

Welwyn Hatfield Local Plan Examination

***The Implications of the 2018-based SNPP and
SNHP on the Welwyn Hatfield OAN***

Report by Turley (EX203A)

Response by Jed Griffiths MA DipTP FRTPI

On Behalf of

North Mymms District Green Belt Society

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Introduction

1. This statement has been prepared by Jed Griffiths MA DipTP FRTPI on behalf of the North Mymms District Green Belt Society. It has been compiled in response to the publication by Welwyn Hatfield Borough Council of a report by Turley, the Council's consultants, on the implications of the 2018-based population and household projections produced by the Office for National Statistics (ONS). The report (examination document EX203A) was completed in response to a request by the Examination Inspector for the Council to consider whether the projections resulted in a "meaningful change" to the context for the assessment of housing needs in the Local Plan.
2. The Society has also commissioned an independent critique on EX203A by Alan Wenban-Smith, a leading expert on housing and planning policy. His paper will also be submitted by the Society for the consideration of the Examination Inspector. Where appropriate, it is referred to in this report (as "AWS").
3. The Society welcomes the opportunity to comment on the Turley report and its findings. Although the Local Plan is being examined under the provisions of the 2012 National Planning Policy Framework (NPPF), it is important that it is based on adequate, up-to-date, and relevant evidence (NPPF paragraph 158 and PPG). During the course of the Local Plan Examination, which commenced in 2017, the nature of the evidence underpinning the assessment of housing needs has changed considerably. The Society believes that this "meaningful change" has clearly been confirmed by the Turley research.
4. In the Executive Summary to EX203A, Turley notes that the Council's evidence base for objectively-assessed housing need (OAN) has been consistently justified at a rate of 800 dwellings per annum over the plan period. Following the publication by ONS of the 2016-based household projections, this assumption was challenged and subjected to scrutiny at Stage 6 of the Examination Hearings in December 2019. Despite representations made at the hearings by the Society and others, the Inspector concluded that the figure of 800 dwellings per annum was soundly-based.
5. Having considered the 2018-based ONS projections, Turley now acknowledge that there should be a lower OAN than previously agreed. The consultants are suggesting that this should be in the range of 715-800 dwellings per annum for the original plan period (2013-2032). Although the Society supports the overall conclusion, it believes that the OAN should be lower than that recommended by Turley. In the Executive Summary to EX203A, Turley state that they have treated the principal 2018-based household projection "with caution". The Society believes that the consultants have been over-cautious, and that certain of the assumptions made in their calculations are out-dated and unjustified.

6. This statement sets out the Society’s detailed observations on sections of ED203A, as follows:

- Summary of the Evidenced OAN Position (Section 2)
- The Household Projections – “Starting Point” (Section 3)
- Projected Population Growth (Section 4)
- Projected Household Growth (Section 5)
- Implications for Housing Need (Section 6)

Summary of the Evidenced OAN Position

7. The Society notes the current position on the OAN, which has been adjusted every two years with the publication of updated population and household projections. The changes to the original housing submissions, which raised the proposed housing target from 12,000 to 16,000 dwellings, are described in paragraph 2.2 and summarised at Table 2.1 of EX203A. From paragraph 2.6, the report explains how the resulting OAN of 800 dwellings per annum was retained following an assessment of the implications of the 2018-based ONS projections, as set out in EX103B. Together with many others, the Society made representations to the Examination Hearings in December 2019 against the conclusions in EX103B, arguing that the 2018-based projections did lead to a “meaningful change” to the housing situation.
8. That the Society’s arguments were rejected is a matter of fact, as detailed in the Inspector’s report of January 2020 (EX190). Nevertheless, the Society believes that the underlying trends of declining trends of population growth and household formation rates, which were apparent in the 2016-based forecasts, have been confirmed by the latest 2018-based figures. As argued below and in the AWS paper, there is firm evidence that these trends are continuing, and that the Borough Council should therefore exercise a considerable degree of caution in arriving at its housing requirement.

The Household Projections – “Starting Point”

9. In Section 3, The Turley report draws attention to the fact that, since 2016, the responsibility for producing population and household projections has passed to ONS, whereas they were developed previously by the former Department for Communities and Local Government (DCLG). The resulting problems of comparing the new data sets with previous versions are described in paragraph 3.2. Basic comparisons, it is stated, can now be misleading. In Turley’s view, this is because of “the unusual and exceptional decision to vary the length of the trend for the main or *principal* period of the 2018-based projection, narrowing this for internal migration for only two years (2016-2018), rather than the traditional five.”
10. Counter to this argument, the Society considers that, instead of viewing the variation in the process as a problem, Turley should acknowledge that the demographic trends have changed. The ONS decision to change the basis for its projections merely reflects reality, which, as stated by ONS, makes no allowance for the effects of Brexit or the COVID-19 pandemic. Use of the five-year trend is not “traditional” – it is just one of the alternatives available to demographers at the time of running a projection. The Society tentatively suggests that the purpose for Turley having rejected the ONS reasons for using the two-year trend was for no other than to justify their previous assessment, which is now clearly out-of-date.
11. In statistical terms therefore, Turley are clearly uncomfortable about using projections based on a two-year period for internal migration. In their assessments, the consultants refer to one of four variants released with the principal 2018-based projections. This “alternative internal migration variant” (referred to in the report as the “alternative 2018-based SNPP”) bases all its assumptions on a five-year reference period (2013-2018). According to Turley, this is aligned most closely with earlier official projections for Welwyn Hatfield. In paragraph 3.4, the report states that “it is considered to provide a more representative and consistent basis for comparing with earlier projections, especially once recognised that the PPG does not necessarily require use of the principal projection.”
12. This statement misses the point in that circumstances have changed considerably. Turley have made no challenge to the ONS reasoning for the principal projections in the light of those circumstances.
13. The comparison between the two 2018-based projections and the preceding 2016-based and 2014-based data sets is set out by Turley in Table 3.1. There is a clear difference between the 2018-based principal projection and the three others, mainly because of the assumptions on internal migration.

14. In its previous submission to the examination, the Society has expressed its concerns about the migration assumptions used by the Borough Council in its projections of housing need. Although the Turley report has concerns about using the two-year internal migration trends, the Society believes that the principal 2018-based projection should now be used as the appropriate basis for determining housing needs. The alternative 2018-based SNPP, whilst lower in terms of dwellings per annum than the earlier projections, is based on migration trends dating back to 2013. Arguably, the year 2016 represented a “tipping point” in the downward trends in internal migration affecting Welwyn Hatfield – which has been picked up by the 2018-based principal projection.
15. From a 2020 perspective, the downward trend has continued, and has been exacerbated by the COVID-19 pandemic. There are a number of factors concerning migration, both internal and external, which should invoke a cautious approach to the OAN. These include a marked decline in the numbers of students and researchers attending the University, and the growing economic recession. Together, these “real world” trends reinforce the view that the “starting point” for the OAN should be the 2018-based principal projection; at a rate of 309 dwellings per annum, plus a 3% vacancy rate.

Projected Population Growth

16. Section 4 of the Turley report considers projected population growth, based on the 2018-based sub-national population projections, issued by ONS on March 24th 2020. In paragraph 4.2, two particular demographic trends are noted. First, despite the COVID-19 pandemic, it is suggested that it would be premature and inappropriate at this point to query or adjust the mortality rates assumed in the projections for Welwyn Hatfield. The Society has no reason to doubt this conclusion.
17. Second, the report comments on the reduction in the net inflow of international migration into the UK, assumed to fall by 28% within five years. It is noted that ONS has made no attempt to predict the effect of future and political and economic changes, including the demographic consequences of Brexit. There is recognition that “further variants” may be forthcoming from ONS. The report is inconclusive stating that “Given that international migration is not unique to this area.....it must be recognised that the Government has provided no indication that that it would be reasonable or justified for any area to plan on the basis of such a markedly reduced inflow to the UK, or contra to that a scenario where the reduction is pronounced.” The Society disagrees with this point of view. For the past two decades, international migration has featured strongly in the demographic profile of the Borough, but has been declining. It should therefore be considered in the population projections.

18. In paragraphs 4.3 and 4.4, and Figure 4.1, there is a comparison of the integral population projections for the period 2013-2032 in Welwyn Hatfield, in isolation from the household projections. Both of the 2018-based projections show lower levels of growth than the 2016-based and 2014-based data sets; the principal 2018-based projection is the lower, the result of a much smaller net inflow of people to the Borough. These figures are translated into a summary of projected population change for 2013-2032, summarised in Table 4.1. The only meaningful annual rate of change (0.8%) relates to the ONS principal projection.
19. In paragraph 4.6 and the diagram in Figure 4.2, Turley describe the varying migration trends in the reference time periods for the 2018-based SNPP. The diagram clearly illustrates the distinctive differences of patterns of internal migration between three periods: 2001-2010, 2011-2015, and post-2016. The peaks in the first two periods can be clearly be related to the expansion of the University and increases in business research and development. Although the reasons are less apparent for the more recent drop in migration, the contrast is striking. In paragraph 4.7, however, Turley states that ONS has explicitly warned "of the chance that using only two years data will create unusual experiencing abnormal migration patterns over this short period." In the following paragraph (4.8), however, they concede that the recent trend cannot be completely dismissed as "abnormal" when appreciating the approach that ONS had taken to improving its approach to estimating movements associated with Universities. Despite this, they then argue for caution in the interpretation of the principal projection, as the supply of housing in the two years (2016-2018) may well have influenced the migration trend.
20. As outlined above, the Society strongly disagrees with the Turley conclusions on migration. Although further ONS projections will not be available for two years, it is apparent that the downward trends in internal and international migration have continued in the two years following 2018, and are likely to persist. Rather than housing supply being the main influence, the key factors are more likely to be economic, with stagnation in the local economy, which has been exacerbated by the effects of the COVID-19 pandemic.

21. In the final parts of Section 4, Turley argue that the alternative 2018-based SNPP shows a rate of growth that is closely aligned to previous historical trends (as shown by examination documents EX82 and EX103A). It should therefore be preferred to the principal 2018-based projection. This is illustrated by Figure 4.3, which benchmarks the principal and alternative 2018-based projections against historic figures of growth since 2001. It is acknowledged in paragraph 4.11 that the two years 2016-2018 saw a considerably lower rate of growth than now assumed by the principal 2018-based SNPP or than recorded historically. The sole reason for this, seemingly, is the lower numbers of dwellings completed during that period. Accordingly, Turley advise that “it would be sensible to exercise caution before assuming that the recently lower growth trend will necessarily persist over the long term horizons of a plan period.”
22. The Society rejects this argument and the summary set out in paragraphs 4.14-4.17 of the Turley report. The diagram at Figure 4.4, which compares various projections of population growth for the period 2013-2032, again highlights the comparison between the principal projection and others. It is becoming increasingly apparent that the lower growth trend identified by the principal 2018-based projection is not a short-term phenomenon and is likely continue for the foreseeable future. Caution is most certainly advisable, but it should point to the use of the principal ONS projection as the most appropriate basis for determining housing needs. This approach is surely superior to the use of the alternative, which coincidentally seems to fit better with the numbers in the submitted Local Plan.

Projected Household Growth

23. In Section 5, Turley describe the earlier problems with the assumptions on headship rates, which were detailed in document EX103A. The approach in EX103A, applying 2014-based headship rates to the 2018-based SNPP, is used again to overcome identified limitations. From modelling work undertaken by Edge Analytics, Table 5.1 shows the impact of variable headship rate assumptions in Welwyn Hatfield. It is noted that applying the 2014-based headship rates to the 2018-based alternative SNPP would a produce a requirement of 597 dwellings per annum. More significantly, it is acknowledged that, even with applying the 2014-based headship rates to the 2018-based principal projection, the comparable figure would be 455 dwellings per annum. This is some 200 dwellings lower than the “starting point” in the 2017 SHMA, and should not be dismissed lightly.

24. As with previous assessments, the report includes a recommended adjustment for suppressed household formation, which would assume a recovery in younger household formation, to the position of 2001. The adjusted results are set out in Table 5.2, and compared to the unadjusted base rates. In its assessment of the results, the report suggests that, applying the assumptions, a rate of 650 dwellings per annum could be needed to accommodate population growth projected by the alternative 2018-based SNPP over the plan period 2013-2032. It therefore rejects the adjusted rate linked to the 2018-based principal projection of 503 dwellings per annum.
25. For the reasons stated above, the Society firmly believes that the principal projection is the most appropriate basis for the determination of housing needs. As in its previous representations to the Examination, the Society also considers that the adjustments for “suppressed household formation” are no longer valid. Although this argument was not accepted at the Stage 6 hearings, a return to 2001 rates of formation for younger households is arguably much less realistic with the passage of time. It is therefore questionable whether this adjustment should be made.

Implications for Housing Need

26. Section 6 of the report begins by stating that the release of new projections does not necessarily outdate earlier assessments of housing need. It could be justified in principle simply to retain the previously-evidenced OAN of 800 dwellings per annum in Welwyn Hatfield. Using the alternative variant of the 2018-based SNPP, there would appear to be a nearly identical rate of population growth compared to earlier projections on an annual average rate over the period 2013-2032. It is acknowledged, however, in paragraph 6.3 that there has been a clear lowering in the overall level of population growth over the plan period as suggested by the more recent 2018-based projections.
27. The implications of retaining the 800 dwellings per annum OAN are set out in Figure 6.1. This shows that there could be a margin of some 23% which would provide for a much higher allowance for market uplift, compared to the 10% uplift provided for in the 2017 SHMA and EX103A. Consideration is given to this point in paragraph 6.5, and Figure 6.2, which shows that the ratio between house prices and earnings has been improving. In the circumstances, it is concluded that an uplift of 23% could be viewed as relatively high, and that the previously-agreed 10% figure should be retained. Applying this to the alternative 2018-based SNPP would suggest a need for 715 dwellings per annum for the period 2013-2032 – the report goes on to suggest that a range of 715-800 dwelling per annum would be reasonable for Welwyn Hatfield for the period 2013-2032.

28. In the view of the Society, the suggested range provides a dwellings requirement which is no different than the 800 dwellings per annum which has previously been endorsed following the Stage 6 hearings. It is similar to an approach which is being advocated by North Hertfordshire District Council in support of its Local Plan. In response to the ONS 2018-based projections, no change to the OAN is proposed, so as to provide a “safety net” for the future supply of housing land. The Society rejects this approach and submits that the principal projection should be used as the basis for determining housing needs. This would give a more realistic figure of 432 dwellings per annum over the plan period 2013-2032. No range should be applied – the rates would be monitored and reviewed five years from the adoption of the Local Plan.
29. The final part of Section 6 considers the implications for the alternative plan period of 2016-2036. The Society notes the table at Figure 6.3, which illustrates the possible size of the market signals uplift over the alternative plan period. Alarming, an uplift high as 35% is implied if the higher rate of 800 dwellings per annum were applied. Turley, however, do recognise that the range of housing needs could be substantially lower at the end of the period; in paragraph 6.16 it is suggested that a rate of 715 dwellings per annum would be then more appropriate. Again, the Society strongly supports a much lower range throughout the alternative plan period.

SUMMARY

30. In conclusion, the Society would wish to challenge the Turley views on the implications of the ONS 2018-based population and household projections, as set out in EX203A. The rejection by Turley of the principal projection, in that it was based on migration trends of two years, gives insufficient weight to the fact that the lower rates have persisted in the period since 2018. There must be serious doubts, therefore, about the realism of Turley’s approach in developing an approach based on the alternative 2018-based SNPP, using outdated migration trends from the five year period to 2016.
31. In using a projection which gives more weight to these historic migration patterns, it is suggested that Turley are factoring in some of the household formation characteristics that they subsequently add to adjust the projected annual rate for the increase in dwellings. These adjustments would include suppressed household formation, affordability, and market uplift. It is suggested that this result results in an element of double-counting, and inflation of the projected figures. These are strong reasons why the Council should be using the principal ONS projection as its starting point. Both the 2012 NPPF and associated planning practice guidance require the plan-making authority (and the Secretary of State) to use up-to-date information wherever possible. In the view of the Society, this requirement surely extends to the use of the latest migration trends, which underpin the ONS principal projections.

32. In EX203A, Turley advise on caution in the use of the principal ONS 2018-based projection. The Society would agree, but it has a different viewpoint. The Local Plan ultimately has to deliver sustainable development. In the context of sustainable development, the Society strongly advocates the deployment of the “precautionary principle” in the Local Plan. In terms of the OAN and the allocation of housing sites, they should therefore be guided by the lower range of population and household projections, so as to husband the supply of land. This is particularly important in a Green Belt location such as Welwyn Hatfield.

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Hertford

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