

**The implications of the 2018-based SNPP and
SNHP on the Welwyn Hatfield OAN**
Welwyn Hatfield

August 2020

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Client

Welwyn Hatfield Borough Council

Our reference

WELM2000

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Executive Summary

1. The Council's evidence base has consistently justified an objectively assessed need (OAN) for approximately 800 dwellings per annum in Welwyn Hatfield, originally in the context of official 2014-based projections but also following the release of apparently lower 2016-based projections¹. The Inspector examining the Local Plan concluded earlier this year that **this evidenced position was consistent with national policy and soundly based**².
2. **Such evidence is not necessarily outdated by the release of new projections**, which simply offer a *'starting point'* rather than *'a prediction or forecast of how many houses should be built in the future'*³. Turley has nonetheless been instructed – following a request from the Inspector – to consider whether the newly available 2018-based projections meaningfully change the previously evidenced position on housing needs in Welwyn Hatfield, in the context of relevant policy and guidance.
3. The main or principal 2018-based projections suggest, as an ostensible *'starting point'*, that 408 dwellings per annum could be needed in Welwyn Hatfield, over the original plan period that has been consistently covered by the evidence base (2013-32). This is lower than the need for 601 dwellings per annum suggested by the 2016-based projections, and lower still than the *'starting point'* of 670 dwellings per annum originally set by the 2014-based projections.
4. Such a basic comparison should, however, be mindful of the **unusual and exceptional decision made by the Office for National Statistics for this principal 2018-based projection to draw upon domestic migration trends over only two years rather than the traditional five**. These two years – while admittedly benefiting from an improved method of estimating internal migration – saw an average net outflow of people from Welwyn Hatfield, in direct contrast with longer-term trends that have largely been verified. This approach produces a lower projection of population growth than has previously featured in the evidence base for Welwyn Hatfield, or than has typically occurred in all but four of the last 18 years. It cannot – on the basis of information currently available – be stated with confidence that short-term migration trends, themselves affected by a complex range of external factors, will continue and slow population growth in Welwyn Hatfield to this extent over the long-term horizon of a plan period. **This report therefore treats the principal 2018-based projection with caution**, in the knowledge that the relevant guidance simply did not foresee such an influential change in the methodology used to set a *'starting point'*.
5. **The report instead favours one of the official variants now released with this principal projection – termed the “alternative internal migration variant” – which uses a five year trend period, consistent with earlier official projections**. Such an approach has been repeatedly found to produce reasonable demographic projections for Welwyn Hatfield. This projection suggests a **higher 'starting point' of 597 dwellings**

¹ Welwyn Hatfield Technical OAN Paper: the implications of the 2016-based SNPP and SNHP on the Welwyn Hatfield OAN (EX103A)

² EX190

³ ONS (29 June 2020) Household projections in England Quality and Methodology Information (QMI)

per annum. It is observed that the population growth annually suggested by this projection aligns precisely with the median recorded in Welwyn Hatfield since 2001, thereby suggesting a strong degree of alignment with the long-term trend.

6. Whilst this projection demonstrates a strong correlation with the annual rate of growth suggested by earlier official projections, it also shows **a clear lowering in the overall level of population growth over the plan period relative to these projections. Analysis suggests that this is largely caused by evidence of a narrowing surplus of births over deaths.** This natural trend – in no way related to COVID-19 – has the potential to impact on long-term local housing needs, where people are no longer expected to live and occupy a home for as long as previously thought. It largely explains why even this variant 2018-based projection is lower than earlier starting points, and why a subsequently adjusted demographic projection – applying amended 2014-based household formation rates, as previously, in preference to 2018-based rates that retain a methodology criticised by Government – is similarly lower at 650 dwellings per annum.
7. Where it is acknowledged that new projections do not automatically outdate earlier assessments, and that in taking into account the change in the methodology used in the 2018-based SNPP there is a degree of commonality in the annual population growth rate, it is considered that it **remains justified to retain the OAN of 800 dwellings per annum as an upper estimate of need.** It is observed, however, that **this would implicitly suggest that the OAN allows for a more pronounced market signals uplift, compensating for the lower absolute level of population growth projected under the latest dataset.** The uplift would increase to around 23% through such an approach. The long-term worsening in market conditions – and the need for judgement, in the absence of a formulaic mechanism – means that this larger adjustment cannot be explicitly dismissed. It is, however, important to observe that it exceeds by some way the 10% adjustment previously considered reasonable for Welwyn Hatfield over this period. Where it is also recognised that in more recent years analysis suggests some improvement in affordability in the borough, this is considered to support a position where the existing OAN should be viewed as very much an upper estimate of housing need in the borough, recognising the natural demographic changes in recent years.
8. In this context, and where it is again recognised that the scale of any market signals adjustment remains a judgement, it is considered that it would be **equally justifiable to retain the 10% market signals uplift previously applied in producing the OAN when assessing the implication of more recent demographic projections.** Consistently applying this level of uplift to the lower 2018-based projection with adjusted household formation rates (650dpa) would lead to a suggested lower need for **715 dwellings per annum.**
9. This suggests that **the OAN for Welwyn Hatfield can now be considered to fall within a range of between 715 and 800 dwellings per annum, over the original plan period (2013-32).** The introduction of a range below the previously evidenced OAN is considered to be a reasonable response to an evidenced shift in demographics, which are primarily influenced by natural change factors and are therefore unrelated to

housing supply, and the uncertainties inherent in continuing to apply the relevant guidance in the context of new datasets.

10. A slightly later plan period, running from 2016 to 2036, has also been discussed during the Examination. The analysis in this report suggests that **it would be reasonable to expect a level of housing need towards the lower end of the range concluded above – in the order of 715 dwellings per annum – to be more representative for this later period.** This is not to rule out a judgement being made that the need is as high as the upper end of the range, but it recognises that where projected household growth is naturally lower over this later period, the upper end of the above range (i.e. 800dpa) would implicitly apply a 35% uplift for market signals that is far larger than previously found to be justified in the Council’s submitted evidence. The uplift implied at the lower end of the range, at 21%, is not however dissimilar to the upper-end considered reasonable when previously exploring the implications of a later plan period, on the basis of a proven undersupply and worsening market conditions in the years that would be removed (2013-16).
11. **The above, and this report as a whole, provides a technical interpretation of the evidence.** It is anticipated that the Council will apply its planning judgement in responding to the range of housing needs that has now been concluded, taking account of this analysis alongside other aspects of its Local Plan and the underlying evidence base.

1. Introduction

- 1.1 This technical note has been prepared at the request of Welwyn Hatfield Borough Council ('the Council') to consider the implications of the publication of the 2018-based sub-national population and household projections (2018-based SNPP/SNHP) which were released in March and June 2020 respectively.
- 1.2 This is intended to assist the Council in providing its response to the Inspector's note (EX190) in which he requests a view on whether the publication of the 2018-based household projections meaningfully change the housing situation which existed as of January 2020.
- 1.3 This follows the Inspector's conclusion, in his letter dated 15 January 2020 (EX178), that the evidence of an objectively assessed need (OAN) for 800 dwellings per annum was consistent with national policy and soundly based in the context of Welwyn Hatfield, following the release of the 2016-based SNHP. This followed production of a technical paper (EX103A) which considered the implications of this dataset⁴. The Inspector subsequently noted in EX190 that this conclusion recognised that *'despite a reduction in the household forecast, [EX103A] argued that for affordability and other reasons, including government pronouncements on the housing need for younger people, as reflected in the ONS 2016 forecast, there had not been a meaningful change'*.
- 1.4 Like EX103A, this technical note provides supplementary evidence to that previously provided in relation to the assessment of housing needs in Welwyn Hatfield, including but not limited to the 2017 SHMA Update⁵.
- 1.5 In presenting updated analysis which integrates the 2018-based datasets, this note follows a similar format to EX103A. Where the Local Plan continues to be examined under the transitional arrangements set out in the revised NPPF, the analysis necessarily evidences the need for housing using the methodology previously prescribed within Planning Practice Guidance⁶ (PPG) rather than on the basis of the standard method referenced at paragraph 60 of the revised NPPF and explained in its associated guidance.
- 1.6 That said, at the time of writing it remains the case that the standard method continues to advocate the use of the 2014-based SNHP, in order to:

*"...provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes"*⁷

⁴ Welwyn Hatfield Technical OAN Paper: the implications of the 2016-based SNPP and SNHP on the Welwyn Hatfield OAN (EX103A)

⁵ Welwyn Hatfield Borough Council Strategic Housing Market Assessment Update 2017 (HOU/21)

⁶ Available from the [National Archives](#)

⁷ PPG Reference ID 2a-005-20190220

- 1.7 It is also the case that a recent High Court decision confirmed that the Government's stated reservations around the 2016-based dataset '*were not limited to the use of the projections in the standard method*'⁸.
- 1.8 In accordance with the Inspector's request, the implications of the new dataset are considered through the presentation of updated modelling over both the original plan period (2013 – 2032) and the revised period (2016 – 2036). In presenting the analysis, the report primarily leads with illustrating the impact of the 2018-based dataset for the original period from 2013 to 2032. This recognises that this is a timescale common to the analysis presented in both the 2017 SHMA (HOU/21) and EX103A and therefore enables direct comparison. When considering the outputs for the revised plan period (2016 – 2036) in the concluding section of the report reference should be made to the conclusions in EX103B⁹ albeit it is important to note that the modelling in that report was only presented to 2034 from a base date of 2016 and outputs are not therefore directly comparable.

Report Structure

1.9 This report is structured as follows:

- **Section 2: Summary of the Evidenced OAN Position** – EX190 summarises the Inspector's judgement on the soundness of the evidence prepared to date, and in this context this section provides a concise explanation of the OAN concluded in the 2017 SHMA Update and its reassessment in light of the 2016-based SNHP in EX103A. This sets the context for considering the implications of the 2018-based dataset following a comparable approach;
- **Section 3: The Household Projections – 'Starting Point'** – a headline comparison of the growth suggested as a '*starting point*' by the latest official projections, relative to the earlier 2016 and 2014-based datasets;
- **Section 4: Projected Population Growth** – underlying assumptions on population growth are identified and interrogated. At the request of the Council, consideration is also given in this section to the potential implications of the ongoing COVID-19 pandemic and Brexit, where local data permits, on population growth until the end of the plan period;
- **Section 5: Projected Household Growth** – analysis and comparison of the projected household formation rates within the 2018-based projections and the preceding 2016-based and 2014-based datasets as well as the adjusted formation rates used within the concluded OAN; and
- **Section 6: Implications for Housing Need** – consideration of the implications of the latest household projections for the concluded OAN. This is followed by

⁸ Keep Bourne End Green vs Buckinghamshire Council [2020] EWHC 1984 (Admin), paragraph 119

⁹ Welwyn Hatfield Local Plan Technical Note: Implications of a new plan period for the calculated housing need (June 2019)

appendices considering the implications for future job growth (Appendix 3) and the housing needs of older people (Appendix 4).

2. Summary of the Evidenced OAN Position

- 2.1 In EX190, the Inspector provides a concise summary of his considered views on the housing need evidence used to support the Plan, which has been subject to discussion at the hearings during the examination.
- 2.2 The Inspector references that where the submitted Local Plan drew upon 2016 SHMA evidence (HOU/18) – which used the 2012-based SNHP – the Council issued revised housing submissions which raised the proposed housing target from 12,000 to 16,000, the latter representing 800 dwellings per annum on average over the plan period (2012-32). This requirement was directly based on the conclusions of the 2017 SHMA Update (HOU/21) which applied a series of uplifts to its *'starting point'* of the official 2014-based SNHP as illustrated at Table 2.1

Table 2.1: Adjustments to the *'Starting Point'* in Arriving at the OAN

	Adjustment <i>dwellings per annum</i>	Dwellings per annum <i>2013 – 2032</i>	% uplift from <i>'starting point'</i>
The <i>'starting point'</i> – 2014-based SNHP		670	
Adjusted demographic projection	+51	721	8%
Supporting likely job growth	+0	721	8%
Market signals adjustment (+10%)	+72	793	18%
Objectively assessed need rounded	+130	800	19%

Source: Turley; Edge Analytics

- 2.3 As explained in HOU/21 and a subsequent technical note¹⁰ (EX82), the 2014-based SNPP were considered to offer a reasonable projection of *population* growth for Welwyn Hatfield. They were, however – in accordance with the relevant PPG – adjusted upwards to reflect the consequences of *'under-supply and worsening affordability of housing'* and to *'reflect appropriate market signals'*¹¹. The result was an elevating of the need implied by the official projections by 19% (allowing for a rounding of the calculated need).
- 2.4 In EX190 the Inspector confirms his opinion that following the hearings in 2017 the revised housing requirements, and by inference the evidence in the 2017 SHMA, were soundly based.
- 2.5 In 2018, the Office for National Statistics (ONS) published an updated set of household projections, having assumed responsibility for their production from MHCLG. The implications of this dataset were considered at the request of the Council through an updating of the housing need assessment in EX103A (June 2019).

¹⁰ Responding to the Inspector's Observations through the Stage 2 Hearings (March 2018)

¹¹ PPG Reference ID 2a-015-20140306 and 2a-019-20140306

- 2.6 This report concluded that there was a reasonably strong level of consistency in the overall level of projected population growth under the 2016-based dataset compared to the 2014-based dataset, and found that there were compelling reasons to retain the household formation rates in the latter dataset over the former. It was therefore considered reasonable to retain an OAN for 800 dwellings per annum over the submitted plan period (2013-32). Using the demographic assumptions in the 2016-SNPP, the report confirmed that such a level of need would ensure that the forecast job growth used to underpin the employment policies of the Plan would not be constrained.
- 2.7 In commissioning EX103A, the Council also commissioned a separate report from Turley (EX103B) to consider the scale of housing need over a revised plan period of 2016 to 2034. This concluded that while this period would see a reduced level of household growth on an average annual basis, relative to the original plan period, the OAN of 800 dwellings per annum could continue to be reasonably applied over this period and similarly where this period was further extended to 2035.
- 2.8 This reflected a judgement that such a level of housing need would allow additional headroom in the uplift from the *'starting point'*, where this was recognised as being either the 2014-based SNHP or the 2016-based SNPP with the 2014-based headship rates applied. This additional headroom was considered to principally serve to address evidence of worsening market signals which remained reasonable where it was recognised the borough had affordability issues when benchmarked against the national average and other comparator areas. EX103B confirmed at Table 4.1 that this meant that the OAN allowed for an upward adjustment from the starting point of between 23 – 32% (noting this allowed for a separate market signals adjustment of between 10% and 19%)¹².
- 2.9 In the context of the above evidence, the Inspector confirmed in EX178 and cross-referenced in EX190 that the 2016-based projections and the associated housing need calculations did not lead to a *'meaningful change'* in the housing situation, with reference to the PPG. In this context the Inspector concluded, with reference to the evidence prepared and heard in 2019 through the examination, that the OAN of 800 dwellings per annum *'was still consistent with national policy and soundly based'*¹³.
- 2.10 The remainder of this report considers, at the request of the Inspector and through a familiar approach, the extent to which the 2018-based household projections meaningfully change the housing situation from that which existed in January 2020 when the Inspector made the observations referenced above.

¹² EX103B, paragraph 4.4

¹³ EX189, paragraph 3

3. The Household Projections – ‘Starting Point’

- 3.1 The 2018-based household projections were released on 29 June 2020. This is the second set of projections to have been developed by the Office for National Statistics (ONS), following the 2016-based dataset, where the projections were previously the responsibility of the former Department for Communities and Local Government (DCLG).
- 3.2 The analysis in EX103A commenced by simply comparing the new projections to the preceding dataset, but it is important to recognise at the outset that such a basic comparison can now be misleading. This is because of the unusual and exceptional decision to vary the length of the trend period for the main or ‘*principal*’ 2018-based projection, narrowing this for internal migration only to two years (2016-18) rather than the traditional five¹⁴. This was motivated by the ONS’s desire to avoid mixing different methodologies, following a change in the official method of estimating internal migration from 2016/17 onwards which was intended to improve the approach of estimating where people move to after leaving university¹⁵. The use of a two year historic trend is not a newfound endorsement of the principle of planning on that basis, however, and the ONS fully intends to revert to a five year trend – which has been consistently found to produce reasonable projections of population growth for Welwyn Hatfield – when data permits¹⁶.
- 3.3 As a result of this exceptional change, while a comparison between official projections has traditionally illustrated the effect of continuing trends recorded in a rolling five year period, this is no longer the case. Such a comparison now could not separate the effect of more recent trends from that of using a shorter reference period.
- 3.4 This limitation can, however, be overcome through reference to one of the four variants released with the principal 2018-based projection. The “alternative internal migration variant” (‘alternative 2018-based SNPP’ hereafter) pragmatically overlooks methodological changes and bases all assumptions on a five year reference period (2013-18), thereby aligning most closely with the underlying approach of earlier official projections that have been consistently deemed reasonable for Welwyn Hatfield¹⁷. It is considered to provide a more representative and consistent basis for comparing with earlier projections, especially once recognised that the PPG does not necessarily require use of the principal projection. Indeed, it is actually silent on how official variants should be treated, because their availability could not have been foreseen when the PPG was written several years ago.

¹⁴ ONS (24 March 2020) Subnational population projections quality and methodology information (QMI)

¹⁵ ONS (last revised 2 July 2020) Population estimates for the UK, mid-2019: methods guide

¹⁶ ONS (24 March 2020) Methodology used to produce the 2018-based subnational population projections for England. ‘*Future projections will still use five-year averages for internal migration when a larger back series is available*’

¹⁷ A ten year migration variant is also available, but the length of its trend period means that it is not comparable to the official projections cited as a ‘*starting point*’ for Welwyn Hatfield. The preceding evidence has at no point suggested that it would be more representative for a demographic projection in Welwyn Hatfield to draw upon trends over ten years rather than five, and for consistency this variant has not been favoured or presented in this report

- 3.5 On this basis, Table 3.1 compares these two 2018-based projections with the preceding 2016-based and 2014-based datasets, over the submitted plan period (2013-32).

Table 3.1: Comparing Official Projections for Welwyn Hatfield (2013-32)

	Change in households	Associated need for dwellings ¹⁸	Dwellings per annum
2014-based	12,345	12,730	670
2016-based	11,082	11,425	601
2018-based alternative*	10,054	10,365	546
2018-based principal	7,521	7,754	408

Source: ONS; DCLG

* projection based on internal migration trends in a 5 year historic period, common to the approach of the 2014-based and 2016-based datasets

- 3.6 The principal 2018-based projection for Welwyn Hatfield suggests a need for only 408 dwellings per annum, when allowing for vacancy. This is nearly a third lower than the 2016-based projection (601dpa), which was itself around 10% lower than the earlier 2014-based version (670dpa) as observed at Table 3.1 of EX103A.
- 3.7 The alternative 2018-based projection, which takes a more comparable approach to the earlier projections, does narrow this difference to an extent, being around 9% lower than the 2016-based projection.
- 3.8 The evidence has consistently cited the applicable guidance to highlight that the official projections are intended to represent only a ‘starting point’, which should be thoroughly tested to determine the need for adjustment. Such adjustments were indeed deemed necessary in each iteration of the housing need evidence prepared for Welwyn Hatfield, to account for a range of factors relating principally to job growth and affordability.
- 3.9 Equally, EX103A explained that whilst the relevant PPG was clear to state that the ‘latest available’ household projections should form the starting point, the Government’s explicit retention of the 2014-based dataset makes the appropriateness of a literal translation less clear. This is still further complicated by the introduction of official variants, and the exceptional use of a shorter trend period in the “principal” ONS projection, which could not have been anticipated in the guidance.
- 3.10 In this context, where the latest projections apparently continue to suggest a relatively significant change in the scale of projected household growth – as was the case with the 2016-based dataset – it remains critical to interrogate the individual factors causing this difference in the local context of Welwyn Hatfield. These are considered in the following sections, which as in EX103A respectively explore:

¹⁸ Vacancy rate of 3% assumed for consistency with earlier evidence

- Population growth, given that the household projections are underpinned by assumptions on the scale and profile of population change. This is considered in **section 4**; and
- Household formation, recognising the application of assumptions on how the population live in households. This is considered in **section 5**.

4. Projected Population Growth

- 4.1 The 2018-based household projections are, like preceding versions, underpinned by the 2018-based sub-national *population* projections which were released by the ONS on 24 March 2020.
- 4.2 These projections provide an indication of the future size and structure of the population, assuming that recent demographic trends continue. It can be specifically noted, in the current context, that:
- The assumed number of **deaths** follows the application of mortality rates, which vary by age and sex and continue to be linked to local trends over the preceding five years (2013-18). This clearly takes no account of the recent outbreak of coronavirus (COVID-19), which is reported to have caused excess deaths across England and beyond, above the number that would typically be expected based on past trends. This was particularly the case between March and May 2020, with the number of deaths since generally returning to trend¹⁹. Indeed, the mortality rate in June at a national level was actually *lower* than the average over the past five years²⁰. This, plus the unprecedented nature of the pandemic, suggests that it would be premature and inappropriate to at this point query or adjust the mortality rates assumed for Welwyn Hatfield in the projections. This is still further justified when recognising that the number of deaths reportedly involving COVID-19 in the borough²¹ (208, to the end of June) is considerably smaller than the circa 1,000 deaths projected to occur in total this year in the official dataset; and
 - The projections continue to allow for a net inflow of **international migrants**, calculated relative to recent local trends but ultimately linked to a national assumption that the annual flow into the UK gradually reduces from its current level to align with the average recorded over the past 25 years. This means that the overall net flow into the UK is assumed to fall by around 28% within five years, under both the principal and alternative 2018-based projection. The ONS has deliberately made no attempt to predict the impact of '*future political and economic changes*'²², such as the demographic consequences of Brexit. However, the assumption of a reduced net inflow of international migrants does not contradict a reasonable view of the potential consequences of the UK's departure from the EU. It is acknowledged that further variants are also available from the ONS which respectively allow for a larger or smaller net inflow of international migrants, the latter assuming a more pronounced reduction of nearly two thirds (64%). Given that international migration is not unique to this area, however, it must be recognised that the Government has provided no indication that it would be reasonable or justified for any area to plan on the

¹⁹ ONS (30 July 2020) Comparisons of all-cause mortality between European countries and regions: January to June 2020, Figure 2b

²⁰ ONS (17 July 2020) Deaths involving COVID-19, England and Wales: deaths occurring in June 2020, Figure 12

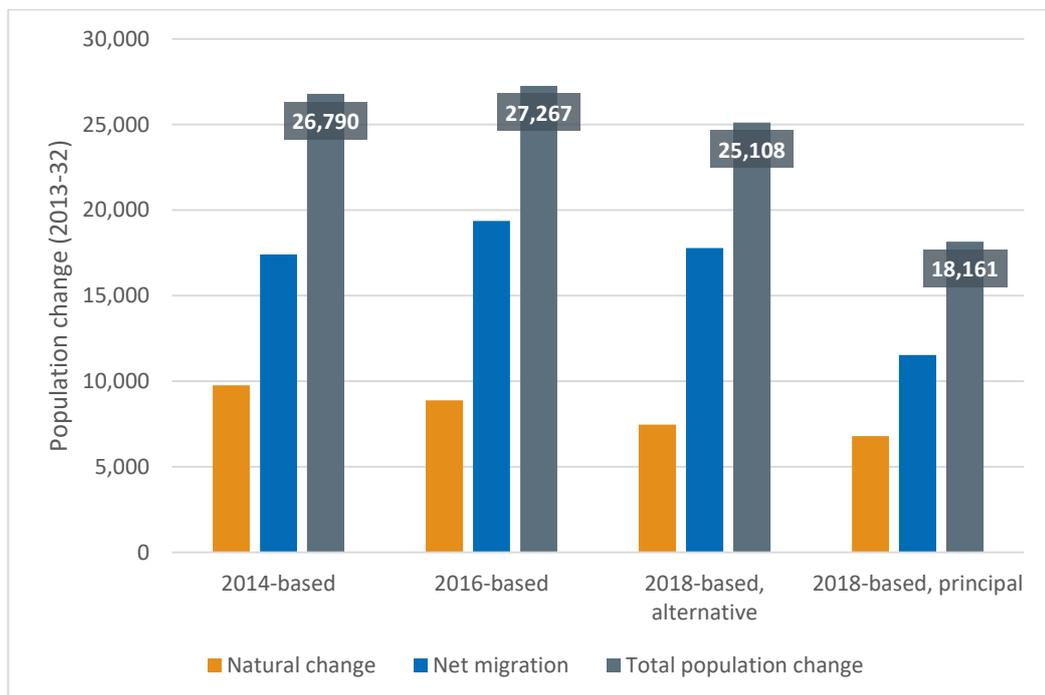
²¹ ONS (24 July 2020) Deaths involving COVID-19 by local area and socioeconomic deprivation: deaths occurring between 1 March and 30 June 2020

²² ONS (2019) National population projections: quality and methodology information

basis of such a markedly reduced inflow to the UK, or contra to that a scenario where the reduction is less pronounced.

- 4.3 The earlier Table 3.1 highlighted that the official projections are offering an increasingly divergent view on the level of future household growth in Welwyn Hatfield. Figure 4.1 below compares the integral population projections in isolation, showing the overall projected change in population as well as the components of change. It is observed that whilst the principal 2018-based SNPP shows a level of population growth which is approximately 9,000 persons lower than previous official datasets, the level of change in the alternative migration variant is more comparable. This variant suggests that the population of Welwyn Hatfield will grow by around 25,100 persons between 2013 and 2032, which is around 8% lower than the 2016-based SNPP.
- 4.4 Looking first at the alternative migration variant, it is apparent that the difference to the previous projections primarily reflects an assumption that natural change will have a less pronounced effect on the population, with the assumed net inflow of people comparable to that previously assumed. The lower growth projected under the principal 2018-based SNPP can be seen to primarily be the result of an assumption of a much smaller net inflow of people to Welwyn Hatfield.

Figure 4.1: Comparing Official Projections of Population Change (2013-32)



Source: ONS

- 4.5 As with the previous reports, it is useful to compare not only absolute change but the average annual rate of growth. Table 4.1 confirms that the alternative variant shows a rate of growth that is nearly identical to the previous official datasets such that there is

no difference between the projections when this rate is rounded to a single decimal place²³. The principal 2018-based projection is in contrast markedly lower.

Table 4.1: Projected Population Change in Welwyn Hatfield²⁴ (2013-32)

	Projected population change	Proportionate change	Annual change (%)
2014-based	26,790	23.5%	1.1%
2016-based	27,267	24.1%	1.1%
2018-based alternative	25,108	22.1%	1.1%
2018-based principal	18,161	16.0%	0.8%

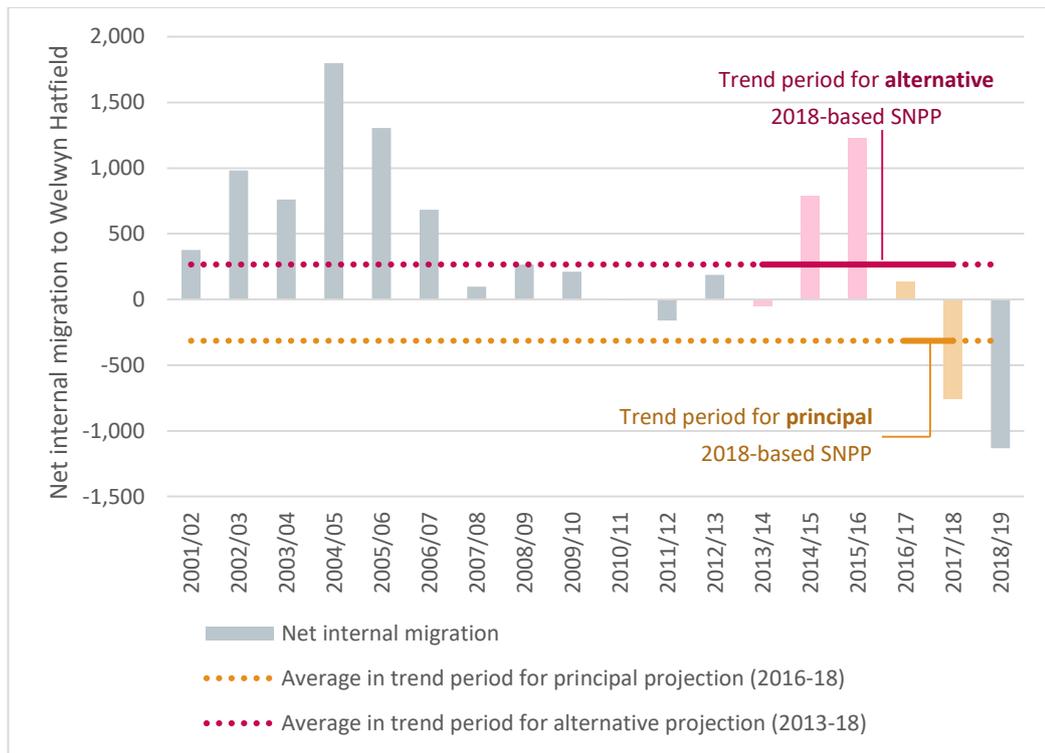
Source: ONS

- 4.6 In understanding this divergence between the 2018-based projections further, it must be noted that the principal projection draws on only two years to establish its internal migration assumptions, as noted in section 3. In doing so, it exclusively focuses on two years (2016-18) in which there was an average net outflow of circa 314 people annually from Welwyn Hatfield to other parts of the UK. Such a large outflow had not occurred in any of the previous 15 years, as shown at Figure 4.2. The alternative 2018-based SNPP, in contrast, draws upon five years (2013-18) that saw an average net *inflow* of 267 people each year, showing a much closer alignment with the long-term trend – an average net inflow of circa 373 people per annum since 2001 – while remaining considerably below occasional peaks.

²³ The alternative 2018-based SNPP implies an annual growth rate of 1.06%, compared to 1.12% under the 2014-based SNPP and 1.14% under the 2016-based SNPP

²⁴ As previously, official population estimates from the respective base years back to 2013 have been incorporated to arrive at an overall growth rate for the plan period (2013-32)

Figure 4.2: Varying Migration Trends in Reference Periods for 2018-based SNPP



Source: ONS; Turley analysis

- 4.7 The ONS has explicitly warned of the ‘*chance that using only two years of data will create unusual averages for local authorities experiencing **abnormal migration patterns over this short period***’²⁵ (emphasis added).
- 4.8 The recent trend cannot be completely dismissed as ‘*abnormal*’ when appreciated that the ONS has sought to improve its approach to estimating the movements of those leaving universities, like those in Welwyn Hatfield. However, the scale of departure from trends that have long since been verified – even prior to the 2011 Census, back to 2001 – does suggest a need for some caution in interpreting the principal projection, not least given its exclusive focus on these two years in which the supply of housing may well have also influenced any migration trend. This is considered further below.

Alignment with historic trends

- 4.9 EX82 concluded that ‘*the scale of growth projected under the 2014-based SNPP shows a strong alignment with the rate of growth evidenced by historic counts*’²⁶. The degree of alignment subsequently shown by the 2016-based SNPP led EX103A to the same conclusion²⁷. It follows that the nearly identical rate of population growth implied for

²⁵ ONS (24 March 2020) Methodology used to produce the 2018-based subnational population projections for England; “Data used” in section 6 (“Migration”)

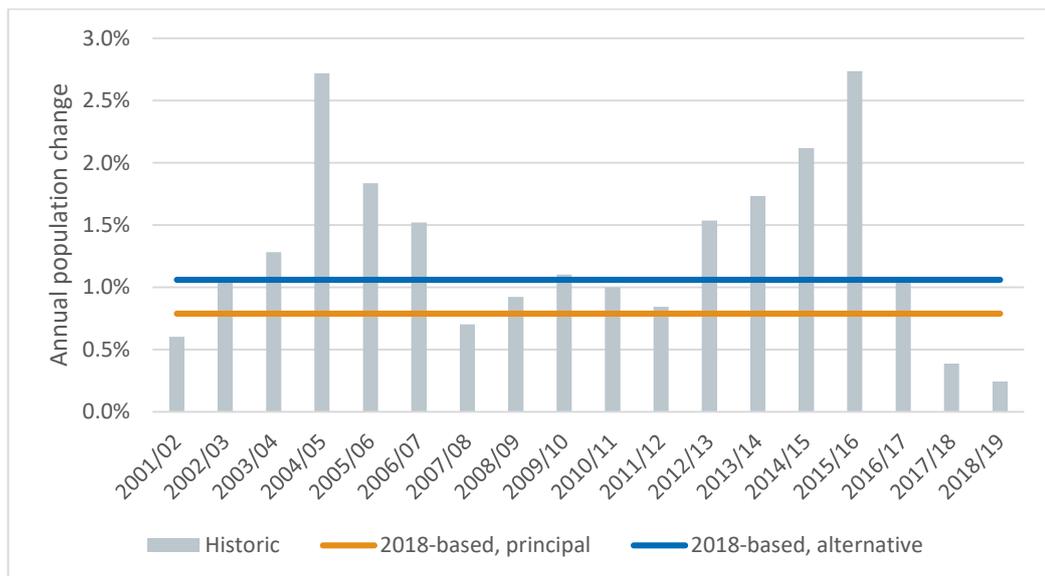
²⁶ Paragraph 3.34, EX82

²⁷ Paragraph 4.6, EX103A

Welwyn Hatfield by the alternative 2018-based SNPP can be reasonably judged to align with historic trends, unlike the principal projection.

- 4.10 This is further illustrated by Figure 4.3, which compares the average annual rate of population growth implied over the plan period by the principal and alternative 2018-based SNPP to historic annual change over the period to 2019. While this does suggest that the rate of population growth has slowed in recent years – a trend which had commenced when EX103A, which presented data to 2017, was produced – the higher rate of growth associated with the alternative 2018-based SNPP (1.1% per annum) appears more aligned with the long-term trend in Welwyn Hatfield than the principal projection (0.8%). Indeed, this figure of 1.1% actually represents the median growth rate over the entire period from 2001 to 2019, reaffirming that such a rate of growth would continue the typical long-term trend in Welwyn Hatfield. The principal 2018-based SNPP suggests a markedly lower rate of growth, which has been exceeded in all but four of the past 18 years.

Figure 4.3: Benchmarking Population Growth Assumed in 2018-based SNPP (2013-32)



Source: ONS

- 4.11 It is acknowledged that the last two years saw a considerably lower rate of growth than now assumed by the principal 2018-based SNPP or than recorded historically, no doubt at least partially influenced by the provision of less than half the homes previously evidenced to be needed²⁸. The unknown effect of this constraint, coupled with the implied and substantial departure from the long-term trend, suggests even where it is acknowledged that the ONS has sought to improve its methods for the most recent years that it would be sensible to exercise caution before assuming that the recently

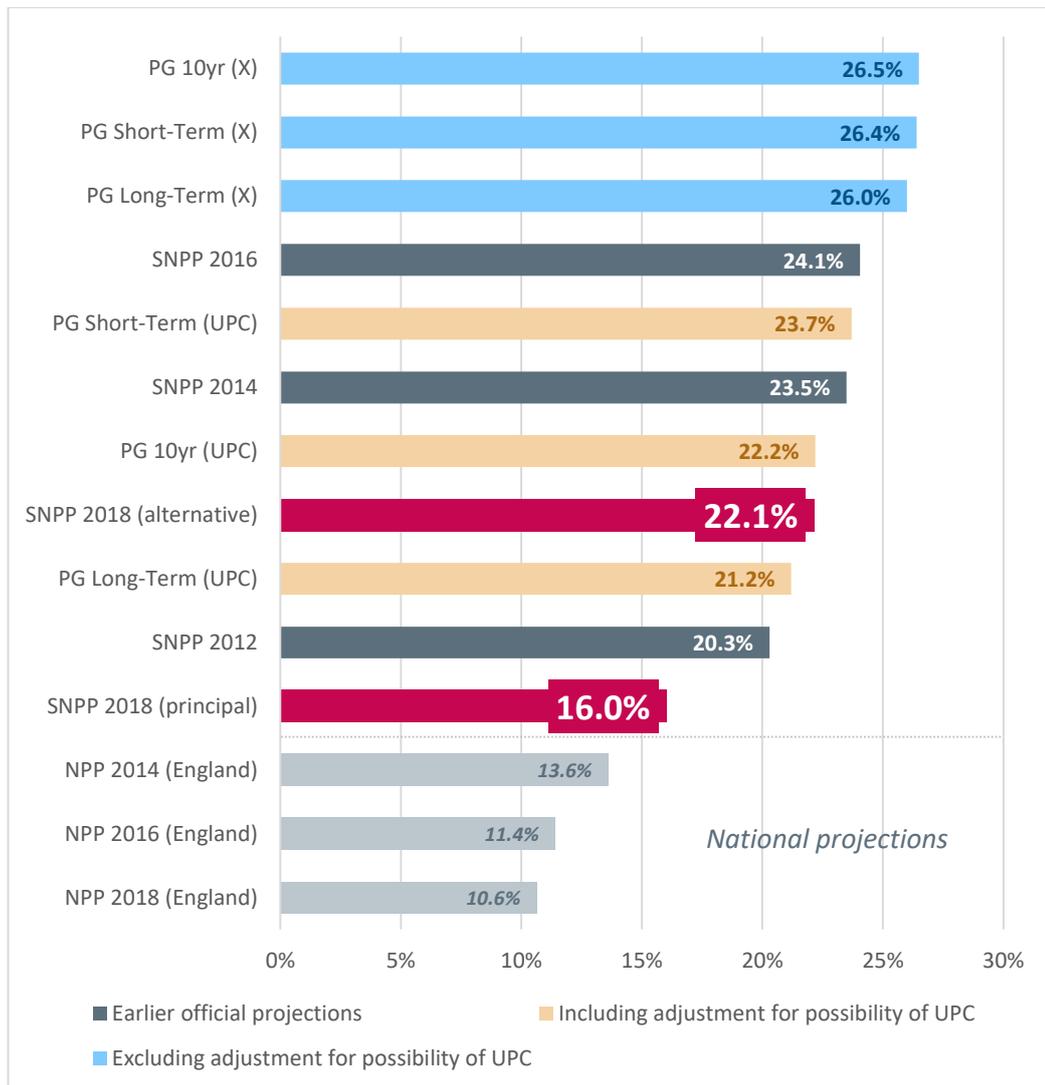
²⁸ The Council's monitoring suggests that an average of 389 dwellings per annum were completed over this two year period (2017-19), which is less than half the objectively assessed need for 800 dwellings per annum

lower growth trend will necessarily persist over the long-term horizons of a plan period.

Alignment with earlier trend-based projections

- 4.12 EX103A observed that the 2016-based SNPP – like the preceding 2014-based SNPP – would lead to a level of population growth over the plan period that was within the broad range previously formed by Edge Analytics’ modelling of numerous demographic trend-based projections²⁹.
- 4.13 A similar comparison exercise, presented in an identical format below, shows that the alternative 2018-based SNPP – while slightly lower than the 2014-based and 2016-based SNPP – also falls within this range. The principal 2018-based projection, in contrast, suggests a lower level of population growth than previously projected based on past demographic trends in Welwyn Hatfield, including the official datasets back to the 2012-based projection.

²⁹ Page 8 of the Technical OAN Paper (EX82) summarises the demographic scenarios developed by Edge Analytics

Figure 4.4: Comparing Projected Population Growth (2013-32)

Source: ONS; Edge Analytics; Turley analysis

Summary

4.14 Section 3 showed that the 2018-based projections have lowered the number of additional households estimated to form in Welwyn Hatfield over the plan period relative to earlier projections. This section has shown that a reduced level of projected population growth is a contributory factor but it has also highlighted that the scale of the reduction in terms of population growth is more modest, especially where comparison is made with the variant projection which uses a consistent approach in projecting past trends.

4.15 The alternative migration variant of the 2018-based projections, which like earlier projections consistently bases migration trends on a five year reference period, continues to suggest that the population of Welwyn Hatfield will grow at the rate of 1.1% per annum anticipated by the equivalent 2016-based and 2014-based projections. Such a rate of growth has been repeatedly found to be justified in the context of long-

term historic trends in Welwyn Hatfield – actually representing the median annual growth rate since 2001 – and equally falls within the range of demographic scenarios previously modelled for the borough by Edge Analytics.

- 4.16 It is recognised that the *principal* 2018-based projection does suggest a lower rate of population growth, below that recorded in all but four of the last 18 years and below the range previously anticipated in the evidence base. While it is accepted that this projection is exclusively based on population estimates developed with what the ONS considers an improved methodology, it cannot be ignored that this projection draws upon an exceptionally short trend period of only two years, when there was an average net outflow of people from Welwyn Hatfield in direct contrast with recent history. It is not considered possible to arrive at a judgement as to whether this explicitly short-term trend will be representative of a longer-term reality. As the relevant PPG was not intended to address the consequences of such a methodological change, it is therefore considered that it is not a reasonable starting point for assessing housing need. The alternative migration variant in contrast is considered to mitigate this issue and provides an appropriate basis from which to assess the implications of a changed and updated demographic starting point.
- 4.17 Where such a position is considered appropriate, the extent of any implied change when compared to preceding official projections used to calculate the OAN is significantly reduced.

5. Projected Household Growth

- 5.1 The 2018-based household projections are produced by applying age-specific assumptions on the rate at which individuals represent private households ('headship rates').
- 5.2 These rates naturally influence the level of household growth projected over a plan period, but proved extremely problematic in the 2016-based projections following the implementation of a new methodology by the ONS. The Government itself expressed concerns about the reliability of these assumptions, and the ONS similarly emphasised a need for caution before presuming that its assumptions will necessarily materialise. This situation was summarised in EX103A³⁰ and led to the application of alternative rates to the 2016-based SNPP, drawn from the 2014-based projections, which in turn directly informed the recommended retention of the OAN for 800 dwellings per annum.
- 5.3 The ONS has made '*no significant methodological changes*'³¹ in producing the 2018-based household projections, resulting in headship rates for Welwyn Hatfield that are nearly identical to the 2016-based iteration as shown at **Appendix 1**. This consistency of approach means that the previously identified concerns remain valid and highly relevant.
- 5.4 It is therefore justified to repeat the approach of EX103A, applying 2014-based headship rates to the 2018-based SNPP to overcome identified limitations. This has again been modelled by Edge Analytics – using the methodology summarised at **Appendix 2** – and is summarised in the following table, expanding Table 5.1 of EX103A to incorporate scenarios linked to the latest population projections.

Table 5.1: Impact of Variable Headship Rate Assumptions in Welwyn Hatfield

Population projection	Headship rates	Household growth 2013-32	Dwellings per annum 2013-32
2014-based	2014-based	12,345	670
2016-based	2016-based	11,082	601
	2014 -based	12,125	658
2018-based principal	2018-based	7,521	408
	2014 -based	8,394	455
2018-based alternative	2018-based	10,054	546
	2014 -based	11,010	597

Source: ONS; Edge Analytics

³⁰ Paragraphs 5.2 – 5.11

³¹ ONS (29 June 2020) Household projections in England Quality and Methodology Information (QMI)

- 5.5 EX103A explained that the application of 2014-based headship rates to the 2016-based SNPP produced a level of household growth, and housing need, close to the original 'starting point' of the 2014-based household projections (658/670dpa respectively).
- 5.6 Applying the same rates to the alternative 2018-based SNPP again uplifts the related household projections but does not produce the same level of household growth or housing need as previously. It suggests that 597 dwellings per annum could be needed to accommodate this projection of population growth. This is around 9% lower than the equivalent scenario linked to the 2016-based SNPP, which is proportionate to the difference between their overall population growth assumptions³².
- 5.7 While the conclusion of the preceding section was that the principal 2018-based SNPP should not be used to inform the calculation of need, it is noted that the comparable figure would be 455 dwellings, notably some 200 homes per annum lower than the 'starting point' in the 2017 SHMA.

Adjustment for suppressed household formation

- 5.8 The evidence base developed for Welwyn Hatfield has repeatedly highlighted that the 2014-based headship rates are affected by the constraints that have historically faced younger households looking to form.
- 5.9 The impact of an assumed recovery in younger household formation³³, returning to the position of 2001, has been explored on numerous occasions, most recently in EX103A, with such modelling used to generate the concluded OAN. There is considered to be no valid reason why this adjustment, extensively debated during the Examination to date but found to be 'soundly based', should not again be applied when producing further modelling that continues to incorporate the 2014-based rates.
- 5.10 Table 5.2 overleaf therefore confirms the housing need implied when the 2014-based rates are positively adjusted, in a comparable manner to the modelling presented in EX103A. This clearly elevates the housing need associated with the alternative 2018-based SNPP to 650 dwellings per annum, albeit while remaining lower than equivalent earlier modelling linked to the 2016-based or 2014-based SNPP. For reference the equivalent figure for the principal 2018-based projection is 503 dwellings per annum.

³² While Table 4.1 highlighted consistency in the annual rate of population growth when rounded to a single decimal place (1.1%) the alternative migration variant of the 2018-based SNPP suggests that the population of Welwyn Hatfield will grow by 8% less over the entire plan period (2013-32) than suggested by the 2016-based SNPP

³³ Adjusting the headship rates of those aged 15-24 and 25-34

Table 5.2: Impact of Adjusted 2014-based Headship Rates (dwellings per annum; 2013-32)

	Unadjusted 2014-based rates	Adjusted 2014-based rates
2014-based SNPP	670	721
2016-based SNPP	658	712
2018-based alternative	597	650
2018-based principal	455	503

Source: MHCLG; Edge Analytics

Summary

- 5.11 The level of growth implied by the latest 2018-based household projections continues to be influenced by their assumptions on the rate at which individuals form households.
- 5.12 These assumptions are fundamentally unchanged from those applied in the earlier 2016-based projections, which were acknowledged as being extremely unreliable and disregarded by the Government for the purposes of assessing housing need. This situation led EX103A to apply the rates previously used in the 2017 SHMA, drawn from the 2014-based household projections, to the 2016-based SNPP.
- 5.13 Similar modelling, this time incorporating the most comparable variant of the 2018-based SNPP, again elevates the 2018-based household projections but does not produce the same level of household growth or housing need as previously. It suggests that 597 dwellings per annum could be needed between 2013 and 2032, which is around 9% lower than the equivalent scenario linked to the 2016-based SNPP. This is proportionate to the difference in overall population growth during this time, notwithstanding that the average annual rate of growth is unchanged at 1.1% per annum when rounded to a single decimal place.
- 5.14 The application of unadjusted 2014-based rates in this scenario does not, however, address the implicit assumption of worsening younger household formation, which has been repeatedly highlighted in the evidence base developed for Welwyn Hatfield. It has been considered reasonable to assume a recovery in younger household formation, returning to the position of 2001, and applying these assumptions suggests that **650 dwellings per annum** could be needed to accommodate population growth projected by the alternative 2018-based SNPP over the original plan period (2013-32). While a positive adjustment, this remains lower than equivalent modelling linked to the 2016-based or 2014-based SNPP (712-721dpa).

6. Implications for Housing Need

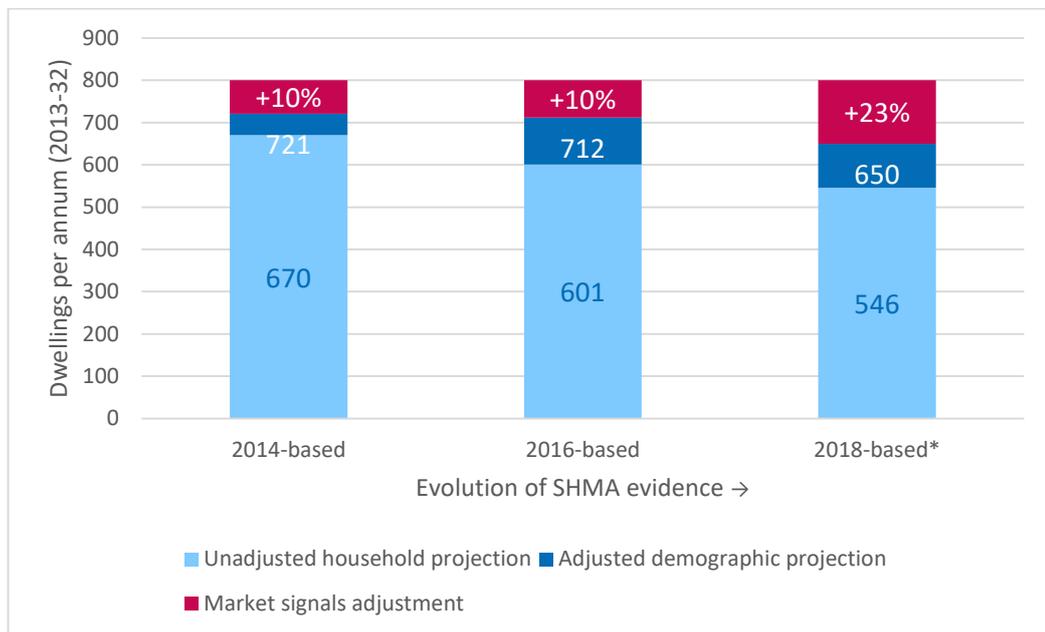
- 6.1 The relevant PPG emphasises that establishing the future need for housing is ‘*not an exact science*’³⁴. Household projections offer a ‘*starting point*’, but the ONS has recently stressed that they are ‘*not forecasts*’ nor ‘*a prediction or forecast of how many houses should be built in the future*’³⁵. The release of new projections does not necessarily outdate earlier assessments of housing need³⁶.
- 6.2 Within this context, it could be justified in principle to simply retain the previously evidenced OAN of 800 dwellings per annum in Welwyn Hatfield. Such a position would acknowledge, based on the technical evidence in this report, that there has been little change in the annual rate of population growth suggested by the most comparable variant of the official 2018-based projections, relative to earlier iterations that were found to be reasonable for the borough. The analysis in section 4 of this report has shown that this variant – based like its predecessors on migration trends over five years, rather than the two years exceptionally used in the principal projection – suggests a nearly identical rate of population growth to earlier official projections on an average annual basis over the period to 2032.
- 6.3 Consistency in the annual growth rate does not fully capture, however, what is a clear lowering in the *overall* level of population growth over the plan period in the more recent comparable 2018-based SNPP, primarily due to this projection’s assumption of a smaller surplus of births over deaths. Such a demographic change, shown by the latest official datasets and – for the avoidance of doubt – entirely unrelated to the ongoing COVID-19 pandemic given the 2018 base date, has the potential to impact on housing needs over the longer-term horizons of a plan period.
- 6.4 Figure 6.1 shows that retaining an OAN of 800 dwellings per annum in this context would implicitly compensate for this lower demographic growth by allowing for a more pronounced market signals uplift, to around 23%. This is larger than the 10% adjustment applied in the 2017 SHMA and EX103A.

³⁴ PPG Reference ID 2a-014-20140306

³⁵ ONS (29 June 2020) Household projections in England Quality and Methodology Information (QMI)

³⁶ PPG Reference ID 2a-016-20150227

Figure 6.1: Implicit and Explicit Adjustments to the OAN for Welwyn Hatfield (2013-32)

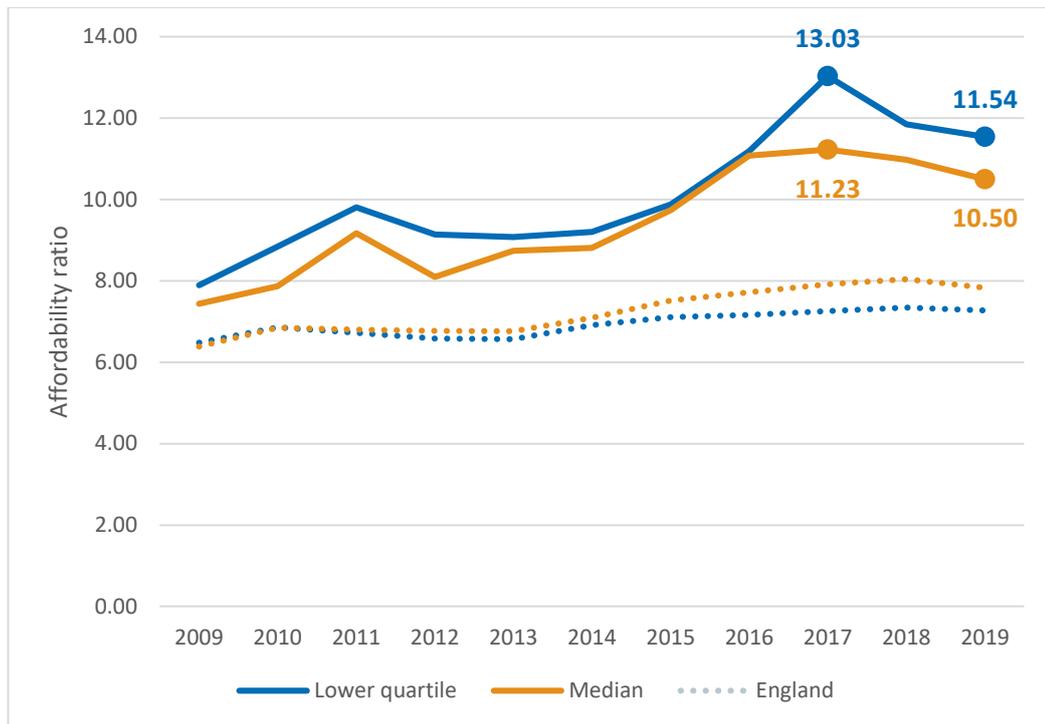


Source: Edge Analytics; Turley analysis

* alternative migration variant

- 6.5 In considering the justification for retaining the OAN of 800 dwellings per annum, and therefore accepting the considerably larger market signals uplift from a lower demographic projection that would implicitly result from doing so, it is important – in the context of the PPG – to understand how market signals are changing. The continued release of affordability data, since the last iteration of the SHMA evidence, shows for example that the ratio between house prices and earnings has reduced in successive years – at both the lower quartile and median level – albeit while remaining relatively high in the context of longer-term and national trends. There remains evidence of a worsening trend over the long-term as recognised previously in the Council’s submitted evidence.

Figure 6.2: Affordability Ratios for Welwyn Hatfield (2009-19)



Source: ONS

- 6.6 The evidence of a recently improving trend does not necessarily prevent the application of a larger market signals adjustment to a lower demographic projection, particularly once recognised that this is ultimately a judgement – taking account of both short-term and long-term trends across a range of market signals – with no mechanism in the relevant PPG to formulate the level of adjustment necessary. It does, however, suggest that an uplift as large as 23% could now be viewed as relatively high in the context of the previously accepted justification for a more modest adjustment in the 2017 SHMA, and subsequently ratified as remaining appropriate in EX103A.
- 6.7 In these circumstances, it could be equally viewed as reasonable to retain the 10% market signals adjustment previously applied in producing the OAN of 800 dwellings per annum, and apply this to the lower 2018-based demographic projection where the justification for using this dataset was accepted. This would suggest a need for **715 dwellings per annum** between 2013 and 2032. It is of note from Appendix 3 that this lower level of need would continue to support forecast job growth in accordance with the PPG methodology.
- 6.8 This therefore leads to the conclusion that it is reasonable to suggest that the need for housing in Welwyn Hatfield over the period from 2013 to 2032 lies within a **range of between 715 and 800 dwellings per annum**. An OAN within this range is considered to be consistent with previous evidence, while reflecting the changing demographic circumstances of Welwyn Hatfield and using the relevant PPG methodology.
- 6.9 The identification of this range deliberately retains the existing OAN as the upper end. This recognises the guidance which confirms that updated projections do not

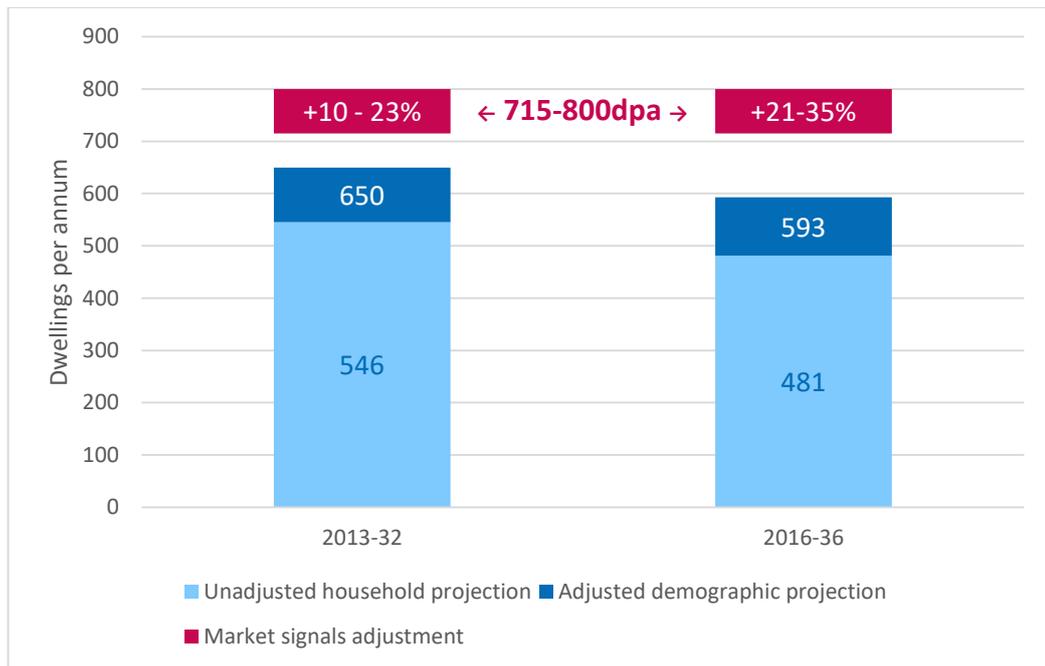
necessarily outdate earlier assessments but that this can now be viewed as representing an upper estimate of need should it be judged that longer-term market signals warrant a more pronounced uplift than previously considered necessary and appropriate. The lower end of the range, in contrast, applies a market signals adjustment that is consistent with earlier iterations of the evidence base, to a 2018-based projection that is lower due to natural factors that are unrelated to housing supply. It is considered reasonable, in this specific context linked to the original NPPF, to account for such demographic shifts in the latest available datasets in establishing a range of OAN for Welwyn Hatfield.

Implications for the alternative plan period (2016-36)

- 6.10 While the above analysis has focused on a period that has been consistently covered by the SHMA evidence for Welwyn Hatfield (2013-32), the Inspector has also requested consideration of the implications of the 2018-based projections over an alternative plan period that has been proposed by the Council. This period runs from 2016 to 2036.
- 6.11 Turley was previously asked by the Council to consider the implications of moving the plan period, then assumed to end in 2034, in the technical note titled *'Implications of a new plan period for the calculated housing need'* (EX103B), finalised in June 2019. This found that it would be *'reasonable and justified'* to retain the OAN of 800 dwellings per annum over an alternative period. This conclusion was reached because the effect of a lower household projection, reflecting a gradual downward trend moving forwards, was offset by a larger market signals uplift that could arguably be justified by a rebasing to 2016 and the consequent omission of a period (2013-16) in which affordability had potentially been adversely affected by undersupply³⁷.
- 6.12 It remains the case that household growth in Welwyn Hatfield is projected to gradually slow under the favoured demographic projection, meaning that an annual average calculated over a later period will – as in EX103B – inevitably be slightly smaller than that calculated over an earlier timeframe such as the original plan period (2013-32). This means that an annual average calculated over the period from 2013 to 2032 equates to 650 dwellings per annum, falling to 593 dwellings per annum when calculated over the period from 2016 to 2036.
- 6.13 In principle, it can nonetheless be reasonable – irrespective of such variation in inputs – to apply an OAN calculated over one period to a new timeframe, as in EX103B. Doing so with the range concluded earlier in this section (715-800dpa) would again enlarge the market signals uplift applied to the lower demographic projection, as shown at Figure 6.3. An uplift as large as 35% would now be implied through such an approach at the upper end of the range (800dpa), reducing to 21% when an OAN of 715 dwellings per annum was applied over this alternative period (2016-36).

³⁷ EX103B, paragraphs 4.3 and 4.4

Figure 6.3: Illustrating Size of Market Signals Uplift over Alternative Plan Period



Source: Edge Analytics; Turley analysis

- 6.14 A market signals uplift of 21%, implicit at the lower end of the new range (715dpa) when applied to this later period, would be similar to – albeit slightly higher than – the adjustment of 19% applied to the 2016-based projections when previously moving the plan period in EX103B. It is noted that this in itself represented the upper end of the range considered reasonable³⁸. The concept of a more pronounced uplift in moving to this plan period was considered appropriate where the under-provision of housing between 2013 and 2016 was recognised as a factor influencing the deterioration of market signals over the same period³⁹. Whilst there is again a degree of judgement as to the setting of a market signals adjustment, albeit with the undersupply over this period remaining unchanged, the evidence of improving rather than worsening market conditions over more recent years would suggest that the implied level of adjustment using an OAN of 715 dwellings per annum would again be reasonable.
- 6.15 At the upper end of the new range, however, the implicit uplift of up to 35% from the adjusted demographic projection would be substantially larger than previously found to be appropriate for Welwyn Hatfield in the evidence base, or discussed through the hearings to date.
- 6.16 In this context, where the Council chooses a plan period running from 2016 to 2036, it is considered that emphasis could be reasonably placed towards the lower end of the housing need range concluded in this report, i.e. in the order of **715 dwellings per annum**. As noted in the conclusion above, the implication of a lower level of need would primarily result from updated projections of natural demographic factors over this period, as opposed to factors influenced directly by the supply of housing. It would

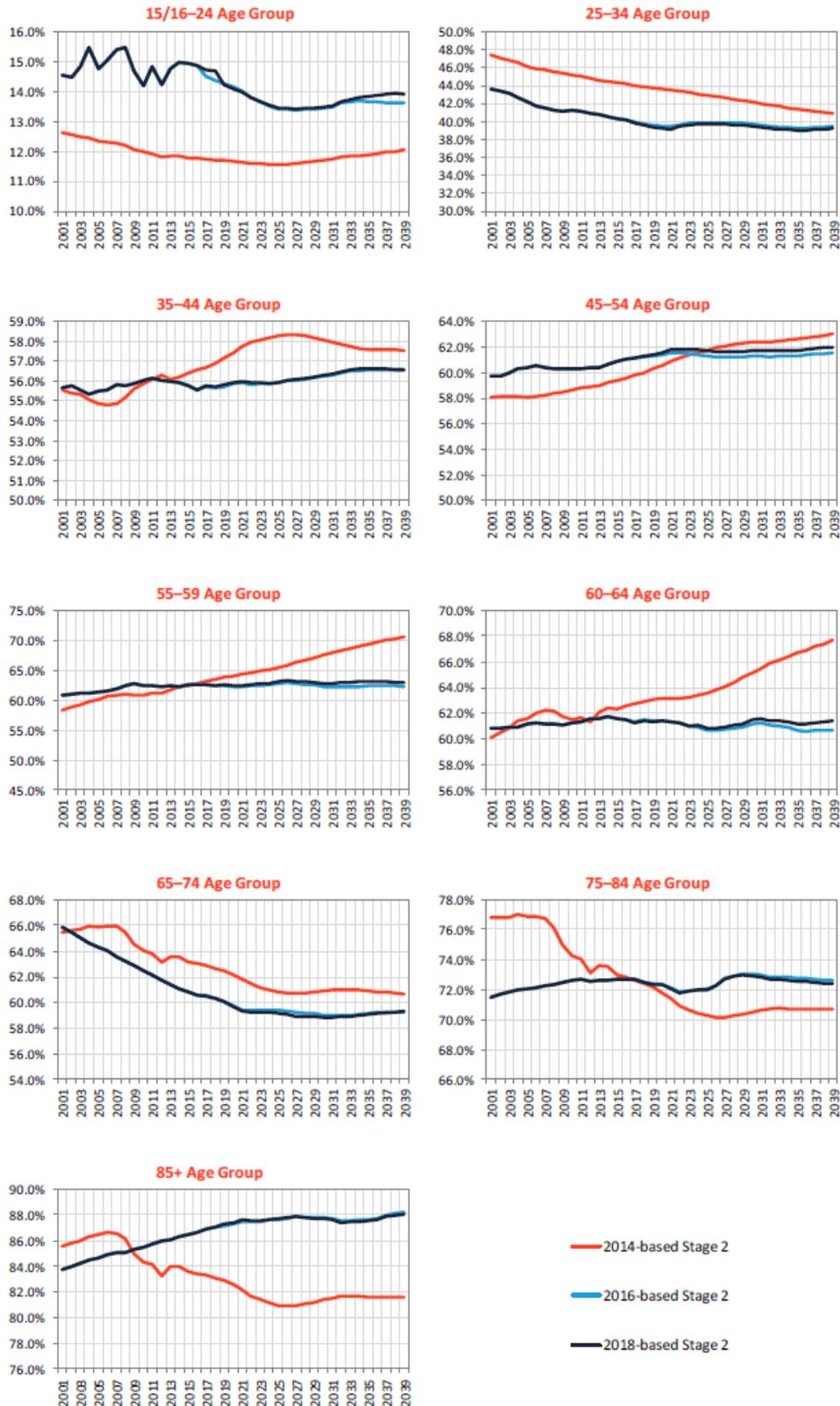
³⁸ EX103B, paragraph 4.4

³⁹ EX103B, paragraph 3.8

also be reasonable to assume, based on the information available for this revised plan period, that it would continue to provide a labour force capable of supporting job growth, as summarised at Appendix 3.

- 6.17 Ultimately, whilst the above represents a technical interpretation of the evidence, how the Council decides to respond to the concluded range of needs, including a lower figure at the bottom of this range, is a matter of planning judgement. This will need to take account of the analysis in this paper and the implications on the other aspects of the Local Plan and its evidence base.

Appendix 1: Comparison of Headship Rate Assumptions

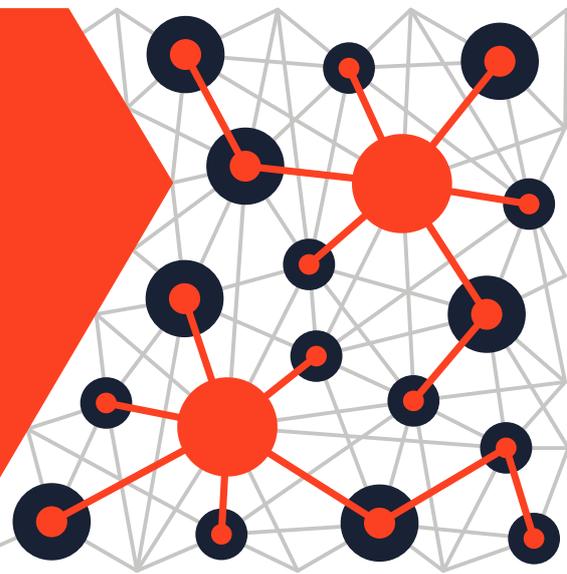


Appendix 2: Modelling Assumptions

Welwyn Hatfield

Demographic Update Assumptions Note

August 2020



Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

Data Inputs & Assumptions

Population, Births & Deaths

Population

- 1.1 Historical population statistics are provided annually by the mid-year population estimates (MYEs) for Welwyn Hatfield. In this analysis historical MYEs are used up to 2018 for all scenarios. These are used as the base population for which the population is projected thereafter.

Births & Fertility

- 1.2 Under all scenarios, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs for the 2001/02–2017/18 period. From 2018/19 onward, counts of births have been specified, to ensure consistency with the respective **Principal** and **Alternative Internal Migration** projections of the ONS 2018-based official population projections for Welwyn Hatfield.

Deaths & Mortality

- 1.3 Under all scenarios, historical mid-year to mid-year counts of deaths by 5-year age group and sex have been sourced from the ONS MYEs for the 2001/02–2017/18 period. From 2018/19, future counts of deaths are specified, to ensure consistency with the respective **Principal** and **Alternative Internal Migration** projections of the ONS 2018-based official population projections for Welwyn Hatfield.

Migration

- 1.4 Historical mid-year to mid-year estimates of internal in- and out-migration, immigration and emigration by 5-year age group and sex have been sourced from the ‘components of population change’ that underpin the ONS MYEs up to 2017/18. Thereafter, future counts of internal in- and out-migrants, immigration and emigration are specified, to ensure consistency with the respective **Principal** and **Alternative Internal Migration** projections of the ONS 2018-based official population projections for Welwyn Hatfield.
- 1.5 Internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and the Higher Education Statistics Agency (HESA). International migration includes any ‘adjustments’ made to the MYEs to account for asylum cases.

Households & Dwellings

- 1.6 The household and dwelling implications of the population growth trajectory have been estimated through the application of household representative statistics, communal population statistics and a

dwelling vacancy rate. These data assumptions have been sourced from the 2001 and 2011 Censuses and the 2014-based household projection models produced by the Ministry of Housing Communities and Local Government (MHCLG).

- 1.7 In February 2019, after a ‘technical consultation on updates to national planning policy and guidance’, it has been confirmed that the 2014-based household projections should be used as the ‘baseline’ in the standard methodology for assessing housing need. As a result, this has been incorporated into an updated version of the PPG which will be taken as the standard method in future Local Plan inspections.¹

Household Headship Rates

- 1.8 Under the **HH-14** scenarios, the household headship rates for Welwyn Hatfield have been derived from the MHCLG 2014-based household projection models. The projections are derived through the application of projected household representative rates to a projection of the private household population.
- 1.9 Under the **HH-14 Return** scenarios, adjustments have been applied to the MHCLG 2014-based household headship rates for Welwyn Hatfield, to consider the impact of higher household formation in the young adult age-groups. The adjustments have been applied to the 15–24 and 25–34 age groups, by which the household headship rates are returned to their respective 2001 values over the 2020-2036 period. All other age-groups are unadjusted.

Communal Population Statistics

- 1.10 Household projections in POPGROUP exclude the population ‘not-in-households’ (i.e. the communal establishment population). These data are drawn from the MHCLG 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.
- 1.11 For ages 0–74, the number of people in each age group not-in-households is fixed throughout the forecast period. For ages 75–80+, the proportion of the population not-in-households is recorded. Therefore, the population not-in-households for ages 75–80+ varies across the forecast period depending on the size of the population.

Vacancy Rate

- 1.12 The relationship between households and dwellings is modelled using a ‘vacancy rate’. A vacancy rate of 3% has been applied, fixed throughout the forecast period.

¹ <https://www.gov.uk/government/consultations/changes-to-planning-policy-and-guidance-including-the-standard-method-for-assessing-local-housing-need>

Labour Force & Employment

- 1.13 The labour force and employment implications of the population growth trajectory under each scenario are evaluated through the application of three key data items: economic activity rates, an unemployment rate and a commuting ratio.

Economic Activity Rates

- 1.14 The level of labour force participation is recorded in the economic activity rates. Welwyn Hatfield's economic activity rates by five-year age group (ages 16–89) and sex have been derived from 2011 Census statistics, with adjustments made in line with the Office for Budget Responsibility's (OBR) analysis of labour market trends in its 2018 Fiscal Sustainability Report².

Commuting Ratio

- 1.15 The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the level of employment available in Welwyn Hatfield. A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the level of employment available in the Welwyn Hatfield, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that employment in the area exceeds the size of the labour force, resulting in a net in-commute. From the 2011 Census 'Travel to Work' statistics, a commuting ratio of 0.77 has been derived for Welwyn Hatfield, indicating a net in-commute.
- 1.16 Under all scenarios, the 2011 Census commuting ratio of 0.77 has been applied, fixed throughout the forecast period.

Unemployment Rate

- 1.17 The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the level of employment available within Welwyn Hatfield. In each scenario, historical unemployment rates have been used up to 2019. From 2020 onward, the five-year average unemployment rate of 3.7% has been applied, fixed throughout the forecast period.

² <http://cdn.obr.uk/FSR-July-2018-1.pdf>

Appendix 3: Implications for Job Growth

The employment growth that could be supported by the OAN has been repeatedly modelled in the evidence base produced for Welwyn Hatfield. Similar outputs are available following the integration of 2018-based projections.

EX103A estimated that circa 23,374 additional jobs in Welwyn Hatfield could be supported by the 2016-based SNPP, over the original plan period (2013-32), when assumed that the commuting ratio is fixed to that recorded by the 2011 Census⁴⁰.

It is now estimated that circa **19,667 jobs** could be supported by the alternative 2018-based SNPP over the period from 2013 to 2032, when continuing to apply the assumptions detailed in EX103A and fixing the commuting ratio. This remains higher than the “Hybrid” employment growth scenario presented elsewhere in the Council’s evidence base, which envisages 16,600 new jobs over the same period. It is of note that the calculation of labour-force growth is solely based on the demographic aspect of the OAN. Where it is reasonable to assume that new homes provided to accommodate the market signals adjustment would have a positive impact on the size of the population in Welwyn Hatfield this would potentially create a further pool of labour available to support job growth.

There is currently no comparable figure over the later period that has also been considered in this report (2016-36). For completeness, however, the modelling suggests that circa **17,304 jobs** can be supported by the alternative 2018-based SNPP over this period. It is noted that EX103B identified that based on data accessed from the Business Register and Employment Survey Welwyn Hatfield saw a significant growth in jobs in the three years omitted from the start of the plan period, which would be netted off the ‘Hybrid’ employment growth scenario referenced above. The modelling clearly shows in this context that the projected growth of the population would enable a continued growth of the borough’s economy out to 2036 thereby indicating that there is no reason to suggest that projected demographic growth could not accommodate a continuation of forecasts of job growth where these were extended over this period.

⁴⁰ The ratio ‘specifies the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district’. The ratio of 0.77 resident workers per job in Welwyn Hatfield confirms that the borough was an importer of labour as of 2011

Appendix 4: Older Persons Housing Need

The preferred demographic projection – namely the alternative migration variant of the 2018-based SNPP, with adjusted 2014-based headship rates applied – continues to suggest that the older population of Welwyn Hatfield will grow over either of the periods considered in this report.

These projections make assumptions about the number of people living in a communal establishment – such as a care home – rather than in private households, as most recently highlighted in Appendix 2 of EX103A. The methodology remains as previously described, specifically assuming that:

- For all ages up to 74, the *number* of people in each age group that are not in households remains aligned with the 2011 Census value; and
- For ages 75 and over, the *proportion* of the population that are not in households remains aligned with the 2011 Census, therefore varying in absolute terms throughout the modelling period depending on the size of this population.

As a result, modelled growth in the number of people living in communal establishments is entirely attributable to an increased number of older people aged 75 and over. This implies a need for care and nursing homes.

As summarised in the following table, the communal population is projected to grow by circa 165 persons over the original plan period (2013-32) or by around 201 persons over the alternative plan period, from 2016 to 2036. This equates to between 9 and 11 persons per annum, which is smaller than previously estimated at Appendix 2 of EX103A (c.13pa).

Table 4.1 Projected Change in Communal Population of Welwyn Hatfield

	2013-32	2016-36
Total change	165	201
Average annual change	9	11

Source: ONS; Edge Analytics, 2020

As previously noted, these individuals are not assumed to live in dwellings and their housing needs are therefore **separate from and additional to** the assessed need for dwellings within this report. No attempt has been made to consider how other forms of specialist housing, possibly in different use classes, could meet this distinct need, recognising that uncertainties exist around residents' requirements and indeed preferences⁴¹.

Beyond this separate need for care homes implied by the modelling, the need for other types of specialist housing for older people can also be considered. The PPG continues to encourage

⁴¹ It is acknowledged that housing strategies or development could accommodate those assumed to be in need of bedspaces in residential institutions (Use Class C2) in other forms of provision, in Use Class C3. Where evidenced, this would directly elevate the overall level of housing need to include those households that are currently excluded from its underlying projection

the use of ‘*online tool kits provided by the sector*’ specifically referencing the Strategic Housing for Older People Analysis (SHOP@) toolkit produced by Housing LIN – used at Appendix 2 of EX103A, and back to the 2015 SHMA Partial Update – as ‘*a tool for forecasting the housing and care needs of older people*’⁴². It estimates the rate at which those aged 75 and over could require different forms of specialist housing provision, and suggests that there could be demand for:

- **125 sheltered housing units** per thousand residents aged 75 or over;
- **20 enhanced sheltered housing units** per thousand residents aged 75 or over; and
- **25 extra care units** with 24/7 support per thousand residents aged 75 or over.

With the modelling suggesting that this elderly cohort (75+) will grow over either of the periods considered in this report, the toolkit suggests that an additional demand for specialist accommodation in Welwyn Hatfield can be expected. Table 4.2 suggests that there could be demand for 23 such units annually over the original plan period, which is lower than the estimate of 31 units per annum in EX103A. The average over the later plan period does, however, coincidentally align with the previous average at 31 units per annum.

Table 4.2 Projected Need for Specialist Housing in Welwyn Hatfield

	2013-32	2016-36
Additional residents aged 75+	2,606	3,651
Demand for sheltered housing units	326	456
Demand for enhanced sheltered housing units	52	73
Demand for extra care units	65	91
Total demand	443	621
Average per annum	23	31

Source: ONS; Edge Analytics, 2020

Unlike the distinct need for care homes estimated at Table 4.1, those occupying these specialist housing units are otherwise assumed to live in private households. This means that such individuals are **included** in the assessed need for dwellings.

⁴² PPG Reference ID 63-004-20190626

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