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Planning. Design. Economics.

**Implications of the 2011-based CLG  
Household Projections**

Ribble Valley Housing Requirement Update

Ribble Valley Borough Council

30 May 2013

40895/02/MW/CRo

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## 1.0 Introduction

- 1.1 In July 2011 Nathaniel Lichfield and Partners [NLP] produced a study on behalf of Ribble Valley Borough Council [RVBC] concerning local housing requirements within the Borough<sup>1</sup>. The study set out the potential scale of future housing requirements in Ribble Valley, based upon a range of housing, economic and demographic factors, trends and forecasts. This sought to provide the Council with evidence on future housing requirements to help it plan for future growth and make informed policy choices.
- 1.2 The study subsequently formed a key part of the evidence base underpinning Ribble Valley's Submission Draft Local Plan, which was submitted for examination in September 2012.
- 1.3 In accordance with the requirements of the National Planning Policy Framework [The Framework], the Local Plan must be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of their area [para 158].
- 1.4 For housing, this means that housing needs must be objectively assessed. This requires that the most up-to-date household and population projections are used, taking into account migration and demographic change. NLP's earlier HEaDROOM report based the demographic scenarios on the most up-to-date evidence available at the time (spring 2011), which comprised the ONS 2008-based Sub-National Population Projections [SNPP] and CLG 2008-based household projections.
- 1.5 New evidence is now available including the 2011 Census, ONS 2010-based SNPP, the (interim) ONS 2011-based SNPP, the ONS mid-year migration estimates for 2001-2011 and the (interim) CLG 2011-based household projections. The 2013 Employment Land Review [ELR] for Ribble Valley (BE Group) has also been made available by RVBC. This report therefore updates the locally generated housing requirements produced for RVBC in 2011 in the light of the latest demographic evidence. This includes the following:
- 1 An analysis of the latest demographic and population releases for Ribble Valley Borough, notably the 2011 Census population figures; the (interim) ONS 2011-based SNPP, the ONS mid-year migration estimates for 2001-2011 and the (interim) CLG 2011-based household projections, and how these forecasts compare with the data underpinning NLP's 2011 HEaDROOM report;
  - 2 New Scenarios exploring the likely impact of these new figures on dwelling requirements to 2028 through a re-run of the PopGroup baseline model, (incorporating the 2011-based ONS SNPP forecasts and headship rates from the 2011-based household projections), adjusted to take into

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<sup>1</sup> NLP: Ribble Valley Housing Requirement HEaDROOM Report (July 2011)

account the 2011 Census population for the Borough and updated migration trend statistics;

- 3 A new economic-change scenario, based upon the job growth projected for Ribble Valley in the Council's 2013 ELR;
- 4 A contextual overview exploring the reasons behind any significant changes to the forecasts and the extent to which the previous HEaDROOM results remain valid.

2.0

## Background and Context

### Ribble Valley Housing Needs Study

2.1 The purpose of the Ribble Valley Housing Needs Study, undertaken by NLP in 2011, was to set out the scale of future housing requirements in the Borough based upon a range of housing, economic and demographic factors, trends and forecasts. NLP's HEaDROOM model was used to provide RVBC with evidence on the future housing requirement for their area to help Officers plan for future growth and make informed policy choices through the Development Plan preparation process.

#### What is HEaDROOM?

2.2 At the heart of HEaDROOM is an understanding of the role of housing in ensuring that the future population of a locality can be accommodated and the extent to which housing plays a crucial role in securing the economic well-being of a local area. The model involves the use of a variety of forecasting techniques and analysis to avoid any over-reliance on 'predict and provide'. Specifically, this incorporates the 'PopGroup' demographic forecasting tool, with a variety of inputs including ONS population projections and comparable CLG household forecasts.

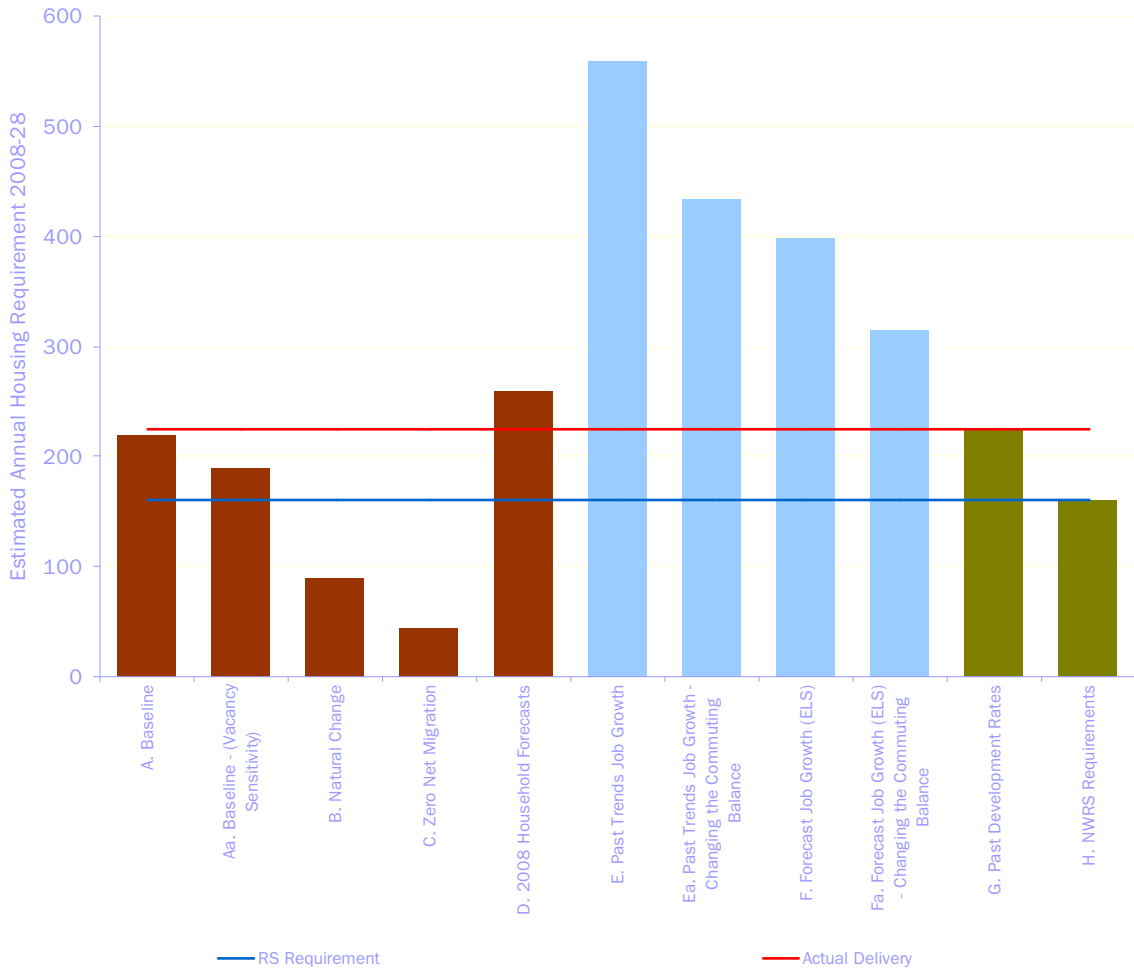
2.3 At the time of the 2011 study, the most up-to-date information available for the PopGroup model involved the 2008-based ONS SNPP and the 2008-based CLG household projections. On this basis, 11 future housing scenarios were agreed with the Council as follows:

- 1 **Demographic Factors** (Scenarios A-D) – what projections of natural change, migration and headship rates will mean for future levels of household growth. This primarily involved undertaking a series of sensitivity adjustments to the PopGroup Baseline model run (particularly concerning migration), as well as interpreting the 2008-based CLG household growth statistics for the area. An adjustment was also made to explore the implications of reducing the vacancy rate in Ribble Valley from 3.7% to 1.9%;
- 2 **Economic Factors** (Scenarios E-F) – what levels of housing are needed to sustain different estimates of employment change. This approach included taking forward job growth forecasts for the Borough underpinning the Council's Employment Land Study, as well as applying a sensitivity test that changed the commuting balance; and,
- 3 **Housing Factors** (Scenarios G-H) – how past trends of delivery are likely to be reflected in future household growth. This included analysing construction rates to identify what the market could potentially bring forward, as well as revisiting the NWRS housing requirements.

## Results of the 2011 HEaDROOM Model Runs

2.4 The scenarios resulted in a wide range of housing requirements for the period 2008 to 2028 based upon different indicators of what the need for housing within Ribble Valley could be, as summarised in Figure 2.1.

Figure 2.1 Summary of Scenarios



Source: NLP Analysis

2.5 The projected dwelling requirements ranged from as low as 43 dpa (based on the zero net migration forecasts) to as high as 559 dpa (Past trends job growth). These were split into three broad groups – demographic based scenarios allowing for an element of in-migration (A, Aa and D) and housing scenarios (G and H); demographic based scenarios excluding net in-migration (scenarios B and C); and employment-led scenarios (E, Ea, F and Fa). The employment led and reduced migration scenarios were subsequently excluded on the grounds that they were neither realistic nor desirable.



## Suggested Range

- 2.6 The HEaDROOM report concluded that the dwelling requirements for Ribble Valley Borough should be for between **190 dpa and 220 dpa over the period 2008 to 2028.**
- 2.7 This refined range was derived following the consideration of the combined outputs from the various model runs, set against the environmental issues and constraints that could preclude the Borough from physically accommodating certain levels of housing need. In particular, and as noted in the HEaDROOM report, a sensitivity test was undertaken on the baseline figure of 220 dpa using a lower rate of 1.9% in 2028, based on the Borough's valuation list data<sup>2</sup>. This resulted in a reduction in the dwelling requirement figure to 190 dpa. The HEaDROOM report concluded that there would be a need to continue to monitor and update existing evidence, including reviewing dwelling vacancy levels in the Borough, to test whether a higher/lower figure should be incorporated into a recalibrated PopGroup model.
- 2.8 It was considered that a requirement of between 190 dpa and 220 dpa represented a sensible range for the Borough, providing a realistic level of housing to deliver some economic growth, whilst recognising environmental issues and the challenges ahead.
- 2.9 It should be noted that the evidence within the report did not include any allowance for backlog/past over-provision; nor did it seek to make a planning or policy judgement. Both points were considered to be matters for RVBC Officers taking into account the information before them. The 2011 report therefore represented a first stage for further consideration of all relevant factors through the Local Plan process.

## Local Plan Proposals

### Ribble Valley Borough Local Plan

- 2.10 Key Statement H1 of the Submission Ribble Valley Local Plan (2012) states that land for residential development will be made available to deliver **4,000 dwellings**, at an average annual completion rate of at least **200 dpa** over the period 2008 to 2028 in accordance with baseline information.
- 2.11 Policy H1 states that RVBC will seek affordable housing provision at 30% of units on housing developments within the settlement boundaries of Clitheroe and Longridge comprising of 10 or more dwellings (or sites of 0.5 hectares or more, irrespective of the number of dwellings). In all other locations in the

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<sup>2</sup> Valuation List Data comes from Valuation Office Agency of HMRC. It is based on property values at 1 April 1991, with homes allocated to one of eight bands in England: the lowest - band A - is for homes worth less than £40,000, and the highest - band H - is for those worth more than £320,000. The valuation lists show to which band a property has been allocated, which reflects a value range.

Borough, for developments of 5 or more dwellings (or sites of 0.2 hectares or more), RVBC will require 30% affordable units on the site.

- 2.12 Policy EC1 states that RVBC will aim to allocate an additional 9 ha of land for employment purposes in appropriate and sustainable locations during the lifetime of the plan. This figure excludes the Enterprise Zone at the BAe Samlesbury site, which is considered to be of regional significance.

## Summary

- 2.13 Table 2.1 compares the NLP housing requirement range identified in the 2011 HEaDROOM report against the amount RVBC is actively planning for. It suggests that RVBC are planning for a level of housing growth that is approximate to the middle of the recommended range in NLP's 2011 HEaDROOM report.

Table 2.1 Annual Housing Requirements Comparison

	2011 HEaDROOM – Recommended Range	Local Plan Provision
Ribble Valley (2008-28 – 20 year)	190 – 220 dpa	4,000 (200 dpa)

Source: NLP analysis, RVBC

## 3.0 2011-based CLG Household Projections

### Overview

- 3.1 The Framework [para 47] requires LPAs to meet the full, objectively assessed need for market and affordable housing within their HMA. To have a clear understanding of housing needs in their area, LPAs should prepare a SHMA which should identify the scale and mix of housing need over the plan period to meet household and population projections, taking account of migration and demographic change [para 159].
- 3.2 In this regard, since the submission of the 2011 HEaDROOM Study, the demographic data which underpinned NLP's modelling work has been updated by both the ONS and CLG. New statistical information includes:
- 1 2011 Census data;
  - 2 RVBC's 2013 Employment Land Review;
  - 3 Revised 2010/2011-based mid-year population estimates;
  - 4 Revised ONS mid-year population/migration estimates for 2001-2011, factoring in the 2011 Census;
  - 5 2010-based ONS SNPP;
  - 6 (Interim) 2011-based SNPP; and,
  - 7 (Interim) 2011-based household projections.
- 3.3 The latter dataset is of particular relevance to this update. The latest set of household projections was published by CLG on 9<sup>th</sup> April 2013. The CLG 2011-based interim household projections cover the period 2011 to 2021 and supersede the previous 2008-based household projections which covered the period 2008 to 2033 but which were built up from a 2001 Census base.
- 3.4 A comparison of the latest household projections against the previous 2008-based household projections for Ribble Valley Borough is set out in Table 3.1.

Table 3.1 Household Projections Comparison 2011-2021

	2011-based Household Projections					2008-based Household Projections	
	2011	2021	2011-21	Annual H'holds	Annual Dwellings*	Annual H'holds	Annual Dwellings*
<b>Ribble Valley</b>	24,099	25,978	1,879	188	196	250	261

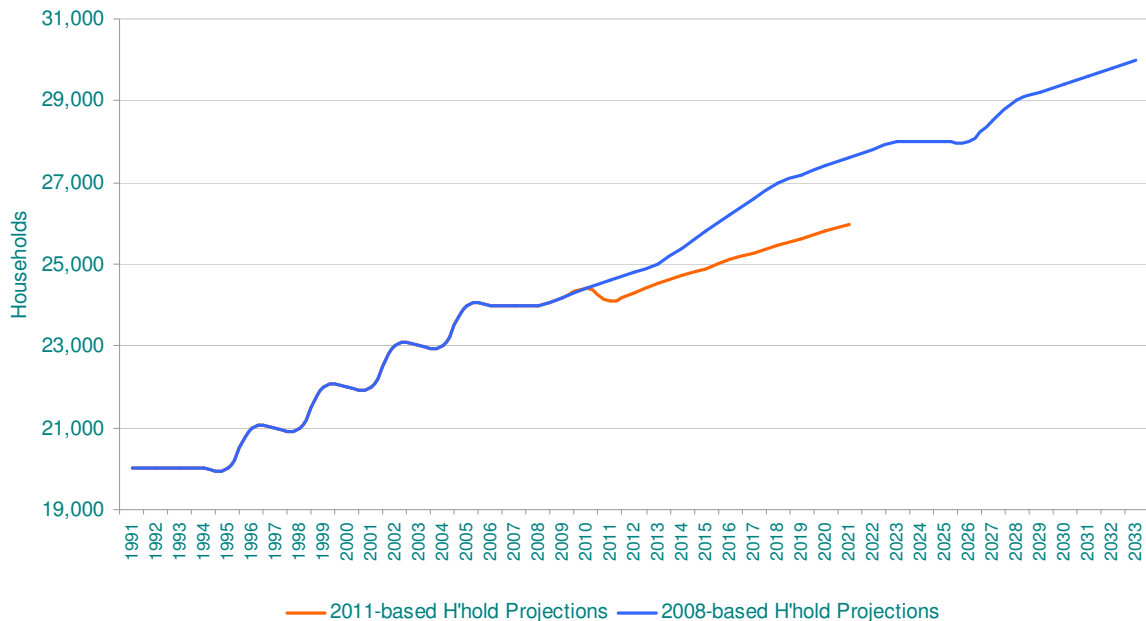
Source: CLG (interim) 2011/2008-based household projections / NLP analysis

\*Converts households into dwellings by making an additional allowance for vacant units/second homes (4.2% for Ribble Valley as recorded in the October 2012 Council Tax Base for Formula Grant Purposes)

- 3.5 Both Table 3.1 and Figure 3.1 indicate that whilst household growth is forecast to continue to increase in Ribble Valley under the latest projections, the level of change between 2011 and 2021 is projected to be much lower than the

previous 2008-based household projections suggested. The most recent projections are around 25% lower than the 2008-based projections. This appears to be due, at least in part, to a past over-estimation of the number of residents living in the Borough based on the mid-year estimates. This indicated 58,500 residents living in the Borough in 2011, whereas the more accurate 2011 Census recorded that the total resident population was significantly lower, at 57,100.

Figure 3.1 Ribble Valley Borough CLG Household Projections Comparison



Source: NLP Analysis / CLG 2008/2011-based household projections

3.6 Overall, the latest CLG household projections indicates that the number of households in the Borough is likely to increase by around 188 households per annum [hhpa], compared to 250 hpa as suggested by the previous set of projections. Converting this into dwellings would indicate a need of 196 dpa for Ribble Valley up to 2021, around 25% lower than the previous projections suggested.

### Issues with the Data

3.7 The 2011-based (interim) household projections represent the most up-to-date indication of household change currently available at a national, regional and local level. The projections incorporate 2011 Census data and supersede the 2008-based household projections.

3.8 However, it is important to note that there are a variety of limitations with the projections, not least the fact that these are demographic and trend-based only and do not take into account any policy changes that may affect actual household formation in the future.

3.9 The most obvious statistical shortcoming is that the projections only span a 10-year period, which presents difficulties for LPAs looking to plan for a

minimum of 15 years into the future. Furthermore, although Census 2011 data was used where possible, where data was not available (for example, household representative rates by age and marital status) information was used from the Labour Force Survey data or from previous projections instead.

3.10 In this regard:

*'The household projections are derived from the SNPP, so any limitations with the interim population projections would also need to be taken into account when interpreting household projections. For example, population projections generally update underlying demographic assumptions on fertility and migration in line with new available data, but for the 2011-based SNPP trends from the 2010-based projections were used'.<sup>3</sup>*

### Household Formation Rates

3.11 There is a marked difference between the household formation rates underpinning the 2008-based and (interim) 2011-based household projections. At the national level, the latest 2011-based projections strongly reflect recently observed trends in suppressed household formation which are associated, at least in part, with the impacts of the recession and past housing under-supply. CLG caution against simply rolling forward household formation rates beyond 2021:

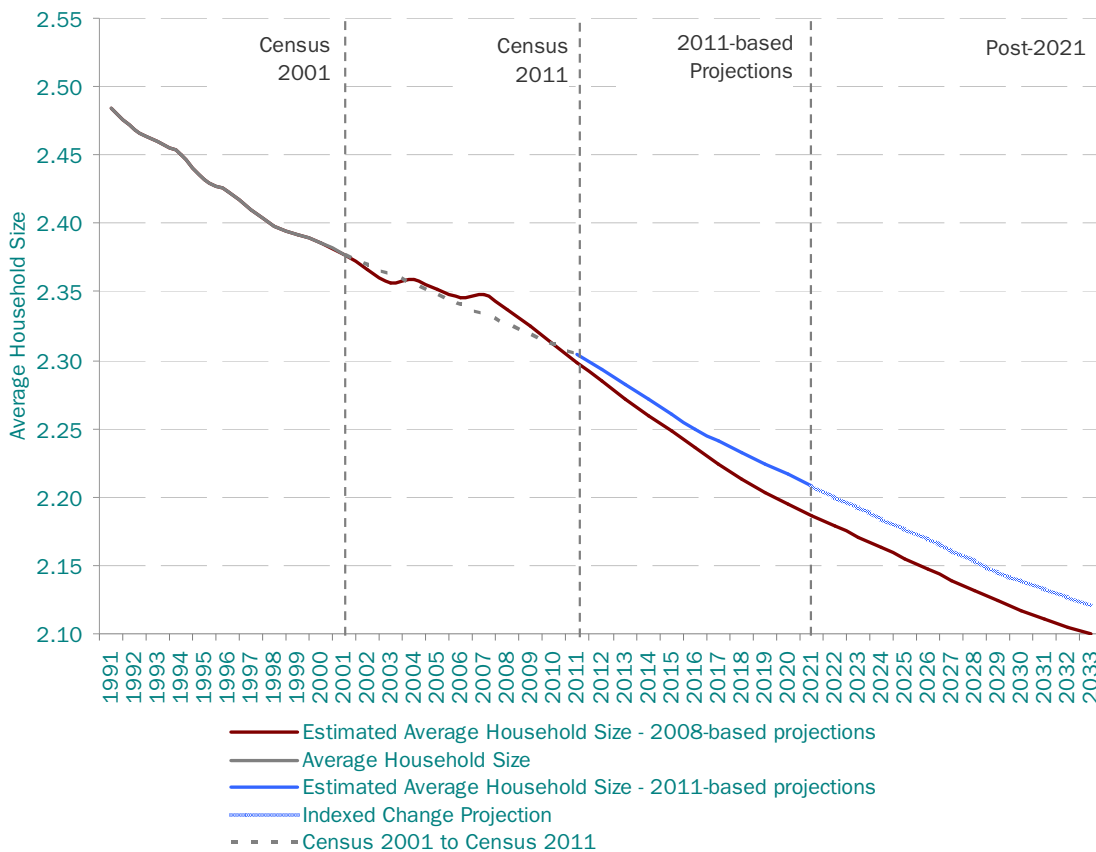
*"There are also particular limitations in the use of the 2011-based interim household projections. The projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue."<sup>3</sup>*

3.12 Overall household formation rates in Ribble Valley have been on a consistently downward trend for many years. Indeed, unlike many other parts of the country which experienced a relatively static formation rate between 2001 and 2011, Figure 3.2 demonstrates that the downward trend towards smaller household size has continued in Ribble Valley up to the present day despite the economic downturn. Post 2011, the downward trend carried forward in the latest 2011-based projections is less pronounced than the 2008-based projections suggested, which are more reflective of long term trends.

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<sup>3</sup> CLG (2013): 2011-based Interim Household Projections - Quality Report

Figure 3.2 Trends in Household Formation (Average Household Size) in Ribble Valley (1991-2033)

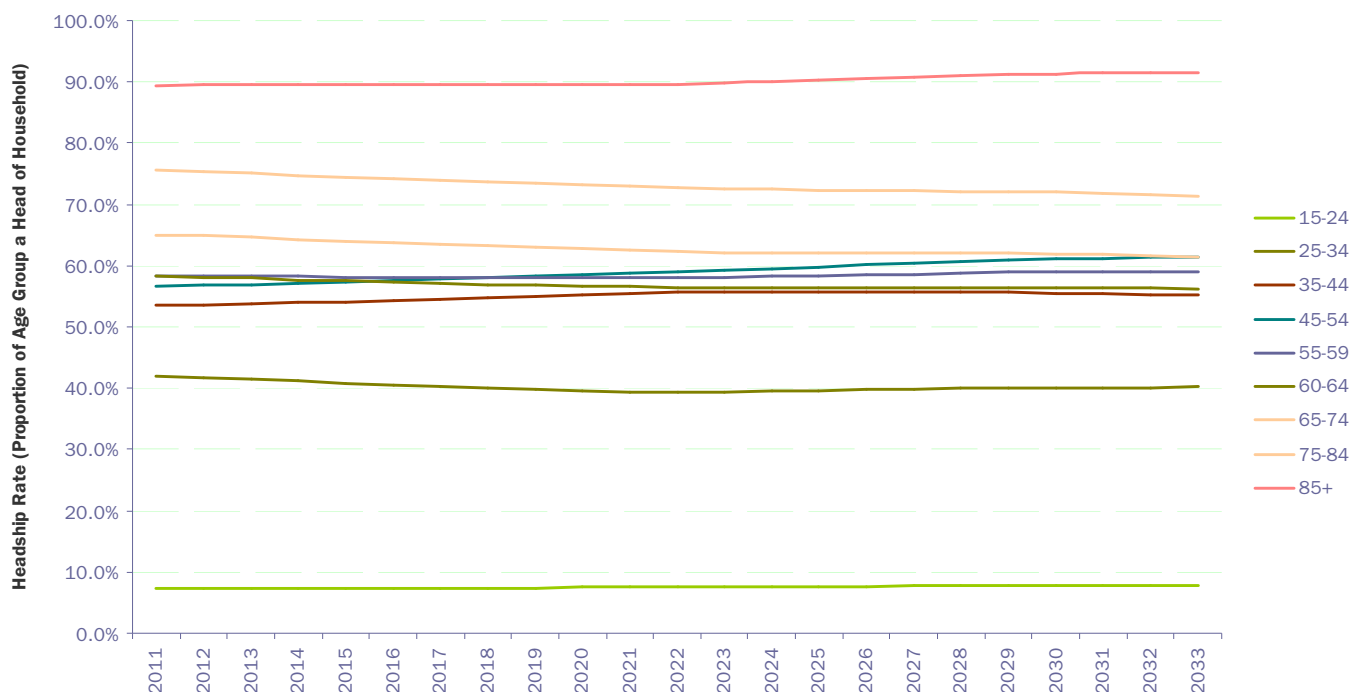


Source: Census 2001, Census 2011 and ONS/CLG Population and Household Estimates and Projections

- 3.13 The 2011-based projections expect this moderated average household size to continue in the short term up to 2021. Conversely, the previous 2008-based household projections projected forward the trends in Ribble Valley experienced pre-2001 and suggested a steeper decline.
- 3.14 For the purposes of an objective assessment of needs in line with The Framework, it is reasonable to assume that beyond 2021, rates of household formation (and therefore trends in average household size) will reflect a change in line with long term trends, i.e. decreasing household size as a result of the country's ageing population and changing social imperatives. This is likely to occur in particular as the wider economy returns to growth and peoples' circumstances improve, with an improvement in confidence and their ability to form new households.
- 3.15 NLP considers that as the market recovers the suppressed demand resulting from the recessionary constraints on household formation will simply be unlocked. In particular, this will include people in the 25-44 age brackets (and in many cases seeking to start families) being able to get on the housing ladder and form new households.
- 3.16 Therefore, beyond 2021 NLP has applied the rate of annual change in household formation from the 2008-based household projections to reflect such long term trends (and in the absence of other long-term projections of

household formation). This is illustrated for individual age cohorts in Figure 3.3, which shows increasing headship rates (the proportion of a population that will form a head of household) within Ribble Valley among 35 to 54 year olds, whilst a decreasing headship rate among 25-34 year olds and those aged 60+.

Figure 3.3 Projected Household Headship Rates for Ribble Valley



Source: CLG 2011-based Interim Household Projections, NLP

3.17 These age-specific projections of household headship rates are applied to the projected population of Ribble Valley to arrive at an estimate of the future number of households in the Borough post 2021.

## Updated Scenarios

3.18 NLP has re-visited the 2011 HEaDROOM analysis to incorporate new scenarios based on the latest CLG 2011-based (interim) household projections; the updated ONS mid-year sub-national population and migration estimates for 2001-2011; and the 2013 ELR. As discussed above, various assumptions have been made concerning the headship rates post 2021. Similar assumptions have been made concerning vacancy rates, unemployment and economic activity as in the 2011 HEaDROOM report, albeit again, more up-to-date information has been used where available. The output sheets are provided in Appendix 1, whilst a summary of the key assumptions is provided in Appendix 2. The new scenarios are as follows:

- 1 **PopGroup Baseline Scenario** – A demographic-led scenario modelled on the ONS 2011-based SNPP for fertility, mortality and migration rates and utilising the 2011-based (interim) household projections;

- 2 **Long Term Past Migration Trends** – A demographic-led scenario modelled on the basis of past migration trends in Ribble Valley over the past 10 years;
- 3 **Short Term Past Migration Trends** – A demographic-led scenario modelled on the basis of past migration trends in Ribble Valley over the past 5 years, when net in-migration rates have been much lower;
- 4 **ELR Preferred Scenario Employment Growth** – An economic-led scenario based upon delivering the anticipated job growth in Ribble Valley as projected by Oxford Economic Forecasts and incorporated within the 2013 ELR, equivalent to +1,600 new jobs over the period 2012-28 (+100 jobs per annum). This scenario is demographically modelled based on the broad relationship between jobs, labour force, population and dwellings.

### Scenario I: Revised PopGroup Baseline (2011-based CLG Household Projections)

3.19 This scenario represents the housing and economic implications of the projected demographic shift based on current factors and past trends in Ribble Valley, using projected assumptions from the 2011-based SNPP, results from the 2011 Census and CLG 2011-based projected headship rates. The results of this updated PopGroup Baseline model run are outlined in Table 3.2.

3.20 It should be noted that the figures below do not include any allowance for backlog; nor do they seek to make a planning or policy judgement as to their suitability. This is also the case for the other two new scenarios modelled.

Table 3.2 Summary of PopGroup Baseline Scenario, (2011-based CLG Household Projections) 2011-28

2011-28	Ribble Valley
Population Change	+5,596
of which Natural Change	-1,881
of which Net Migration	+7,477
Household Change	+3,603
Dwelling Change	+3,761
Dwellings p.a.	<b>+221</b>
Economic Activity	+33
Jobs	+96

Source: NLP Analysis Using PopGroup

3.21 The analysis indicates that the overall Ribble Valley dwelling requirement figure for the period 2011-2028, at **221 dpa**, is slightly higher than the 200 dpa currently being planned for by the Council in their emerging Local Plan. It extends just beyond the top end of the 190-220 dpa range recommended by the previous HEaDROOM report.



- 3.22 Table 3.2 indicates that migration - and specifically domestic migration from elsewhere in the UK - is the driver of population growth in Ribble Valley. Over the 17-year modelling period, around 47,900 people are anticipated to move into the Borough from elsewhere in the UK, with around 40,700 leaving, resulting in a net increase in the population of over 7,200 (almost 7,480 including international migrants).
- 3.23 Conversely, as the Borough's population is already weighted towards the older age cohorts, the number of deaths significantly outnumbers births, resulting in a negative natural change figure of over 1,880. Therefore due to the ageing population and despite growing by almost 5,600 residents over the Plan period, the number of economically active residents living in Ribble Valley is barely expected to change.

### Scenario J: Long Term Past Migration Trends

- 3.24 As noted above, migration is the key driver of population growth in Ribble Valley. In order to understand the sensitivity of the housing requirements figure to changes in migration rates, this scenario - examining long term past migration trends - incorporates the average rate of internal and international migration over the past ten years. These rates are shown in Table 3.3.

Table 3.3 Long Term Annual Average Migration Trends (2001/02 – 2010/11)

Migration Type	Long Term Average
Domestic Migration In	+2,957
Domestic Migration Out	-2,477
<b>Net Domestic Migration</b>	<b>+480</b>
International Migration In	+158
International Migration Out	-123
<b>Net International Migration</b>	<b>+35</b>
<b>Total Net Migration</b>	<b>+515</b>

Source: ONS mid-year sub-national population estimates for mid-2001 to mid-2011, revised following the 2011 Census (30 April 2013)

- 3.25 This scenario is a reasonable proxy for what can be expected to occur in migration terms going forward, particularly as these long term past trends show that migration has fluctuated significantly during this period, and therefore this scenario represents a 'smoothed' trend. This scenario would lead to a growth in the population totalling c.5,215 by 2028, of which -1,885 would be from natural change, with 7,100 from net migration.
- 3.26 This would lead to household growth totalling 3,480 between 2011 and 2028. Again, taking account of the dwelling vacancy and second home rate, this generates a requirement for c.**3,633** new dwellings over the 17-year period, equivalent to **214 dpa**.

### Scenario K: Short Term Past Migration Trends

- 3.27 The short term past migration trends scenario is similar to Scenario J, in that it is based on past observed trends. However, it is based upon only the previous five years of migration, during which there has been a much lower observed level of net domestic in-migration and, to a lesser extent, lower levels of net international in-migration as well. Therefore, this scenario is based upon the migration levels outlined in Table 3.4.

Table 3.4 Short Term Annual Average Migration Trends (2006/07 – 2010/11)

Migration Type	Short Term Average
Domestic Migration In	+2,767
Domestic Migration Out	-2,477
<b>Net Domestic Migration</b>	<b>+290</b>
International Migration In	+158
International Migration Out	-148
<b>Net International Migration</b>	<b>+10</b>
<b>Total Net Migration</b>	<b>+300</b>

Source: ONS mid-year sub-national population estimates for mid-2001 to mid-2011, revised following the 2011 Census (30 April 2013)

- 3.28 This scenario would lead to a population increase of 3,877 over the period 2011 to 2028. This would comprise -1,934 fewer people associated with natural change factors and +5,810 from net in-migration. This would lead to a growth in the number of households in Ribble Valley Borough of 3,009 between 2011 and 2028, which would equate a total dwelling requirement of **3,140 dwellings**. This would be the equivalent of **185 dpa**.

### Scenario L: ELR Job Growth

- 3.29 This scenario is based upon data informing the 2013 Ribble Valley ELR. The 'Policy Off' Oxford Economics Forecasting Model (2013) projected that Ribble Valley Borough would have an increase in jobs of 100 per annum over the period 2012 to 2028 (+1,600 in total). This is equivalent to a rise of 4.6% from 2012 (although this is significantly less than the UK growth figure of 8.1% and the North West growth rate of 6.2% over the same time period.) RVBC Officers have confirmed that the emerging Local Plan will include this figure as the anticipated level of job growth likely to be created in the Borough over the Plan period.
- 3.30 The necessary population growth to underpin an expansion in the indigenous labour supply, which would in turn support this given level of employment growth is modelled in this scenario, along with the quantity of housing required to ensure delivery of these jobs.
- 3.31 The modelling for this scenario assumes that rates of natural population change and household formation remain the same as for the baseline

demographic scenario outlined earlier (i.e. based on past trends continuing). The scale of in-migration is adjusted to provide a sufficient quantity of economically active people to meet the job target for Ribble Valley.

- 3.32 To meet the job growth of 100 per annum between 2011 and 2028, an increase in the indigenous labour force of c.1,670 people would be necessary; this would require a population growth of 8,738 people (Table 3.5). This population growth (combined with household change within the existing population profile) would lead to a growth in households of 4,553 by 2028.
- 3.33 To accommodate this growth in households (and taking into account a second home and vacancy rate), an additional 4,753 homes would need to be built between 2011 and 2028, equivalent to 280 dpa.

Table 3.5 Summary of ELR Job Growth Scenario L 2011-28

2011-28	Ribble Valley
Population Change	+8,738
of which Natural Change	-1,124
of which Net Migration	+9,862
Household Change	+4,553
Dwelling Change	+4,753
Dwellings p.a.	<b>+280</b>
Economic Activity	+1,670
Jobs	+1,700

Source: NLP Analysis Using PopGroup / RVBC ELR 2013

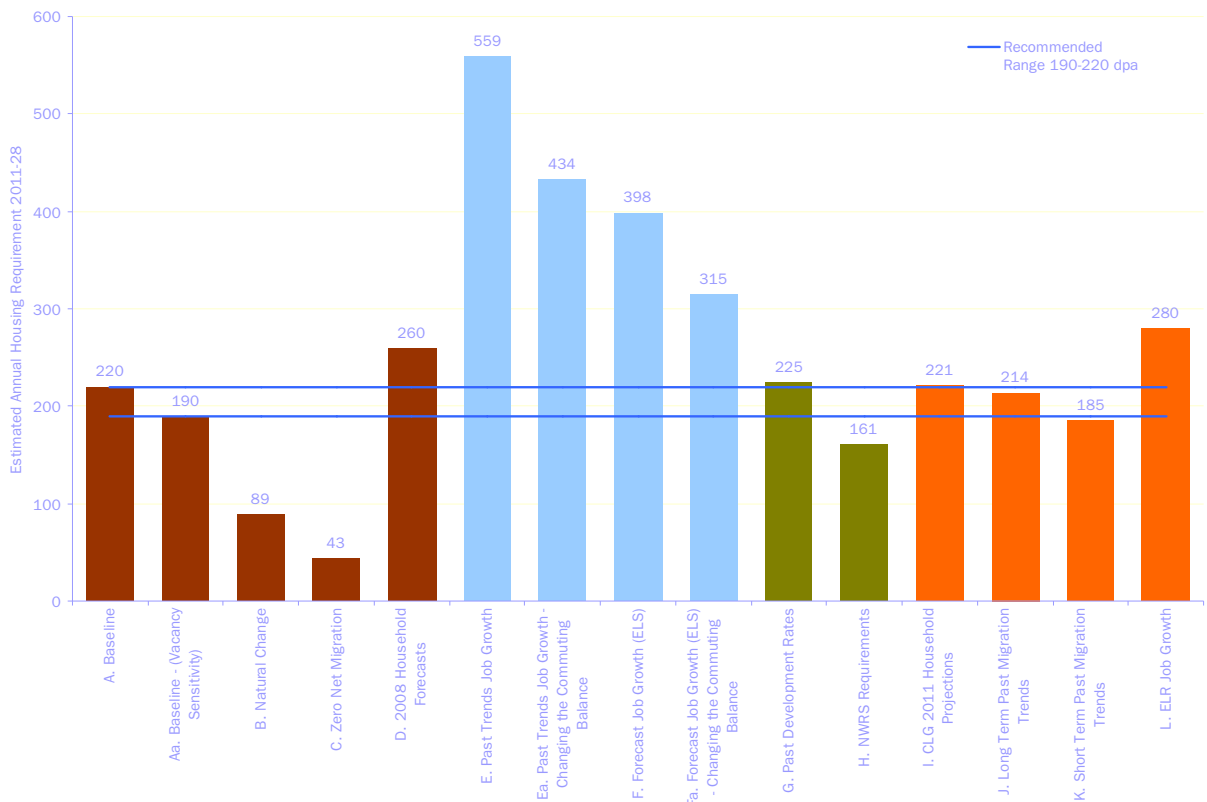
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## Implications of the Revised Projections

4.1

In the light of the recent publication of the 2011-based CLG household projections and other key data sources, this section of the report discusses the extent to which the previous forecasts remain valid, and whether as a consequence of this, the justification behind the range of dwelling requirements given in the previous report (and which underpins Ribble Valley’s Local Plan housing requirement) remains robust.

Figure 4.1 Summary of Retained Scenarios, including New Scenarios



Source: NLP Analysis of PopGroup Outputs

4.2

Figure 4.1 demonstrates the extent to which the latest CLG household projections scenario (I), the two past migration trend scenarios (J & K) and the ELR job growth scenario (L) compare with the previously modelled scenarios (excluding the less realistic/unsustainable projections) and the recommended range for Ribble Valley Borough. The more recent estimates of migration trends demonstrate lower levels of housing requirement, associated with lower levels of net in-migration, whilst the ELR job growth scenario suggests a much higher figure of 280 dpa. This is due to the ageing indigenous population, whereby existing residents are being removed from the pool of labour available to support the local economy. Clearly a balance needs to be struck between the various factors and this must be reflected in the Council’s policy aspirations.

- 4.3 It is re-iterated that NLP has some reservations regarding an over-reliance of the 2011-based household projections to underpin Local Plan housing requirements (as set out in Section 3.0), as although they represent the most up to date indications of demographic change, there are issues over the quality of the data, its restricted time frame, and the lack of any policy emphasis in their formulation. With regards to this latter point, the previous HEaDROOM report sought to balance the various economic, social and environmental sustainability criterion to inform a suitable housing requirement of the Borough, which is beyond the scope of this report.
- 4.4 The most meaningful comparisons for the demographic-led projections relate to Scenario A (the previous PopGroup baseline); Scenario Aa (the baseline incorporating an allowance for adjustments to the vacancy rate) and Scenario D (the 2008-based household projections).
- 4.5 As can be seen in Figure 4.1, the projections for Scenarios J and K are very similar to the previous PopGroup baseline Scenario A, which indicated a requirement of 220 dpa compared to 221/214 dpa respectively. As no adjustment has been made to the vacancy rate, it is unsurprising that the three new scenarios are higher than Scenario Aa; indeed, were a similar approach to be taken to gradually reducing the vacancy rate to 1.9%, a not dissimilar figure of 189 dpa would also accrue from Scenario I. The continued merits of this sensitivity test are discussed below.
- 4.6 The three new demographic scenarios indicate dwelling requirements that all remain significantly below the previous CLG household projections would suggest (260 dpa). This is primarily due to the consistently lower headship rates used for the latter, even allowing for index-based adjustments to the 2011-based figures post 2021.
- 4.7 The new ELR job growth Scenario L is also significantly lower than the comparable earlier economic scenarios (E-F). Along with the demographic influences discussed above, this is primarily due to the much lower job growth projected for this scenario - 100 net additional jobs per annum compared to +418 jobs per annum based on past trends (Scenario E) and +230 jobs per annum based on the 2008 ELRS (Scenario F).
- 4.8 As this scenario factors in an objectively assessed level of job growth that incorporates the impact of the recession and subsequent economic downturn, it is considered that considerably more weight can be attached to this projection than for the two previous economic scenarios (and subsequent sensitivity tests), although questions still remain as to whether the resulting level of housing suggested for this scenario, at 280 dpa, is achievable for Ribble Valley to pursue in policy terms bearing in mind past delivery rates.

## Overall Compliance

- 4.9 Following from the above analysis, it is relevant to revisit the original justification for Ribble Valley's housing requirement range. The 2011 report reviewed the range of scenarios and excluded the more extreme, or

unsustainable, forecasts such as the employment-led or reduced migration projections. Excluding the employment led and reduced migration scenarios, this left a broad range of 190-260 dwellings per annum, relating to the demographic projections for the area contained with Scenario A (PopGroup Baseline), Scenario Aa (the Baseline PopGroup model output sensitivity), Scenario D (2008 CLG Household forecasts) and G (Past Development Rates). Based on the core constraints on development delivery and policy choices, the analysis suggested that the realistic dwelling requirement for Ribble Valley Borough should sit somewhere within the 190-220 dwellings per annum range between 2008 and 2028.

4.10

This range was further justified on the grounds that:

- a **Meeting Affordable Housing Need:** Providing 190-220 dpa would contribute towards meeting some of the housing need identified in the SHMA. The SHMA identifies a critical need of 264 dpa in the Borough; the figure of 190-220 offered some scope to address the current affordable housing shortfall, and could provide between 57-66 affordable units per annum based on the Ribble Valley Submission Draft Local Plan requirement of 30% affordable housing on new sites. This level was more than double the average amount that has been achieved over the past five years, and hence represented an aspirational (but potentially realisable) target.
- b **Supporting Ribble Valley's economy:** A dwelling requirement of 190-220 could lead to a neutral change in the number of residents in employment over the plan period. Whilst a neutral job gain does not, on the face of it, appear to be much of an aspiration, this should be set against the fact that a significantly higher proportion of the resident population are forecast to be economically inactive by 2028. As noted in the HEaDROOM report, any figure significantly lower than the 190-220 range would be unlikely to allow the Borough to pursue its economic growth objectives. The economic scenarios produced projections considerably in excess of the demographic and housing-led forecasts and demonstrated the difficult policy choices that would need to be taken by RVBC should the economic growth forecasts be aggressively pursued. NLP took the view that the negligible decline in the working age population at the top end of the range was not sufficient to cause significant harm to the local economy. Furthermore, the trend-based economic analysis underpinning the ELRS did not sufficiently factor in the adverse impacts of the recession and subsequent economic downturn. The figures taken from the 2008 ELRS are therefore outdated, a fact RVBC has accepted by commissioning an update in 2013.
- c **Balancing constraints to delivery:** The range of 190-220 dpa represented a similar level of delivery to the level that was achieved before the housing moratorium came into force in 2004 (i.e. 225dpa). Hence it was considered that this range could be readily achieved once the housing market regains its former strength.

d **Environmental Constraints:** Given RVBC's objectives for respecting, protecting and enhancing the environment, biodiversity and character of the Borough whilst protecting the Green Belt, the Council was concerned that a level of development above 220 dpa could have an adverse impact on the individual character and settings of Ribble Valley's market towns and villages.

4.11 As required by The Framework, there is a need to balance each of the economic, social and environmental dimensions of sustainable development and ideally achieve net gains across all three. Significant adverse impacts on any of these dimensions should be avoided and, wherever possible, alternative options which reduce or eliminate such impacts should be pursued [para 152].

4.12 A range of 190-220 was therefore considered to achieve a suitable balance across all three dimensions of sustainable development.

## Analysis

### Vacancy Sensitivity

4.13 NLP has revisited the earlier assumption that 190 dpa could be justified at the lower end of the range primarily on the grounds that the vacancy/second homes rate recorded previously (of 3.7%) could be reduced over time, with the increased occupancy rates necessitating the construction of fewer new homes.

4.14 In Ribble Valley (as in any area), it is expected that housing vacancies and second homes will result in the number of dwellings exceeding the number of households. In establishing future projections, it is likewise expected that the dwelling requirement will exceed the household forecast. A rate of 3.7% was previously factored into the PopGroup model, based upon the most recent vacancy data available for the Borough at the time (ONS 2008 Vacant Dwellings data).

4.15 As noted in the HEaDROOM report, tackling vacancy rates has long been an aspiration of RVBC. A sensitivity test was therefore undertaken on the baseline figure using a lower rate of 1.9%, based on the Borough's valuation list data<sup>4</sup>. This resulted in a reduction in the dwelling requirement figure, from 220 dpa to 190 dpa. The HEaDROOM report concluded that there would be a need to continue to monitor and update existing evidence, including reviewing dwelling vacancy levels in the Borough, to test whether a higher/lower figure should be incorporated into a recalibrated PopGroup model.

4.16 To this end, an analysis of the latest Council Tax Base data for Formula Grant Purposes (CTB October 2012) indicates that the Borough's vacancy rate has actually risen slightly, from 3.7% to 4.2%. On this basis, there is no conclusive

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<sup>4</sup> Valuation List Data comes from Valuation Office Agency of HMRC. It is based on property values at 1 April 1991, with homes allocated to one of eight bands in England: the lowest - band A - is for homes worth less than £40,000, and the highest - band H - is for those worth more than £320,000. The valuation lists show to which band a property has been allocated, which reflects a value range.

evidence to date of the vacancy/second homes rate reducing. In these circumstances the lower end of the housing requirement range would not be justified unless there is a clearly defined policy drive on the part of RVBC to ensure that more empty homes are brought back into use and/or the number of second homes is reduced over the Plan period. We are not aware of any specific policy response from RVBC in its emerging Local Plan that is specifically seeking to bring empty homes back into use, nor to reduce the numbers of second homes in the Borough.

4.17 This suggests that without a clear policy response to reduce vacancy rates in the Borough, the lower end of the range, 190 dpa, lacks validity.

4.18 As a consequence of this, NLP considers that if the data within the 2011-based household projections, updated migration statistics and the latest vacancy rates for Ribble Valley had been available to inform the 2011 HEaDROOM report, a figure of around 220 dpa would have been recommended at the lower end of the range. Whilst Scenario K, based on short-term migration trends, indicates a lower requirement figure, NLP has reservations about placing an over-reliance on migration data for the past 5-years alone, as this may have been unduly influenced by the economic downturn and may not be replicated in future as the economy recovers.

### Economic Alignment

4.19 The Framework states that the planning system should:

*'proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth' [para 17].*

4.20 Furthermore, the document is clear that significant weight should be placed on the need to support economic growth through the planning system. On this basis, it is important that the identified level of economic growth aspired to in the emerging Ribble Valley Local Plan dovetails with the level of housing provision therein. The updated 2013 ELR provides a more up-to-date and robust level of employment growth than the previous economic Scenarios in the earlier HEaDROOM report were able to rely upon. As such, it is considered that more weight could be attached to Scenario L (ELR Job Growth) than previous Scenarios E and F.

4.21 Based upon Scenario L, and assuming that factors such as forecast economic activity or current rates of commuting do not significantly shift in the future, Ribble Valley would need to deliver around 280 dpa to meet their anticipated job growth to 2028. Although lower than the previous economic scenarios, this figure remains considerably in excess of the updated demographic forecasts and demonstrates the tough policy choices that would need to be taken by the Council should this economic growth forecast be aggressively pursued.



- 4.22 In particular, if the Council were to pursue a figure significantly lower than 280 dpa whilst also planning for annual job growth of 100 per annum to 2028 despite an ageing population, it would need to explain how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach would give rise to. It would also need to evidence how the adverse impacts of meeting housing needs, would '*significantly and demonstrably outweigh the benefits*' [The Framework, para 14] as well as make provision, through the duty-to-cooperate, for those needs to be met in full elsewhere within the housing market area.
- 4.23 As an alternative to the high levels of in-migration necessary to underpin the labour force under Scenario L, RVBC could meet their job growth projections through changing commuting patterns (i.e. 'clawing back' local residents currently commuting out to adjoining settlements); increasing economic activity rates / reducing unemployment (both of which would be very difficult to achieve in Ribble Valley); or through planning for a mix of housing which encouraged the retention of residents of an economically active age, or encouraged younger economically active people to move into the Borough. The practicalities of these options are discussed in further detail in the earlier HEaDROOM Report.
- 4.24 Set against this is the need to balance constraints to delivery and the extent to which a figure of 280 dpa can realistically be achieved in an area which only averaged 225 dpa pre-housing moratorium/recession.
- 4.25 Should a figure of around **250 dpa** be selected at the top end of the range (which would represent a mid-point between meeting demographic needs and full economic needs), this would appear to us to meet the majority of national policy objectives based on The Framework and specifically, objectively assessed demographic needs and the majority of economic needs. Any figure above 250dpa would have to be considered in the context of the rural and policy-protected nature of the Borough and against RVBC objectives for respecting, protecting and enhancing the environment, biodiversity and character of the Borough.

Table 4.1 Annual Housing Requirements - Updated Comparison

	Scenario I: 2011-based CLG (interim) H'hold Projections (2011-28)	Scenario J: Long Term Past Migration Trends (2011-28)	Scenario K: Short Term Past Migration Trends (2011-28)	Scenario L: ELR Job Growth (2011-28)	Revised Range	Local Plan Provision 2008-28
<b>Ribble Valley</b>	221 dpa	214 dpa	185 dpa	280 dpa	<b>220 – 250 dpa</b>	4,000 (200 dpa)

Source: NLP analysis, RVBC

- 4.26 If RVBC are to take this **revised range of 220-250 dpa** forward in their Local Plan, then for their ELR aspirations to be achieved, a proportion of the new jobs created would either have to be filled by in-commuters, reflecting the location of major employment zones in the west of the borough close to the boundary with

Preston or by 'clawing back' Ribble Valley residents who currently commute out to places such as Preston. Alternatively, an agreement would need to be reached with adjoining Boroughs under the 'duty to co-operate' to meet some of Ribble Valley's unmet needs within their boundaries.

- 4.27 Further evidence would therefore need to be provided by RVBC on how far these may be practically implemented in the context of the Borough's economic aspirations.
- 4.28 Within all this, it is important to recognise that the statistics upon which the housing needs model is based are updated and adjusted on a regular basis, with more detailed 2012-based 25-year forward household projections likely to be made available by CLG in 2014. It will be important for RVBC to ensure that its housing figure remains under regular review, taking into account new and more detailed evidence as it emerges.
- 4.29 It is also important to remember that whilst the evidence within this statement takes into consideration the need and demand for housing, crucially, it does not seek to make a planning or policy judgement – this is a matter for the Council taking account of the information before it. This statement therefore seeks to stimulate the further consideration of all relevant factors through the appropriate Local Plan process.

## Conclusion

- 4.30 This statement has tested the ongoing validity of the housing requirements identified in the original Ribble Valley Housing Needs study in the light of recently released demographic data and population projections.
- 4.31 Having modelled the latest CLG household projections, the 2013 ELR and related statistics on vacancy rates, unemployment and commuting, this points to a range of **between 220 dpa and 250 dpa for Ribble Valley Borough**. This would, at a minimum, meet need and demand arising from future projected demographic change within the Borough, but would also (at the top end of the range) support some economic growth, and would deliver affordable housing to respond to (at least some of) identified local needs.
- 4.32 To ensure that there is no disconnect between the housing requirement and the Council's job growth aspirations, in order to justify a figure below 280 dpa, RVBC would need to demonstrate how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach could give rise to.
- 4.33 The 200 dpa figure that RVBC is currently planning to provide to meet the needs of residents in its emerging Local Plan sits below the bottom end of this range.

# Appendix 1      HEaDROOM Modelling Results







Population Estimates and Forecasts

Scenario L: ELR Job Growth

Components of Population Change

Ribble Valley

Table showing population change components for Ribble Valley from 2011 to 2034. Categories include Births, Deaths, In-migration from the UK, Out-migration to the UK, In-migration from Overseas, Out-migration to Overseas, Migration - Net Flows, and Summary of population change.

Summary of Population estimates/forecasts

Table showing population estimates and forecasts for Ribble Valley from 2011 to 2035, categorized by age groups (0-4, 5-10, 11-15, 16-17, 18-59 Female, 64 Male, 60-65-74, 75-84, 85+).

Population impact of constraint

Table showing the population impact of constraints on Labour Force and Households from 2011 to 2035.

## Appendix 2      Inputs and Assumptions







DEMOGRAPHIC	Scenario I: 2011-Based CLG Household Projections	Scenarios J & K: Past Migration Trends	Scenario L: ELR Job Growth
<b>Population</b>			
<b>Baseline Population</b>	A 2010 baseline population is taken from the 2010 Mid-year population estimates for Ribble Valley Borough, split by age cohort and gender. The population for 2011-2021 is constrained to the 2011-based SNPP for the Borough, by age and sex.		
<b>Births</b>	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.		
<b>Deaths</b>	Future change assumed in the SMR uses the death projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.		
<b>Internal Migration</b>	Gross domestic in and out migration flows are adopted based on forecast migration in Ribble Valley Borough from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. This is the sum of internal migration (elsewhere in England) and cross-border migration (elsewhere in the UK) (SNPP Table 5). Internal migration includes moves to all other Local Authority areas, including to neighbouring areas (i.e. a move of two streets might be classed as internal migration if it involves a move to another LA area). Beyond 2021, a trend rate is applied.	As Scenario I to 2021; post 2021, Gross domestic internal migration flows are adopted based on average gross past trends for the past 5/10 years.	Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the Borough in the employment scenario.
<b>International Migration</b>	Gross international in and out migration flows are adopted based on forecast migration in Ribble Valley Borough from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. Beyond 2021, a trend rate is applied.	As above but for international flows	As above but for international flows
<b>Propensity to Migrate (Age Specific Migration Rates)</b>	Age Specific Migration Rates (ASMigR) for both in and out domestic migration are based upon the age profile of migrants to and from Ribble Valley Borough in the 2010-based SNPP. These identify a migration rate for each age cohort within the Borough (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of Ribble Valley Borough (but not the total numbers of migrants).		
<b>Housing</b>			
<b>Headship Rates</b>	Headship rates that are specific to Ribble Valley Borough and forecast over the period to 2021 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections.		
<b>Population not in households</b>	The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed to the rate of this from the CLG identified rate.		

DEMOGRAPHIC	Scenario I: 2011-Based CLG Household Projections	Scenarios J & K: Past Migration Trends	Scenario L: ELR Job Growth
<b>Vacancy / 2nd Home Rate</b>	A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market. This means that more dwellings than households are required to meet needs. The vacancy/second home rate in Ribble Valley Borough totals 4.2% (estimated using data from the Council Tax Base for Formula Grant Purposes (October 2012), held constant over the forecast period.		
<b>Economic</b>			
<b>Economic Activity Rate</b>	<p>Age and gender specific economic activity rates are used. The basis for this is ONS 2006-based National Labour Force Projections. The economic activity annual growth rates for each age cohort from these national projections are applied to the Census 2001 economic activity profile for the three districts across the forecast period. At 2011 these have been rebased from their 2011 estimate using a uniform adjustment to all age cohorts to meet current total economic activity in the districts from the Annual Population Survey (APS). These are assumed to remain the same as the projection with the exception of an adjustment to take account of changing pension ages beyond that already taken into account in the ONS 2006-based projections (i.e. to account for pension age increases for both men and women above age 65).</p> <p>In this regard, 1% has been added to the female 60-64 age cohort activity rates in 2011, 2% in 2012, 3% in 2013 and so forth up to 8% in 2018. This 2018 rate has then been held constant across the remainder of the forecasting period. Furthermore, 1% has been added to the Male 65-69 and Female 65-69 age cohorts' economic activity rates in 2019 and 2% in 2020. These 2020 rates were then held constant across the forecasting period.</p>		
<b>Commuting Rate</b>	<p>A standard net commuting rate is inferred through the modelling using a Labour Force Ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs).</p> <p>For Ribble Valley Borough, data from the 2011 APS and 2011 BRES identifies an LF ratio of 0.987 (30,000 employed people ÷ 30,381 jobs in Ribble Valley). This has not been flexed over the forecasting period with no assumed increase or reduction in net commuting rates.</p>		
<b>Unemployment</b>	<p>To calculate the unemployment rate, NLP took Jan 2011–Dec 2011 NOMIS unemployment figures (3.5% for Ribble Valley Borough) to equate to the 2011 rates, and the Jan 2012-Dec 2012 NOMIS unemployment figures (4.0% for Ribble Valley Borough) to equate to the 2012 rates. NLP kept this figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (06-12) of 3.29% for Ribble Valley Borough over a five year time frame.</p> <p>This figure was then held constant to the end of the forecasting period on the grounds that as the economy grows out of recession unemployment is likely to fall back to a similar rate as seen pre-recession.</p>		