Briefing Note

Our ref	41306/07/MW/CR
Date	8th October 2018
To	Staffordshire Moorlands District Council
From	Lichfields

Subject   Implications of the 2016-based Sub-National Household Projections

1.0   Introduction

1.1   This note deals with the issues raised by the recent release of the 2016-based Sub National Household Projections [SNHP] (20th September 2018) in the context of Staffordshire Moorlands District Council's [SMDC's] full Objectively Assessed Housing Need [OAHN]. It also comments on the likely implications on the housing requirement of 320 dwellings per annum [dpa] proposed by SMDC in its emerging Local Plan.

1.2   The Inspector examining the Staffordshire Moorlands Local Plan has asked if a note could be produced setting out the implications of the new household projections on SMDC's housing and employment land needs ahead of the relevant hearing session on 10th October 2018.

1.3   For completeness, this analysis would need to cover the following time periods:

1   2014-2031;

2   2014-2033;

3   2016-2031; and,

4   2016-2033.

1.4   This short Technical Note has therefore been prepared in response to this request, discussing the relevant household and population projections, and concluded on whether the proposed housing and employment land requirements remain robust in the light of this new evidence.

1.5   Given the short time period available to undertake the work, Lichfields has not undertaken any new modelling and therefore we cannot conclude conclusively on new objectively assessed need ranges for either housing or employment land. This Note therefore:

a   compares the new 2016-based SNHP and equivalent Sub-National Population Projections [SNPP] with their 2014-based counterparts which underpinned Lichfields' earlier evidence base work for SMDC.

b   sets out the likely implications of the new household projections on Staffordshire Moorlands District's OAHN (in broad terms), also highlighting what it might mean for employment land needs.

c   concludes whether Lichfields' housing/employment evidence, and SMDC's current Local Plan housing and employment land targets, remain valid as a result.

LICHFIELDS

Context

Housing

1.6   The submitted Staffordshire Moorlands Local Plan housing requirement is for at least 6,080 additional dwellings (net of demolitions) to be completed during the period 2012 to 2031 - an annual average of 320 dwellings per annum [dpa].

1.7   The housing requirement is based on a number of housing need analyses carried out on the Council's behalf by Lichfields. This initially included a Strategic Housing Market Assessment [SHMA] in April 2014. Since then, the following updates on housing needs have been produced:

   a   Staffordshire Moorlands Housing Needs Study 2012-based SNPP Update (August 2014).

   b   Staffordshire Moorlands SHMA Update (July 2015) updated to reflect the 2012 sub-national CLG household projections[1] and 2011 census data.

   c   Staffordshire Moorlands SHMA Update (January 2016) prepared to take into account the latest mid-year populations estimates as well as relevant case law[2] relating to the derivation of housing need.

   d   Staffordshire Moorlands SHMA Update (February 2017) which incorporated the 2014-based ONS SNPP forecasts and headship rates from the 2014-based SNHP, taking account of the latest travel to work and migration data. The Update also re-ran the employment-led scenarios to reflect the most up to date economic projections from Oxford Economics and Experian to accord with an updated Employment Land Review [ELR].

1.8   The most recent (February 2017) analysis used the Communities and Local Government [CLG] 2014-based household projections as a starting point. The OAHN of 235-330 dpa between 2014-31 (230-320 dpa 2014-33) was derived using the following approach:

   1   170 dpa (2031) / 165 dpa (2033) equates to the 2014-based household projections, rising to 196 dpa (2031) / 190 dpa (2033) dpa with necessary adjustments being made to headship rates in the younger age categories (and rebasing the figures to align with the 2015 MYE).

   2   A worsening of some market signals suggests the need to improve affordability to stabilise the increasing house prices and affordability ratios. This would justify a modest uplift to the figures over and above the level suggested by the demographic projections. The (previous) Planning Practice Guidance states that this should be set at a level which could be reasonably expected to improve affordability. A 10% uplift to the demographic starting point would indicate a minimum demographic OAHN of 216 dpa (2031) / 209 dpa (2033).

   3   259 dpa (2031) / 251 dpa (2033) represents the level at which the District's economy would stabilise, i.e. there would be zero job growth over the Plan period. Housing delivery below this figure would potentially result in a reduction in jobs which would conflict with the Framework's aspiration to ensure that the planning system '*does everything it can to support sustainable economic growth*' [§19].

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[1] 2012-based Sub-National Household Projections [SNHP] were released in February 2015 and supersede the 2011-based (Interim) SNHP. The 2012-based SNHP incorporate the ONS 2012-based SNPP published on 28th May 2014 and further information from the Census 2011 where available.

[2] Oadby and Wigston District Council vs. SoS for Communities and Local Government and Bloor Homes Limited: [2015] EWHC 1879 (Admin), dated 03/07/15. Kings Lynn and West Norfolk District Council vs. SoS for Communities and Local Government and Elm Park Holdings Ltd: [2015] EWHC 2464 (Admin), dated 09/07/15

4   329 dpa (2031) / 319 dpa (2033) represents the level of housing growth necessary to provide a sufficiently large labour force to support a combination of the latest Oxford Economics and Experian job growth forecasts for the District.

5   The scale of affordable housing needs, when considered as a proportion of market housing delivery, implies even higher estimates of total need, although whether such estimates will ever be realistically achievable is open to question. Nevertheless, in light of the high level of affordable housing need identified, it is considered that this supports a further additional uplift of 10% above the level identified by demographic needs alone or a minimum OAN of 237 dpa (2031) or 230 dpa (2033).

1.9   The resultant housing OAN range was therefore considered to be in the order of 235 dpa – 330 dpa to 2031 (230 dpa – 320 dpa to 2033), as summarised in Table 1:

Table 1   Approach to OAN for Staffordshire Moorlands 2014-2031/33

	Dwellings per annum (2014-2031)	Dwellings per annum (2014-2033)
Demographic Starting Point	170 dpa	165 dpa
Adjustments to Demographic-led Needs	196 dpa	190 dpa
Uplift for Market Signals	216 dpa	209 dpa
Employment Led Needs	329 dpa	319 dpa
Affordable Housing Needs (@33% delivery)	679 – 1,309 dpa	679 – 1,309 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	238 dpa	230 dpa
Full Objectively Assessed Needs (rounded)	**235 dpa – 330 dpa**	**230 dpa – 320 dpa**

Source: Lichfields (February 2017) Staffordshire Moorlands SHMA Update

Employment Land

1.10   The provision of employment land in the District is based on the 2014 *Employment Land Study,* and the subsequent *ELR Update Report,* published in February 2017, both of which were also produced by Lichfields. As set out in the explanatory text to Policy SS3 *Future Provision and Distribution of Development* in the emerging Local Plan, the SHMA and Employment Land Studies were co-ordinated and based on common data sources and scenarios in order to better understand the relationship between housing and employment and to support an appropriate balance of development.

1.11   The 2017 ELR Update report identified a need for between **13 and 27 hectares** of employment land across the District to 2031. In order to provide a balanced level of employment and housing, an employment land requirement of 27 hectares is proposed by SMDC in its emerging Local Plan.

1.12   As with the housing requirement, this level of development equates to the top of the range of identified need and will help to support the growth of around 800 FTE jobs (435 in B-use class jobs), based on the 'Combined Job Growth' Scenario (the average growth from the Experian and Oxford Economics projections). The various scenarios modelled in the 2017 ELR Update are summarised in Table 2 below, with the lower end of the recommended range aligning with the demographic labour supply projections (incorporating the 2014-based SNHP), and the upper

end relating to the Combined Job growth scenario. Therefore the 27 ha employment land aligns to the 330 dpa in the SHMA Update (to 2031).

Table 2   ELR B-Class Employment Land Scenarios for Staffordshire Moorlands 2014-2031/33 (hectares)

	2014-31	2014-33
1) OE Baseline	16.89	18.30
2) Past Trends	24.79	26.92
3) Experian	38.06	45.45
4) Combination Job Growth	**27.47**	**31.88**
5) Job Stabilisation	16.26	17.68
6) Past Take Up Rates	23.98	26.50
7) Labour Supply (Demographic Starting Point 170 dpa)	12.61	13.75
8) Labour Supply (Adjusted Demographic Starting Point, 196 dpa)	**12.73**	**13.87**

Source: Lichfields (February 2017): Staffordshire Moorlands ELR Update

The 2016-based Household Projections

1.13   The revised National Planning Policy Framework [NPPF2] was issued on 23rd July 2018. Paragraph 214 of that document states that the policies in the previous (March 2012) Framework apply for the purpose of examining plans, where those plans are submitted on or before 24 January 2019. Therefore the 2012 Framework and the accompanying Planning Practice Guidance [PPG] on housing need (before it was updated in September 2018) apply for the purposes of examining the Local Plan and the evidence underpinning it.

1.14   In this regard, the former PPG on identifying housing need is clear that household projections published by CLG represent the starting point for an objective assessment of housing need[3]. However, the PPG states that sensitivity testing may also be considered to both the population and household projections, for example based on alternative assumptions of migration or household formation rates[4]:

"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need…The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends."

1.15   It is also important to note that **the PPG does not require local housing needs to be updated every time new data is issued**:

"Wherever possible, local needs assessments should be informed by the latest available information. The National Planning Policy Framework is clear that Local Plans should be kept up-to-date. A meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued."[5]

1.16   The 2016-based SNHP were released by ONS on 20th September 2018 and projected a total growth of 3,970,439 net additional households across England over the 25-year period to 2041, a growth of 17%, or 158,818 additional homes annually. As had been widely trailed prior to their

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[3] 2a-015-20140306
[4] 2a-015-20140306 and 2a-017-20140306
[5] 2a-016-20140306

release, these projections represent a very substantial fall on the previous 2014-based SNHP, which projected a growth of 5,257,111 net additional households across England over the 25-year period to 2039, or 210,284 annually – a fall of over a quarter.

1.17   Because of this drastic fall, the Government provided the following comment in its response to the revised NPPF2[6]:

"A number of responses to this question provided comment on the proposed local housing need method. The government is aware that lower than previously forecast population projections have an impact on the outputs associated with the method. Specifically it is noted that the revised projections are likely to result in the minimum need numbers generated by the method being subject to a significant reduction, once the relevant household projection figures are released in September 2018.

In the housing white paper the government was clear that reforms set out (which included the introduction of a standard method for assessing housing need) should lead to more homes being built. In order to ensure that the outputs associated with the method are consistent with this, we will consider adjusting the method after the household projections are released in September 2018. We will consult on the specific details of any change at that time. It should be noted that the intention is to consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in Planning for the right homes in the right places consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid 2020's."

1.18   The Government is therefore clear that whilst the latest household projections continue to underpin housing need calculations for now, changes will be made to the methodology to ensure that their ambition to substantially boost housing provision can be achieved.

1.19   This decline in projected household growth reflects some key methodological changes employed by ONS that have resulted in a fall in the underlying population growth, and also lower levels of household formation amongst younger age groups.

1.20   For example, the 2014-based SNHP drew on data from the 1971, 1981 and 1991 Censuses as part of the process for projecting Household Representation Rates [HRR]. For the latest 2016-based SNHP, the ONS decided to move towards the 2011 Census definition of Household Reference Persons [HRP]. For a variety of reasons, the change of HRP definition[7] means it is no longer possible for ONS to use the pre-2001 Census data used in the previous methodology in the production of the 2016-based household projections.

1.21   This has had an important impact on household growth amongst younger age groups that is likely to be due, in part, to the housing crisis that has been particularly pronounced since 2001 and has adversely impacted younger age groups' ability to get on the housing ladder:

*"In the consultation on proposed changes to household projections for England, a total of 15 respondents considered using data from only two censuses to be insufficient. There was a view that only using the 2001 and 2011 Censuses would result in a **downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people**. With these views in mind, Section 8 shows the*

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[6] MHCLG (July 2018): *Government response to the draft revised National Planning Policy Framework consultation - A summary of consultation responses and the Government's view on the way forward*, pages 26-27

[7] In the 2016-based household projections, the HRP is the eldest economically active person in the household, whereas in the 2014 SNHP the HRP was the eldest male within the household, then the eldest female if there was no male

results of sensitivity analysis in which 2014-based HRRs (projected using 1971 to 2011 Census data) are applied to the 2016-based subnational population projections (SNPPs), should users wish to investigate the impact of the change of HRR methodology on the household projections. [Lichfields' emphasis]

We are also planning to publish a set of variant 2016-based household projections in which household formation rates for younger adults (those aged 25 to 44 years) are higher – provisionally scheduled for 3 December 2018. The purpose of this variant would be to illustrate the uncertainty in the projections around the future household formation patterns of this age group."[8]

1.22   This reflects an acknowledgement by ONS of concerns about the new approach taken to drawing up the 2016-based figures, and the potential for a new set of variant household projections to be produced later this year which may shift the debate on housing need once more.

1.23   It is Lichfields' view that the 2016-based SNHP's household representative rates for the younger age cohorts have the potential to continue to suppress household formation rates. They are thus likely to under-estimate the true level of future need and demand for homes in many areas. The projections reflect a long term chronic undersupply of housing as well as recent recessionary factors, which will have influenced household formation and subsequently feed into what are trend-based projections. Where these may under-represent the likely future level of need and demand, it will be necessary to make adjustments to household formation rates, which is presumably the motivation behind the ONS's variant projection, to be released in October 2018. It should be noted that the 2017 SHMA Update modelled a variety of scenarios which included an adjustment for accelerating household formation rates amongst younger age groups.

| Figure 1 | Comparison of Household Projection Change over Time in Staffordshire Moorlands District |
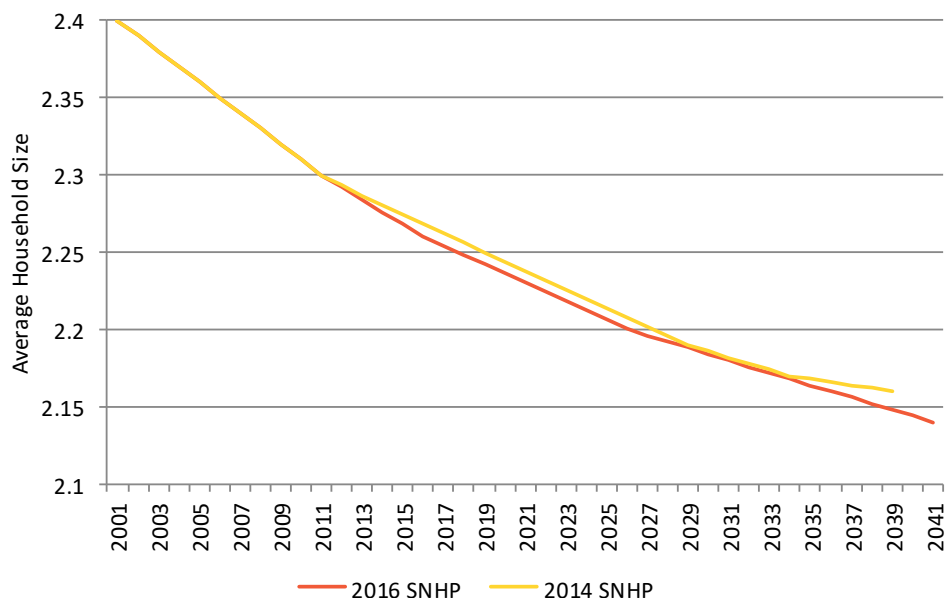
Source: Lichfields Analysis / CLG 2014-based SNHP and ONS 2016-based SNHP

1.24   In terms of what this all means for Staffordshire Moorlands District, Figure 1 indicates that the average household size across the District is now forecast to decline from 2.300 in 2011 to 2.180

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[8] ONS (20th September 2018): *Methodology used to produce household projections for England: 2016-based,* page 11-12

in 2031 and 2.172 by 2033. This is a slightly higher rate of change than was previously forecast in the 2014-based SNHP (2.182 by 2031 and 2.174 in 2033). This has helped ameliorate the impacts of a lower level of population growth in the District as set out below.

Household Growth Comparisons

1.25 Figure 2 compares the level of household growth projected by CLG/ONS for Staffordshire Moorlands District over the coming years, applying the 2016 and 2014-based SNHPs. The 2016-based SNHP suggests that from 2014 to the end of the Local Plan period (2031), the District will have grown by 2,695 households to a total of 45,136, a 6.3% increase (+159 households annually). This is slightly lower than the 163 annual household growth projected in the 2014-based SNHP.

Figure 2   Comparison of Household Projection Change over Time in Staffordshire Moorlands District
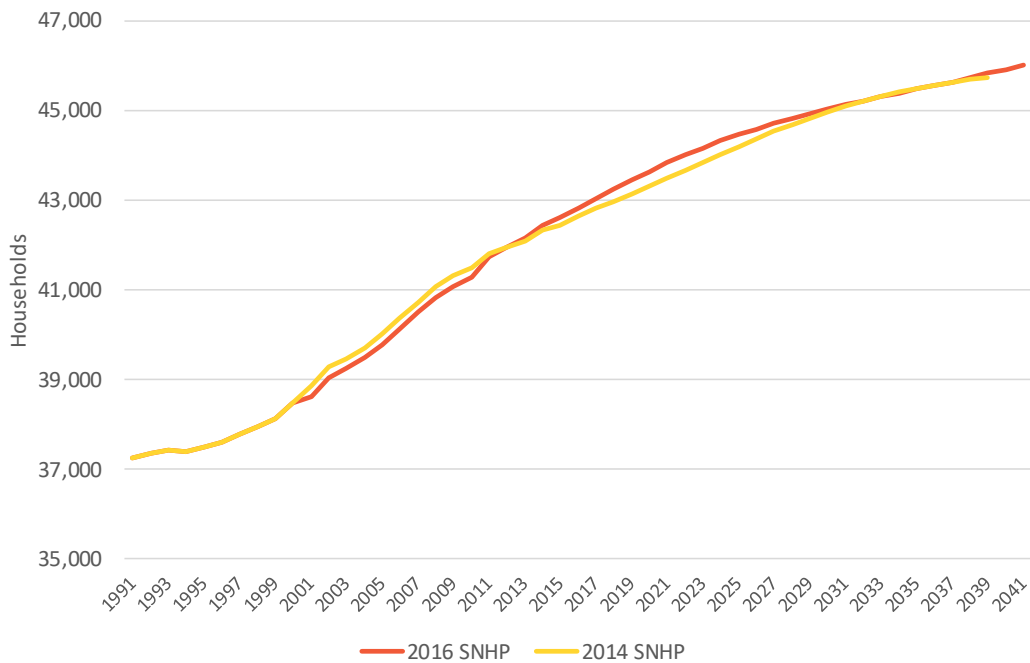
Source: Lichfields' Analysis / CLG 2014-based SNHP and ONS 2016-based SNHP

1.26 A comparison of the SNHPs for Staffordshire Moorlands District is set out in Table 3 and Table 4. The first Table, which has a base date of 2014, indicates that through the application of a suitable allowance for vacant dwellings/second homes, the starting point demographic need would fall slightly from 170 dpa to **165 dpa**. This is predominantly because the 2016-based SNPP (upon which the latest household projections are based) suggests a level of growth that is 93 residents lower between 2014 and 2031 than the level of growth projected in the 2014-based SNPP (see Table 5). The figure to 2033 would fall from 164 dpa to 158 dpa, with population growth some 152 households lower than the previous set of projections.

Table 3   Comparison of Household Projections for Staffordshire Moorlands District (base date 2014)

	Staffordshire Moorlands District						
	2014	2031	2033	Annual H'holds 2014-31	**Annual Dwellings***	Annual H'holds 2014-33	**Annual Dwellings***
2014-based SNHP	42,335	45,114	45,331	163	**170**	158	**164**
2016-based SNHP	42,441	45,136	45,321	159	**165**	152	**158**

Source: Lichfields Analysis / CLG 2014-based SNHP and ONS 2016-based SNHP

*Incorporating an allowance for vacant/second homes of 4.02% as per the 2017 SHMA Update

1.27   Similarly, with a more advanced base date of 2016, the starting point demographic need would fall from 171 dpa to **160 dpa** (and from 164 dpa to 152 dpa to 2033) for a similar reason.

Table 4   Comparison of Household Projections for Staffordshire Moorlands District (base date 2016)

	Staffordshire Moorlands District						
	2016	2031	2033	Annual H'holds 2016-31	**Annual Dwellings***	Annual H'holds 2016-33	**Annual Dwellings***
2014-based SNHP	42,654	45,114	45,331	164	**171**	157	**164**
2016-based SNHP	42,835	45,136	45,321	153	**160**	146	**152**

Source: Lichfields Analysis / CLG 2014-based SNHP and ONS 2016-based SNHP

*Incorporating an allowance for vacant/second homes of 4.02% as per the 2017 SHMA Update

Population Change

1.28   As is the case nationally, one of the main reasons for the decline in household growth rates is the substantial fall in the level of population growth projected over the coming years. The 2016-based National Population Projections suggest slower growth nationally than the previous (2014-based) projections, primarily due to lower assumptions regarding future levels of fertility and international migration, and an assumption of a slower rate of increase in life expectancy. Over the period 2014-2031, the 2016-based NPP suggests that England will grow by 5,473,182 residents, or 10.1%; this is lower than the 12.0% growth forecast by the 2014-based SNPP.

1.29   ONS comments that as part of the methodology underpinning the 2016-based National Population Projections:

- *"we have assumed lower long-term net international migration*
- *we have assumed that women will have fewer children*
- *actual life expectancy has increased less than projected since mid-2014; this means that the life expectancy values for 2016 are lower, and also reduces the rate of increase in subsequent years*
- *we have no longer assumed a faster rate of increase in life expectancy for those born between 1923 and 1938 (also known as the "golden cohort")"*[9]

1.30   These changes to the key assumptions are also likely to have impacted on Staffordshire

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[9] ONS (26th October 2017): National Population Projections: 2016-based statistical bulletin

Moorlands' future population growth, although as can be seen in Table 5, the decline in the rate of population growth for the District is less pronounced than is expected nationally.

Table 5   Comparison of Population Projections for Staffordshire Moorlands District

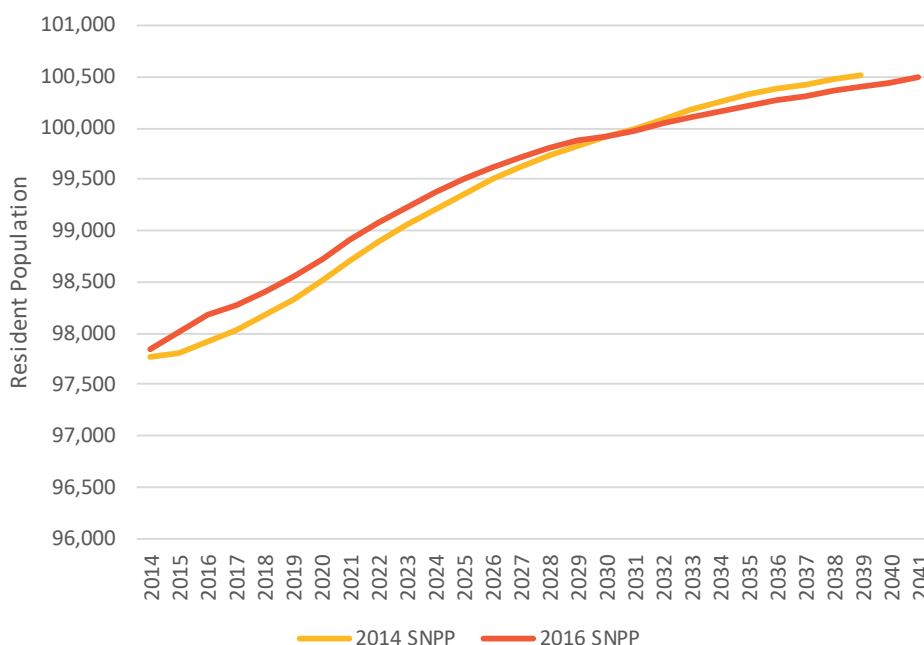|	Staffordshire Moorlands District							
	2014	2016	2031	2033	Total Population Growth			
					2014-31	2014-33	2016-31	2016-33
2014-based SNHP	97,763	97,912	100,002	100,179	+2,239	+2,416	+2,090	+2,267
2016-based SNHP	97,838*	98,176	99,984	100,102	+2,146	+2,264	+1,808	+1,926

Source: ONS 2016-based SNPP / CLG 2014-based SNPP

*Revised ONS 2014 Mid Year Population Estimate

1.31   Figure 3 compares the ONS SNPP data graphically. The 2014-based projections (which were used to inform the previous HEaDROOM update for Staffordshire Moorlands District) suggest a flattened 'S'-curve, with an initial slowing down followed by accelerated growth up to around 2023, whereby growth begins to slow down. In contrast, the latest 2016-based SNPP suggests a slower rate of population growth for Staffordshire Moorlands District over the period to 2021, whereupon growth starts to slow down before it falls below the projected growth in the 2014-based SNPP from 2031 onwards. The population is virtually identical in 2030 under both projections.

Figure 3   Comparison of ONS 2016 / 2014-based SNPPs for Staffordshire Moorlands District

Source: Lichfields' Analysis / ONS 2016 / 2014-based SNPPs

Figure 4   Comparison of Staffordshire Moorlands District Baseline Demographic Profiles by 2031/33

Staffordshire Moorlands' Population in 2031

Staffordshire Moorlands' Population in 2033
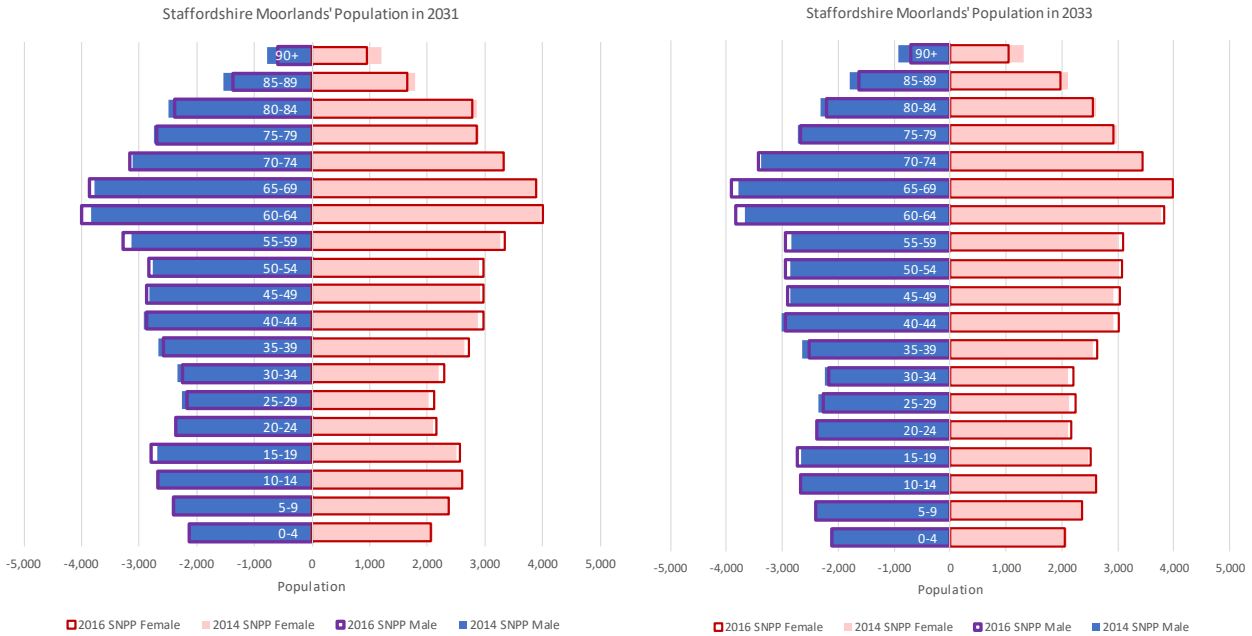
Source: Lichfields' Analysis / ONS 2016 / 2014-based SNPPs

1.32   The composition of the various age cohorts by 2031 and 2033 (as projected by the 2016 and 2014-based SNPPs) are presented in Figure 4. When compared to the 2016-based SNPP, the 2014 projections over-represent the older population (80+), particularly for male residents, and under-represent those in late middle age cohorts (i.e. those between 55 and 64, particularly for males). The younger population under 15s are virtually identical for both projections, whilst there is also a high degree of correlation between the two projections for the core working age population between 20 and 54.

Figure 5   Change for each 5-year age cohort 2016-2031/33 in Staffordshire Moorlands District

2016-31

2016-33
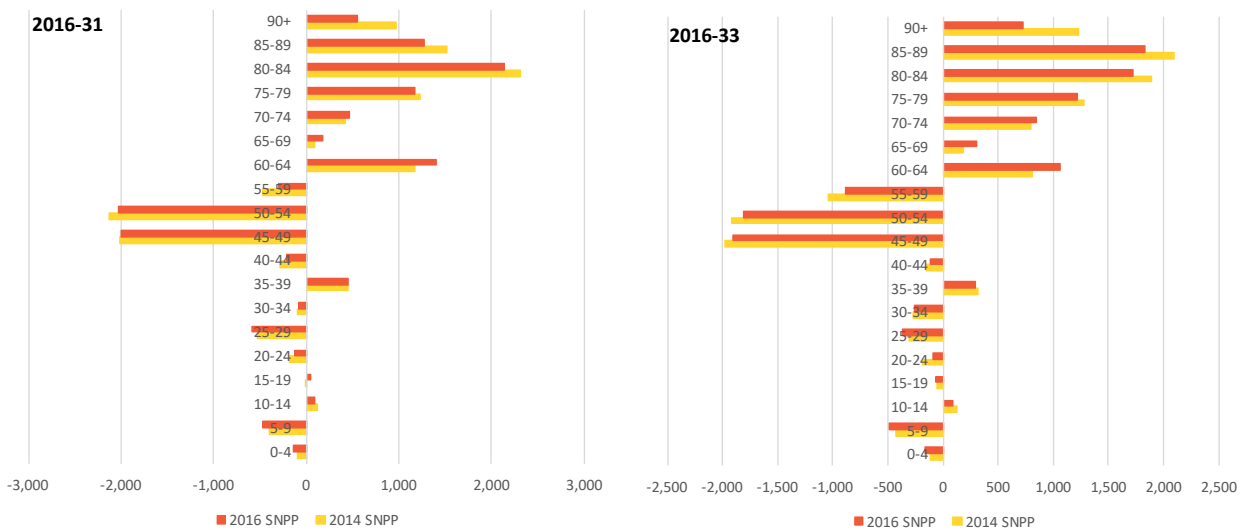
Source: NLP/ONS 2012-based SNPP and 2014-based SNPP

1.33   Figure 5 summarises the change in population for each age cohort between 2016 and 2031/33 for the two latest population projections. It illustrates very clearly that whilst the cohorts that are expected to increase/decrease remains unchanged, the magnitude of that change varies, particularly for the very old age categories. Hence when compared to the 2016-based SNPP, the 2014 projections generally have a very close correlation with the younger age groups but begin to diverge more significantly for the over 50s and particularly the over 80s. The growth in the number of residents aged 90 and over is 430 higher for the previous SNHP by 2031, rising rapidly to a differential of 504 two years later.

Implications for Staffordshire Moorland District's OAHN

1.34   The Government's (previous) PPG states that '*household projections published by CLG should provide the starting point estimate of overall housing need.*' This reliance on the SNHP is re-emphasised in the new standard method for calculating local housing need set out in the NPPF2. The new method starts with the latest household projections as a base and uplifts these depending upon the scale of affordability issues in an area.

1.35   The previous PPG also states that the household projection may require adjustment to reflect factors affecting local demography and household formation rates which are not necessarily captured in past trends[10]. Therefore, whilst the projections are an important ingredient when planning for housing growth they do not comprise the whole picture. Various assumptions, adjustments and sensitivities must be applied to take account of local factors, market signals, affordable housing and economic needs.

1.36   Ostensibly therefore, using the 2016-based SNHP reduces Staffordshire Moorlands District's initial demographic starting point from 163 households per annum (hpa) between 2014 and 2031 under the previous iteration, to 159 hpa. Making a suitable allowance for vacant/second homes would see a reduction from 170 dpa (2014-based SNHP) to **165 dpa** (2016-based SNHP), a modest 3.0% decline. The comparable figures for 2014-33 would reduce by 6 dpa, or 3.9%, using the latest household projections.

1.37   Lichfields has not updated its PopGroup modelling and therefore we cannot say with precision the exact impact this latest data is likely to have on all of the scenarios. However, Lichfields considers that the following observations can be made in relation to the impact of the 2016-based SNHP:

- Changes have been made by ONS to the headship rates underpinning the 2016-based SNHP, which has had a particular impact on formation rates amongst younger age groups in particular. This has had a significant affect nationally and is one of the contributing factors to a much lower level of household growth, with a reduction of over a quarter from the previous projections. It has had less of an impact on Staffordshire Moorlands District however, which may be due to the fact that the District has a comparatively low number of younger residents. Just 14,038 residents were aged between 20 and 34 in 2016 - 14.3% of the total population. This is much lower than the national rate of 20.1%.

- The main difference between the projections relate to changes to the underlying population growth. The 2016-based SNPP forecasts a level of net population growth that is 4.2% lower than the 2014-based SNPP for Staffordshire Moorlands District between 2014 and 2031 (and 6.3% lower by 2033).

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[10] 2a-015-20140306

- Lichfields has not undertaken any new PopGroup modelling work to assess the precise implications of adjusting headship rates or adjusting migration rates. In Lichfields' previous SHMA Update Report (February 2017), the effect of accelerating headship rates amongst the younger age cohorts to reflect longer term trends resulted in an **uplift of 13%** (from 170 dpa to 192 dpa). For the purposes of this short Briefing Note (and accepting the limitations of proceeding without undertaking a full PopGroup model run), a similar adjustment would increase the 2016-based SNHP starting point from 165 dpa to **187 dpa**.

- Applying a 10% uplift to address worsening market signals as before would increase this adjusted demographic-led figure to **205 dpa**.

- An additional 10% uplift to go some way towards meeting the high level of affordable housing need (in addition to the uplift accounting for market signals) would be generate a minimum OAHN of **226 dpa** to 2031. This is lower than equivalent 235 dpa, which comprised the lower end of the range in the 2017 SHMA Update.

1.38 Table 6 summarises the findings of this approach when applied to the 2016-based SNHP across different timeframes. The demographic-led OAHN ranges from 208 dpa to 226 dpa depending on the timeframe applied.

Table 6   Approach to OAHN for Staffordshire Moorlands 2014/16-2031/33, incorporating 2016-based SNHP

	Annual Need (2014-2031)	Annual Need (2014-2033)	Annual Need (2016-2031)	Annual Need (2016-2033)
2016-based SNHP	159 hpa	152 hpa	153 hpa	146 hpa
Demographic Starting Point	165 dpa	158	160	152
Adjustments to Demographic-led Needs (UPC)	187 dpa	178	181	172
Uplift for Market Signals	205 dpa	196	199	189
Employment Led Needs	*n/a*	*n/a*	*n/a*	*n/a*
Affordable Housing Needs (@33% delivery)	679 – 1,309 dpa	679 – 1,309 dpa	679 – 1,309 dpa	679 – 1,309 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	**226 dpa**	**216 dpa**	**219 dpa**	**208 dpa**
Feb 2017 SHMA Update Full OAHN (rounded – comparable figure in bold)	**235 dpa** – 330 dpa	**230 dpa** – 320 dpa	**240 dpa** – 330 dpa	**230 dpa** – 315 dpa

1.39 Given the scope of this Note and the absence of new PopGroup modelling, Lichfields has not revisited the employment-led growth needs of Staffordshire Moorlands District. However, it is important to note that a key component of the employment projections, the Experian econometric job forecasts, have not yet been updated to incorporate the 2016-based SNPP. Experian still incorporates the 2014-based SNPP at local level as a key input into its model to help derive labour supply projections and consumption growth.

1.40 The February 2017 SHMA Update, using the 2014-based SNHP headship rates and equivalent SNPP, concluded that 329 dpa up to 2031 (and 319 dpa to 2033) would align with the preferred Combined Job Growth Scenario (using the most recent Oxford Economics and Experian forecasts for the District). Lichfields considers that the latest 2016-based SNHP is unlikely to have a material impact on the employment-led modelling for a number of reasons, not least the

fact that as of October 2018 Experian has not yet factored the latest population projections into its own data analysis at a local level. Furthermore, the demographic composition of Staffordshire Moorlands' current labour force in the 2016-based SNPP is very similar to the 2014-based SNPP. The largest change in growth between the various age cohorts is more pronounced in the older age groups that have generally left the labour market.

1.41   Whilst we accept that considerable uncertainty remains at present concerning how the economy will adapt following the EU referendum result, the full effect of Brexit is impossible to gauge at present. However, for now there is currently no evidence base for arriving at an alternative set of assumptions about future expected migration until the terms of withdrawal are settled, and indeed it might even be that Brexit simply results in an agreement that links UK access to the Single Market with continuation of the free movement of labour.

1.42   In summary therefore, Lichfields considers that there is no need to revisit the PopGroup modelling work underpinning SMDC's housing requirement figure in its emerging Local Plan following the release of the 2016-based SNHP. The latest household projections suggest that the initial demographic starting point for OAHN modelling purposes would reduce by less than 4% (i.e. from 235 dpa to 226 dpa 2014-31), although it is acknowledged that the differential varies depending on the timeframe applied.

1.43   Whilst the lower end of the OAHN range has therefore declined slightly, SMDC has decided to pursue a housing requirement that aligns more closely to the upper end of the OAHN range, at 320 dpa. This is based on the Combined Job Growth scenario in the 2017 ELR, which aligns with a particular level of job growth rather than the 2016-based SNPP/SNHP. Whilst the latest population and household formation rates would be incorporated into any future re-run of the PopGroup model for this scenario, it is unlikely that the modest decline in population growth and household formation would have a material impact on this scenario at the upper end of the range.

1.44   Similarly, the 2017 ELR identified an objectively assessed need for employment land in the range of 13-27 ha between 2014-31 (14-32 ha to 2033). The lower end of the range broadly aligned to the labour supply projections (based on the housing need derived from the 2014-based SNHP in the 2017 SHMA Update), whilst the upper end aligned with the Combined Job Growth Scenario. Whilst the reduction in household growth in the latest projections may reduce the level of employment land required at the lower end of the range very slightly, this is unlikely to be significant. Furthermore, if the level of job growth (of c. 800 net jobs 2014-31) indicated by the Combined Job Growth scenario remains the same, then the 27 ha upper end of the range would also be retained. As the Council has chosen to pursue the upper end of the employment land range to inform its employment land requirement in its emerging Local Plan, no further adjustment is necessary and the figure remains valid.

1.45   To conclude, the release of the 2016-based SNHP therefore is unlikely to have a material difference to the modelling work undertaken by Lichfields in 2017. For the Council's interpretation of Lichfields' work in the context of the Local Plan and the Inspector's Matters, Issues and Questions, there is no justification for making any Main Modifications to either the housing or employment land requirement in the emerging Staffordshire Moorlands Local Plan as a result of the new household projections. This would align with the Government's objective to substantially boost housing delivery.