LICHFIELDS

Briefing Note

Date 1st June 2018
To Tendring Local Plan EiP Inspector
From Lichfields on behalf of City & Country
Subject **Implications of the 2016-based SNPP on Tendring District's OAHN**

Introduction

1.1 This note deals with issues raised by the recent release (on 24th May 2018) of the 2016-based Sub-National Population Projections [SNPP] by ONS in the context of Tendring District Council's [TDC] full Objectively Assessed Housing Need [OAHN] and, in turn, the housing requirement of 550 dwellings per annum [dpa] identified in Policy SP3 of the emerging Tendring District Local Plan: 2013-2033 and Beyond (2017). It has also been drafted in the light of the recent Great Bentley conjoined Inquiry[1] in Tendring during which Lichfields gave evidence on behalf of the appellant, City & Country, regarding Tendring District's OAHN.

1.2 It provides further evidence to supplement the debate held during the EiP Hearing Session Matter 3: Meeting Housing Needs (Policy SP3), and in particular, the Inspector's MIQs:

Question 2a): Is the PBA Study justified in using a baseline household growth figure of 445 dpa for Tendring, rather than using the 625dpa figure from the 2014 based DCLG household projections, and

Question 3): Should the Section 1 Plan make provision for higher or lower housing requirement figures, and if so, what is the justification for the alternative figures?

Approach taken to identify Tendring District's OAHN

1.3 The Council's evidence at that Inquiry centred around the extent to which the official ONS and CLG population/household projections were robust for Tendring District. TDC's evidence comprised of several housing needs assessments undertaken in recent years, most importantly by PBA and particularly new evidence produced by Mr Neil McDonald specifically for the Great Bentley Inquiry.

1.4 The PBA report, dated November 2016[2], provides an assessment of housing need for Braintree, Chelmsford, Colchester and Tendring. PBA considered that both the 2012-based and 2014-based SNPPs / Sub-National Household Projections [SNHP] were unsound, as they were both founded on what they viewed to be unreliable migration data resulting from recording errors over the inter-Censual period 2001-2011. These errors (referred to as Unattributable Population Change, or UPC) were considered by PBA to be reflected in the ONS's Mid-Year Population Estimates [MYE] over-estimating the District's population by around 10,500 residents over the intervening ten-year period to 2011.

1.5 By assuming that this over-estimation was entirely due to migration errors and adjusting past trend projections accordingly, the Council's consultants concluded that a more appropriate demographic starting point for the OAHN would be 480 dpa, a significant reduction on the level

[1] Planning Inspectorate No. Appeals: APP/P1560/W/17/3183626, 3183678 & 3183695
Tendring District Council Application References: 17/01096/OUT, 17/01097/OUT & 17/01098/OUT
[2] PBA (November 2016): Objectively Assessed Housing Need Study Update

of need generated by the 2014-based SNHP alone. This figure was subsequently uplifted by 15% (to address worsening housing market signals), to 550 dpa.

1.6 At the Great Bentley Inquiry, which opened on 12th December 2017, the Council moved away from the PBA housing need analysis and sought to rely on new evidence produced by Mr McDonald, who concluded that Tendring's OAHN was just 480 dpa. In contrast, Mr Robinson's evidence for Lichfields on behalf of the appellant concluded that the OAHN range was 570 dpa to 670 dpa, and that a mid-point of 620 dpa should be adopted as the OAHN.

1.7 Whilst there were many areas of disagreement between Mr Robinson and Mr McDonald regarding Tendring District's OAHN, the key positions on the 2014-based SNPP were as follows:

1 **Re-basing the household projections to incorporate the 2016 MYE:** Mr McDonald contended that the error in Tendring's migration flows between 2001 and 2011 had continued at approximately the same rate since 2011. Lichfields considered that it was entirely appropriate to incorporate the 2016 MYE into the OAHN calculations for Tendring District as the ONS's Uncertainty Measures tool indicated that the level of certainty that could be attributed to the accuracy of Tendring's MYEs for 2012-2015 was very high;

2 **Mr McDonald's incorporation of the ONS's future mortality rates from the 2016-based National Population Projections [NPP] into the Tendring projections:** Following the release by ONS of the 2016-based NPP on 26th October 2017, which increased mortality rates, Mr McDonald adjusted Tendring's mortality rates accordingly. This had a significant (suppressive) impact on Mr McDonald's OAHN. Lichfields considered this to be erroneous on a number of grounds, including that it was inappropriate to attempt to 'second guess' the District's 2016-based SNPP without making adjustments to birth rates and migration also.

3 **The extent to which historic migration flow errors have contributed to the substantial 10,533 UPC error in Tendring:** Both witnesses accepted that the level of UPC for Tendring District between 2001 and 2011 was high, and that the population estimate rolled forward from 2001 was 10,533 higher than the 2011 Census based population estimate. However, Lichfields considered that the approach taken by the Council's housing consultants to adjust the likely impact of UPC on the ONS's SNPP had been consistently over-stated.

1.8 **Lichfields is mindful of the late stage of the Tendring Local Plan Examination. However, given that the population projections are so fundamental to the Local Plan's housing requirement, and as the new 2016-based SNPP demonstrate clear flaws in the Council's approach, we consider the submission of this Note to be vital to enable the Inspector to reach an informed judgement on the soundness of TDC's Local Plan.**

1.9 This short note therefore provides an overview of the latest 2016-based SNPP and provides commentary on its implications for the Council's OAHN.

The 2016-based SNPP findings for Tendring and their implications for the OAHN

1.10 The 2016-based SNPP provide statistics on the potential future size and age structure of the population in England at region, county, local authority, clinical commissioning group and NHS England region levels. They are used as a common framework for informing local-level policy

and planning as they are produced in a consistent manner across all areas and use a robust methodology so that they are relevant for all types of users.

1.11 They are produced using the cohort component methodology and are based on the local authority MYEs. The cohort component method is a standard demographic method that uses high quality data sources to inform the three major components of population change; natural change (births, deaths and ageing), migration and special populations. Assumptions made about future fertility, mortality and migration at local authority level are based upon recent observed trends from the components of change, which are published with the latest MYE. The assumptions use five years' worth of trend data. They are constrained to the equivalent national population projections for England, which means that all local authorities are scaled proportionally such that they sum to the equivalent national population projections for England[3].

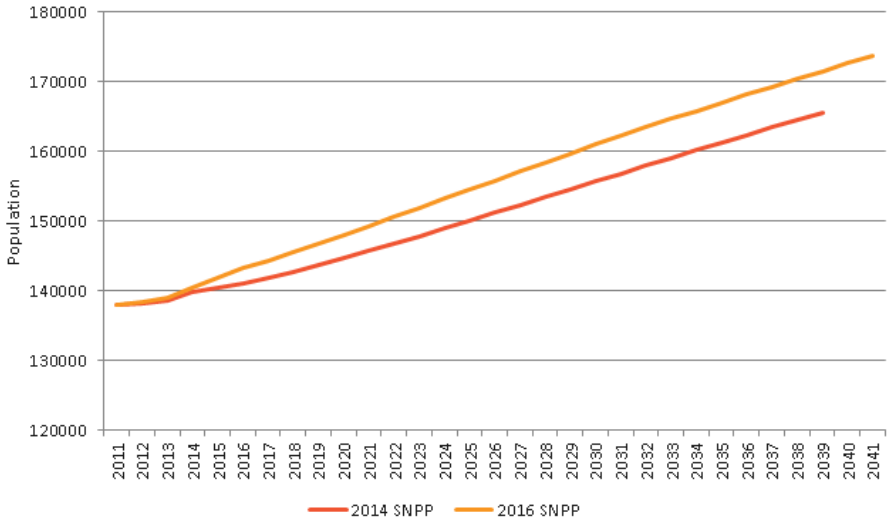
1.12 They will also be used in the production of the 2016-based household projections for local authorities, to be published in September 2018[4], which CLG considers to be 'the starting point' for calculating overall housing need[5].

1.13 The production of the 2016-based SNPP was unusual as a number of changes were made to the methodology and source data. In these projections ONS updated the methods used to calculate local authority-level international migration outflows, asylum seeker flows, and migration flows between England and the three other countries of the UK. For example, cross-border migration data is now calculated at individual country level using five years of trend data. ONS also improved the methodology used to project the population of foreign armed forces, home armed forces returning from Germany and their respective dependants. In addition, the statistical model for creating emigration estimates has been improved and these improvements have been implemented in the revised population estimates and consequently in the trend data for emigration used in the projections.

1.14 In terms of the figures themselves, the population growth is projected to be slower at a national level. According to ONS, this is because of lower assumptions about future levels of fertility and international migration, and an assumption of a slower rate of increase in life expectancy[6]. However, whilst many local authorities across the country are now projected to experience a lower level of population growth in the latest projections than in the 2014-based SNPP, the reverse is very much true for Tendring District.

[3] ONS (24th May 2018): Subnational Population Projections QMI
[4] ONS (24th May 2018): Subnational population projections for England: 2016-based
[5] Planning Practice Guidance, 2a-015-20140306
[6] ONS (26th October 2017): National Population Projections Statistical Bulletin

Figure 1: Change in Population Growth in Tendring



Source: ONS 2016-based SNPP/2014-based SNPP / Population Estimates Revision Tool

1.15 Indeed, when one compares the 25-year growth period for the 2016-based SNPP and the 2014-based SNPP, **Tendring District has the fourth largest increase between the two projections in numerical terms, of any authority in the country**. The latest projections suggest a 25-year growth of 30,394 residents, compared to 25,600 in the 2014-based SNPP – a difference of 4,794 residents, which is behind only Liverpool (+12,636), East Devon (+5,414) and Knowsley (+4,889) out of all 326 local authorities in England.

1.16 Figure 1 charts the scale of this growth in Tendring projected under the two most recent SNPPs, and indicates that the two begin to diverge in earnest from 2015 onwards, with the **gap widening to 6,005 residents by 2039**.

1.17 In terms of what this means for Tendring's OAHN and Local Plan housing requirement, over the plan period, the 2016-based SNPP now projects a population growth of 30,248, or 22%. This is 22% higher than the level of growth projected in the 2014-based SNPP (+24,708) and represents a **difference of 5,540 residents over that 24-year time period** (Table 1).

Table 1: SNPP Comparison for Tendring District

	2013	2037	Growth	%
2014-based SNPP	138,721	163,429	+24,708	**+17.8%**
2016-based SNPP	139,037	169,285	+30,248	**+21.8%**
Difference	**316**	**5,856**	**+5,540**	

Source: Lichfields Analysis / Tendring Farms Limited

1.18 In terms of the components of change, Table 2 summarises the extent to which natural change and migration contribute to the change in population growth between the two scenarios. Although rounding errors ensure that the rows do not add completely, it is clear that there are significant differences between the two sets of projections.

1.19 Regarding natural change, the number of births is projected to decline under the 2016-based SNPP, whilst the number of deaths is projected to increase by around 3,700. This means that

the 2016-based SNPP loses around 4,700 more residents over the 24-year plan period due to natural change than under the 2014-based SNPP.

Table 2: SNPP Comparison for Tendring District – Components of Change (rounded) 2013-37

2013-2037	2014-based SNPP*	2016-based SNPP*	Difference*
Net Population Growth	**24,700**	**30,300**	**+5,600**
Births	33,200	31,700	-1,500
Deaths	49,800	53,500	+3,700
Natural Change	**-16,800**	**-21,500**	**-4,700**
Internal Migration In	165,800	176,400	+10,600
Internal Migration Out	123,800	127,000	+3,200
International Migration In	7,300	5,700	-1,600
International Migration Out	7,200	3,000	-4,200
Cross-border Migration In	2,300	2,100	-200
Cross-border Migration Out	2,300	2,100	-200
All Migration Net	**41,500**	**51,200**	**+9,700**

Source: Lichfields Analysis / ONS 2016-based SNPP CoC Table 5 / ONS 2016-based SNPP CoC Table 5 / ONS Population Estimates Revisions Tool

*Note – rounding errors ensure columns do not add

1.20 However, this is more than compensated for by the changes to migration. The number of migrants moving into the District from elsewhere in England is projected to increase by around 10,600, whilst the number moving out of the District is projected to increase by 3,200. Regarding international migration, the number of immigrants and emigrants is projected to decline significantly in the latest set of projections, although the number of Tendring residents projected to leave the country is around 4,200 lower. As a result, **net migration is around 9,700 higher under the latest set of projections**.

1.21 This all has significant implications for Tendring's OAHN. I address the three main areas of concern Mr McDonald raised with the reliability of the 2014-based SNPP (and how these have been rectified by the latest projections) in turn below.

1) Whether the household projections should have been adjusted to incorporate the 2016 MYE

1.22 At the Great Bentley Inquiry, Mr McDonald contended that the error in Tendring's migration flow estimates that he considered had occurred between 2001 and 2011 had continued at approximately the same rate since 2011. He considered that the 2016 MYE over-estimated the population by 2,520, or 504 people a year between 2011 and 2016, and that this was similar to the error in migration flow estimates prior to 2001.

1.23 Lichfields considered that these assumptions were erroneous and that it was entirely appropriate to incorporate the 2016 MYE into the OAHN calculations for Tendring District. Firstly, it was noted that the quality of the MYEs are consistently monitored by ONS. This includes quality assurance of the administrative and survey data sources that are used to calculate the estimates to ensure that they are suitable for this purpose.

1.24 Furthermore, Uncertainty Estimates have been created by ONS to give users additional information of the quality of these MYEs. This tool indicated that the level of certainty that could be attributed to the accuracy of Tendring's MYEs for 2012-2015 was high. Indeed, out of

all 348 districts in England and Wales, only five had a lower uncertainty measure than Tendring District as a percentage of its population.

1.25 On 22nd March 2018 ONS produced revised estimates of the usually resident population for mid-2012 to mid-2016. Methodological improvements have been implemented allowing the creation of a new series of estimates that roll forward the 2011 Census. According to ONS[7]:

"We have made improvements to population estimates for England and Wales from mid-2012 to mid-2016; these revised figures include new estimates of local authority international emigration and foreign armed forces dependants."

1.26 The 2016-based SNPP is based on these recently revised 2016 MYEs, and also uses a revised back-series of population estimates and component data. The previous 2016 MYE suggested that Tendring District's population at that time was 142,598. **The latest, revised, MYE for 2016 suggests that far from over-stating the District's population, the figure has actually been revised upwards, to 143,353 – an uplift of 755 residents**.

1.27 This would have a clear knock-on effect for housing needs. This figure now underpins the 2016-based SNPP and in the absence of any robust evidence to the contrary, should be factored into any future housing need modelling for the Borough.

2) The impact of ONS's change to Mortality Rates at a National level

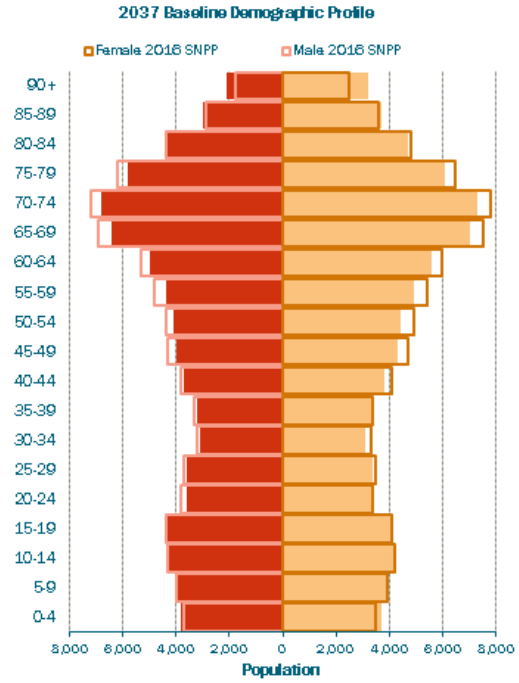
1.28 The Council's justification for 480 dpa is heavily founded on the presumption, set out in Mr McDonald's evidence, that the ONS's latest NPP figures increased mortality rates, and that given Tendring District's elderly population, this should be incorporated into the modelling. This had the effect of reducing housing need by around 50 dwellings per annum.

1.29 Whilst Lichfields criticised this approach in a number of areas, chief amongst these was the danger of 'picking and choosing' one set of data inputs from the NPP, but not others. The risk is that we have a distorted figure that under-estimates Tendring's true housing needs, and this is clearly borne out in the 2016-based SNPP.

1.30 Whilst the number of deaths has indeed increased as a result of ONS's new methodology, this has been **comprehensively outweighed** by changes to migration flows and other inputs. As a result, instead of declining due to the changes to mortality rates, **the number of older residents in Tendring actually increases in the latest set of projections, and substantially so**.

[7] ONS (22nd March 2018): Revised population estimates for England and Wales: mid 2012-mid-2016, Statistical Bulletin

Figure 2: Comparison of Tendring Demographic Profiles by 2037



Source: ONS 2016-based SNPP/2014-based SNPP / Population Estimates Revision Tool

1.31 The composition of the various age cohorts by 2037 (as projected by the 2014 and 2016-based SNPPs) are presented in Figure 2. When compared to the 2014-based SNPP, the latest projections suggest that Tendring District will have an older age profile, with considerably more people living in the District over the ages of 55.

1.32 Although the reverse is true for the very elderly (i.e. over 85), which may be as a direct result of the aforementioned changes to the Mortality Rate methodology at a national level, Table 3 indicates that this is adjustment is insufficient to overcome the fact that the number of over 65s will increase very substantially in the District at a level that outpaces the 2014-based SNPP. **Indeed, by 2037 the latest projections indicate that there will be 1,650 more residents aged over 65 than were forecast under the 2014-based SNPP**.

Table 3: SNPP Comparison for Tendring District – over 65s

Over 65s	2013	2037	Growth	%
2014-based SNPP	39,749	60,445	**+20,696**	**52.1%**
2016-based SNPP	39,766	62,095	**+22,329**	**56.1%**
Difference	**17**	**1,650**	**+1,633**	

Source: Lichfields Analysis / ONS SNPPs

3) Migration errors and the impact on UPC

1.33 This is a crucial element of the Council's evidence justifying the 480 dpa/550 dpa OAHN figures. It is generally accepted that the level of UPC for Tendring District was high between 2001 and 2011, and that the population estimate rolled forward from 2001 was 10,533 higher than the 2011 Census based population estimate. ONS produced an Internal note that

concluded that around 4,500 of the UPC discrepancy was due to the 2001 Census base. Some of the remaining difference may also be due to sampling error relating to the 2011 Census. Therefore 'at most' the remaining 5-6,000 of the discrepancy was likely to be due to migration.

1.34 Disagreements were aired at the Great Bentley Inquiry as to how this should be factored into the OAHN modelling work, but there was a general agreement that some allowance should be made as this had infected the 2014-based SNPP to an extent, as that drew on historic data from 2 years (2009/10 and 2010/2011) that may have been influenced by UPC.

1.35 **This is not the case for the 2016-based SNPP**. As set out in the ONS's 2016-based SNPP Methodology note[8]:

"The subnational population projections use the internationally accepted cohort component method. These 2016-based projections take the revised mid-2016 population estimates as their starting point. Data for the preceding five years are used, so trends are based on data from the years ending mid-2012 to mid-2016." (Lichfields emphasis)

1.36 UPC is the difference between the rolled forward 2011 population estimates and the 2011 Census-based population estimates. As the UPC is an adjustment to correct population data errors between 2001 and 2011, this should therefore not affect the 2016-based SNPP, as this primarily uses historic data from 2012 onwards.

1.37 ONS still considers that no adjustment for UPC is necessary to the 2016-based SNPP[9]:

"No adjustment for UPC was made in the 2012-based and later sets of projections or in the series of population estimates based on the 2011 Census. This was because the UPC specific to the previous decade was unlikely to be replicated in continuing subnational trends."

1.38 As UPC is no longer an influencing factor in the latest set of Population Projections, there is no need to adjust the migration forecasts downwards for Tendring. We can therefore attach a high degree of weight to the accuracy of the 2016-based SNPP for the purposes of identifying housing need in Tendring District.

Implications for Tendring District's Housing OAN

1.39 The 2016-based SNPP will underpin the equivalent household projections, which represent the starting point for identifying OAHN and are the crucial 'building block' upon which the Government's proposed standardised housing need methodology is based. The 2016-based SNHP are due to be released in September 2018. Until that time, we do not know for sure what level of household growth Tendring District can expect as we do not have the adjusted household formation rates to apply to the new population projections.

1.40 **However, it is reasonable to conclude that if an area has a significant increase in the population, and the number of older people projected to live in that area also increases significantly (as these people are more likely to live alone, or in smaller households), then household growth is likely to increase too.**

1.41 The 2014-based household projections indicated that, with a suitable allowance for vacant/second homes, Tendring District would need 669 dpa over the plan period 2013-2037 even before any further adjustments are made regarding headship rates, market signals, economic growth or affordable housing needs. This is therefore the starting point for identifying

[8] ONS (24th May 2018): Methodology used to produce the 2016-based SNPP for England
[9] ONS (24th May 2018): Subnational population projections QMI

the OAHN. At face value this is significantly higher than the Council's Local Plan housing requirement of 550 dpa and Mr McDonald's figure of 480 dpa. It is even higher than the 620 dpa figure that Lichfields recommended as an appropriate OAHN at the Great Bentley Inquiry, although it sits towards the upper end of our broader OAHN range (570 – 670 dpa).

1.42 What can we expect to see from the 2016-based SNHP when they come out later this year? It appears almost inconceivable that they will be lower than their 2014-based equivalents due to the significant increase in the population projections underpinning them. As can be seen from Table 4, a population growth of 1,030 annually in the 2014-based SNPP was sufficient to generate a housing need of 669 dpa. The latest population projections suggest that Tendring's population will be 36% higher by 2037 than the previous set indicated and it is highly likely that the latest set of household projections will also increase significantly when compared to their predecessors for Tendring.

Table 4: SNPP Comparison Housing Need for Tendring

	2013	2037	Total Growth 2013-37	Annual growth
2014-based SNPP – population	138,721	163,429	+24,708	**1,030 p.a.**
2014-based SNHP – households	62,500	77,508	+15,008	**625 hpa**
2014-based SNHP – dwellings (+6.57% for vacant/second homes)	66,895	82,958	+16,063	**669 dpa**
2016-based SNPP – population	139,037	169,285	+30,248	**1,260 p.a.**

Source: Lichfields Analysis / ONS 2014-based SNPP/ ONS 2014-based SNHP / ONS 2016-based SNPP

Conclusion

1.43 In summary, the Council's Local Plan housing requirement of 550 dpa is founded on evidence that is now outdated, and based on assumptions that have proven to be incorrect in the light of new evidence. Specifically, the latest 2016-based SNPP suggests that far from declining, Tendring's population is growing at a faster rate than was previously forecast, with national influences such as a higher mortality rates outweighed by very high levels of net inward migration to the District. Furthermore, the debate over the extent to which Tendring's population projections should be adjusted to reflect UPC has been settled by the release of the latest projections, which do not draw from a period likely to have been affected by UPC data errors.

1.44 As such, we are firmly of the view that the Council's 550 dpa and 480 dpa OAHN figures are fundamentally flawed in the light of this new evidence. Whilst the evidence put forward at the Great Bentley Inquiry appears conservative in the light of the new projections, the approach taken by Lichfields, which suggested a range of between 570 dpa and 670 dpa, is likely to be much closer to Tendring's actual housing need. Indeed it appears likely that the 669 dpa baseline figure resulting from the 2014-based SNHP could even be exceeded by the 2016-based household projections when they are issued later this year.

1.45 **We would, therefore, given the critical implications of this new data for Tendring's Local Plan, respectively request that the Inspector urgently considers this additional submission on the implications of the 2016 SNPP projections for the Tendring OAHN with a view to either (a) addressing this matter in his Examination report or (b) re-open the Examination to specifically examine this matter with the relevant participants, prior to (a).**