



Caerphilly County Borough Local Development Plan

POPULATION AND HOUSING

DEPOSIT LOCAL DEVELOPMENT PLAN
UP TO 2021

Background Paper 6 Supplementary Paper 6: WAG 2006 BASED POPULATION & HOUSEHOLD PROJECTIONS

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January 2010

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CYNLLUN ADNEUO DATBLYGU LLEOL
HYD AT 2021

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Supplementary Paper 6 – WAG 2006 Based Population & household projections

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Summary

This note aims to provide further information in respect of the implications for the Caerphilly County Borough Deposit Local Development Plan of the Welsh Assembly Government 2006-Based Population & Household Projections that have been published since the preparation of the Deposit LDP. In particular, consideration is given to the housing provision in the Plan in the light of these projections and to the continued validity of the Plan's moderate growth scenario, which underpins the housing provision within the Plan

The paper provides evidence to indicate why in the view of the Council the publication of the WAG 2006-based population and household projections do not require any amendments to the Deposit LDP. In particular they do not require any amendments to the housing land provision in the Plan as the Moderate Growth Projection which underpins the Deposit LDP is sufficiently robust to accommodate the changing circumstances afforded by the emergence of the new projections.

Outlined below is a brief summary of the reasons advanced in this note by the Council for this position:

- The housing land provision in the Deposit LDP is based on the Evidence Base available at the time of its preparation, which obviously did not include the 2006-based population and household projections.
- The WAG 2006-based population and household projections are not targets or forecasts but merely projections that indicate what will happen if short-term trends continue over the plan period.
- The Moderate Growth Scenario had regard for the regional Apportionment Exercise, which did not merely distribute the 2003 South East Wales Regional Projections but provided a regional policy response to those projections.
- The intention of WAG to prepare updated projections every two years means that any set of projections can only be treated as interim guidance, and that the LDP must be prepared on the projections that are available at the time otherwise the LDP would never be finalised.
- WAG Planning Guidance on late evidence requiring major changes clearly indicates that major policy changes may well have to be delayed for future review.
- The WAG 2006-based population and household projections do not provide sufficient evidence to require major changes to the Deposit LDP for the reasons detailed throughout the paper. In particular it should be noted that the Deposit LDP is sufficiently flexible to accommodate the 2006 projections coupled with the annual monitoring and the four yearly review process.
- The Moderate Growth Projections advanced in the Deposit plan is considered to reflect a more realistic and plausible level of population growth over the plan period that is consistent with long-term trends.
- The WAG 2006-based population and household projections are based on short term trends over the preceding 5 year period which was untypical in that this was a period of sustained economic growth in the UK economy and it coincided with the accession of 7 eastern European countries to the

EU leading to changes in migration patterns. This scenario is unlikely to be repeated during the plan period.

- The plan provides for sufficient land for a minimum of 13 years having regard for the levels of population growth within the 2006-based projections.
- The housing land supply position will be monitored on an annual basis by WAG through the Joint Housing Land Availability Study, and any amendments required to the development plan will be dealt with in the continuing reviews of the Plan that are an integral part of the LDP process.

INTRODUCTION

- 1.1 This note aims to provide further information in respect of the implications for the Caerphilly County Borough Deposit Local Development Plan of the Welsh Assembly Government 2006-Based Population & Household Projections that have been published since the preparation of the Deposit LDP. In particular, consideration is given to the housing provision in the Plan in the light of these projections and to the continued validity of the Plan's moderate growth scenario, which underpins the housing provision within the Plan.
- 1.2 The note should be read in conjunction with the LDP Background Paper 6- Population and Households (October 2008) and with Supplementary Paper 1: WAG 2006- Based Population & Household Projections (September 2009).
- 1.3 This additional note has been produced in direct response to issues raised at the Exploratory Meeting held on the 8th December 2009 by the Planning Inspector (Mr Alwyn Nixon) responsible for the examination of the Deposit LDP.

Policy Context

Ministerial Interim Planning Policy Statement for Housing 2006)

- 1.4 Planning Policy Wales (PPW 2002) sets out the Welsh Assembly Government 's land use policies for the development of new build and renovated housing for both market and affordable housing sectors. PPW is supported by a series of Technical Advice Notes (TANs). In 2006, a Ministerial Interim Planning Policy Statement 01/2006 Housing (MIPPS) revising Chapter 9 of Planning Policy Wales (2002) was issued.
- 1.5 In planning the provision for new housing the MIPPS indicates that the:
"latest Assembly Government National and Sub-National Household Projections for Wales should form the starting point for assessing housing requirements." (Para 9.2.2.)

These projections are not prescriptive but *"Where local planning authorities seek to deviate from the Assembly Government Projections, by using their own policy-based projections, they must justify the reasons for doing so and explain the rationale behind their own preferred projections...."* (Para 9.2.2.).
- 1.6 In preparing the Deposit LDP the Council had regard for the 2003-based household projections for South East Wales¹ published by WAG as the starting point for consideration together with the regional apportionment exercise. Section 4 of Background Paper 6 provides a detailed and robust rationale for the policy based moderate growth projection, which underpins the Deposit LDP.
- 1.7 In June 2008 WAG published the 2006-based population projections followed by the 2006-based household projections in June 2009. For the purpose of the MIPPS the Council is required to consider the implications of these projections for the LDP.²

¹ Note paragraph 4.3.2-4.3.34 of BP6 regarding concerns in respect of the 2003 projections

² Refer to Section 2 of BP6 Supplementary Paper 1

1. COMPONENTS THAT AFFECT THE CONSIDERATION OF OPTIONS

2.1 In considering the implications of the WAG 2006-based projections it is important to consider the options that are available in taking the LDP forward through the Examination process. There are three options:

- Option 1 - Do nothing;
- Option 2 - Consider the continued validity of the moderate growth scenario based on the 2003 projections;
- Option 3 - Amend the LDP to reflect the WAG 2006-based population projection.

Limitations to Trend Based Projections

2.2 In considering the options available it is critically important to note that neither the 2003 or the 2006-based projections are forecasts. They merely demonstrate the results of the continuation of past trends. The projections are only an indication of what may happen if the trend used in the assumptions materialises. Trend based projections do not make allowances for the effects of local or central government policies or socio-economic factors on household formation rates or future population levels.

2.3 In order to illustrate the uncertainty associated with the 2006 population projections, variant projections have also been published by WAG alongside the main (or principal) population projection. It is important to note that the assumptions made about births, deaths and migration are not certain, consequently if initial assumptions are varied then the population for Caerphilly in 2021 could vary from approximately 174,000 (3,500 below the moderate growth scenario) to 185,000 (7,500 above the moderate growth scenario). Notably as the process of demographic change is cumulative, projections become increasingly uncertain the further ahead they predict.

Consideration of Options

Option 1 - Do Nothing

2.4 In order for the Council to demonstrate that the approach advocated in the LDP adheres to national guidance contained in the MIPPS the Do Nothing Option is not acceptable. This note illustrates that the Council has considered the implications of the WAG 2006-based projections.

Option 2 & 3

2.5 In order to consider these two options it is considered necessary to provide a comparison between: the Deposit Plan 2003-based Population Projections; and the WAG 2006-based Projections.

Comparison between the Deposit Plan Population Projections and the WAG 2006-Based Projections

Population trends

2.6 As indicated in Chapter 4 of *Background Paper 6 Population and Housing*, the population of Caerphilly County Borough has shown remarkably little variation for a long period (see Table 1 below): for example, the estimated

population of 171,300 in mid-2006 is only 400 lower than that in mid-1981, so there has been little change in the population total in the last quarter-century.

Table 1: Population change in Caerphilly 1981-2006

Date	Population	Change		
		Total	Natural	Migration
1981	171,700	-2,700	3,200	-5,900
1986	169,000	1,600	2,900	-1,300
1991	170,600	-2,500	2,300	-4,800
1996	168,100	1,500	1,000	500
2001	169,500	1,800	1,200	600
2006	171,300			

Source: ONS Mid Year Estimates and National Censuses

- 2.7 The WAG 2006-based population projections for local authorities in the South East Region are generally significantly higher than would have been achieved if these long-term trends had been assumed to continue. The 2006-based projections have been produced based on short-term trends and in the view of the Council they must therefore be regarded with some caution.
- 2.8 In the case of Caerphilly, the population of the county borough in 2007 was 171,800 only 100 higher than 1981: throughout this 26-year period the estimated population never fell below 168,100 so the variation was remarkably small (3,700). In stark contrast to this stable population over an extended period, the 2006-based population projection is for an increase in population of 9,400 over the plan period, i.e. from 171,300 in 2006 to 180,700 in 2021.
- 2.9 The Deposit LDP makes provision for a population of 177,500 advancing a moderate growth strategy for the county borough (an increase of 5,700 over the peak population levels of the last quarter-century). It is important to note that this is a **policy-based projection** that has regard for all of the evidence and indicates in policy terms the desirable level of growth for the county borough over the plan period.
- 2.10 **The 2006 trend based population projections for Caerphilly estimate a population of 180,700 in 2021, which is 3,200 higher than the provision of 177,500 in the LDP.**

Contributory Factors to Population Change

- 2.11 Population changes can be broken down into two factors, **natural change** and **net migration**. Natural change is the difference between the numbers of births and deaths in the population, while net migration is the difference between those moving into and out of the area.

- 2.12 For planning purposes there is a fundamental difference between these two factors, in that natural change is by and large uninfluenced by actions of the authority, whereas migration can easily be directly affected, for example by the provision of additional land for housing. Future expectations of natural change are therefore determined by Government assumptions on future birth and death rates, whereas the land allocations and policies of the LDP will affect future migration levels.

Net In-Migration

- 2.13 In Caerphilly, as in other Valleys authorities, there has been a long-standing trend of population loss due to people moving to other areas. In the fifteen-year period to 1996, the base date of the Caerphilly UDP, this loss of population averaged about 800 persons per year. The Caerphilly UDP sought to stop this loss of population through migration, and aimed to achieve a position of migration balance by the end of the Plan period, i.e. by 2011. In fact this position was achieved much earlier than expected, and indeed on average over the last ten years there has been a modest increase in population of about 100 persons per year due to in-migration. This represents a change in the longstanding pattern of net movements out of the area and has led to the Council assuming a position of moderate growth over the Local Development Plan Period.
- 2.14 The Population Projection in the Deposit LDP that underpins the plan assumes a Moderate Growth in the population over the plan period leading to a population of 177,500. The assumption within this projection is for the net in-migration of 165 persons per year.
- 2.15 The 2006-based population projections assume the continuation of the levels of net in-migration in the period 2001-2006. The assumption is for continued net in-migration of 100 persons per year, slightly lower than the Deposit Projections.
- 2.16 It is important to note that the higher migration assumption included within the Deposit LDP Projection resulted from higher migration assumptions contained in the 2003 household projections, which informed the preparation of the Deposit LDP. This level of net in-migration has been adjusted downward in the 2006 projections.
- 2.17 It is further important to note that the period that informed both sets of projections coincided with in-migration from east European countries on their joining the EU, trends that are believed to have already been reversed. For example, the institute for Public Policy Research recently commented that:
- "after years of rising net migration into the UK, the trend is going into reverse. It is striking that the general influx of Eastern Europeans of the last five years is tailing off dramatically."*
- Likewise the Migration Policy Institute commented in September 2009 that:
- "Of the 1.4 million Eastern European workers who came to the United Kingdom between May 2004 and March 2009 from European Union accession countries, almost half had returned by the end of 2008 as a result of the UK economic contraction."*
- 2.18 The migration component accounts for only a small proportion of the projected growth in Caerphilly, however it is important to note that if the net

in-migration trend does not continue the population level may not increase to the anticipated levels indicated by both projections.

Implications

- 2.19 The migration component of both the Deposit Plan Projection and the 2006 projections accounts for a small proportion of the projected growth in Caerphilly. The future population level for the county borough will depend in part on whether or not this recent increase through migration continues throughout the plan period, and if so at what level. In any event the disparity between the assumptions of the Deposit Projection and the 2006-based household projections is minimal (65 persons per year).**

Natural Change

- 2.20 In general there have been decreases in numbers of both births and deaths nationally and locally. **Birth rates are at historically low levels**, and are below the level required to maintain a constant population.
- 2.21 As indicated in Paragraph 4.4.2 of Background Paper 6 it is normal for the minimum future population levels to be taken to be those of the current resident population, subject to only natural change, i.e., taking into account only forecast numbers of births and deaths, assuming no migration (or more accurately, zero net migration). On this basis it was estimated that the population of the County Borough would rise to 175,000 in 2021, from a 2006 base population of 171,300 averaging approximately 246 persons per year.
- 2.22 The major reason for the growth in population as outlined in the 2006 population projections is natural change, which averages nearly 500 persons per year (see Appendix 1). This is not only an extremely high figure for the county borough compared to past trends, but it is also unusually consistent throughout the projection period.
- 2.23 This high level of natural change is perhaps somewhat unexpected during a period of demographic decline: throughout the projection period the Total Fertility Rate (i.e. the expected number of children per woman) is under the replacement rate of 2.1³. It is also the case that the children of the post-war boom period reach their 60s during the projection period, and levels of mortality might have been expected to rise accordingly.
- 2.24 In addition it is important to consider the implications that the economic downturn might have on the high level of natural change reflected in the 2006-based projections. In a recession existing households are more likely to put off having children and single persons are more likely to delay setting up in their own home, than is the case in a time of economic growth. Thus the 2006 based projections of birth rates and household formation in particular must be treated with the utmost caution as they are based on a period of rapid economic growth whereas we have since experienced a period of deep recession and a period of economic difficulty lies ahead. (Unemployment in Caerphilly has doubled in the past two years – a bigger percentage increase

³ Although the 2006 population projection indicates that there has been an increase in birth rates, **it remains the case that it is not expected that they will reach replacement level³ within the life-time of the LDP.** Mortality rates have fallen slowly for a long period, and it is anticipated that this improvement will continue.

than in Wales, which in turn has suffered a bigger increase than in the UK.)

- 2.25 An unexpected feature of the population projection is the very small variation in the annual estimates of the numbers of both births and deaths (see Appendix 1). It can be seen that over the 15-year period the number of births per year only varies between 2,067 and 2,164, and the number of deaths only between 1,631 and 1,674. These close limits on the numbers of birth and deaths suggest the merit of further investigation of the model's results.

Implications

- 2.26 **The 2006 projections indicate that Caerphilly is projected to have one of the highest levels of positive natural change seen across Wales, however in light of changing economic circumstances it is considered that this high level of natural change may not be realised. It should be noted that the number of births has implications for service planning, but not for housing requirement, during the plan period. On the other hand, the assumed improvement in mortality rates does result in increased numbers of households requiring accommodation.**

Summary Table of Contributory Factors to Population Change

	Deposit Projection		2006 Projection	
Base population		171,300		171,300
Assumptions for Natural Change	246 per annum	3690	500 per annum	7,500
Net in-migration	165 per annum	2475	100 per annum	1,500
		177,465		180,300

Discussion

- 2.27 The main considerations raised by the WAG 2006-based population and household projections are outlined in Background Paper 6 Supplementary Paper 1 and summarised below for ease of reference.
- 2.28 First, the WAG 2006-based population and household projections must be regarded with some caution, because:
- (a) they are the first population and household projections for unitary authorities prepared by WAG;
 - (b) they were prepared using projection programs being used for the preparation of Government projections for the first time;
 - (c) although local authorities were involved in the decisions on inputs to the projection models, there has not yet been any consultation on the assessment of the results;
 - (d) the population projections in particular have not resolved all of the problems that led to the rejection of previous attempts to prepare projections at unitary authority level, in particular the data problems affecting areas with high student levels.

Setting these reservations aside, there is concern about the Caerphilly 2006-based population projection because:

- (a) it is considerably higher than would be expected on the basis of long-term trends; the projection of high levels of natural increase for the county borough during a period of demographic decline is somewhat surprising; and
 - (b) the very consistent projected numbers of births and deaths requires further investigation.
 - (c) the migration assumption may be too high if the balance of East European migration changes;
 - (d) the assumptions made about births, deaths and migration are just that. If initial assumptions are varied then the population for Caerphilly in 2021 could vary from approx 174,000 (3,500 below the moderate growth scenario) to 185,000 (7,500 higher) – *WAG 2006-based population projections*.
- 2.29 Even if the projections were accepted as valid, it is important to note that they are simply mechanical projections demonstrating the results of the continuation of existing short-term trends. Trend based projections do not make allowances for the effects of local or central government policies or socio- economic factors on household formation rates or future population levels. In addition as the process of demographic change is cumulative, projections become increasingly uncertain the further ahead they predict.
- 2.30 **The WAG 2006-based projections are definitely not prepared to provide the basis for development planning, and there is no intention on the part of WAG to imply that they are meant to be prescriptive.** They form part of the evidence which should be considered in the preparation of development plans, together with other local considerations, principle amongst which is the level of growth that a local planning authority considers to be sustainable having regard to local circumstances.

2. IMPLICATIONS FOR HOUSING LAND PROVISION

- 3.1 The WAG 2006-based household projection assumes a decrease in average household size (AHS) over the plan period from 2.35 in 2006 to 2.14 in 2021 a fall of 8.1%. This equates to an AHS of 2.24 over the plan period. The Moderate Growth Scenario is based on an AHS of 2.20 over the plan period slightly lower than that assumed in the 2006 projection (refer to Appendix 2). The closeness of the estimated AHS underpinning both sets of projections indicates that the assumptions informing household formation rates are compatible.
- 3.2 The WAG 2006-based household projection for Caerphilly is for an increase in households over the plan period 2006 – 2021 of 11,300, which is 2,675 higher than the Deposit LDP housing requirement figure of 8,625 and 1,276 higher than the housing supply figure incorporating the Focused Changes. It is also worth noting that it is only 648 higher than the updated land supply figure of 10,652 (2009). The main purpose of the note is to consider the possible implications of this higher figure for household growth for the level of housing provision in the plan.
- 3.3 The WAG 2006-based household projection implies an increase of 753 households per annum over the plan period. This is significantly higher than the house completion rates for the county borough over the last 17 years,

which average 567 units per annum (refer to Appendix 3). This compares to an implied average building rate of 575 units per annum in the Deposit LDP to meet the housing requirement figure. Notwithstanding this the housing land supply provided for in the Deposit LDP (incorporating the updated land supply figure) could accommodate an annual average build rate of 710 units per annum, significantly higher than the average rates experienced in the last 17 years.

- 3.4 It is worth noting that only in the significant boom periods of the mid 90s to early 2000s and more latterly the peak for 2005/7 have completion rates exceeded the 2006 implied household formation rates. This is also the case for the rates allowed for in the Deposit LDP if the total land supply (2009) is taken into consideration.
- 3.5 It is also important to note that the housing market is cyclical in nature and there is no reason to assume that this will change going forward.

Household Growth

- 3.6 Assuming that the level of household growth arising from the WAG 2006-based population and household projections actually takes place the total housing land provision in the Deposit LDP (with the additional focused changes) 10,024 would be sufficient for 13.3 years of the plan period. If the updated land supply position as of 2009 (10,652) is taken into consideration this increases to 14.1 years.
- 3.7 It should also be noted that WAG monitors the position on housing land in the county borough through the annual Joint Housing Land Availability Study (JHLAS), which it carries out together with Housing Associations, the Home Builders Federation, house-builders, and the Council's Housing and Planning departments. This study records the progress of development of all housing sites in Caerphilly, and seeks to ensure that there is always a five-year supply of available housing land for development.
- 3.8 The latest published JHLAS carried out was the 2008 Study, which assessed the housing land supply against the provisions of the Council Approved Unitary Development Plan 1996-2011. Using the preferred calculation, i.e. the Residual Method, the Study concluded that there were 22.5 years of housing land supply in Caerphilly, demonstrating that the current housing land supply position in Caerphilly is more than adequate. The current state of the housing market means that there is now a greatly reduced demand for housing land, and it may perhaps be reasonable to assume that this will remain the case at least until the national economic situation recovers. This reinforces the view that progressing the Deposit LDP to Adoption now is unlikely to cause any serious problems in relation to housing land supply before the first Review of the Plan is undertaken.

4. OPTION 2- CONTINUED VALIDITY OF DEPOSIT PLAN POPULATION PROJECTIONS

- 4.1 The WAG 2006-based population projections indicate the scale of development that would be required in the County Borough should short-term trends continue unchecked. The projections are based on many uncertain factors; not least the assumptions on future levels of natural change and to a lesser degree the implications of future migration patterns.

- 4.2 The WAG 2006-based population projections assume a population of the County Borough in 2021 of 180,700, which is in fact distant from the very narrow range (169,000 to 172,000) within which the population level has fluctuated over the last quarter of a century. Consideration of population trends in the County Borough, and estimates of likely patterns of future population movements based on local considerations, suggest that the population level indicated by the 2006-based projections is in fact at the upper end of the credible range for the 2021 population of Caerphilly.
- 4.3 The major reason for the growth in population as outlined in the 2006 population projections is natural change, which averages nearly 500 persons per year (see Appendix 1). This is not only an extremely high figure for the county borough compared to past trends, but it is also very consistent throughout the projection period leading to a projection that is at the upper end of the credible range for 2021. The Moderate Growth Projection advanced in the Deposit plan of 246 persons per annum is considered to reflect a more realistic and plausible level of modest natural change over the plan period that is consistent with past long-term trends.
- 4.4 Even if the projections were accepted as tenable, it is important to note that they are simply mechanical projections demonstrating the results of the continuation of existing short-term trends. Trend based projections do not make allowances for the effects of local or central government policies or socio-economic factors on household formation rates or future population levels.
- 4.5 As indicated previously the assumptions made about births, deaths and migration are not certain, consequently if initial assumptions are varied then the population for Caerphilly in 2021 could vary significantly as illustrated by the WAG variant population projection.
- 4.6 In the Council's view the assumptions that underpin the Moderate Growth scenario are robust and can be clearly evidenced through past long-term trends, which are generally accepted as being more acceptable than short term trends that can reflect short term random fluctuations in social or economic events.
- 4.7 Given the inherent uncertainties associated with population projections the Council is firmly of the view that the projections that underpin the moderate growth scenario remain credible given past long-term trends and that they continue to be valid for planning purposes in respect of the LDP.
- 4.8 In addition it is vitally important to note that the projections that underpin the Moderate Growth Scenario have been arrived at not only by having regard for the 2003 based population projections but also by having regard to the Regional Housing Requirement exercise (Apportionment Exercise) carried out by the South East Wales Strategic Planning Group (SEWSPG). The Apportionment Exercise did not merely distribute the 2003 South East Wales Regional Projections it provided a policy response to those projections. In particular SEWSPG:
- Considered the environmental capacity of each Unitary Authority area to accommodate growth on brownfield sites;
 - Considered the need to provide a regional strategy to stimulate growth in the Valleys and contain congestion in the coastal belt;
 - Sought Regional consensus on the way forward; and

- Sought political endorsement from all 10 local authorities in the region for the apportionment exercise and the resultant population and household distribution.
- 4.9 One of the major strengths of the Deposit LDP is the ability of the plan to be flexible and in particular the recognition in the plan that there is a need to provide a flexibility allowance for housing land supply in order to provide for flexibility, choice and changing circumstances. Coupled with the need to undertake annual monitoring and four yearly reviews the plan is sufficiently flexible to accommodate the levels of growth that might be forthcoming if the 2006 based population projections were to be realised.

5. OPTION 3 - AMEND THE LDP TO REFLECT THE WAG 2006-BASED POPULATION PROJECTION

- 5.1 The future population level and implied housing requirement for which the Deposit LDP makes provision are basic to the Plan, and significant increases to the levels indicated by the WAG 2006-based projection would have fundamental implications for the development strategy and the proposals of the Plan. The move to the 2006 projections based on assumptions that are at the high end of the credible range would lead to a High Growth Strategy underpinning the development plan. This would represent a significant policy shift and would be unacceptable.
- 5.2 It is obviously not possible to say what level of housing requirement the Council would have agreed had the 2006 projections been available when the Deposit LDP was being prepared (refer to Section 5 of BP6 Supplementary Paper 1). However at this stage of plan preparation process amendments to the plan to reflect the projections would suggest the need to make provision for an increase in households over the plan period to 11,300. It is difficult to state what an acceptable flexibility allowance would be based on this high growth scenario, however assuming that a 10% allowance would be desirable then the plan would need to allocate sufficient land for approximately 12, 430 units. This is a significant increase in housing when considered against the moderate growth scenario and would require a major change to be made to the Deposit LDP.
- 5.3 An increase of population and housing of the scale indicated would have fundamental implications for both the development strategy and the proposals adopted. This follows not least from the requirement to demonstrate the continued Soundness of the Plan, particularly in relation to the satisfactory SA/SEA of any additional allocated housing sites that are increasingly difficult to find in terms of sustainable development.
- 5.4 WAG Planning Guidance on late evidence that requires major changes to the LDP is as follows:
- 'In practice it will not be possible to introduce any changes that are major, and any changes in any event must meet SA requirements. Major policy changes may well have to be delayed for future review.'*
(LDP Manual, Para 7.6.2).
- 5.5 The WAG 2006-based population and household projections do not provide sufficient evidence to require such major changes to the Deposit LDP for the reasons detailed in this note. In particular the projections are only an

indication of what may happen if the short-term trends used in the assumptions materialises.

- 5.6 It is important to note that WAG intend preparing 2008-based population and household projections, which when available will replace the 2006-based projections as the basis for the preparation of LDPs. The intention of WAG to prepare updated projections every two years means that any set of projections can only be treated as interim guidance, and thus the LDP must be prepared on the projections available at the time. If the LDP is to be adopted, the implications of the later sets of projections must be considered in the LDP Review process rather than by undertaking the formidable and time – consuming task of amending the plan itself each time a new set of projections is published. It is important to note that the plan can comfortably accommodate the 2006 projections together with any subsequent updates (such as the 208 projections) through flexibility, annual monitoring and 4 year reviews.

6. COMPARISON WITH REQUIREMENT UP TO THE FIRST REVIEW

- 6.1 The current timetable allows for the adoption of the LDP in December 2010 and the preparation of the first review four years later in 2015.
- 6.2 As indicated previously in this note, assuming that the level of household growth arising from the WAG 2006-based population and household projections actually takes place, the total housing land provision in the Deposit LDP would be sufficient for 13.8 years of the plan period. When the adjustment for the focused changes are taken into account it would be sufficient for 13.3 years of the plan period and when regard is had for the updated land supply position of 2009 this increases to 14.1 years (Refer to Appendix 4).
- 6.3 The LDP clearly has made provision for more than sufficient land well into the plan period to meet the moderate growth or the high growth scenario. The Council is required to monitor the housing land supply on an annual basis. The monitoring process will trigger a review of the plan if it were to become apparent that the 2006-based projections were in fact being realised and as such the high growth scenario was likely to be realised.
- 6.4 The intention of WAG to prepare updated projections every two years means that any set of projections can only be treated as interim guidance, and that the LDP must be prepared on the projections that are available at the time. If the LDP is to progress to adoption, the implications of the later sets of projections must be considered in the LDP Review process. It is not desirable or practical to undertake a fundamental review on receipt of every set of new projections. This would be extremely time consuming and would inevitably lead to delay in plan preparation, which would be counter-productive.

7 CONCLUSIONS

- 7.1 The housing land provision in the Deposit LDP is based on the Evidence Base available at the time of its preparation, which obviously did not include the 2006-based population and household projections.

- 7.2 The WAG 2006-based population and household projections are not targets or forecasts but merely projections that indicate what will happen if short-term trends continue over the plan period.
- 7.3 The Moderate Growth Scenario had regard for the regional Apportionment Exercise which did not merely distribute the 2003 South East Wales Regional Projections but provided a regional policy response to those projections.
- 7.4 The intention of WAG to prepare updated projections every two years means that any set of projections can only be treated as interim guidance, and that the LDP must be prepared on the projections that are available at the time otherwise LDPs would never be finalised.
- 7.5 WAG Planning Guidance on late evidence requiring major changes clearly indicates that major policy changes may well have to be delayed for future review.
- 7.6 The WAG 2006-based population and household projections do not provide sufficient evidence to require major changes to the Deposit LDP for the reasons detailed throughout the paper. In particular it should be noted that the Deposit LDP is sufficiently flexible to accommodate the 2006 projections coupled with the annual monitoring and the four yearly review process.
- 7.7 The Moderate Growth Projection advanced in the Deposit plan is considered to reflect a more realistic and plausible level of population growth over the plan period that is consistent with long-term trends.
- 7.8 The plan provides for sufficient land for a minimum of 13 years having regard for the levels of population growth within the 2006-based projections.
- 7.9 The housing land supply position will be monitored on an annual basis by WAG through the Joint Housing Land Availability Study, and any amendments required to the development plan will be dealt with in the continuing reviews of the Plan that are an integral part of the LDP process.
- 7.10 The WAG 2006-based population and household projections do not require any amendments to the Deposit LDP, and in particular do not require any amendments to the housing land provision in the Plan as the Moderate Growth Projection is sufficiently robust to accommodate the changing circumstances afforded by the emergence of the new projections.

APPENDIX 1

WAG 2006-BASED POPULATION PROJECTION FOR
CAERPHILLY COMPONENTS OF CHANGE

Year	Births	Deaths	Natural Change	Net UK Migrants	Net Overseas Migrants	Net Migration	Total Change
2006/07	2,085	1,653	432	333	197	136	568
2007/08	2,125	1,674	451	333	197	136	587
2008/09	2,140	1,659	481	333	197	136	617
2009/10	2,153	1,652	501	333	197	136	637
2010/11	2,163	1,643	520	333	197	136	656
2011/12	2,164	1,637	527	333	197	136	663
2012/13	2,158	1,632	526	333	197	136	662
2013/14	2,151	1,631	520	333	197	136	656
2014/15	2,145	1,630	515	333	197	136	651
2015/16	2,139	1,629	510	333	197	136	646
2016/17	2,132	1,632	500	333	197	136	636
2017/18	2,122	1,635	487	333	197	136	623
2018/19	2,108	1,643	465	333	197	136	601
2019/20	2,089	1,654	435	333	197	136	571
2020/21	2,067	1,683	384	333	197	136	520
2006/21	31,941	24,687	7,254	4,995	2,955	2,040	9,294

Source Population Projections for Wales (2006-based) (WAG, June 2008)

ASSUMPTIONS IN RESPECT OF AVERAGE HOUSEHOLD SIZE

1. The High Growth option incorporates the 2021 population of 180K from the ONS 2003-based projection, and the household increase of 650 pa from the Regional Household Apportionment exercise.
2. The compatibility of these projections can be assessed by considering the implied 2021 average household size, which is estimated below.

3. First, the number of households in 2006 is estimated as follows:

Households 2001 (Census)	69,341
Dwelling completions 2001-06	2,194
Households 2001-06 (96%*)	2,106
Households 2006	71,447

* Making the standard 4% allowance for vacant properties

4. The number of households in the High Growth option is then:

Households 2006	71,447
Household increase 2006-21(650 x 15)	9,750
Households 2021	81,197

5. The 2021 average household size in the High Growth option is then calculated as:

Total population	180,000
Less Population in residential establishments	1,087
Residential population	178,913
Households 2021	81,197
Average Household Size 2021	2.20

6. This AHS for Caerphilly 2021 is perfectly credible, as demonstrated below.

7. First, the 2006 AHS in Caerphilly is estimated as:

Total population	171,300
Less Population in residential establishments	1,087
Residential population	170,213
Households 2021	71,447
Average Household Size 2006	2.38

8. In the ONS 2003-based household projections, the AHS for the South East Wales region fell from 2.34 in 2006 to 2.15 in 2021, a fall of 8.1%. In the ONS 2006-based household projections, the AHS for Caerphilly fell from 2.35 to 2.14

in 2021. Assuming that the AHS for Caerphilly fell at this rate, the implied AHS in 2021 would be 2.19.

9. The closeness of the estimated AHS demonstrates the compatibility of the high population and household projections, which can then be adopted as a consistent High Growth option.
10. The Moderate Growth scenario is based on the same 2021 AHS of 2.20, as follows.
11. The 2021 average household size in the Moderate Growth option is calculated as:

Total population	177,500
<i>Less</i> Population in residential establishments	1, 087
Residential population	176,413
Households 2021	80,072
Average Household Size 2021	2.20

2.20

APPENDIX 3**HOUSING COMPLETIONS IN CAERPHILLY
(SMALL AND LARGE SITES)**

YEAR	TOTAL
1991/1992	364
1992/1993	351
1993/1994	266
1994/1995	282
1995/1996	806
1996/1997	899
1997/1998	800
1998/1999	760
1999/2000	751
2000/2001	656
2001/2002	489
2002/2003	376
2003/2004	362
2004/2005	391
* 2005/2006	576
2006/2007	852
2007/2008	656
Total	9637
Average rate	567

Source: TABLE B2008 JHLAS

APPENDIX 4

Comparison of Housing Figures – Deposit stage, Focused Change stage and after 1st December Council meeting

	Deposit October 2008	Focused Changes <i>September</i> <i>2009</i>	Further Focused Changes <i>December</i> <i>2009</i>
SP16 Total Housing Land Requirement	8,625	8,625	8,625
Total Land Supply (1 st April 2007 figures)	10,403	9,417	10,024
Flexibility allowance % (1 st April 2007 figures)	20.6	8.4	14.0
Total land Supply (1 st April 2009 figures)	N/a	10,045	10,652
Flexibility allowance % (1 st April 2009 figures)	N/a	16.5	23.5