMSS projection is based on a five-year migration history, which should produce more stable results than the ONS's two

[1] See ONS, *Population estimates for the UK, mid-2019: methods guide,* last revised July 2020

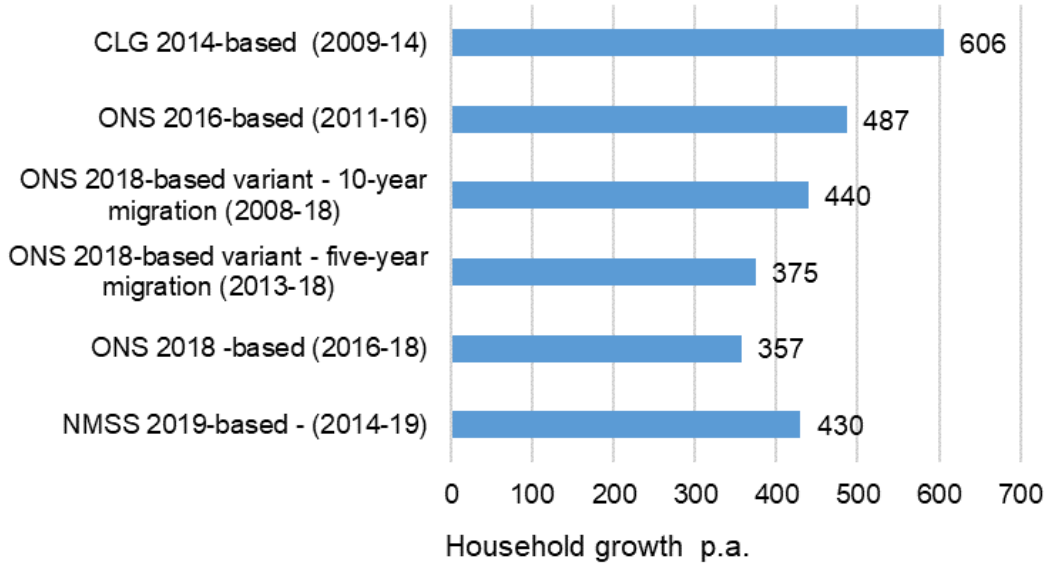
[2] See ONS, *Impact of different migration trend lengths*: March 2020

years. It also makes a (relatively crude) adjustment for the Higher Education Leavers' method, so that the migration in the five-year reference period is estimated on a consistent basis. Also, the NMSS projection is 2019-based, so it takes account of the latest (2019) Mid-Year Population Estimates, which he 2018 ONS projections by definition do not.

3.17 Turning to the substance of Table 3.1, one point of interest is that the 2018-based five-year migration, at 375 households p.a., is very close to the main 2018-based main projection of 357 households p.a. This suggests that in this particular case the length of the trend period does not make a significant difference to the projection. But that variant is not necessarily reliable, because as mentioned earlier it is derived through a mixture of two methods. The NMSS projection in the last row of the table aims to provide a more robust five-year-based scenario.

3.18 Looking at the different projections more generally, there is a clear relationship between the trend periods used for migration and the projected household growth. This is apparent from the chart below. The chart shows the same data as Table 3.1, but slightly re-arranged, so the projections with the longest-ago trend periods are at the top, and the moist recent base periods at the bottom.

Figure 3.2 Household projections and migration base periods, Braintree 2013-37



Source: ONS, NMSS

3.19 The general pattern is that the more recent the trend period, the smaller the projected household growth; conversely, the longer ago the base period, the greater the projected growth. Thus, looking at the official projections, the highest growth (606 p.a.) is in the 2014-based projection, which is based on the trend period 2009-14, while the lowest growth (357 p.a.) is in the 2018-based projection, which is based on the trend period 2016-2018.

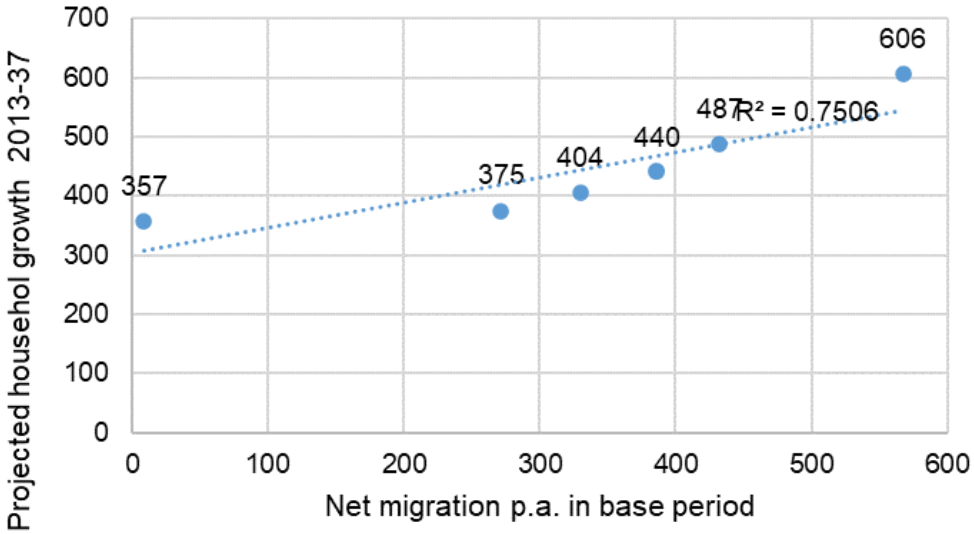
3.20 The one exception to this pattern is the NMSS 2019-based projection, which shows more growth than the ONS 2018 projection (430 against 357 households p.a.),

although it is slightly more recent. Other things being equal (including no change in Braintree's 15% market signals adjustment), under the NMSS 2019 projection Braintree's objectively assessed need (OAN) would fall from 716 dpa in the submitted plan to 508 dpa. Total housing need for North Essex would fall by 12%, from 2,186 dpa in the submitted plan to 1,978 dpa.

3.21 The main reason why the NMSS projection is so high is that the 2019 MYES show exceptionally high population growth in that year – equal to1,034 people, more than double the figure of 409 people that was predicted in the 2018-based ONS projections. The exceptional growth is due to very high net internal in-migration, at a level unprecedented in the last 10 years (see Figure 3.4 later in this paper). It illustrates how unstable, and hence how unreliable, are projections based on just two years' migration history.

3.22 To return to Table 3.1, a further point of interest is the relationship between the projected household growth shown in the first column and the annual migration shown in the second column. This relationship is pictured in the chart below, where each point represents one of the alternative household projections. For example, the point labelled 357 represents the ONS 2018 projection, where the projected household growth is 357 households p.a. and the internal migration in the base period is 9 households p.a.

Figure 3.3 Relationship of alternative household projections to past migration, Braintree



Source: ONS, NMSS

3.23 There is a close linear relationship between the two variables, so that 75% of the variation between projections in future household growth is explained by differences in base-period migration. This supports our earlier suggestion that the differences between projections are driven by population growth, rather than household formation. It also identifies the particular element of population growth which is mainly

responsible: that element is internal migration to and from the rest of the UK. This finding is confirmed by the more detailed analysis in the next section.

3.24 In summary, the analysis in this section has produced three main findings about Braintree's household projections:

- Firstly, the reduction in the district's household growth between the 2014 and 2018 projections is not an isolated incident. It fits into a wider pattern, whereby the household projections where migration is based on more recent periods predict lower household growth for Braintree (except for the 2019-based version, as discussed earlier).
- Secondly, the ONS 2018-based projected growth of 357 dpa is unstable, and hence unreliable, due to the trend period for migration being just two years. A projection based on 2019 and five years' migration lifts future household growth to 430p.a.. But this is still considerably less than the 606 households p.a. in the official 2014-based projection.
- Thirdly, the differences between household projections are mainly determined by differences in population growth, and specifically to one of the components of that growth, which is migration within the UK.

3.25 In the next section we look more closely at that population growth and migration, to understand the mechanics of change between the 2014 and 2018 official projections.

Population change

3.26 Table 3.2 compares the 2018-based and 2014-based principal projections with regard to the components of population change.

3.27 In round numbers, between the two projections Braintree's expected population change for the study period fell by some 15,000 people, from 24,000 to 9,000. By far the largest component of this difference is a reduction in net internal (within-UK) migration, amounting to some 9,500 persons.

3.28 The next largest component is a 3,000 fewer births, followed by 1,800 more deaths. The reduction in births does not impact on the household projection, because babies born in the study period will be too young to form households in that period.. But the increase in deaths does reduce projected household growth, especially as older people tend to have high formation rates, because they live in smaller households.

3.29 In short, there are two main reasons why the expected population growth went down between the two projections: lower net inward migration and (less important) more deaths. The increase in deaths reflects the revised view of the ONS, that life expectancy across England will not continue to rise as previously expected. But the reduction in migration is a factor specific to Braintree, which needs closer investigation.

3.30 With regard to migration, the table illustrates one further point of interest. It shows how net internal migration is the small difference between the two much larger numbers that are gross inflows and gross outflows. In the ONS 2014 projection, for example, both grows flows are in excess of 150,000 people, while the net balance is

around 19,000 people. This helps explain why net migration can fluctuate wo widely from year to year, and hence why projections based on only a few years can be so unstable.

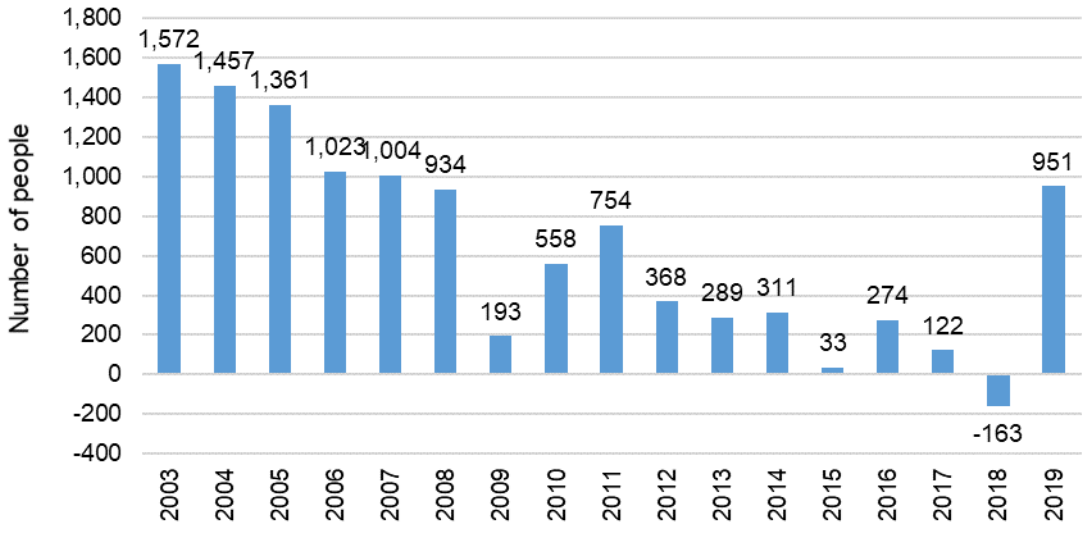
Table 3.2 Components of population change, Braintree 2013-37, two projections

Persons	2014-based	2018-based	Difference
Natural Change	2,600	-2,503	-5,103
Births	39,100	36,149	-2,951
Deaths	36,900	38,651	1,751
Internal Migration (UK) In	171,300	179,465	8,165
Internal Migration (UK) Out	152,700	170,409	17,709
Internal Migration (UK) Net	18,600	9,056	-9,544
International Migration In	9,300	9,076	-224
International Migration Out	6,900	6,723	-177
International Migration Net	2,400	2,353	-47
Other / special	0	-3	-3
Population change	24,300	8,977	-15,323

Source: ONS - MYEs, SNPP. ONS notes that components may not add up exactly, due to rounding and controlling adjustments.

3.31 The reason why projected internal migration has fallen is clear from the chart below, which shows past internal migration, from the Mid-Year Estimates.

Figure 3.4 Net within-UK migration, Braintree, 2003-19



Source ONS MYEs

3.32 Annual averages for the base periods of different projections are as follows:

2014-based projection (2009-14): 456 people
2018-based main projection (2016-18): minus 41 people

3.33 Net internal migration in the base periods of the 2018 projection (both two and five years) was considerably lower than in the five-year base period of the 2014 projection. This is the reason why the 2018-based population projections are considerably lower than the 2014-based ones - although, as mentioned earlier, the 2019 MYEs show very high net migration again, at a level not seen in the previous 10 years.

Components of household change

3.34 The analysis above has suggested that the change between the 2014 and 2018 household projections for Braintree is explained by two main factors: a national rise in expected death rates, and falling within-UK migration since 2009. The table below, produced by NMSS model, quantifies the contribution of these factors – and other, much less important ones - to the change in projected household growth.

Table 3.3 Components of difference between ONS 2018 and CLG 2014 household projections

Household change p.a.	
CLG projection 2014	606
Difference due to changed mortality rates	-92
Difference due to changed international migration	10
Difference due to changed internal migration	-178
Difference due to changed household formation rates (HRRs)	11
ONS projection 2018	357
Total difference ONS 2018 - CLG 2014	-249

Source: NMSS. The figures should only be regarded as a broad indication of the impact of the different changes, as the numbers will vary according to the order in which the changes are made, and some simplifying assumptions have been made.

3.35 As mentioned earlier, between the CLG 2014 and ONS 2018 projections Braintree's projected annual household growth fell by 249 households. Of this reduction, 92 households p.a.. is due to higher national mortality rates and 172 households p.a. to reduced future net migration – which, as discussed earlier, is due in turn to a fall in past net migration between the respective trend periods of the two projections, 2009-14 and 2016-18[3].

3.36 In Table 3.4, we look at the change between the ONS 2014 projection and the 2019-based version modelled by NMSS. We do this because NMSS 2019 may be

[3] The negative impact of these two factors adds up to more than 249, because two minor factors – international migration and household formation rates – impact positively, though insignificantly, on household growth.

considered an improved variant of ONS 2018: like ONS 2018 it updates the 2014 release in the light of more recent data, but it does uses more recent data, adjusts for inconsistencies in method (due to HELM), and – most important – carries forward migration from a longer trend period.

Table 3.4 Components of difference between NMSS 2019and CLG 2014 household projections

Household change p.a.	
CLG household projection 2014	606
Difference due to changed mortality rates	-92
Difference due to changed international migration	10
Difference due to changed internal migration	-110
Difference due to changed household formation rates (HRRs)	16
NMSS projection 2019	430
Total difference NMSS 2019 - CLG 2014	-176

Source: NMSS. . The figures should only be regarded as a broad indication of the impact of the different changes, as the numbers will vary according to the order in which the changes are made, and some simplifying assumptions have been made.

3.37 Between the CLG 2014 and NMSS 2019 projections, Braintree's projected annual household growth fell by 176 households. Of this reduction, 92 households p.a. is due to higher national mortality rates and 110 households p.a. to reduced future net migration – which, as discussed earlier, is due in turn to a fall in past net migration between the respective trend periods of the two projections, 2009-14 and 2014-19[4].

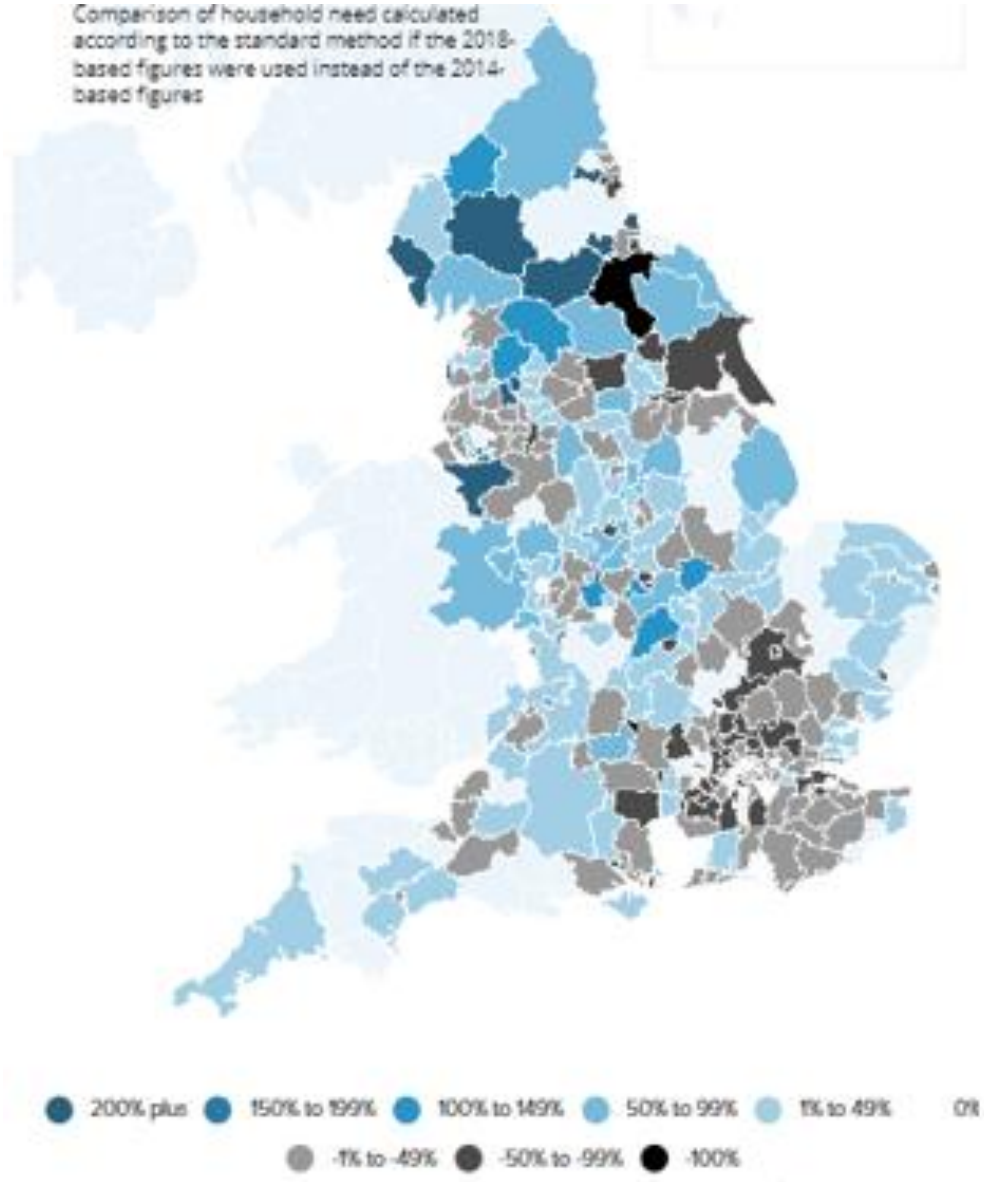
The wider picture

3.38 To put Braintree in context, Figure 3.5 below shows the change between the 2014 and 2018 household projections across England.

3.39 Between the two sets of projections, the greatest falls in expected household growth are generally in areas of high demand and constrained supply, mostly in major conurbations and their surrounding commuter belts. Braintree of course is one such place. The new projection shifts household growth to less constrained locations, for example from Braintree to Colchester and further afield to Suffolk. Again, this suggests that Braintree's experience is typical. Across England, housing supply in the most popular and constrained local authorities has not been enough to accommodate growth in line with the 2014 projections. Therefore population and household growth was displaced to less constrained areas, and the 2018 projections roll forward this new geography into the future.

[4] Again, the negative impact of these two factors adds up to more than the total of 176 households, because two minor factors – international migration and household formation rates – impact positively, though insignificantly, on household growth.

Figure 3.5 Change in projected housing growth, between 2014- and 2018-based official projections, %



Source: PlanningResource

4 SUMMARY AND CONCLUSION

The question

4.1 The housing need figures in the submitted North Essex Section 1 Local Plan, as supported by the examining Inspector in his June 2018 letter, were underpinned by the official CLG 2014-based household projections. On 29th June 2020 those projections were superseded by new official household projections, this time produced by ONS and 2018-based. The Inspector has asked the North Essex Authorities whether the new projections represent a meaningful change in the housing situation. To answer this question, we first consider what has changed between the two sets of projections, and then why those changes have occurred.

What has changed and why

4.2 The new projections have no impact on Tendring's assessed housing need, because the need figure shown in the submitted plan, and endorsed by the Inspector, was not derived from official household projections. For Colchester, the new projections increase annual average household growth over the plan period by just 18 households; this change is far too small to impact on the OAN formerly supported by the Inspector. In relation to Colchester and Tendring, therefore, the new projections do not represent a meaningful change in the housing situation.

4.3 For Braintree, the new 2018 projections show annual average growth of just 357 households. This is a reduction of 249 households per year, or 41%, from the old projections. Other things being equal (including no change in Braintree's 15% market signals uplift), under the new projections Braintree's objectively assessed need (OAN) would fall to by 294 dpa, from 716 in the submitted plan to 422 dpa. The North Essex total of course would also fall by 294, from 2,186 to 1,892 – a reduction of 13%.

4.4 The new projections have a technical weakness, in that the base period whose migration they roll forward into the future is only two years. This short base period may make the projections unstable, because migration fluctuates widely from year to year, and for Braintree (like many other local authority areas) it is the main driver of household change.

4.5 To sensitivity-test the impact of this weakness, we have modelled an alternative new projection that uses a five-year base period for migration, and also is 2019-based, so it takes account of the latest Mid-Year Population Estimates. This alternative projection ('NMSS 2019') shows growth of 430 households per year over the plan period – more than ONS 2018, but still considerably less than the ONS 2014 projection that informed the submitted plan.

4.6 Other things being equal, under the NMSS 2019 projection Braintree's OAN would fall by 208 dpa, from 716 dpa in the submitted plan to 508 dpa. Total housing need for North Essex would fall by 12%, from 2,186 dpa in the submitted plan to 1,978 dpa.

4.7 Considered together, other things being equal the two new projections imply a reduction in Braintree's housing need of between 208 and 294 dpa. The evidence suggests that this is due to changes in underlying realities, rather than just technical changes in method. Specifically, the reduction is caused by two changes that have occurred since the 2014 projections:

- Firstly, net internal (within-UK) net migration to Braintree has been falling over time – from 456 people per year in the five years to 2014, to 243 people per year in the five years to 2019, to minus 41 people a year in the two years to 2018.
- Secondly, the ONS revised upwards the expected mortality rates across England, as the rise in life expectancy has flattened out[5].

4.8 The causes of changing death rates are obviously nothing to do with the local housing market. But the fall in migration over time probably does result from constrained housing supply, given that Braintree since 2013 has not delivered enough housing to accommodate the household growth shown in the 2014 official projection (let alone the assessed housing need, which is 15% higher). In fact, Braintree's housing delivery was just enough to accommodate the (lower) 2018-based official projection. Judging from the market signals analysis in the 2016 OAN report, the historical constraint on housing delivery has probably been a lack of planned land supply, rather than a deficiency of market demand. The OAN study found that this shortage of land had been offset by a surplus in Colchester. But the ONS 2018 projections suggest that this will no longer apply in future, as the insignificant increase in Colchester's projected growth is not remotely enough to counterbalance the reduction in Braintree's projection.

4.9 The falls in Braintree's housing delivery and in-migration since 2013 are only the latest manifestation of longer-term trends, which saw very high levels of both variables in the early years of the century until 2008 or 2009, followed by much lower numbers thereafter. Similarly, Braintree's experience is only the local manifestation of a wider geography, in which areas of high demand and constrained supply have not delivered enough housing to accommodate the household growth in the 2014 projection, and consequently in the 2018 projection growth has shifted to less constrained places.

Has there been meaningful change?

4.10 Whether the higher number of deaths and reduced migration for Braintree are meaningful changes in the housing situation, of course depends on the exact meaning of 'meaningful'. The PPG does not provide a definition. As we understand it, a meaningful change is a change that justifies revising the housing needs assessment and the resulting housing requirement, or target. To determine this issue requires judgment, to balance the benefit of revising the numbers against any cost, effort or delay to the plan that would be required to make the change.

[5] For the avoidance of doubt, this change is unrelated to COVID-19, as all the projections discussed in this report are based on data that pre-date the pandemic.

Mortality

4.11 In relation to future deaths, the nature of the change is that ONS has revised its view at national level, in the light of the latest information. This view relies on judgment as much as hard evidence, but in the present context we should assume that ONS's judgment is the best available. If we accepted the new projection, Braintree's annual household growth over the study period would be reduced by 92 households from the figure underpinning the plan. After adjustment for vacant homes and market signals, this would reduce housing need for Braintree (and hence for North Essex) by 109 dpa. Whether this is an appropriate response to the new projections, should be judged pragmatically, on the balance of benefit and disadvantage set out in the last paragraph.

Migration

4.12 In relation to reduced future migration, the question more complicated, because the base date of the plan is so many years ago. If a new Local Plan were submitted this year based on the old PPG, it should certainly use as a starting point the latest demographic projections. The 2014-based projections would be irrelevant, because much of the growth that in 2014 was projected to happen in Braintree is now projected to happen in other areas, so if we used the 2014 projections while other Councils use the 2018 version we would be double-counting.

4.13 But a plan that starts in 2013 in a different matter. As we have seen, the main reason why the 2018 projections are lower than the 2014 ones appears to be that in the first five years of the plan period housing delivery has been too low to accommodate the projected growth. Consequently population and household growth in those years was below that predicted in the old projections, and the new projections rolled forward that low growth into the future.

4.14 In summary, the main reason why the projected housing growth went down is that the since the base date of the submitted plan the planned land supply has fallen short of the original projection. In other words, the assessed housing need from 2013 onwards was correct. The reason why that need appears to have gone down is that it has not been met – a self-fulfilling prophecy.

4.15 Logically, this does not seem to justify a reduction in the assessed need from 2013 onwards, suggesting that the reduction in projected growth due to lower migration is not a meaningful change in the housing situation. How the North Essex Authorities respond to this reduction is a matter for planning judgment - which should take account of the analysis in this paper, and also of the implications of any course of action in terms of cost and delay.