EXAM 22

New Forest
DISTRICT COUNCIL

Local Plan Examination action points: information in relation to Matter 4

Note on variant household projections and update Figure 3.4 of HOU1A

1. The variant projections for comparison are ONS variants (published 16th May 2019) and a range of projections from the GLA.

2. For ONS the projections can be described as:
   - 10-year migration – a variant where the population data is based on trends over the 2006-16 period – this compares with the main subnational population projections (SNPP) which look at trends over the past 5-years for internal migration and 6-years when looking at international migration. This projection uses the same household representative rates (HRRs) as the 2016-based subnational household projections (SNHP)
   - High migration – a variant linking to a higher projected level of migration nationally – at a national (UK) level the higher migration variant assumes a long-term level of net international migration of 245,000 people per annum, compared with 165,000 in the principle projection. International migration (consistent with the SNPP) is assigned to local authorities on the basis of trends over the previous 6-years. Projection uses the 2016-based HRRs
   - Low migration – a variant linking to a lower projected level of migration nationally – similar to the high variant by with net international migration being assumed to be 85,000 people per annum as a long-term trend.
   - HRR variant – uses the 2016-based SNPP but with a slightly alternative approach to household representative rates (these essentially continue trends beyond 2021 rather than treating values as fixed beyond this date)

3. The table below shows estimates of the number of households in each of 2016 and 2036 and the total and annual projected change. It will be noted that the 10-year migration trend shows a higher level of household growth that the 10-year trend projection developed by JGC (see HOU1A – Figure 2.8) – a figure of 439 households per annum. The difference will be due to the ONS projections looking at migration, whilst the JGC projections look at past population growth. As noted in the JGC report (and also HOU1) there appears to be a substantial disconnect between past and projected levels of migration in the ONS projections – this finding appears to also apply to the ONS 10-year variant.

Projected number of households and household growth – variant ONS projections				
	2016	2036	Change	Per annum
10-year migration	78,688	89,606	10,918	546
High migration	78,688	89,142	10,454	523
Low migration	78,688	86,841	8,153	408
HRR variant	78,688	86,346	7,658	383

4. The GLA projections can be described as:

- Central – projection based on trends over the previous 10-years (latest to 2017) and applying 2014-based HRRs
- Short-term – projection based on trends over the previous 5-years (latest to 2017) and applying 2014-based HRRs
- Long-term – projection based on trends over the previous 15-years (latest to 2017) and applying 2014-based HRRs

5. The table below shows estimates of the number of households in each of 2016 and 2036 and the total and annual projected change. Focussing on the Central projection (which uses 10-year migration trends) it can be seen that the estimated household growth is somewhat higher than suggested by JGC (albeit linked to past population growth) and also ONS. The difference from ONS is likely in part to GLA using the 2014-based HRRs. It is understood that GLA seek to replicate the ONS methodology in their projections and so it appears that the disconnect between past and future levels of migration is inherent in the GLA work (as it is with ONS).

Projected number of households and household growth – variant GLA projections				
	2016	2036	Change	Per annum
Central	80,326	92,703	12,377	619
Short-term	80,326	91,428	11,102	555
Long-term	80,326	93,964	13,638	682

6. The analysis shows that the GLA variants project notably higher levels of household growth than ONS – the ONS projections represent the latest official projections.

7. A final analysis for this question is to provide Figure 3.4 of HOU1A to include the additional scenarios shown above. To do this a vacancy allowance has been included as well as a range of potential uplifts to take account of market signals. The table below repeats Figure 3.4, with the additional of 8 rows to include the projections described above.

8. This analysis shows that the ONS variants sit either side of the conclusions in HOU1A (in bold below) whilst the GLA projections are consistently higher. It is considered questionable as to the validity of the GLA projections given the outputs from other sources linked to official projections.

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Figure 3.4: Projected housing need including market signals adjustment (per annum need) – New Forest local authority area			
	15% uplift	17.5% uplift	20% uplift
SNPP (2016-HRRs)	556	*568*	581
5-year trend (2016-HRRs)	464	474	484
10-year trend (2016-HRRs)	525	536	548
15-year trend (2016-HRRs)	546	558	570
SNPP (2014-HRRs)	602	616	629
5-year trend (2014-HRRs)	508	519	530
10-year trend (2014-HRRs)	570	**583**	595
15-year trend (2014-HRRs)	592	605	618
OAN Report [HOU 1] conclusion	585	-	-
ONS-V 10-year migration	653	667	681
ONS-V High migration	626	639	653
ONS-V Low migration	488	499	509
ONS-V HRR variant	458	468	478
GLA Central	740	756	773
GLA Short-term	664	678	693
GLA Long-term	816	833	851

Source: Demographic projections and market signals analysis

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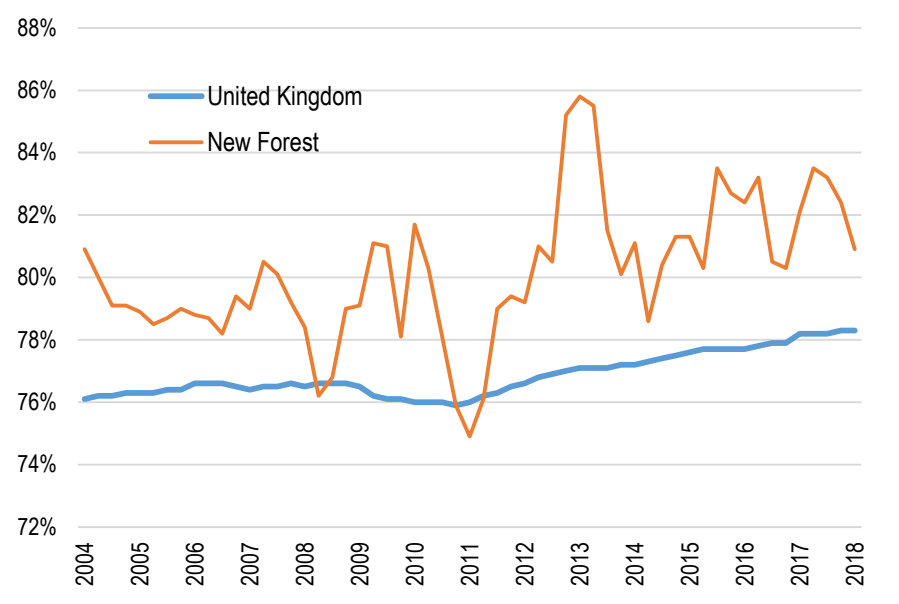
The equivalent of Fig 3.5 of HOU01 to show change in activity rate for New Forest

9. Figure 3.5 of HOU1 showed how the economic activity rate of people aged 16-64 had changed going back to 2004. The data presented was for the whole of the UK. This area being selected as it is considered that error margins associated with data at a smaller level make it unreliable to use.

10. The figure below does however provide this localised data for New Forest, and also updates the data for the UK to include more recent periods for which the data has been published. For New Forest the data does show a rather variable trend over time and as noted this is likely to be due to larger error margins associated with a small number of survey responses. It is however noteworthy that typically the NFDC trend is a few percentage points above the UK average.

11. It is also notable from the UK data that there continues to be a slight upwards trend in economic activity. In the OAN report (HOU1) it was assumed that there would be no further improvements to economic activity after 2016; given the trend below that assumption potentially underestimated the potential growth in the resident labour supply.

Figure 3.5: Change in economic activity rate – population aged 16-64



Source: Annual Population Survey (from nomis)

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Note on implications for levels of economically active people based on an OAN dpa of 521

12. The final question seeks to understand the potential increase in the resident labour supply (number of economically active people) linked to an OAN of 521 – this being the OAN from HOU1. When looking at changes to the economically active population all of the analysis in HOU1 and HOU1A is based on the District as a whole (i.e. to include those parts of the National Park within the District boundary). Such analysis can be seen in Figure 3.1 of HOU1A.

13. Therefore, to provide a comparable analysis linking to the OAN of 521, the analysis actually looks at an OAN of 585 dpa across the whole District. The figure of 585 dpa was the derived OAN in HOU1 and can be seen summarised in Figure 3.5 of HOU1A. Linking changes to the economically active population to the whole district is consistent with previous analysis.

14. To consider the potential changes to the economically active population, a further projection scenario has been developed that links to the projections in HOU1A but includes an uplift to migration so that there is sufficient population to fill 585 dwellings each year. This essentially projects the effect on the working age population of the market signals uplift.

15. Given that the profile of migrants is typically biased towards people of working age (and families in general) including this uplift sees a marked increase in estimates of the residence labour supply. This is shown in the table below, which is a copy of Figure 3.1 of HOU1A but with the addition of a new row (which links to the 585 dpa OAN projection – shown in bold).

16. As can be seen, the original OAN report (HOU1) suggested that the economically active population might increase by around 4,200 people; the Updated OAN report (which drew on more up-to-date ONS population projections) put the figure slightly higher (at 5,100). With a further uplift to meet the HOU 1 OAN it can be seen that there is a further increase in the projected number of economically active people, increasing by around 7,500 – including a notably higher projected increase in active people of working age (this is due to the migration profile noted above).

17. This result shows that no further / separate economic uplift would be necessary to address the SOLENT LEP growth rate position in the Council's Matter 4 statement.

Figure 3.1: Estimated change to the economically active population (2016-36) – 10-year population trends (New Forest local authority area)

	Change in working-age economically active	Change in pensionable age economically active	Total change in economically active	Per annum change
OAN report	-377	4,548	4,171	209
Updated	688	4,370	5,058	253
Difference	1,065	-178	887	44
OAN (585dpa)	**2,984**	**4,507**	**7,491**	**375**
Diff from update	2,296	137	2,433	122

Source: Derived from demographic projections and OAN report (Figure 3.10)

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Information about the latest ONS mid-year population estimates (MYE) published on the 26th June 2019 (not specifically requested by the inspectors).

18. One of the key reasons for choosing the projections in HOU1 and HOU1A was the observation by JGC that there has been a systematic over-estimating of actual population growth in projections when compared with ONS estimates through the MYE. Given that new MYE were recently published it seems worthwhile to briefly comment on the latest figures.

19. The table below summarises the components of population change for the 2016-18 period – i.e. the time that has elapsed since the base date of the last official projections. Focussing on the 2017-18 data, it can be seen that population was estimated to have increased by 163 people and within this there was a net migration of 1,025 and a negative level of natural change of around 900 people.

Components of population change – New Forest (2016-18)		
	2016-17	2017-18
Natural change	-764	-902
Internal migration	565	713
International migration	300	312
Other changes	-40	40
Total change	61	163

Source: ONS

20. The 2016-based SNPP projected that the population would grow by 610 people from 2017 to 2018 and therefore the actual estimates continue to confirm the findings of JGC (i.e. that projections overestimate actual population growth). For the 2016-18 period, the SNPP projected population growth of 1,115 people, compared with an actual estimate of 224.

21. Whilst only limited weight can be given to 1- or 2-years' worth of data, it is noteworthy that the latest MYE do continue a trend that has been seen back to 2001 (i.e. a trend of over projecting) and this would support the approach taken by the Council in HOU1 and HOU1A.

Justin Gardner
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