



# **POPULATION AND HOUSING**

**DEPOSIT LOCAL DEVELOPMENT PLAN  
UP TO 2021**

**SUPPLEMENTARY PAPER 1:  
WAG 2006 BASED POPULATION &  
HOUSEHOLD PROJECTIONS**

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# **POBLOGAETH A THAI**

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## **1 Introduction**

- 1.1 This note aims to provide further clarification of the background information and evidence on the topic of the population and housing assumptions underlying the Deposit Version of the Local Development Plan.
- 1.2 It should be read in conjunction with the LDP Background Paper 6 – Population and Households (October 2008).
- 1.3 This supplementary note considers the implications for the Deposit LDP of the Welsh Assembly Government's 2006-Based Population & Household Projections that have been published since the preparation of the Plan. In particular, consideration will be given to the housing provision in the Plan in the light of these projections.

## **2 The WAG 2006-Based Projections**

- 2.1 WAG has recently (11 June 2006) published 2006-based household projections for unitary authorities in Wales (see e.g. *Household Projections for Wales (2006-based) Summary Report (WAG, June 2009)*).
- 2.2 These household projections are based on the previously published 2006-based population projections for unitary authorities in Wales (see e.g. *Population Projections for Wales (2006-based) Summary Report (WAG, June 2008)*).
- 2.3 This set of population and household projections for unitary authorities is the first published by WAG since the authorities were established in 1996. Previous attempts to prepare projections have proved abortive because of the unacceptability of the projections for some certain authorities, in particular those with large student populations: for this reason the projections for individual local authorities were aggregated over the four Planning Regions of Wales, and published at that level. It should be noted that certain features of the new set of projections, e.g. the age structure of the projected population for Cardiff, show that these problems, which are caused by inherent characteristics of the migration data, have not been entirely overcome.
- 2.4 The population and household projections were prepared using the POPGROUP and HOUSEGROUP suites of programs, the first time that these programs have been used for Government projections.
- 2.5 WAG Planning Guidance is that these projections should now provide the starting point for development plan housing provision: the WAG projections are not prescriptive, but divergences from them must be justified.

## **3 The Caerphilly 2006-based population projection**

- 3.1 The WAG 2006-based population projection for Caerphilly in 2021 is 180,700, which is 3,200 higher than the Deposit LDP figure of 177, 500.
- 3.2 The 2006-based population projections for local authorities in the South East Region are generally significantly higher than would have been achieved if long-term trends had been assumed to continue. For example, in the case of Caerphilly, the population of the county borough in 2007 was 171,800, only

100 higher than the level of 1981: throughout this 26-year period the estimated population never fell below 168,100, so the variation was remarkably small. In contrast to this stable population over an extended period, the 2006-based 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.

- 3.3 One cause of this projected increase is the assumption on future levels of in-migration, based on the assumed continuation of the levels on net in-migration in the period 2001-06. This period 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 great influx of Eastern Europeans of the last five years is tailing off dramatically.”* The assumption in the projection is for continued net in-migration of 100 persons per year, which may be higher than is actually experienced if the reverse migration trend does in fact occur.
- 3.4 However, the migration component accounts for only a small proportion of the projected growth in Caerphilly: the major reason for the growth in population is natural change, which averages nearly 500 persons per year (see Appendix 1). This is not only a high figure for the county borough, but it is also very consistent throughout the projection period. 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 2.1. 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.
- 3.5 Another 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 do not necessarily cast doubts on the projection, but certainly suggest the merit of further investigation of the model's results.
- 3.6 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.

#### **4. The Caerphilly 2006-based household projection**

- 4.1 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. 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.

**Alternative demographic assumptions for the LDP**

- 4.2 The housing land provision in the Deposit LDP was based on the Evidence Base available at the time of its preparation, which did not include the 2006-based population and household projections. It is clearly not possible to say what future level of population, and hence what implied level of housing provision, the Council would have decided that the Deposit LDP should accommodate had these projections been available at the time, but an attempt at a possible outcome is made here.
- 4.3 The projected higher level of population growth resulting primarily from natural change, and the apparent higher projected rates of household formation could have led to a reconsideration of the migration component assumed. There has been net in-migration into the county borough at the low average level of about 100 persons per year, which represents a change in the longstanding pattern of net movements out of the area that has occurred more quickly than expected when the Caerphilly UDP was prepared. To some extent the recent experience must reflect the national pattern in respect of east European migrants, and so future in-migration levels may be lower if the reverse migration pattern does take place.
- 4.4 Unless it is considered unrealistic to halt net out-migration entirely, a position that has prevailed in some Valleys authorities until recently, the lowest housing provision that is generally considered acceptable is one based on natural change, on the grounds that every authority should at least make provision for its own residents.
- 4.5 Although in-migration is a relatively minor factor in Caerphilly, it could have been regarded as adding to demand for housing land above levels that could readily be accommodated. The assumption could therefore have been made to adopt a natural change population projection.
- 4.6 The effect of this would have been to reduce the 2021 population by about 2,000, leading to a population total of 178,700. This would imply a reduction in the numbers of households in 2021 of about 1,000, assuming the WAG projection of average household size, to a total of 82,500.
- 4.7 The increase in the number of households between 2006 and 2021 would then have been 10,300, which compares with the Deposit LDP figure of 8,625, an increase of 1,675. Despite this increase, the housing land provision in the Deposit LDP remains sufficient for the level of required housing provision, since the Deposit LDP allocates land above the estimated requirement in order to allow for flexibility and choice of sites. It will be seen from Background Paper 6 Population and Households Table 5.6 (p6.27) that the actual housing land supply in the Deposit LDP is 10,400, which is in fact sufficient to accommodate the requirement based on the assumptions above.
- 4.8 This demonstrates that if the WAG 2006-based population and household projections had been available when the Deposit LDP was being prepared, the Council may have decided to assume a level of growth that could still be accommodated in the current plan housing provision.

**Comparison with the LDP housing provision**

- 4.9 A second comparison that can be made is to assume that the level of household growth arising from the WAG 2006-based projection actually takes

place, and to calculate how long this would take to exhaust the housing land supply in the Deposit LDP.

- 4.10 The 2006-based household projection implies an annual increase of 753 households over the plan period. Assuming this rate of development, the total housing land provision in the Deposit LDP of 10,400 would be sufficient for 13.8 years of the 15 year plan period.

#### **Comparison with requirement up to the First Review**

- 4.11 It is an integral part of the new development plan system that the LDP will be subject to regular and timely Reviews to ensure that policies the Plan are up-to-date. WAG has indicated that they expect these reviews to take place on a four-year cycle.
- 4.12 It is expected that the Caerphilly LDP will be adopted in December 2010, so that the First Review should certainly be complete by mid-2015, or nine years into the Plan period. The total housing land provision in the Deposit LDP of 10,400 would be sufficient to allow for housing development over this period at an average rate of 1,155 per year. It may be noted that this exceeds the highest annual house-building rate achieved in the county borough, certainly since 1981.

## **5. Discussion**

- 5.1 The main considerations raised by the WAG 2006-based population and household projections in relation to the housing provision in the Deposit LDP are summarised below.
- 5.2 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.
- 5.3 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;
  - (b) the migration assumption may be too high if the balance of East European migration changes;
  - (c) the projection of high levels of natural increase for the county borough during a period of demographic decline is somewhat surprising; and
  - (d) the very consistent projected numbers of births and deaths requires further investigation.
- 5.4 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 trends. They 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 on local authorities.

- 5.5 WAG Planning Guidance is that the projections should be used as the basis for the assumptions in the LDP, and that deviations from them on the basis of policy considerations should be justified. In fact, since the decisions on the level of growth to be accommodated in the development plan is a matter of policy choice by each authority, it could be argued that the use of the projections themselves in the development plan should also require justification, since accepting existing trends is as much a decision as seeking to influence and change them.
- 5.6 It is obviously not possible to say what level of housing requirements the Council would have agreed had the new household projections been available when the Deposit LDP was being prepared. However, it is demonstrated above that the housing land allocations in the Deposit LDP remain adequate as described under the following different scenarios:
- (a) the Council may have agreed to make provision only for natural change, in which case the allocated land supply would remain sufficient throughout the Plan period; and
  - (b) even if the projected household increase were to occur, the allocated land supply would remain sufficient until 2020;
- 5.7 It may be noted that although these scenarios would not allow any element of housing land supply for flexibility and choice, there is in fact no Planning Guidance that requires such provision to be made.
- 5.8 It is therefore plausible that the Council would have agreed a population level that could be accommodated on the housing land supply in the Deposit LDP, and that even if it had decided to accommodate the projected increase in households, the housing land supply in the Plan would be sufficient until 2020
- 5.9 WAG is making the suites of programs and the data input used in the preparation of the 2006-based population and household projections available to local authorities, so that they can both replicate the WAG projections, and also prepare projections using their own policy-based projections. This is welcomed by local authorities, and will be an invaluable tool in the preparation of future development plans.
- 5.10 In the case of authorities such as Caerphilly that have already prepared their Deposit LDP, it is considered that the most sensible course of action is to proceed with the Examination of the plan, while at the same time gaining familiarity with the projection programs to guide the preparation of the first Review of the plan. The current timetable allows for the adoption of the Caerphilly LDP in December 2010, and the preparation of the First Review four years later in 2015.
- 5.11 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.

- 5.12 The latest published JHLAS carried out was the 2007 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 17.6 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 may reinforce 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.
- 5.13 Finally, it may be noted that it is believed 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 that the LDP must be prepared on the projections that are 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.

## 6. Conclusions

- 6.1 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. WAG Planning Guidance on late evidence requiring major changes (LDP Manual, Paragraph 7.6.2) 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.'*
- 6.2 The future population level and the implied housing requirement for which the Deposit LDP makes provision are basic to the Plan, and significant increases in either of these would have fundamental implications for both the development strategy and proposals adopted. This follows not least from the requirement to demonstrate the continued Soundness of the Plan, particularly in relation to the satisfactory SEA/SA of any additional allocated housing sites.
- 6.3 However, it is considered that 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 above. In particular, 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. As demonstrated above, even if the projected household growth in the WAG 2006-based projections were to take place, the housing land provision in the Deposit LDP would still be sufficient until 2020.

- 6.4 It is accordingly considered that 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.

**APPENDIX 1 WAG 2006-BASED POPULATION PROJECTION FOR  
CAERPHILLY COMPONENTS OF CHANGE**

<b>Year</b>	<b>Births</b>	<b>Deaths</b>	<b>Natural Change</b>	<b>Net UK Migrants</b>	<b>Net Overseas Migrants</b>	<b>Net Migration</b>	<b>Total Change</b>
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
<b>2006/21</b>	<b>31,941</b>	<b>24,687</b>	<b>7,254</b>	<b>4,995</b>	<b>2,955</b>	<b>2,040</b>	<b>9,294</b>

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