



Derby City Council

Sent by email

Your ref

Our ref AJW

Contact Andrew Waterhouse

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Date 13 June 2016

Dear Mr Moore,

Implications of the 2014-based Subnational Population Projections

I write with regard to your request last month for the Council to set out a comparison of the 2012 and 2014 based population projections for Derby and the HMA and to provide a short commentary on their implications. We have commissioned GL Hearn and Justin Gardner Consulting to undertake this work for us and attach a copy of their report.

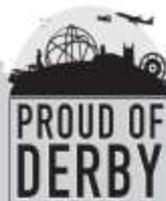
A comparison of projected population growth between the 2012 and 2014 based projections is set out in Table 2 and reproduced below:

Table 2: Projected Population Growth (2011-28) – comparing projection releases

	2012-based SNPP	2014-based SNPP	Difference
Amber Valley	9,978	9,874	-104
Derby City	29,135	26,859	-2,276
South Derbyshire	16,684	16,411	-273
Derby HMA	55,797	53,144	-2,653

This shows a slight reduction in projected population growth in the Derby HMA in the 2014 based projections compared to the 2012 figures. However, the vast majority of this reduction (85%) is within Derby City. More generally, the report finds that population growth is expected to grow in line with past trends, although the rate of growth will reduce slightly over time.

The report further explains in para 3.2 that population growth due to natural change is expected to increase until about 2021 and then fall whilst net migration is also projected to fall over time, mainly due to national projections expecting international migration to fall.



The report applies the most up-to-date (2012-based) headship rates to the 2014 population projections. From this, Tables 7 and 8 set out projected household growth between 2011 and 2028, using 2014 and 2012 population projections respectively. A comparison of the projected increase in households from these tables is set out below:

Projected Household Growth 2011-28 using 2012 and 2014-based SNPP

	2012-based SNPP	2014-based SNPP	Difference
AMBER VALLEY	6,380	6,234	-146
DERBY CITY	15,705	14,043	-1,662
SOUTH DERBYSHIRE	8,850	8,652	-198
DERBY HMA	30,935	28,929	-2,007

Again, this shows an overall reduction in projected increase in household growth across the HMA between the two projections, the great majority resulting from a reduction in projected growth in Derby City.

This information is drawn together in Tables 10 and 11 to provide an estimate of housing need using the 2012 and 2014-based population projections, 2012 based headship rates and both the census based and council tax based vacancy rates. Table 11 is reproduced below:

Table 11: Estimated housing need including vacancy allowance – 2011-28

	2014-based (Census vacancy)	2014-based (CTR vacancy)	2012-based (Census vacancy)	2012-based (CTR vacancy)
Amber Valley	6,512	6,422	6,664	6,573
Derby City	14,649	14,354	16,383	16,053
South Derbyshire	8,960	8,864	9,166	9,067
Derby HMA	30,121	29,640	32,213	31,693

All four projections of need are below the OAN figure of 33,388 for the HMA agreed by the Amber Valley and South Derbyshire Inspectors. Furthermore, the 2014 based projections are lower than the 2012 based projections, the lowest figure of 29,640 being a reduction of more than 10%. There is a case to give more weight to the council tax based vacancy rates as these are more likely to reflect the significant reductions in vacancy rates resulting from intervention by the Councils over the last few years. Further information on Vacancy Rates is included in the Interim Housing Position Paper (CD025) paragraphs 3.15 to 3.20.

Section 7 of the report considers an alternative method of interpreting the 2012 based headship rates and their application to assessing housing need. Whilst providing this information for completeness, the consultants point out that they do not have any strong

evidence that the 2012 based headship rates are unsound and point to reservations over the alternative method. However, they provide an analysis using the alternative as a sensitivity test using older 2008 based figures. The results of this are set out in Tables 12 and 13. Table 13 is reproduced below:

Table 13: Estimated housing need including vacancy allowance – 2011-28 (part-return to 2008-based headship rates)

	2014-based (Census vacancy)	2014-based (CTR vacancy)	2012-based (Census vacancy)	2012-based (CTR vacancy)
Amber Valley	7,244	7,145	7,390	7,289
Derby City	15,783	15,465	17,533	17,179
South Derbyshire	9,148	9,050	9,348	9,248
Derby HMA	32,175	31,660	34,271	33,716

Whilst the projected housing need figures are higher than those projected in Tables 10 and 11, the 2014 based projections remain lower than the HMA OAN of 33,388 and Derby City OAN of 16,388 on which the plan is based.

Conclusion

It is clear that recent projections are indicating a reduction in housing need compared to the OAN of 33,388 which forms the basis of plan preparation. Whilst the figure of 33,388 emerged in the Amber Valley Examination in early 2014 as likely to be the most appropriate assessment of need across the HMA, further analysis carried out by GL Hearn and JGC in November 2014 indicated a reduction to 32,142.

However, the two Inspectors concluded that the 33,388 OAN remained the most appropriate basis on which to proceed.

Analysis of the 2014 based population projections, using council tax based vacancy rates, indicates a further reduction in need across the HMA and especially for Derby City. There is therefore a case to argue that the OAN of 33,388 is, at the least, at the high end of the spectrum of estimated need and that a lower figure could perhaps be justified if we were at an earlier stage in plan making.

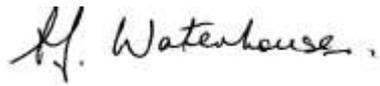
This said, assessing OAN is not a precise science. The 2014 based projections, using the alternative approach to headship rates, produces a similar housing need figure to that considered in late 2014 by the Amber valley and South Derbyshire Inspectors. Also, taking account of other factors such as national policy to significantly boost housing delivery, we consider that the original figure of 33,388 remains robust, aspirational and realistic.

Furthermore, all the projections indicate a Derby OAN of above the 11,000 housing provision figure we are planning for. In other words, the reduction in projected need does not in itself justify a reduction in Derby's housing target. South Derbyshire District Council

adopted their Plan last night and this makes provision to meet part of Derby's need. Amber Valley remains committed to meeting the residual element of Derby's unmet need, though the precise amount may be a matter for discussion at any subsequent Examination.

In terms of the Examination of Derby City's Plan, we consider that the figure of 33,388 continues to provide an appropriate assessment of need across the HMA.

Yours sincerely

A handwritten signature in black ink that reads "A. Waterhouse". The signature is written in a cursive style with a large initial 'A' and a trailing flourish.

Andrew Waterhouse
Spatial Planning Group Manager