

Welwyn Hatfield Technical OAN

Paper

Responding to the Inspector's
Observations through the Stage 2
Hearings

March 2018

Turley

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Client

Welwyn Hatfield Borough Council

Our reference

WELM2000

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Executive Summary

1. This technical note has been prepared at the request of Welwyn Hatfield Borough Council in response to points raised by the Inspector relating to the objective assessment of housing need (OAN) through the meeting held with the Council at the end of the Stage 2 hearings on 27 October 2017.
2. In relation to the housing OAN, the Inspector identified a number of specific areas which in his view could benefit from further consideration by the Council, reflecting on the discussion within the Stage 2 hearings and the submissions made by representors.
3. This technical note has addressed each of these areas in turn.

The OAN for the *defined* housing market area (HMA)

4. The OAN for the '*defined*' HMA has been calculated as being a minimum of 28,620 homes over the period 2013 - 2032. This is considered to present an estimation of need drawing upon the latest published OAN evidence for each of the authorities which are partially included within the '*defined*' HMA. Welwyn Hatfield, which is wholly included within the defined HMA, constitutes 15,200 dwellings of this need based upon the OAN concluded within the 2017 SHMA Update.

Components of the OAN

Unattributable Population Change (UPC)

5. The Inspector raised the acknowledged issue associated with the historic mis-estimation of Welwyn Hatfield's population by the ONS between the Census years (2001 – 2011) and sought further clarification on its potential implications when projecting population growth in the borough. This followed an in-depth discussion on the matter during the hearing session.
6. The 2014 SHMA and each subsequent update report has taken into consideration a comprehensive analysis of the demography of Welwyn Hatfield.
7. In accordance with Planning Practice Guidance (PPG), the SHMA evidence has taken the most up-to-date official sub-national population / household projections (SNPP/ SNHP) and presented them alongside a range of variant demographic projections. These variant projections have explored the implications of issues associated with the historic estimation of population change in Welwyn Hatfield. These historic issues included the ONS's revisions to mid-year population estimates (MYE) between the Census years, which resulted in the ONS identifying a component labelled unattributable population change (UPC). A full technical explanation of UPC is included at Appendix 2 to this paper.
8. The OAN concluded within the 2017 SHMA Update takes the 2014-based SNPP as its starting point for understanding the demographic need for housing in Welwyn Hatfield.
9. The 2017 SHMA Update, as with the preceding 2014 SHMA and subsequent 2015 update, concludes that the official projection provides an appropriate trend-based

projection of future population growth in Welwyn Hatfield. This judgement was supported by a detailed review of the demographic datasets available at the time and the range of variant population projections presented. The 2017 SHMA Update recognised that there could reasonably be expected to be a degree of uncertainty in the future growth of the population, with this illustrated by variant projections suggesting both a higher and lower level of population growth relative to the 2014-based SNPP.

10. It is considered to remain reasonable to retain the 2014-based SNPP as the minimum level of population growth assumed to inform the OAN, on the basis of the latest available data in this report and the uncertainties associated with UPC specifically. This recognises that:
 - The scale of growth projected under the 2014-based SNPP shows a strong alignment with the rate of growth evidenced by historic counts, which have been fully validated by the 2011 Census;
 - There is a high degree of uncertainty around the attribution of UPC to a single component of population change, as well as the exact timing at which the mis-estimation occurred between 2001 and 2011;
 - The scenarios which fully include or exclude UPC suggest that population growth could fall either side of the level of growth projected under the 2014-based SNPP. An adjustment which only partially includes or excludes UPC would inherently narrow this range, thereby creating a closer alignment with the 2014-based SNPP which further reinforces its reasonableness;
 - The ONS published a set of revised estimates of population change since the 2011 Census in March 2018. These take into account methodological improvements introduced by the ONS to improve the robustness of their inter-Census annual estimates of population change, taking account of previously unavailable data. The revised dataset suggests only a modest adjustment to the population counts in Welwyn Hatfield published by the ONS since 2011. It can be inferred from the modest scale of the adjustment that the ONS views it unlikely that a similar level of mis-estimation as was seen between the Census years is recurring in the borough;
 - Whilst the revised population estimates released in March 2018 suggest a modestly lower population in Welwyn Hatfield in 2016 (-0.8%; 989 fewer people), they continue to suggest an upward population growth trend in Welwyn Hatfield since the 2011 Census. This serves to reinforce the appropriateness of the comparatively strong projection of population growth under the 2014-based SNPP, in preference to the variant projections which fully include UPC and as a result suggest more muted growth; and
11. The revised MYEs published by the ONS will form the basis for their 2016-based SNPP which are scheduled for publication in June 2018. These projections will draw upon a trend period (2011 – 2016) in which UPC has *not* been identified by the ONS, thereby reducing its significance for the purpose of their modelling. Whilst this technical report continues to conclude that the population projection underpinning the OAN (2014-based SNPP) remains reasonable following the PPG methodology, section 4 of this paper

presents in tabular form the resulting levels of housing need associated with each of the variant population projections. In presenting the resulting level of projected housing need, adjustments have been consistently applied to each projection to account for household formation rate suppression and worsening market signals.

Variants on the adjustment for suppressed household formation rates

12. In responding to discussion on the methodological approach as opposed to the principle of applying an adjustment to the assumed rate of younger household formation, the Inspector requested that consideration be given to alternative methodologies which assumed a delayed and/or smoother recovery. Responding to this, two variant approaches to that applied in the 2017 SHMA Update are presented in this paper. The analysis confirms that these have a positive but marginal impact on the OAN, equivalent to 8 additional dwellings per annum. It is considered that the scale of the 8% adjustment made in the SHMA Update (+51 homes) remains reasonable in this context, noting the limited scale of the impact resulting from the application of the alternative methodologies.

A reasonable market signals adjustment

13. The Inspector specifically requested a comparison between the market signals adjustment (10%) concluded as reasonable in the 2017 SHMA Update – when considered alongside the adjustment made to address suppressed household formation rates, which cumulatively uplift the OAN by 19% – and the adjustment suggested through the methodology recommended by the Local Plans Expert Group (LPEG). It is confirmed that the SHMA's adjustment is lower than that recommended by LPEG in response to market signals alone (25%).
14. It is, however, noted that the LPEG methodology has not been endorsed or adopted by the Government and is not referenced in the PPG. On this basis, the uplift recommended in the 2017 SHMA Update is considered to remain reasonable in accordance with the PPG.

The implications of Purpose Built Student Accommodation (PBSA) development on the OAN

15. In response to a request for clarification from the Inspector, the paper has considered the extent to which the OAN and its subsequent translation into policy account for the impact of the student population of Welwyn Hatfield. It is confirmed that the OAN captures the continued future need generated by a relatively stable student population within the overall population, an assumption which is considered appropriate on the basis of the known plans of higher education institutions in the borough. The OAN is not under or over-representing the implications of changing student numbers based upon information available at the time.
16. It is also confirmed separately that the Council has accounted for, and continues to account for, the release of family housing back to the market associated with the delivery of new PBSA. This approach is consistent with the relevant advice in PPG.

1. Introduction

1.1 This technical note has been prepared at the request of Welwyn Hatfield Borough Council ('the Council') in response to points raised by the Inspector relating to the objective assessment of housing need (OAN) through the meeting held with the Council at the end of the Stage 2 hearings on 27 October 2017.

1.2 In relation to the housing OAN, the Inspector identified a number of specific areas which in his view could benefit from further consideration by the Council, reflecting on the discussion within the Stage 2 hearings and the submissions made by representors. The following areas were identified by the Council:

- **The OAN for the housing market area (HMA)** – a specific request was made by the Inspector to present the full OAN for housing across the HMA. The Inspector referred to the '*defined HMA*'¹ in this context. This report replicates the approach taken in the 2014 Strategic Housing Market Assessment (SHMA) to present an OAN for this geographical area. The Council is separately responding to the Inspector's request to consider the extent to which this need is being accommodated within Local Plans;
- **The components of the OAN calculation** – the Inspector requested further consideration and clarification on a number of the inputs to the OAN calculation, namely:
 - The implications of unattributable population change (UPC) on the demographic projection used in the OAN;
 - The methodology employed to adjust for the implications of suppressed household formation rates within the demographic projection;
 - The reasonableness of the scale of market signals adjustment applied with specific reference made to the report of the Local Plans Expert Group² (LPEG); and
 - The implications of the provision of new purpose-built student accommodation (PBSA) in recent years and the existing pipeline.

1.3 This paper addresses each of these areas in turn, providing additional clarification and explanation in response to the matters raised by the Inspector.

1.4 The conclusion of this technical review is that the most up-to-date OAN concluded within the 2017 SHMA Update (HOU/21) remains robust and reasonable, and compliant with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) as stated by the Council through the Stage 2 hearing sessions. This conclusion is based upon a review of data available as of March 2018.

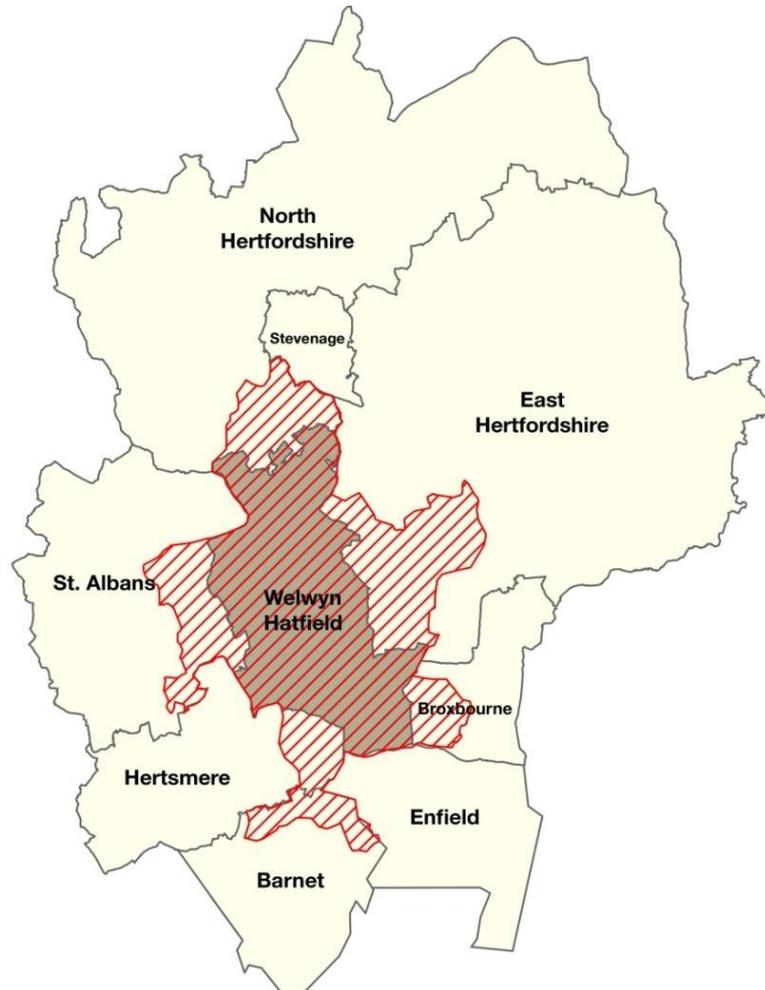
¹ The 2014 SHMA (HOU/14) includes a statistical definition of the '*defined HMA*' at Appendix 3. The '*defined HMA*' includes parts of 6 neighbouring authorities.

² Local Plan Expert Group, Report to Secretary of State for Communities and Local Government and Minister for Housing, March 2016, Appendix 6. The Inspector clarified with the Council that specific reference should be made to paragraphs 19 and 20.

2. An OAN for the *defined* HMA

2.1 The geographic extent of the '*defined HMA*' is hatched in red at Figure 2.1 below.

Figure 2.1: Defined HMA



Source: 2014 SHMA

2.2 The defined HMA wholly covers the borough of Welwyn Hatfield, and also includes wards within the following authorities³:

- **Barnet** (East Barnet; High Barnet);
- **Broxbourne** (Goffs Oak);
- **East Hertfordshire** (Hertford Bengoe; Hertford Castle; Hertford Kingsmead; Hertford Rural South; Hertford Sele);
- **Hertsmere** (Potters Bar Furzefield; Potters Bar Oakmere; Potters Bar Parkfield);

³ The 2014 SHMA also identified a wider HMA based upon whole local authority boundaries which extends to cover the local authority areas of Barnet, Broxbourne, East Hertfordshire, Enfield, Hertsmere, North Hertfordshire, St Albans and Stevenage (as shown shaded in yellow in Figure 2.1).

- **North Hertfordshire** (Codicote; Knebworth); and
- **St Albans** (Ashley; Colney Heath; London Colney; Marshalswick North; Sandridge).

- 2.3 Each of the SHMA reports commissioned by the Council has presented a summary of the latest concluded OAN position for each of these authorities. This has provided context on the OAN for the HMA and been used to inform Duty to Co-operate discussions held by the Council.
- 2.4 Furthermore, the 2014 SHMA presented an exercise whereby each authority's OAN was disaggregated based on the number of its households residing within the defined HMA, as recorded by the 2011 Census. This provided an indicative OAN for the defined HMA.
- 2.5 This approach was not replicated in subsequent updates to the SHMA with an express decision to move to the "best fit" geography represented by whole local authority areas⁴.
- 2.6 The Inspector has nevertheless requested consideration of a comparable but updated position to that presented in the 2014 SHMA, to provide an estimate of housing need for the Welwyn Hatfield defined HMA.
- 2.7 Following the methodology applied in the 2014 SHMA, Table 2.1 provides an indication of the scale of housing need which may arise within those parts of adjacent authorities covered by the defined HMA, estimated over the Welwyn Hatfield plan period (2013 – 2032). Where possible, this is based on authorities' latest published evidence⁵, although most remain to be tested through Examination. Where a Council has not published an NPPF compliant housing OAN, for the purposes of this exercise the 2014-based sub-national household projections (SNHP) have been used as a proxy. This recognises that in accordance with the PPG these represent the '*starting point*' for the calculation of the OAN. Where this approach has been required reference is clearly made in Table 2.1. Further detail on the approach taken is included at Appendix 1.

⁴ This reflected the increasing preference of other authorities within the HMA to use whole authority geographies in the definition of HMAs (Section 2 of the 2015 SHMA Partial Update HOU/15)

⁵ Ranges have been presented in Appendix 1 for authorities where comparable OAN evidence has not been produced, drawing upon available indicators of potential housing need in these areas. For the purposes of clarity the lower end of the range identified is presented in Table 2.1. For these authorities this is considered to represent a minimum need based on available evidence but should not necessarily be viewed as the 'OAN'.

Table 2.1: Estimated Distribution of Housing Need in the Defined HMA

	Estimate of total housing need 2013 – 2032
Welwyn Hatfield	15,200
Barnet (2014-based SNHP)	2,903
Broxbourne	686
East Hertfordshire	3,563
Hertsmere	2,544
North Hertfordshire	828
St Albans (2014-based SNHP)	2,896
Total HMA (minimum) need	28,620

Source: Turley analysis of Councils' evidence, presented at Appendix 1

- 2.8 The presentation of the above need for the 'defined' HMA was requested by the Inspector.

3. Components of the OAN

- 3.1 The Inspector requested that the Council give further consideration to the implications of a number of the components of the OAN, in order to assist in understanding the justification for the OAN of 800 dwellings per annum concluded over the plan period (2013 – 2032) within the 2017 SHMA Update.
- 3.2 The identified areas for which further clarification has been sought by the Inspector are considered individually within this section.
- 3.3 In order to provide context, the section initially summarises the inputs to the concluded and most up-to-date OAN within the 2017 SHMA Update following the stepped methodology prescribed within the PPG.

The latest OAN (2017 SHMA Update)

- 3.4 The OAN concluded within the 2017 SHMA Update is summarised below, replicated from Table 6.1 of this document.

Table 3.1: Adjustments to the ‘Starting Point’ in Arriving at the OAN

	Adjustment (dwellings per annum)	Dwellings per annum 2013 – 2032	% uplift from ‘starting point’
The ‘starting point’ – 2014-based SNHP		670	
Adjusted demographic projection	+51	721	8%
Supporting likely job growth	+0	721	8%
Market signals adjustment (+10%)	+72	793	18%
Objectively assessed need (OAN) rounded	+130	800	19%

Source: Turley; Edge Analytics

- 3.5 The OAN was calculated on the basis of the following adjustments and assumptions considered reasonable and justified for each of the PPG’s prescribed methodological steps:
 - The 2014-based sub-national population and household projections (SNPP/SNHP) are used as the ‘starting point’ for the calculation of the OAN. A vacancy rate of 3% is applied to derive a baseline need for **670 dwellings per annum**;
 - A range of alternative demographic projections were presented on the basis of analysis prepared by Edge Analytics. These considered the implications of using a longer-term historic period from which to generate future trend-based projections of population growth. They also considered the implication of

unattributable population change⁶ (UPC). A range of demographic scenarios was shown to project a level of need within a range of **607 to 736 dwellings per annum**⁷. It was observed that this range sits either side of the need based on the 2014 SNHP.

- Whilst it was recognised that there is a degree of uncertainty with regards to the estimating of population growth in Welwyn Hatfield, it was concluded that the ‘official’⁸ 2014-based projections (**670 dwellings per annum**) represented a reasonable projection of population growth for the purpose of projecting long term housing needs;
- Accounting for the evidenced implications of historic suppression in the rate of younger household formation, an upward adjustment was made which **increased the housing need** generated by the 2014-based SNPP by **51 dwellings per annum**. This represented an 8% uplift. This allows for a return to the rates of younger household formation seen in Welwyn Hatfield prior to a sustained period of worsening affordability, and is considered to accord with the PPG and stated Government objectives in this regard;
- No separate adjustment was applied to support forecast likely employment growth. This recognised that the population growth projected by the 2014-based SNPP will support growth in the labour-force which more than accommodates the concluded level of likely employment growth in the Local Plan’s evidence base;
- **A separate uplift of 72 dwellings per annum was made to respond to market signals**. This applied a 10% uplift to the demographic projection, and reflects evidence of worsening market signals in the borough including an affordability ratio which has consistently been higher than the national average. This uplift accords with the PPG which seeks to improve affordability by applying a reasonable ‘supply response’ beyond the household projections⁹; and
- Whilst it is recognised that there is a substantial need for affordable housing in the borough, **the cumulative application of the uplifts served to elevate the need by 19% from the ‘starting point’ projections**. This level of need was identified as representing a significant boosting above historic rates of provision, which would be expected to improve affordability and provide a significant level of additional affordable housing (160pa) contributing towards addressing the full need for housing of this tenure. No further uplift to the OAN was therefore recommended as being required.

Clarification as to the Consideration and Treatment of Unattributable Population Change

3.6 The Inspector raised the acknowledged issue associated with the historic mis-estimation of population data by the ONS in Welwyn Hatfield between the Census years (2001 –

⁶ A full technical consideration of UPC is included at Appendix 2 to this paper

⁷ Tables 4.3 and 4.4 in the 2017 SHMA Update. Table 4.6 also includes a further demographic ‘sensitivity’ scenario which projected a need for 562 dwellings per annum.

⁸ PPG Reference ID 2a-016-20150227

⁹ PPG Reference ID 2a-020-20140306

2011) and sought further clarification on the potential implication this has on the projecting of population growth in the borough. This followed an in-depth discussion on the matter during the hearing session.

- 3.7 The 2014 SHMA and each subsequent update report, including the most up-to-date 2017 SHMA Update, has taken into consideration a comprehensive analysis of the demography of Welwyn Hatfield.
- 3.8 The OAN concluded within the 2017 SHMA Update takes the 2014-based SNPP as its starting point for understanding the demographic need for housing in Welwyn Hatfield.
- 3.9 The 2017 SHMA Update, as with the preceding 2014 SHMA and subsequent 2015 update, concludes that the official projection provides an appropriate trend-based projection of future population growth in the authority. This judgement was supported by a detailed review of the demographic datasets available at the time and the range of variant population projections presented. The 2017 SHMA Update recognises that there could reasonably be expected to be a degree of uncertainty in the future growth of the population with this illustrated through the range of potential population growth illustrated by the variant projections above and below the 2014-based SNPP.
- 3.10 The justification for the approach advanced within the SHMA has been re-considered within this paper in the context of the latest available data and the evidence presented throughout the SHMA documents.
- 3.11 The demographic analysis within the SHMAs has recognised and acknowledged the issues associated with the historic estimation of population change in Welwyn Hatfield.
- 3.12 These historic issues included the ONS's revisions to the MYE between the Census Years which resulted in the ONS identifying a component labelled unattributable population change (UPC). A full technical explanation of UPC is included at Appendix 2 to this paper.
- 3.13 In summary the 2011 Census showed that the growth of the population had been overestimated in Welwyn Hatfield by the ONS through their mid-year population estimates by some 8,390 persons over the preceding ten years (2001 – 2011). **This was addressed by the ONS through the retrospective revision of population estimates, with the negative adjustments for Welwyn Hatfield historically isolated as an 'unattributable population change' (UPC) component.** This component of change is identified by the ONS for the inter-census period separate to migration and natural change (births minus deaths).
- 3.14 The SHMA evidence included a series of variant population projections to compare with the official population projection. These scenarios sought to identify the implications of **fully including or excluding** UPC in the historic population components upon which trend-based demographic projections are based. For those scenarios which **include an adjustment for UPC** in full, the Edge Analytics scenarios have attributed the negative adjustment implied by UPC to the international migration component. These scenarios therefore assume a lower net level of international migration annually in the future than the ONS presents in its revised MYEs. Where UPC is **excluded**, the scenarios retain the net international migration component in full within the historic ONS population

estimates, therefore assuming a higher level of migration being sustained in the future. This does not therefore allow for any correction to the historic population figures.

- 3.15 A description of the scenarios ran in the latest 2017 SHMA Update is set out in the box below. The scenarios integrated the 2015 mid-year population estimate (MYE), used different historical periods from which to derive migration assumptions and either included or excluded the UPC adjustment from historical data¹⁰.

Demographic scenarios – 2017 SHMA Update

6 year (short term) migration trends

- **PG Short-term (UPC)** – Internal and international migration trends are based on the latest six years of historical evidence (2009/10 to 2014/15), including the 2015 MYE. An adjustment for UPC within historical estimates to 2011 is made, with this adjustment therefore only affecting two years of the period from which trends are based.
- **PG Short-term (X)** – Internal and international migration trends are based on the latest six years of historical evidence (2009/10 to 2014/15), including the 2015 MYE. No adjustment is made to account for the UPC component (i.e. it is excluded).

10-year migration trends

- **PG 10yr (UPC)** – Internal and international migration trends are based on the latest 10 years of historical evidence (2005/6 to 2014/15), including the 2015 MYE. An adjustment for UPC within historical estimates to 2011 is made, with this adjustment affecting six years of the period from which trends are based.
- **PG 10yr (X)** – Internal and international migration trends are based on the latest 10 years of historical evidence (2005/6 to 2014/15), including the 2015 MYE. No adjustment is made to account for the UPC component (i.e. it is excluded).

14-year (Long-term) migration trends

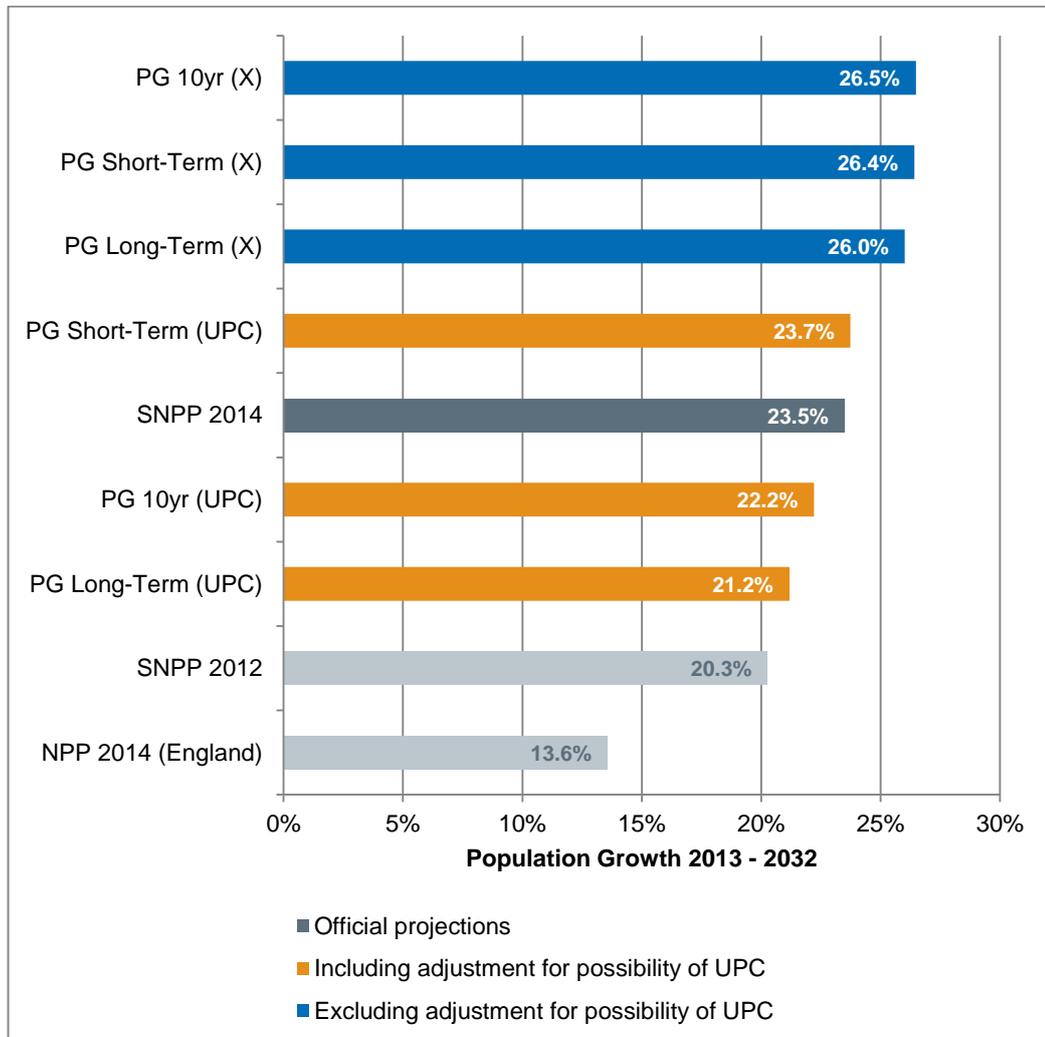
- **PG Long-Term (UPC)** – Internal and international migration trends are based on the latest 14 years of historical evidence (2001/2 to 2014/15), including the 2015 MYE. An adjustment for UPC within historical estimates to 2011 is made, with this adjustment affecting ten years of the period from which trends are based.
- **PG Long-Term (X)** – Internal and international migration trends are based on the latest 14 years of historical evidence (2001/2 to 2014/15), including the 2015 MYE. No adjustment is made to account for the UPC component (i.e. it is excluded).

- 3.16 Figure 4.1 from the 2017 SHMA Update directly compared the scale of population growth under each scenario, and is replicated at Figure 3.1.

¹⁰ Paragraphs 5.12 to 5.15 of the Edge report attached to the 2017 SHMA Update

3.17 This illustrates that the inclusion of UPC (orange bars, scenarios labelled “UPC”) or the exclusion of UPC (blue bars, scenarios labelled with an “X”) – has an impact on the rate of population growth projected and produced a series of population growth projections which sat either side of the 2014-based SNPP.

Figure 3.1: Comparing Projected Population Growth 2013 – 2032



Source: ONS; Edge Analytics, 2017

3.18 Where a UPC adjustment is included and accounted for in full all but one of the scenarios suggest a lower level of projected population growth than the 2014-based SNPP. In contrast all of the scenarios which do not make an adjustment for UPC in the historical migration estimates (i.e. it is excluded) suggest a higher rate of population growth than the 2014-based SNPP.

3.19 The scenarios presented importantly show a range of extremes with UPC either 100% included or 100% excluded. Any lesser proportionate adjustment would serve to ‘narrow’ the range closer around the 2014-based SNPP.

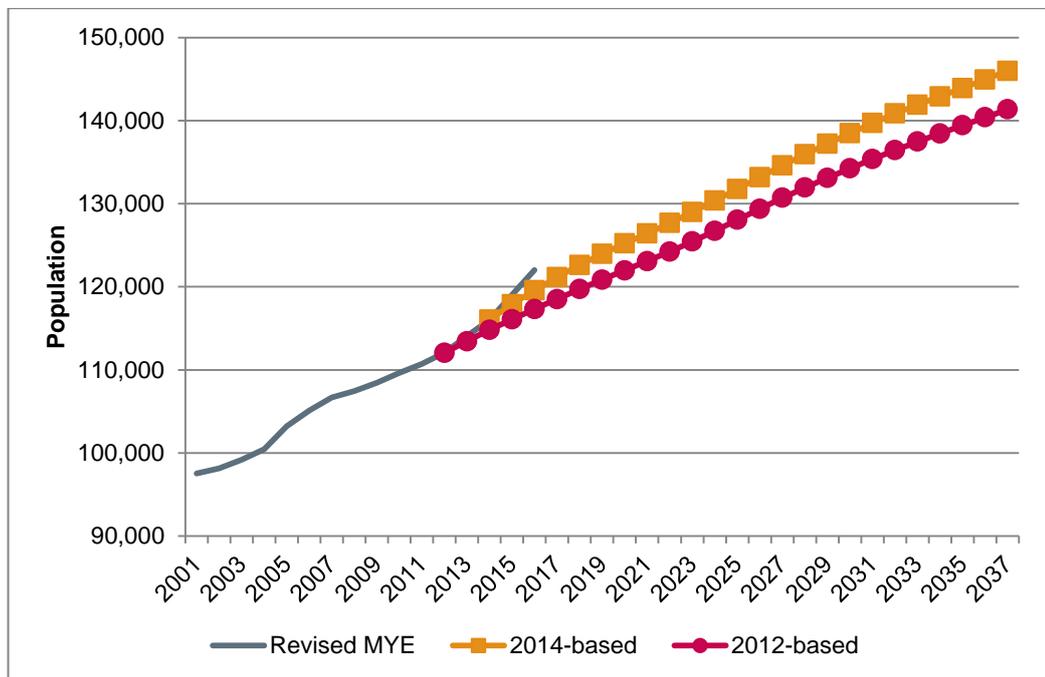
3.20 The 2017 SHMA Update, as with the 2014 SHMA, recognised the uncertainties associated with the application of adjustments to account for UPC to the historic

population estimates. This recognises uncertainties associated with attributing of UPC to any one component of population change (internal, international migration etc) and the time within the decade at which UPC may have arose. Specifically in the case of Welwyn Hatfield it also recognised the complex inter-relationships between internal and international migration and distinct variations between historic population counts of these components and the projections within the official SNPP dataset¹¹. The issue of UPC and the uncertainties which arise, with specific reference to Welwyn Hatfield, are considered more fully at Appendix 2 to this paper.

3.21 The acknowledgement of the uncertainties involved and the location of the 2014-based SNPP at a broad mid-point within the variant projections produced led to the conclusion in the 2017 SHMA Update that it was reasonable to retain the official projection as an appropriate trend-based projection of future population growth in the borough. As with the 2014 SHMA, this also acknowledged that the absolute annual level of **population growth suggested by the official projection broadly aligned with the historic rate of population growth which had been adjusted and validated based on the 2011 Census count.**

3.22 Figure 3.2 illustrates this latter point and shows the projected growth in population under the 2014-based SNPP compared against the 2012-based SNPP dataset and set in the context of the revised historic ONS published population estimates (which as noted above account for UPC through its *inclusion*).

Figure 3.2: 2014-based v 2012-based SNPP

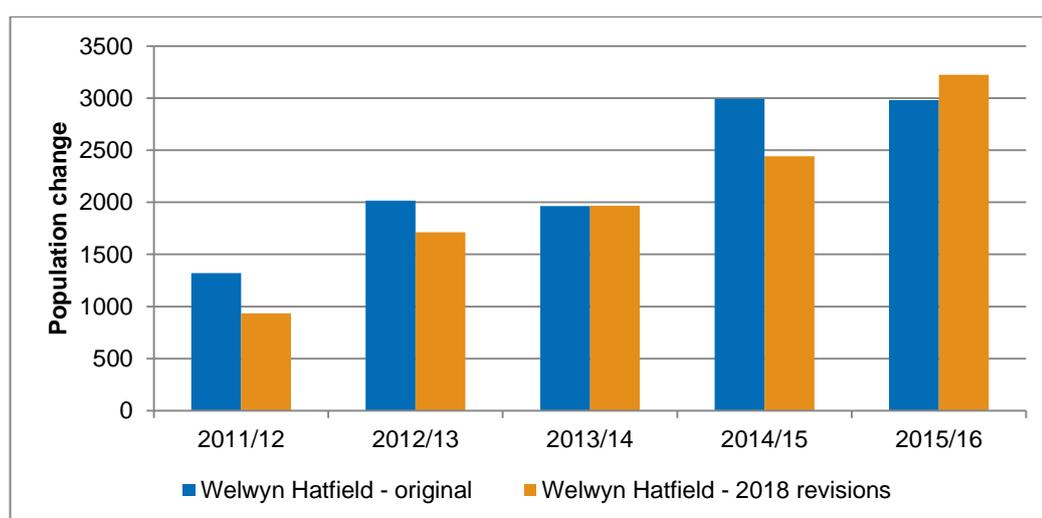


Source: ONS

¹¹ HOU/14 paragraph 9.25; Figure 5 of Edge Analytics' report (Figure 13 of Appendix 1 to HOU/21) replicated at Figure 2.2 of Appendix 2 to this paper illustrates that the official projection not only projected a comparatively high level of net international migration, but also a net outflow of internal migrants which contrasted with a consistent net inflow of such migrants over preceding years.

- 3.23 Consideration of the most up-to-date official 2014-based projection indicates that:
- The population of Welwyn Hatfield will increase by an average of 1,410 persons per year over the plan period (2013 – 2032); and
 - Projected annual growth is therefore only slightly higher than the average recorded between the Census years (2001 – 2011), with a positive difference of only 110 persons per annum. Population change between these Census counts has evidently been validated by each Census.
- 3.24 In March 2018, the ONS published revised mid-year estimates for the period since the Census (2011 – 2016). These estimates have been re-assessed by the ONS recognising their importance in informing the 2016-based SNPP, which will provide a new '*starting point*' based entirely on estimated population change since the Census (2011 – 2016).
- 3.25 These revisions capture the effects of methodological improvements and take full account of previously unavailable data¹². They therefore seek to address any concerns the ONS may have had with regards to the accuracy of their ongoing process of population estimation in advance of the 2021 Census.
- 3.26 The revised MYEs provide an updated position on change over the 2011-2016 period, and suggests that there has been a modest overestimation of population growth in Welwyn Hatfield relative to the previous estimates. The borough's population estimate for 2016 has been revised downwards by 989 persons (-0.8%) from 121,996 to 121,007.
- 3.27 The comparatively limited scale of adjustment is apparent when comparing the annual change in population under the revised MYE compared to the estimates they replace. This is shown in Figure 3.3.

Figure 3.3: Annual population change revised MYE vs superseded dataset



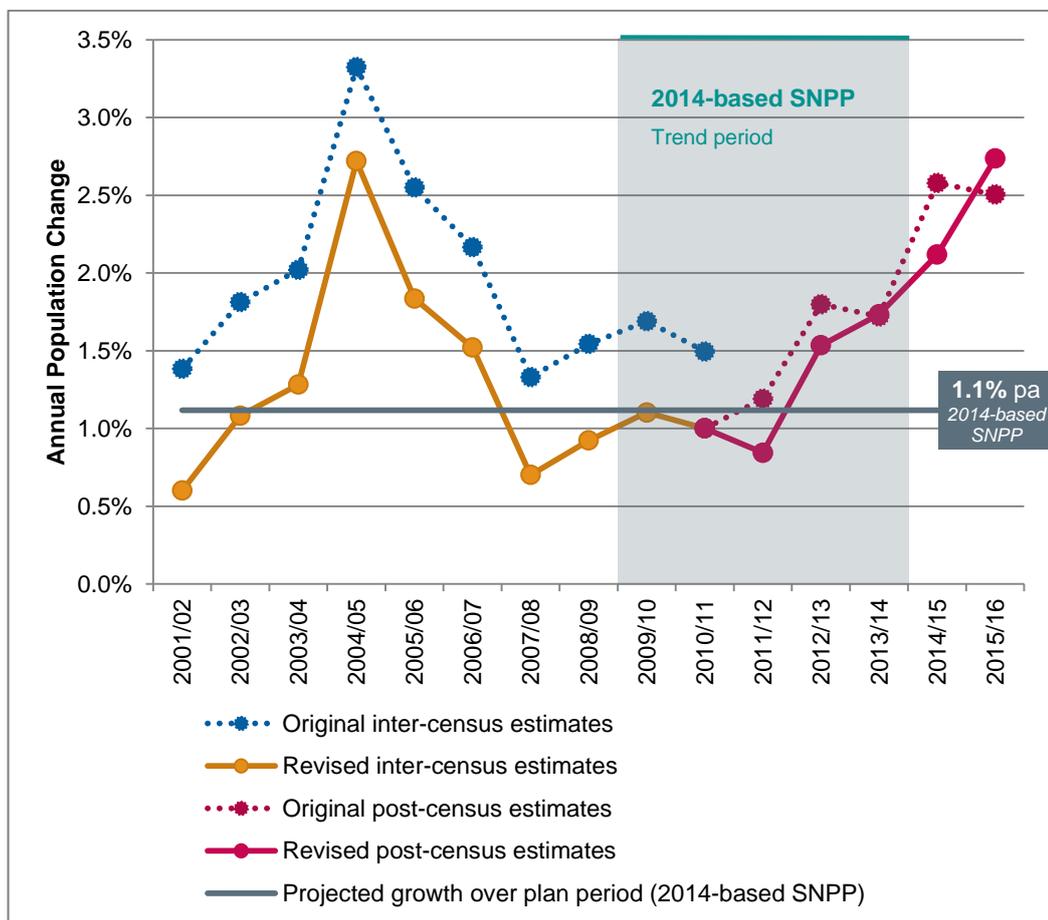
Source: ONS, 2018

¹² ONS (22 March 2018) Revised population estimates for England and Wales: mid-2012 to mid-2016

3.28 It is interesting to note that the estimate for 2013/14 is unchanged. This is the end-point for the historic period drawn upon in the ONS 2014-based SNPP, and suggests that the revisions of the estimates would be expected to have a comparatively limited effect on this projection.

3.29 The implication of historic population estimates on the official projection is further illustrated in Figure 3.4. This shows that the 2014-based SNPP is primarily based on historic trends recorded between 2009 and 2014. This period includes only two years in which population estimates were retrospectively revised before 2011 (following the 2011 Census) and therefore affected by any issue associated with the identification of UPC. Equally the chart also shows the more recently published revised estimates post the 2011 Census, reaffirming the limited nature of the adjustment and therefore the ongoing validity of the three post Census years' estimates underpinning the projection.

Figure 3.4: Historic Estimates of Population Growth in Welwyn Hatfield (2001 – 2016)



Source: ONS

3.30 The 2014-based SNPP was therefore based on the lower revised population estimates for the period 2008/09 – 2010/11 and then the slightly higher original estimates for the subsequent three years to 2013/14, which have themselves now been broadly validated by the revisions made by the ONS in March 2018.

- 3.31 It is noted that the rate of projected population growth projected under the 2014-based SNPP at 1.1% per annum reflects the five year period upon which it is based but is lower than the annual rates seen post 2012/13, even where revisions have been applied.
- 3.32 It is also apparent from the chart the last two years of estimates 2014/15 and 2015/16 suggest stronger annual rate of growth, returning to the peak previously seen in 2004/05. Whilst the 2014-based SNPP do not draw upon these last two a consideration of the clear trend implied is considered to strongly further reinforce the appropriateness of the comparatively strong projection of population growth under the 2014-based SNPP as a minimum projection of need, in preference to the variant projections which fully include UPC as presented at Figure 3.1 and as a result suggest more muted growth.
- 3.33 It is anticipated that the ONS will publish new 2016-based population projections before June 2018, which is expected to wholly draw upon the revised population estimates released since the Census (2011 – 2016). In accordance with the PPG, this will form an important consideration in projecting future housing need in Welwyn Hatfield. It is noted that the national 2016-based projections upon which these will be based retain a broadly comparable assumption around future net international migration¹³ and that as shown above the revised historic estimates do not suggest a significant level of adjustment. It is not therefore assumed that they will present a significantly different projection of growth forward for Welwyn Hatfield but this will need to be considered separately by the Council on their release.
- 3.34 Reflecting on the above, and the consideration of updated demographic data published by the ONS and the evidence presented in the SHMA, it is considered to remain reasonable to retain the 2014-based SNPP as the minimum level of population growth assumed to inform the OAN. This recognises that:
- The scale of growth projected under the 2014-based SNPP shows a strong alignment with the rate of growth evidenced by historic counts, which have been fully validated by the 2011 Census;
 - There is a high degree of uncertainty around the attribution of UPC to a single component of population change, as well as the exact timing at which the mis-estimation occurred between 2001 and 2011;
 - The scenarios which fully include or exclude UPC suggest that population growth could fall either side of the level of growth projected under the 2014-based SNPP. An adjustment which only partially includes or excludes UPC would inherently narrow this range, thereby creating a closer alignment with the 2014-based SNPP which further reinforces its reasonableness;
 - The ONS published a set of revised estimates of population change since the 2011 Census in March 2018. These take into account methodological improvements introduced by the ONS to improve the robustness of their inter-Census annual estimates of population change, taking account of previously

¹³ The 2014 NPP projected that net international migration would stabilise at 185,000 per annum from 2020. The 2016 NPP assumes stabilisation at 165,000 per annum from 2022 onwards.

unavailable data. The revised dataset suggests only a modest adjustment to the population counts in Welwyn Hatfield published by the ONS since 2011. It can be inferred from the modest scale of the adjustment that the ONS views it unlikely that a similar level of mis-estimation as was seen between the Census years is recurring in the borough;

- Whilst the revised population estimates released in March 2018 suggest a modestly lower population in Welwyn Hatfield in 2016 (-0.8%; 989 fewer people), they continue to suggest an upward population growth trend in Welwyn Hatfield since the 2011 Census. This serves to reinforce the appropriateness of the comparatively strong projection of population growth under the 2014-based SNPP, in preference to the variant projections which fully include UPC and as a result suggest more muted growth; and
- The revised MYEs published by the ONS will form the basis for their 2016-based SNPP which are scheduled for publication in June 2018. These projections will draw upon a trend period (2011 – 2016) in which UPC has *not* been identified by the ONS, thereby reducing its significance for the purpose of their modelling.

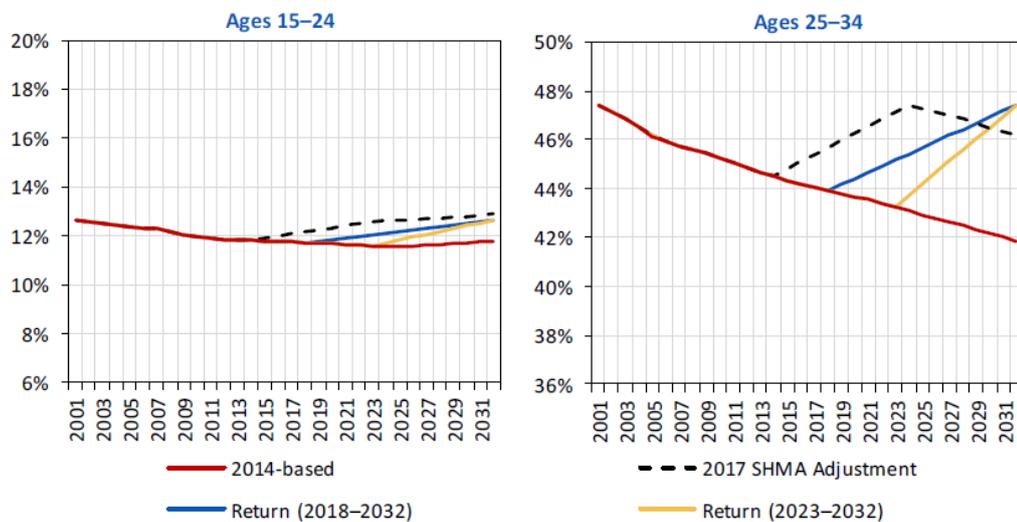
Methodology employed to adjust for suppressed household formation rates

- 3.35 Through the Stage 2 hearings, the principle of applying an adjustment to account for evidence of a historic suppression of younger household formation rates in Welwyn Hatfield was discussed.
- 3.36 The approach taken within the SHMA evidence – most recently in the 2017 update – assumed that the household formation rates of those aged 15 to 34 were returned to rates seen in 2001. This return was assumed to occur gradually over a ten year period from the base date of the household projections (2014), with rates then reverting to the projected trend after 2024.
- 3.37 At the Inspector's request, Edge Analytics has considered the implications of varying the time period over which the adjustment is applied to understand the impact on the projected housing need. In accordance with the Inspector's comments on this issue, this has assumed that the recovery occurs over the full plan period and is applied only in the future rather than retrospectively.
- 3.38 Edge Analytics has modelled two variant approaches on this basis:
- **Assuming a more gradual return over the full plan period from 2018.**
Additional modelling has been produced which assumes that the gradual recovery in younger household formation commences from the earliest point at which the Local Plan is adopted (2018). By the end of the plan period (2032), younger household formation rates are assumed to have returned to their respective 2001 levels; and
 - **Assuming that recovery occurs five years from earliest point of adoption (2023) over the full plan period,** based on the premise that the positive impacts of increasing supply in Welwyn Hatfield may not be immediate. This sensitivity

assumes that five years pass from the earliest point of potential adoption before a gradual return occurs over nine years between 2023 and the end of the plan period (2032).

- 3.39 These adjustments continue to be applied only for those younger age groups (15 – 34) where a return to 2001 rates of household formation is not already assumed by the 2014-based household projections. Figure 3.1 presents two charts which compare the unadjusted 2014-based household formation rates with the implication of the adjustments based upon the above sensitivities, as well as the adjustment applied within the 2017 SHMA Update¹⁴.

Figure 3.5: Variant Approaches to Younger Household Formation Rate Adjustments



Source: Edge Analytics, 2018

- 3.40 These additional sensitivities – shown in blue and yellow in the charts above – assume that levels of household formation amongst those aged 15 to 24 in Welwyn Hatfield will be slightly lower than suggested by the adjustment applied in the 2017 SHMA Update, albeit higher than assumed by the 2014-based household projections and therefore continuing to reflect a positive adjustment.
- 3.41 Their impact is more varied when applied to the 25 to 34 age group. The 2017 SHMA Update assumed a more rapid improvement in household formation amongst residents of this age – as shown in the relevant chart above by the steeper trajectory – albeit the reversion to the projected trend after 2024 assumes that a downward trend resumes from this higher 2001 base.
- 3.42 While the variants assume that any recovery is more gradual and will commence at a later point in time, they do allow for a continued improvement in the rate of younger household formation over the whole plan period. The rate of household formation amongst this cohort late in the plan period is consequently assumed to be higher than suggested by the approach employed in the 2017 SHMA Update.

¹⁴ Comparable charts are presented at Figure 4.6 of the 2017 SHMA Update

3.43 The application of these variant household formation rates to the population growth projected by the 2014-based SNPP slightly varies the number of additional households assumed to form in Welwyn Hatfield, and subsequently the number of homes needed each year over the plan period. The latter is summarised at Table 3.2 which compares the application of the variant methodologies outlined above.

Table 3.2: Impact of Variant Approaches to Younger Household Formation Rate Adjustments (2014-based SNPP)

	Dwellings per annum 2013 – 2032	Annual impact of adjustment from the 'starting point'	% difference from 'starting point'
Unadjusted 2014-based 'starting point'	670	–	–
2017 SHMA adjustment (2014 – 2024)	721	+51	8%
Return between 2018 and 2032	729	+59	9%
Return between 2023 and 2032	729	+59	9%

Source: Edge Analytics, 2018

3.44 The adjustment applied within the 2017 SHMA Update elevated housing need by 51 dwellings per annum, equating to an 8% increase. The variant approaches introduced in this paper each suggest a need for 729 dwellings per annum in Welwyn Hatfield, representing a slightly larger adjustment of 59 dwellings per annum or 9%.

3.45 Overall, the three technical adjustments considered suggest a comparable scale of housing need in Welwyn Hatfield over the plan period, falling within a narrow range of **only 8 dwellings per annum (721 – 729dpa)**. It is noted that there is no difference in the scale of housing need under the two variant methodologies.

3.46 The slightly higher level of housing need implied by the variant methodologies is **largely the result of higher rates of younger household formation being applied later in the plan period to a larger household population of these age groups**, as they are each assumed to grow over the plan period.

3.47 The additional analysis confirms that the variant approaches to younger household formation requested to be considered by the Inspector have only a marginal and upwards impact on the concluded OAN.

The market signals adjustment

3.48 As outlined at Table 3.1 of this paper, the OAN for Welwyn Hatfield incorporates an uplift of 10% to directly respond to acknowledged evidence of worsening market signals. This provides for an additional 72 dwellings per annum in the calculation of the full housing need.

- 3.49 The 2017 SHMA Update included an updated review of the then-latest published market signals data. It compared market signals in Welwyn Hatfield with a range of ‘*appropriate*’ areas, reflecting the guidance in the PPG¹⁵. This highlighted a worsening relationship between supply and demand in the borough, which had previously been identified in the earlier iterations of the SHMA and was also apparent in the other areas considered.
- 3.50 The 10% upward adjustment is applied in accordance with the PPG, which – as recognised within the SHMA evidence – emphasises the need for such an adjustment where there is evidence of a ‘*worsening trend*’¹⁶. However, the PPG provides no clarity on the precise scale of adjustment necessary and reasonable. The Inspector examining the Canterbury Local Plan acknowledged that ‘*the amount of uplift to be applied to the starting point estimate is a matter of judgement*’¹⁷.
- 3.51 The PPG does advise on the factors which should affect this judgement, however, confirming that it should be set a level which is ‘*reasonable*’ and should respond to the significance of the affordability constraints¹⁸.
- 3.52 Benchmarking against the scale of adjustments applied by other Inspectors recognising the comparative evidence of worsening affordability therefore formed an important factor in the conclusion that a 10% adjustment was reasonable for Welwyn Hatfield.
- 3.53 The 2017 SHMA Update identified that the worsening of some indicators was no less severe than seen in Eastleigh and Canterbury, where Inspectors had established the scale of uplift (10 – 20%) appropriate and justified by their respective market signals. The Inspector advised that the higher 20% uplift recommended in Canterbury must, however, be considered in the context of other adjustments relating to household formation and the alignment of population change with economic growth¹⁹.
- 3.54 While some market signals – the cost of purchasing entry-level housing and the increase in overcrowded households and concealed families, for example – suggested a more acute market imbalance in Welwyn Hatfield, it was noted that house prices and rents in the borough were not growing to the extent seen in Eastleigh and Canterbury²⁰.
- 3.55 The application of a 10% adjustment – in combination with the adjustment to household formation rates, itself seeking to resolve the adverse demographic effects of worsening affordability in the borough – **cumulatively uplifted the ‘starting point’ by 18% in Welwyn Hatfield, which increased to 19% when rounded. An uplift of this scale is evidently proportionate to that seen as appropriate by other Local Plan Inspectors in their application of the PPG methodology and was therefore considered as being reasonable.**
- 3.56 It is further noted that within close proximity to the borough, **the Inspector examining the East Hertfordshire Local Plan** has issued a post-hearing note which comments on matters relating to the OAN and market signals. The Inspector has recommended a

¹⁵ PPG Reference ID 2a-020-20140306

¹⁶ PPG Reference ID 2a-020-20140306

¹⁷ Canterbury District Local Plan: Note on Main Outcomes of Stage 1 Hearings, August 2015

¹⁸ PPG Reference ID: 2a-020-20140306

¹⁹ Canterbury District Local Plan: Note on Main Outcomes of Stage 1 Hearings, August 2015

²⁰ Paragraph 4.128 of the 2017 SHMA Update

minor change to slightly increase the **adjustment to 14%** ‘for ease of reference and to maximise the uplift’²¹. This adjustment is applied to the ‘projection based estimate’ presented at Figure 5 of its latest OAN evidence, and is therefore seen **to cumulatively respond to ‘market signals, suppressed household formation and migration pressures’**²². A cumulative adjustment of this scale is **broadly comparable to** that incorporated within **the OAN for Welwyn Hatfield (19%)** presented in the 2017 SHMA Update. Both authorities have seen a comparative worsening of house prices and affordability²³.

- 3.57 During his meeting with the Council after the hearing sessions, the Inspector requested that the Council reflect further on the reasonableness of the adjustment. In this regard, the Inspector specifically referenced the recommendations of the Local Plans Expert Group (LPEG) as a further “check” in benchmarking the reasonableness of the application of this adjustment and its scale.²⁴.
- 3.58 The LPEG proposed specific criteria to uplift adjusted demographic projections by up to 25% based on the house price ratio and rental affordability ratio. This would have required the release of new official statistics on the lower quartile rental affordability ratio – which has not materialised – albeit house price ratio data is available in the envisaged format and indicates that an uplift of 25% would be applied in Welwyn Hatfield.
- 3.59 This level of adjustment is somewhat higher than the 10% applied within the 2017 SHMA Update, but is more closely aligned with the overall scale of adjustment from the ‘starting point’ projection (19%).
- 3.60 In considering the weight which should be given to benchmarking the adjustment concluded as reasonable in the Welwyn Hatfield 2017 SHMA Update with that indicated through the LPEG methodology, it is considered important to recognise that the Government has not sought to take forward the LPEG recommendations, which were published in March 2016.
- 3.61 Indeed, the 2017 SHMA Update had already acknowledged the variant methodology proposed by LPEG, but did not adhere to its proposed approach given that the Government then had not endorsed or indeed provided any comment on the proposals. There was also a lack of evidence of the LPEG recommendations being acknowledged by Local Plan Inspectors as an appropriate benchmark.
- 3.62 It is noted that shortly after the 2017 SHMA Update was produced, **the Secretary of State in July 2017 confirmed that it was ‘not possible to give substantial weight to the relevant LPEG proposals’ in assessing housing need**²⁵.
- 3.63 In another appeal decision, the Inspector noted that:

²¹ Examination of the East Hertfordshire District Plan (2011 – 2033) Inspector’s Post Hearing Note – next steps and main modifications, 29 November 2017

²² ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need, Figure 5

²³ 2017 SHMA Update, Appendix 2

²⁴ Local Plans Expert Group (March 2016) Appendix 6 – Housing and Economic Development Needs Assessment – Revised NPPG Text

²⁵ Section 78 Appeal made by A2Dominion Developments Ltd – Seige Cross, Land North of Bath Road, Thatcham, Berkshire (15/00296/OUTMAJ) 27 July 2017, paragraph 19

“DCLG’s commitment to consult on a standard methodology cannot be taken to mean the LPEG methodology. There is no certainty as to whether LPEG’s recommendations will be accepted so, as things stand, they carry no real weight as a consideration in the calculation of OAN”²⁶

- 3.64 More recently, this position has been further reinforced by the Government’s consultation in September 2017 on an alternative standardised approach for calculating housing needs²⁷ and the publication of the draft PPG²⁸. The methodology consulted upon and broadly reflected in the draft PPG made no reference to the recommendations of LPEG and differs in significant ways.
- 3.65 In concluding on this point, it is therefore considered that no weight should be afforded to the LPEG methodology given that it has not been carried forward or endorsed by the Secretary of State or on appeal. The adjustments made in the 2017 SHMA Update are based on a robust assessment of comparative data. A separate and distinct adjustment has been directly made to respond to market signals (10%). Separately and when viewed as a cumulative uplift with the adjustment made to younger household formation rates (19%) this level of uplift falls within the range and is proportionate to that seen as appropriate by other Local Plan Inspectors in their application of the current PPG and continues to be considered as reasonable.

The implications of Purpose Built Student Accommodation (PBSA) development

- 3.66 The SHMA evidence has considered the specific needs of student households in Welwyn Hatfield. This recognised the sizeable student population within the borough, associated with the location of campuses of the University of Hertfordshire and the Royal Veterinary College. The latest evidence is presented within section 5 of the 2017 SHMA Update.
- 3.67 The SHMA Update arrived at a number of conclusions which are pertinent to the matter raised by the Inspector. These can be summarised as follows:
- The younger population (18 – 24) is assumed to remain relatively stable within the population projections which underpins the OAN. Given that it is not possible to explicitly isolate students within official projections (other than those assumed to be living in communal establishments), it is considered that the demographic projections therefore assume a relatively stable student population in Welwyn Hatfield;
 - There is no indication at the current point in time that the two universities are planning for a significant growth in student numbers, which would generate an additional need beyond that already assumed within the demographic projections. Equally, there is no indication that the universities are planning on the basis of a contraction of student numbers, with the SHMA Update presenting evidence that student numbers have been comparatively stable over recent years (Figure 5.4);

²⁶ Land at Creake Road and Moor Lane, Sculthorpe, Fakenham (APP/Y2620/W/16/3150860)

²⁷ DCLG (2017) Planning for the right homes in the right places: consultation proposals

²⁸ Draft Planning Practice Guidance – Draft updates to planning guidance which will form part of the Government’s online Planning Practice Guidance, MHCLG, March 2018

- The OAN therefore includes housing needs associated with the borough's students, as part of the overall population, based on the information available at the time that the analysis was undertaken;
- The borough has seen an increase in PBSA with 1,876 net additional bedspaces provided between 2011 and 2016. Of this supply, it is understood that 756 units were completed after the 2013 base date of the OAN²⁹; and
- The provision of PBSA since the base date of the OAN and going forward over the plan period would serve to offset the implied need to accommodate the student population in dwellings in the private housing market, and therefore accounted for within the OAN. This is on the basis of the provision of new bedspaces releasing housing into the market consistent with the PPG³⁰.

3.68 The above confirms that:

- The OAN captures the continued future need generated by a relatively stable student population in the borough.** This need is not considered to be overestimated, given that projections are based on a period in which there has been limited change in overall student numbers. Only modest growth in the younger population (18 – 24) is projected over the full plan period, which itself is not solely attributable to students given that other young people form part of this cohort;
- The Council accounts for the release of family housing back into the housing market associated with the delivery of new PBSA.** This is reported in the Council's Annual Monitoring Reports, and is consistent with the advice in PPG; and
- New student bedspaces are therefore included in the calculation of supply** contributing to meeting the OAN and the Local Plan housing requirement.

The assumed growth in the 'student age' population

3.69 As explained in the SHMA, population estimates and projections can be disaggregated only by age and gender. Residents studying at universities as "students" cannot therefore be explicitly isolated within the official population estimates and projections.

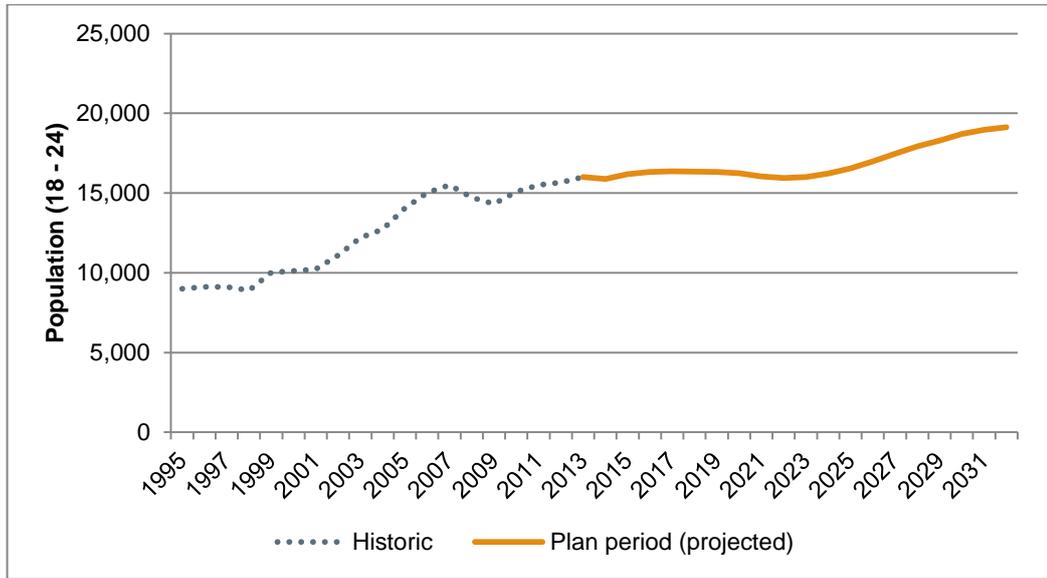
3.70 However, as a proxy of the student population, the SHMA considered change in the number of residents aged 18 to 24, with this age group likely to capture the majority of undergraduate and some postgraduate students. This is based on the principle that a substantial growth in the student population would be expected to manifest in growth in the size of this age cohort. The cohort does, however, also inherently include younger people who are not students.

3.71 Figure 5.5 of the 2017 SHMA Update is replicated below, and shows the historic and projected future size of this age cohort in Welwyn Hatfield.

²⁹ Based on Council's published Annual Monitoring Reports for 2013/14, 2014/15 and 2015/16

³⁰ PPG Reference ID 3-038-20140306

Figure 3.6: Historic and Projected Younger Population (18 – 24)



Source: ONS

- 3.72 A strong historic growth in this age group was recorded between 2001 and 2009, which was noted to have aligned with the increase in student numbers at the borough’s universities. Subsequently, the younger population has remained relatively static, with the projections assuming that this will continue until around 2023. Growth projected later in the plan period is not a consequence of any stated assumption on the student population, and instead is likely to result from the demographic cohort effect associated with a high number of births in the middle part of the last decade³¹.
- 3.73 The 2017 SHMA Update reviewed the published growth plans of each of the two universities. This indicated that they were both anticipating student numbers to be sustained but were not – based on the current point in time – planning for substantial growth.
- 3.74 In an approach which is consistent with the DCLG household projections, the modelling assumed that the number of students living in communal accommodation – such as halls of residence – remains static, fixed at the count recorded by the 2011 Census. Any growth or housing need generated by the student age population outside of this fixed number is therefore included within the OAN.
- 3.75 On this basis, for the purpose of ensuring that the projection took adequate consideration of changing need/ demand generated by students, it was concluded that the demographic projections’ assumption around a stable or modestly growing student age population appeared reasonable. It was clearly recognised, however, that the sustaining of a student population in the borough was accounted for within the OAN.

³¹ For example, ONS population estimates indicate that there were 1,273 births in Welwyn Hatfield in 2006, representing an 11% increase from the previous year (1,150 in 2005). Subsequent years have seen birth counts which are at least 8% higher than recorded in 2005. A child born in the borough in 2006 or later would turn 18 in 2024 or later, with the historic increase in the number of births therefore likely to be a factor contributing towards the growth in younger people assumed later in the plan period

Implications for the supply of housing

- 3.76 As previously noted, the Council accounts for the provision of PBSA against the housing target through its monitoring of supply in its Annual Monitoring Reports.
- 3.77 Based on a review of the average number of bedrooms in houses in multiple occupation (HMOs) in the borough, the Council has assumed that the delivery of every five student bedspaces is equivalent to releasing a single dwelling back to the market. By providing five student bedspaces, this therefore assumes that the need for a single dwelling – forming part of the OAN – is met. This:
- Meets needs assumed to be generated by students otherwise requiring housing in the private housing market, albeit the number of such students in Welwyn Hatfield is assumed to remain relatively static within the modelling; and
 - Accounts for existing properties left vacant as a result of students selecting the option of living in purpose-built accommodation, which can then contribute towards meeting the housing needs of non-student households.
- 3.78 The Council has also considered how the number of student HMOs has changed over recent years, compared with provision of new student bedspaces. Some 389 fewer student HMOs were recorded in the borough in 2017 relative to 2011³², while 1,568 net additional bedspaces have been provided over the same period³³. Based on the Council's 5:1 ratio, the latter equates to just under 314 dwellings, suggesting a reasonable level of alignment between the fall in student HMOs and the provision of new PBSA bedspaces. The Council has also noted the slight fall in student numbers at the University of Hertfordshire in the latest academic year³⁴ (2016/17).
- 3.79 Between 2013 and 2016, the Council has accounted for 151 dwelling equivalents within its annual monitoring of housing supply, based on provision of PBSA bedspaces. It is understood that this approach will continue to be applied to ensure that the implications of the provision of PBSA on the housing market continue to be accounted for and reported in the Council's Annual Monitoring Report.
- 3.80 This approach is considered to be reasonable and ensures that the Council has, and is, taking account of student housing in terms of meeting the overall level of housing need reflected in the Local Plan housing requirement and the OAN.
- 3.81 No further adjustment to the OAN is therefore considered necessary or appropriate in relation to the provision of purpose built student accommodation..

³² 1,432 all-student HMOs in Hatfield in 2011 compared to 1,043 all-student HMOs in 2017

³³ Based on Table 5.8 of the 2017 SHMA Update to include gross completions (2011 – 2016) and units then-under construction but completed in September 2016. This is offset against losses. Units approved but not commenced (308) are not included for the purposes of this exercise

³⁴ HESA data: All enrolled students 2015/16 (24,655); 2016/17 (24,588)

4. Implications for the evidencing of the need for housing

- 4.1 This paper has been prepared at the request of the Council to respond directly to the Inspector's identification of a number of specific technical areas relating to the evidencing of housing need in Welwyn Hatfield.
- 4.2 The paper has not sought to update the underpinning evidence – with the Inspector not requesting this of the Council – nor challenge the conclusions of the SHMA evidence prepared to date, which is considered to remain a robust assessment in compliance with the PPG and NPPF.
- 4.3 **The most up-to-date assessment of the OAN for housing in Welwyn Hatfield in accordance with the PPG is set out within the 2017 SHMA Update.** The concluded need for 800 dwellings per annum over the plan period (2013 – 2032) is based upon a reasonable application of the PPG methodology for assessing need and the latest officially published household projections.
- 4.4 The paper does, however, respond to the Inspector's request for clarification on:
- **The methodology employed to adjust for suppressed household formation rates.** Further consideration within this technical paper confirms that an alternative approach – assuming that any return to higher rates is yet to commence, and will be realised gradually over the plan period – has a positive but marginal impact on the modelling used to inform the housing need evidence³⁵. Given its modest impact (equivalent to 8 additional dwellings per annum), it has not been considered necessary or proportionate to update all of the demographic modelling presented in the SHMA evidence;
 - **The reasonableness of the market signals adjustment applied,** within the context of recommendations on the scale of uplift that may be appropriate in Welwyn Hatfield. The report specifically cited by the Inspector has been directly considered within this paper. Given the status of the cited report and the SHMA evidence assembled, the conclusions of the 2017 SHMA Update – that a 10% uplift should be applied to the adjusted demographic projection, which itself uplifts housing need by 8% from the '*starting point*' and results in an **overall uplift of 19% when rounded – are considered to remain reasonable and justified;** and
 - **The implications of new purpose-built student accommodation.** The paper has considered the extent to which the OAN and its subsequent translation into policy account for the impact of the student population. It confirms that the OAN captures the continued future need generated by a relatively stable student population within the overall population, and that the Council has accounted for, and continues to account for, the release of family housing back to the market associated with the delivery of new PBSA consistent with the relevant advice in PPG. This approach is considered to be reasonable and proportionate.

³⁵ The housing growth needed to accommodate the 2014-based SNPP, for example, is further uplifted by only 9 dwellings per annum under such an approach, relative to the adjustment applied in the 2017 SHMA Update

- 4.5 In responding to the Inspector's request for further consideration of the **implications of unattributable population change (UPC)**, reference is made to the SHMA evidence, which has consistently expressed a preference for the use of official population projections in Welwyn Hatfield over alternatively modelled local projections which use different historic trend periods and seek to apply adjustments related to UPC. These conclusions have been based on a series of detailed demographic evidence reports prepared by Edge Analytics, which have considered and presented a range of alternative population projections. This includes demographic trend-based scenarios developed to both include and exclude UPC, recognising – as noted by the Inspector – its historic impact in Welwyn Hatfield.
- 4.6 Section 3 of this report has clearly expressed the 2017 SHMA Update's rationale for retaining the 2014-based SNPP as a reasonable population projection from which the OAN is calculated. This falls within the range of variant population projections presented through the analysis, which explore the impact of adjustments relating to UPC. Principally this recognises the inherent uncertainties associated with the attribution of UPC in the historic population estimates and the complex interplay between internal and international migration evident within the ONS's official projections. It equally recognises the alignment between the rate of projected population growth implied by the 2014-based SNPP and the historic population growth validated by the Census counts and therefore a view that the latest published official projection is unlikely to be unduly over-estimating future population growth.
- 4.7 The Inspector, outside of the conclusion arrived at within the SHMA, sought to clarify the implications of specifically adjusting for UPC arising between the Census years in Welwyn Hatfield, when applying the subsequent adjustments considered necessary to respond to other stages of the PPG methodology.
- 4.8 In responding to the Inspector's request, reference is therefore made to the 2017 SHMA Update's presentation of variant scenarios – based on historic population estimates produced by the ONS – which test the impact of including or excluding UPC. This is considered to provide a sufficiently comprehensive basis through which the impact of these alternative demographic inputs can be considered by the Inspector. It is noted that these scenarios do not take account of the revised MYEs for the period 2012 – 2016 published by the ONS in March 2018 albeit these would be anticipated to have a modest impact on the projection outputs.
- 4.9 The table overleaf presents the impact of adjusting each of the alternative population growth scenarios developed by Edge Analytics for Welwyn Hatfield, based on allowance for suppressed younger household formation and a 10% market signals adjustment. The rounded OAN for 800 dwellings per annum is also presented for context.

Table 4.1: Implications of Adjusting Alternative Demographic Projections (dwellings per annum, 2013 – 2032)

	Housing need <i>2014-based headship rates</i>	Adjusting for suppressed household formation rates ³⁶	Responding to market signals (+10%)
PG Short-Term (X)	736	789	868
Past Growth 10yr (X)	734	788	866
PG Long-Term (X)	708	762	838
OAN rounded			800
PG Short-Term (UPC)	675	726	799
SNPP 2014	670	721	793
PG 10yr (UPC)	639	689	758
PG Long-Term (UPC)	607	658	723
<i>PG Long-Term Adjusted (UPC³⁷)</i>	<i>562</i>	<i>611</i>	<i>673</i>

Source: Turley; Edge Analytics

- 4.10 Edge Analytics' modelling also confirms the level of job growth that can be supported by each of these demographic scenarios, based on the assumptions applied within the 2017 SHMA Update on future labour force behaviour. Table 4.2 overleaf indicates that most scenarios would provide the growth in labour force needed to support the 16,600 additional jobs concluded as likely within the Partial Economy Study Update (ECO/9), albeit the "adjusted" long-term scenario would not support such growth.

³⁶ Based on method employed within the 2017 SHMA Update, given confirmation within this paper that alternative approaches have a marginal impact on housing need

³⁷ This scenario is presented at Figure 4.6 of the 2017 SHMA Update (HOU/21). It is clearly referred to at paragraph 4.47 of the 2017 SHMA Update as a 'sensitivity' and is not taken forward into the conclusions on the derivation of the OAN later in the SHMA. The rationale for this scenario as well as its limitations were recognised in paragraphs 4.47 – 4.53 of HOU/21.

Table 4.2: Job Growth Supported by Alternative Demographic Projections (2013 – 2032)

	Dwellings per annum with adjustments	Total additional jobs supported	Additional jobs supported per annum
Past Growth 10yr (X)	866	21,545	1,134
PG Long-Term (X)	838	21,199	1,116
PG Short-Term (X)	868	21,158	1,114
PG Short-Term (UPC)	799	18,949	997
SNPP 2014	793	18,635	981
PG 10yr (UPC)	758	17,977	946
PG Long-Term (UPC)	723	17,291	910
PG Long-Term Adjusted (UPC)	673	15,578	820

Source: Turley; Edge Analytics

Appendix 1: Housing need in the *defined* HMA

1. Continuing on from previous Duty to Co-operate activity, Welwyn Hatfield Borough Council has contacted each of the six authorities partially covered by its '*defined*' housing market area (HMA) in order to confirm the latest evidenced position on the objectively assessed need (OAN) for housing. Where evidence confirms adherence to the Planning Practice Guidance (PPG) methodology, published figures have been used within this review uncritically.
2. In each case, published figures are based on respective local authority boundaries. In order to estimate the need for housing within those parts of each authority which form part of the defined HMA, the proportion of households residing within these areas has been calculated based on the 2011 Census. This replicates the approach taken in the 2014 Welwyn Hatfield Strategic Housing Market Assessment (SHMA).
3. Published figures also relate to different periods of time, and reflect variance in respective plan periods. Total and annual figures are presented within this appendix, with need arising within the defined HMA over the Welwyn Hatfield plan period (2013 – 2032) also illustratively estimated through the calculation and multiplication of annual figures over a 19 year period.

Barnet

4. As noted within the 2017 SHMA Update³⁸, OAN evidence has not been independently produced to date by the Council. This means that there is currently no published OAN for the borough which complies with the PPG. A West London SHMA has, however, recently been commissioned by the Council, alongside the London Boroughs of Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow as well as the Old Oak Development Corporation.
5. In the absence of a PPG-compliant OAN, reference is made within this review to the scale of need implied by the latest 2014-based household projections produced by the Department for Communities and Local Government (DCLG). In accordance with the PPG, this represents the '*starting point*' for assessing housing needs.
6. Although an OAN has not been calculated for Barnet, a new SHMA for London³⁹ was published by the Greater London Authority (GLA) in November 2017 to calculate its OAN. This identified a need for 66,000 additional homes per annum across London, which has informed policies proposed within the draft London Plan published for consultation until March 2018. While housing need is not disaggregated by borough within the SHMA, the draft London Plan proposes a requirement for 3,134 dwellings per annum in Barnet between 2019 and 2029 to contribute towards meeting the housing needs of the capital. This is expressly presented as a requirement rather than a need figure – given that capacity has been taken into account – and has not been subject to Examination. It is also understood that Barnet has a number of concerns around the

³⁸ Turley (May 2017) Welwyn Hatfield Strategic Housing Market Assessment Update, p91

³⁹ GLA (November 2017) The 2017 London Strategic Housing Market Assessment

proposed requirement and as noted above is about to embark on a SHMA with other London Boroughs. It is include within this analysis for reference, alongside the demographic projection modelled by the GLA and preferred within its SHMA – which is broken down by borough – recognising that this underpins the OAN concluded in the latest London SHMA.

7. As summarised below, this indicates that at least 1,528 additional households will form in those parts of Barnet covered by the defined Welwyn Hatfield HMA over the ten year period for which housing targets are proposed within the draft London Plan (2019 – 2029). This is based on growth projected by the official DCLG household projections. When annualised over the Welwyn Hatfield plan period (2013 – 2032), a need for **at least 2,903 homes** in these parts of Barnet is implied. A notably higher need is implied by the GLA’s preferred demographic projection (4,893) and the housing requirement proposed for the borough within the draft London Plan (5,725).

Table 1.1 Estimating Housing Need in Defined HMA within Barnet (LBB)

	2014-based household projections	Central variant of 2016-based GLA household projections	Proposed London Plan housing requirement
Annual housing need	1,589	2,679	3,134
Plan period	2019 – 2029	2019 – 2029	2019 – 2029
Total housing need over plan period	15,894	26,785	31,340
Households in defined HMA (%)	9.6%	9.6%	9.6%
Estimated total housing need in defined HMA			
...over LBB/London plan period (2019 – 29)	1,528	2,575	3,013
...over WH plan period (2013 – 32)	2,903	4,893	5,725

Source: Turley analysis of GLA; LB Barnet; ONS; and DCLG data

Broxbourne

8. The OAN for Broxbourne⁴⁰ was reviewed in June 2017, indicating a need for 454 dwellings per annum between 2016 and 2033. Given that 8.0% of the borough’s households live within the defined Welwyn Hatfield HMA, a need for **686 homes** could be generated within this area in total over the Welwyn Hatfield plan period. This is summarised at Table 1.2 overleaf.

⁴⁰ JG Consulting (June 2017) Partial Review of Objectively Assessed Housing Need – Report for Borough of Broxbourne Council

Table 1.2 Estimating Housing Need in Defined HMA within Broxbourne (BBC)

OAN, published June 2017	
Annual housing need	454
Plan period	2016 – 2033
Total housing need over plan period	7,718
Households in defined HMA (%)	8.0%
Estimated total housing need in defined HMA	
...over BBC plan period (2016 – 33)	614
...over WH plan period (2013 – 32)	686

Source: Turley analysis of Broxbourne Borough Council evidence; ONS

East Hertfordshire

9. The OAN for East Hertfordshire was most recently reviewed in July 2017⁴¹, although a minor modification was subsequently considered appropriate by the Inspector within her post-hearing note⁴² in November 2017. This resulted in an OAN for 839 dwellings per annum over the plan period (2011 – 2033). Over the Welwyn Hatfield plan period (2013 – 2032), it is estimated that a need for **3,563 homes** will be generated in those parts of the district covered by the defined HMA.

Table 1.3 Estimating Housing Need in Defined HMA within East Hertfordshire (EHDC)

OAN, published July 2017 with Inspector's modifications	
Annual housing need	839
Plan period	2011 – 2033
Total housing need over plan period	18,458
Households in defined HMA (%)	22.4%
Estimated total housing need in defined HMA	
...over EHDC plan period (2011 – 33)	4,126
...over WH plan period (2013 – 32)	3,563

Source: Turley analysis of East Hertfordshire District Council evidence; ONS

⁴¹ ORS (July 2017) West Essex and East Hertfordshire Strategic Housing Market Assessment – Establishing the Full Objectively Assessed Need

⁴² Examination of the East Hertfordshire District Plan (2011 – 2033) Inspector's Post Hearing Note – next steps and main modifications, 29 November 2017

Hertsmere

10. Housing needs in Hertsmere were assessed in January 2016 within the South West Hertfordshire SHMA⁴³, indicating a need for 599 dwellings per annum over the period assessed (2013 – 2036). Over the Welwyn Hatfield plan period (2013 – 2032), it is estimated that a need for **2,544 homes** will be generated in those parts of the borough which fall within the defined HMA.

Table 1.4 Estimating Housing Need in Defined HMA within Hertsmere (HBC)

OAN, published January 2016	
Annual housing need	599
Plan period	2013 – 2036
Total housing need over plan period	13,777
Households in defined HMA (%)	22.4%
Estimated total housing need in defined HMA	
...over HBC plan period (2013 – 2036)	3,079
...over WH plan period (2013 – 32)	2,544

Source: Turley analysis of Hertsmere Borough Council evidence; ONS

North Hertfordshire

11. The OAN evidence for North Hertfordshire was most recently updated in August 2016⁴⁴. This indicated a need for 690 dwellings per annum over the period from 2011 to 2031. Over the Welwyn Hatfield plan period (2013 – 2032), this suggests that a need for **828 homes** will be generated in parts of the district covered by the defined HMA.

Table 1.5 Estimating Housing Need in Defined HMA within North Hertfordshire (NHDC)

OAN, published August 2016	
Annual housing need	690
Plan period	2011 – 2031
Total housing need over plan period	13,800
Households in defined HMA (%)	6.3%
Estimated total housing need in defined HMA	
...over NHDC plan period (2013 – 2036)	872
...over WH plan period (2013 – 32)	828

Source: Turley analysis of North Hertfordshire District Council evidence; ONS

⁴³ GL Hearn (January 2016) South West Hertfordshire Strategic Housing Market Assessment

⁴⁴ ORS (August 2016) Updating the overall housing need based on 2014-based projections for Stevenage and North Hertfordshire

St Albans

12. St Albans is currently at a very early stage in its new Local Plan process. The first stage of consultation⁴⁵ references the outcome of the Government's proposals for a new standard method for calculating housing needs, which would require provision of 913 homes per annum in St Albans. The Council has also noted that the latest 2014-based household projections indicate that 619 new households will annually form in the district over the period from 2011 to 2031. No decisions have yet been made on whether either figure will be met, but they provide context for the purposes of this illustrative analysis.
13. This indicates that **at least 2,896 homes** may be needed in those parts of St Albans which fall within the defined HMA over the Welwyn Hatfield plan period (2013 – 2032), increasing to **4,268 homes** based on apportionment of the higher figure suggested by the Government's proposed methodology.

Table 1.6 Estimating Housing Need in Defined HMA within St Albans (SADC)

	2014-based household projections	Outcome of Government's proposed standard method
Annual housing need	619	913
Plan period	2011 – 2031	(2011 – 2031)
Total housing need over plan period	12,388	18,260
Households in defined HMA (%)	24.6%	24.6%
Estimated total housing need in defined HMA		
...over SADC plan period (2011 – 2031)	3,048	4,493
...over WH plan period (2013 – 32)	2,896	4,268

Source: Turley analysis of St Albans City and District Council evidence; ONS

Estimating Housing Need in the Wider HMA

14. The 2014 SHMA also defined a wider HMA, based on whole authority geographies. In addition to the authorities partially included within the defined area, the wider HMA also includes the authorities of Stevenage and Enfield.
15. Table 1.7 overleaf summarises the annual housing need figures presented for the above authorities with the addition of Stevenage and Enfield⁴⁶.

⁴⁵ St Albans City and District Council (January 2018) St Albans City and District Local Plan 2020 – 2036

⁴⁶ The OAN presented for Stevenage is drawn from the Inspector's Report published in October 2017; the figure presented for Enfield continues to be based on the mid-point of the range concluded in its 2014 SHMA, which was referenced in the Welwyn Hatfield SHMA Update 2017 following correspondence with Enfield Council

16. The Council has requested that for wider context purposes, the need for housing within the wider HMA (as shown at Figure 2.1 of this report) is set out in this report. Table 1.7 below indicates this wider context.

Table 1.7 Estimated Housing Need in Wider HMA

	Annual housing need
Barnet	1,589 – 3,134
Broxbourne	454
East Hertfordshire	839
Enfield	2,048
Hertsmere	599
North Hertfordshire	690
St Albans	619 – 913
Stevenage	365
Estimated total	7,200 – 9,042

Appendix 2: Unattributable Population Change Charts and Technical Explanation

What is Unattributable Population Change (UPC)

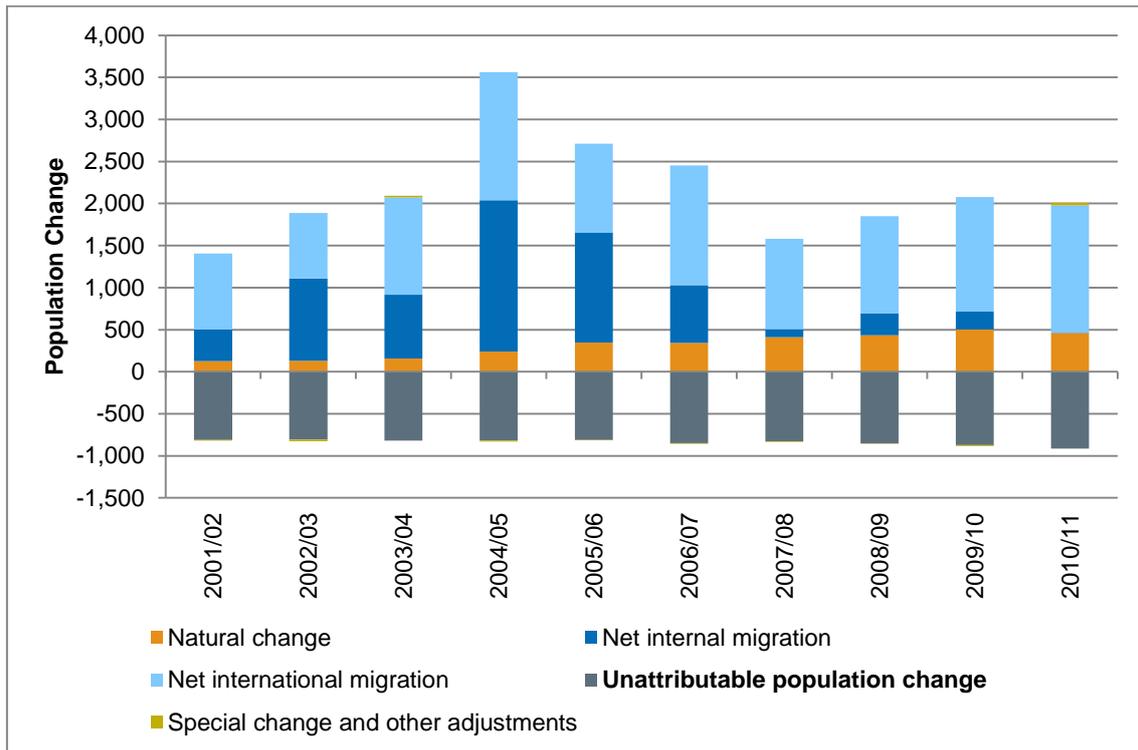
1. Between Census years, the ONS annually estimates the population in the absence of a regular survey as comprehensive as the Census.
2. The ONS produces its mid-year population estimates (MYEs) by applying the “components of change” (i.e. births, deaths, internal and international migration) to the previous year’s MYE.
3. The 2011 Census itself provides an updated count of the population. Taking account of its findings, the ONS revised MYEs produced over the preceding decade (2002 – 2010) to reconcile the population to the level established through the Census. This provides alignment with the change recorded between the Census counts in 2001 and 2011.
4. The revisions to the MYEs involved the recalibration of the components of change for the 2001/02 – 2010/11 period. Once methodological changes and errors in the components were accounted for, the remaining difference between the previous estimates and the Census was found to be 13,700 for England.
5. This difference is referred to as ‘**unattributable population change**’ (UPC). This has been disaggregated to each local authority in the presentation of the revised MYEs for 2002 – 2010.
6. Importantly, the identification of UPC as its own component inherently means that the ONS has not attributed its existence to any one single factor. It has suggested that it may be due to international migration estimates, the Census estimates in 2001 and 2011 or internal migration estimates.
7. It is also acknowledged that whilst UPC for each local authority has been evenly distributed by the ONS across the ten year inter-Census period, the exact years in which it occurred (i.e. start, mid or end of the decade or throughout) cannot be accurately determined.

What is the UPC in Welwyn Hatfield?

8. For Welwyn Hatfield, the 2011 Census population total proved to be lower than that suggested by the ONS’s estimates of population growth in the preceding nine years from the 2001 Census count.
9. The ONS therefore identified a UPC component of circa 8,390 persons in Welwyn Hatfield.
10. Each of the inter-census MYEs was adjusted by the ONS to incorporate UPC, resulting in the publication of revised estimates. Figure 2.1 shows the components of population

change between the Census years under these revised MYEs as published by the ONS. The chart shows the scale of natural change, net internal migration and net international migration originally estimated between Census years, and the negative UPC component retrospectively identified for Welwyn Hatfield. For completeness, “special change and other adjustments” applied by the ONS are also isolated and presented in the chart below, although this component is very small and averages only 2 persons per year⁴⁷.

Figure 2.1 Welwyn Hatfield Components of Population Change ONS (Revised MYEs, 2001/02 – 2010/11)



Source: ONS

- The negative UPC figure is applied by the ONS to correct the population change otherwise implied by the natural change and migration components. This ensures alignment with the change in population between 2001 and 2011 based on the Census counts.

How has the ONS treated UPC in the generation of its official population projections?

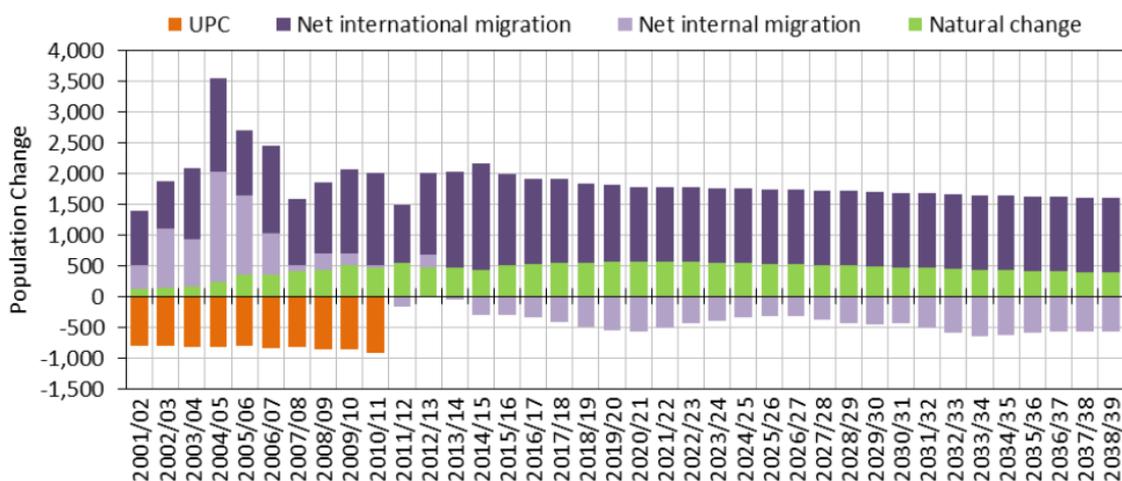
- The ONS has been clear to state that it does not explicitly adjust its sub-national population projections to include UPC, as it *‘could not be demonstrated that UPC measured a bias in the trend data that will continue in the future’*⁴⁸.

⁴⁷ “Special change” is the estimated net effect of changes to special populations during the twelve months to mid-year, which comprise prisoner, armed forces and their overseas based dependent populations. “Other adjustments” are small adjustments necessary to account for issues such as minor local authority boundary changes and large postcode areas that overlap local authority boundaries

⁴⁸ ONS (2016) 2014-based subnational population projections: questions and answers

13. On this basis, the official population projections are understood not to apply adjustments to explicitly account for the historic overestimation of population change in Welwyn Hatfield. This is due to uncertainties as to how it is to be assigned and the extent to which it will continue in the future.
14. The SHMA evidence and the accompanying analysis by Edge Analytics⁴⁹ has, however, noted that whilst the ONS confirm that the methodology does not explicitly include UPC, **the latest official forward projection (2014-based SNPP) does not assume a sustained continuation of the historic levels of net migration.** The official projections assume a lower level of net international migration and a negative internal migration flow, which directly contrasts with a historically consistent positive flow. This is illustrated in Figure 2.2. This suggests that whilst the ONS has not explicitly adjusted for UPC, the projection does not sustain the population growth or migration historically estimated before this adjustment was applied.

Figure 2.2 Historical and 2014-based SNPP components of change



Source: ONS, Edge Analytics 2017

How has the SHMA evidence considered the implications of UPC?

15. The 2014 SHMA was prepared in the context of the ONS issuing its revised MYEs and the first official projection (2012-based SNPP) to take full account of the 2011 Census.
16. It therefore sought to consider the potential implications of UPC and the notable changes to the historic population estimates prior to 2011.
17. This was undertaken through the production of variant population projections by Edge Analytics using the POPGROUP suite of software which fully adjusted for the inclusion of UPC. These variants based trends on different historic periods, thereby capturing the impact of UPC over shorter and longer historic periods of time.

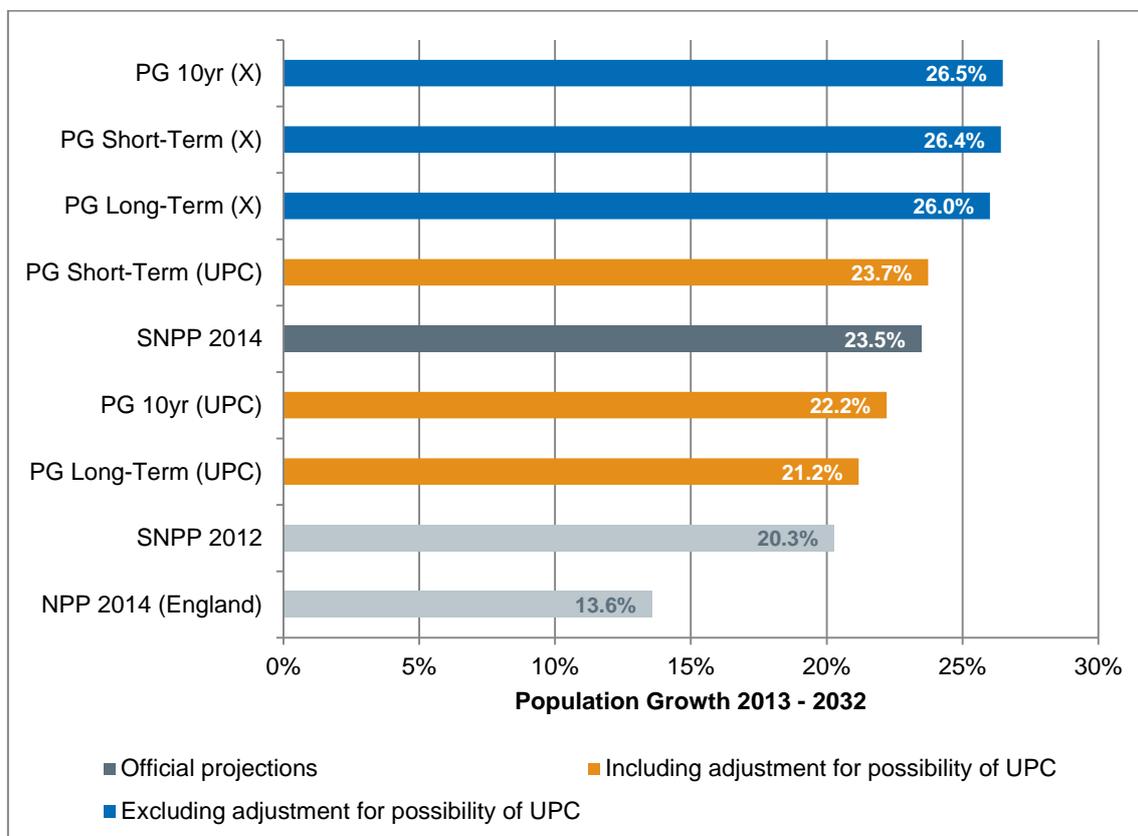
⁴⁹ Appendix 1 to the 2017 SHMA Update (HOU/21) presents the most up-to-date analysis of demographic data in Welwyn Hatfield

18. In order to generate these variant population projections, Edge Analytics took the decision to fully attribute UPC to the international migration component⁵⁰. The future projections were therefore based on adjusted estimates of historic international migration, with the other components remaining unchanged from that presented at Figure 2.1.
19. The scenarios presented in the 2014 SHMA which included an adjustment for UPC projected lower levels of future population growth than the official projections. This evidently reflected an assumption that future net international migration would be lower in the future, based on the “adjusted” international migration components prior to 2011.
20. The 2015 SHMA Partial Update and 2017 SHMA Update retained the approach of presenting variant population projections which sought to illustrate the full impact of including an adjustment for UPC. Reflecting points raised in other Local Plan Examinations and acknowledging the ONS’s clearly stated position to not fully or partially account for UPC in its official projections the 2017 SHMA Update, also presented variant projections⁵¹ which **excluded any adjustment for UPC**. In these scenarios, the future projections were based directly on the ONS components of change, with no adjustment applied to the historic international migration component. Under these scenarios, therefore, they assumed a higher net international migration flow than those scenarios adjusted to include UPC, drawing on the components shown in Figure 2.1.
21. **The resulting impact of either fully including or excluding UPC** in the range of variant population projections is clear shown in Figure 2.3 below, which is directly taken from the 2017 SHMA Update. As would be expected, **those scenarios excluding UPC (denoted with an ‘X’) suggest a stronger projected population growth than those including UPC (‘UPC’)**, noting that the latter assume a considerably lower level of net international migration annually in the future.

⁵⁰ The justification for this approach by Edge Analytics is provided within their report included as Appendix 1 to the 2017 SHMA Update (HOU/21), paragraphs 2.6 – 2.7

⁵¹ A full description of the variant demographic projections presented in the 2017 SHMA Update is included on page 8 of this paper.

Figure 2.3 Comparing Projected Population Growth under the variant population projections presented in the 2017 SHMA Update 2013 – 2032



Source: ONS; Edge Analytics, 2017

22. The SHMA Update noted that the variant projections sat either side of the 2014-based SNPP. Whilst the ONS has confirmed it does not explicitly account for UPC, this suggests that its methodology inherently offsets some of the impact of this approach. It projects a level of population growth in Welwyn Hatfield which falls somewhat below those scenarios which fully exclude the UPC component.
23. The 2017 SHMA Update recognised that this was likely to result from identified complexities in modelling the interaction between changing rates of internal migration and the implied impact of international migration⁵³ outside of the official ONS model. The ONS model appeared to show an important relationship between internal and international migration being assumed in its modelling. Where net international migration remained high in the official projection, this was counterbalanced by a strong net outflow of internal migrants, which contrasted to the strong inflows recorded historically⁵⁴.
24. This relationship reflects the national modelling which underpins the official projections, which is not directly replicated within the POPGROUP model. This was highlighted in

⁵³ HOU/14 paragraph 9.25; Figure 5 of Edge Analytics' report (Appendix 2 of HOU/14) illustrates that the official projection not only projected a comparatively high level of net international migration, but also a net outflow of internal migrants which contrasted with a consistent net inflow of such migrants over preceding years. It is noted that the exact same picture was apparent in the 2014-based SNPP as illustrated at Figure 13 of Appendix 1 to HOU/21

⁵⁴ Figure 6 of Appendix 2 HOU/14

the 2014 SHMA when comparing the projected future levels of net migration (internal and international) under the variant projections which included UPC with the corrected mid-year estimates even where the UPC component was attributed in its entirety to historic migration counts (and therefore reduced). The variant projections including UPC suggested net future annual migration of only 290 to 340 persons per year compared to historic migration estimates of 980 per annum even where UPC was accounted for⁵⁵.

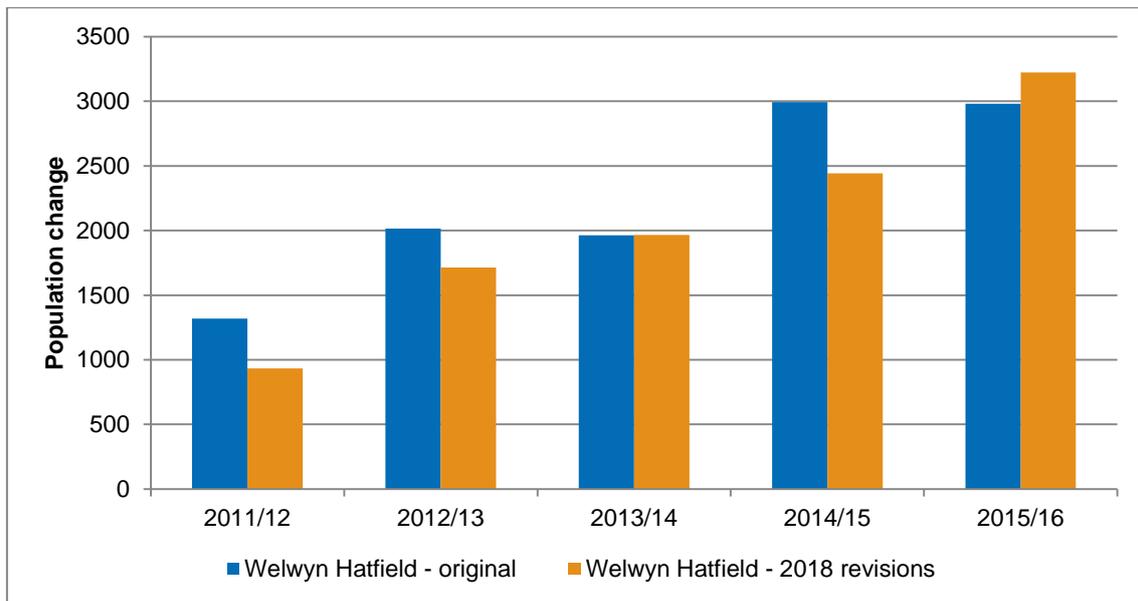
Has the ONS considered whether mis-estimation is continuing?

25. In March 2018, the ONS published revised mid-year estimates for the period since the Census (2011/12 – 2015/16). These estimates have been re-assessed by the ONS recognising their importance in informing the 2016-based SNPP, which will provide a new '*starting point*' based entirely on estimated population change since the Census (2011 – 2016).
26. These revisions capture the effects of methodological improvements and take full account of previously unavailable data⁵⁶. They therefore seek to address any concerns the ONS may have had with regards to the accuracy of their ongoing process of population estimation in advance of the 2021 Census.
27. The change suggested by the revised MYEs (2011/12 – 2015/16) indicates that there has been a modest overestimation of population growth in Welwyn Hatfield, relative to the previous estimates. The borough's population estimate for 2016 has been revised downwards by 989 persons (-0.8%) from 121,996 to 121,007.
28. The ONS has confirmed that the largest change to the population estimates for Welwyn Hatfield is from international emigration. Over the five years from 2011/12 to 2015/16, this increased by 876, a change of 175 persons per year. Similarly, the ONS has applied an adjustment to the estimates of international immigration with this reduced by 117, a change of 23 per year. Taken cumulatively, it is apparent that the international migration component has therefore represented the main factor in modest reduction in the growth of the population estimated over this period. The newly available data indicates that slightly fewer people moved into the borough from overseas, and slightly more of its residents emigrated during the same period.
29. This could be considered to validate, at least in part, Edge Analytics' conclusion that international migration is the component with the greatest degree of uncertainty, and their modelled attribution of UPC recorded prior to 2011 to the international migration component. Importantly, however, **the ONS has through their review of the more recent estimates concluded that the scale of adjustment is nowhere near the scale of that suggested on average annually between the Census years**. This would suggest that more recent trends have been considerably less influenced by any such issue as captured by UPC.
30. The comparatively limited scale of adjustment is apparent when comparing the annual change in population under the revised MYE compared to the estimates they replace. This is shown in Figure 2.4.

⁵⁵ HOU/14 paragraphs 9.24 and 9.25

⁵⁶ ONS (22 March 2018) Revised population estimates for England and Wales: mid-2012 to mid-2016

Figure 2.4 Annual population change revised MYE vs superseded dataset



Source: ONS, 2018

31. It is interesting to note that the estimate for 2013/14 is unchanged. This is the end-point for the historic period drawn upon in the ONS 2014-based SNPP, and suggests that the revisions of the estimates would be expected to have a comparatively limited effect on this projection.
32. After 2014, the revised MYE show a more notable level of volatility. However, it is of note that the revised estimate for 2015/16 shows a higher level of population growth than the original estimate. This reflects a stronger growth trajectory of population over the last five years (lower base count in 2011/12 and higher count in 2015/16) which could have implications for the 2016-based SNPP which are scheduled to be published in June 2018.

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