EXAM 119:

CBC Response to Inspectors on Household Projections

05 August 2020

Central Bedfordshire Local Plan 2015-2035

Dear Inspectors Birkinshaw and Hockenhull

Further to your letter dated 8 July 2020, I write to provide the Council's response to the matters you asked about following the publication by the ONS of the 2018-based household projections.

Objectively assessed need for housing for Central Bedfordshire Council based on the most up-to-date household projections

(i) The Council's response is set out in the enclosed note (Note 1) which has been prepared for the Council by Opinion Research Services (ORS), including how the figure has been arrived at. In summary, based on the latest up to date 2018 household projections, the change to the Council's OAN is less than 1% and therefore not material and does not represent a "meaningful change".

Implications of the latest household projections on housing needs in Luton

(ii) As a matter of principle, the latest household projections do not have any implications on the housing needs in Luton as its figures are part of its recently adopted plan. The OAN for Luton has been independently examined. Its OAN is not subject to the transitional arrangements in paragraph 214 of the 2019 National Planning Policy Framework. In contrast to the position in Central Bedfordshire therefore, the policies in the 2012 Framework and previous versions of the PPG do not continue to apply.

(iii) It is not appropriate for the examination into CBC's plan to seek to update or compare the adopted OAN for Luton based on the "most up to date information set out in the 2018 based projections". Any update or revision to Luton's OAN would be undertaken in accordance with the present Government policy in respect of the Standard Methodology and the 2014 based projections. There is no basis in Government policy for the use of any other methodology or projections save where the transitional provisions apply.

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(iv)   Furthermore, it is the Council's view that it is in any event outside the remit of the examination into CBC's plan to seek to update Luton's objectively assessed need. This position is clearly supported by relevant case law (see for example <u>CPRE Surrey v Waverley Borough Council</u> [2019] EWCA Civ 1826).

(v)   However, in order to respond to the question asked in your letter, all three Councils CBC, NHDC and LBC have asked ORS to model the scenario were Luton's OAN to be updated under the provisions of the 2012 Framework. The details and outcome of this exercise are set out in the enclosed note (Note 2). Based on the methodology accepted and adopted by the inspector who examined the Luton Local Plan, the revised figure would be approximately 16,700 homes. This represents a 6% difference from the adopted OAN. This would not represent a "meaningful change."

(vi)   Accordingly, even if the OAN were to be updated in this manner, there would be no implications for the CBC examination, its strategy to contribute to the housing needs of Luton or the release of Green Belt land around Luton.

(vii)   A Statement of Common Ground on this point has been agreed by all three authorities (CBC, NHDC and LBC), which is also enclosed (Note 3).

Aireborough Neighbourhood Forum v Leeds City Council [2020] EWHC 45 (Admin)

(viii)   As set out above, there has not been a meaningful change in the housing need situation and therefore the judgment has no implications for the examination.

(ix)   In the Leeds case, there had been a material change in the housing requirement and the inspectors who examined the plan, failed to provide adequate reasoning why the Green Belt releases to meet housing need were still justified. It is worth noting that it was not the case that the Green Belt releases could not be made, but rather that adequate reasoning for so doing had not been provided.

(x)   None of the circumstances that arose in the Leeds case apply in respect of the CBC examination.

In conclusion, there are no implications for the examination arising from either the up to date ONS 2018 based projections or from the Leeds case.

Yours sincerely

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Note 1: ORS review of objectively assessed need for housing for Central Bedfordshire

Central Bedfordshire Local Plan EiP

Response to the Inspectors' questions on the ONS 2018-based population and household projections

1. The Inspectors examining the Central Bedfordshire and North Hertfordshire Local Plans have jointly written to both Councils following the publication of the ONS 2018-based household projections, asking about the implications of the new figures on the identified housing need for their respective local areas. In addition, the Inspectors have asked about the impact of the new figures on the housing need for Luton and the possible implications for unmet need that is included within their Plans.

2. Central Bedfordshire Council has asked Opinion Research Services (ORS) to prepare this note to consider the implications of the latest official projections on the OAN for Central Bedfordshire.

3. Luton Borough Council together with Central Bedfordshire Council and North Hertfordshire District Council have jointly asked ORS to prepare a separate note to consider the implications for Luton.

Population and household projections

4. Following the original hearing, a table was produced that provided the Inspectors with a comparison of the various housing needs that had been discussed during the hearing as summarised below. The ONS has now published the 2018-based household projections which include a number of variant scenarios, and the most relevant have now also been included in the summary table below.

5. For each projection, the table summarises the key assumptions (in terms of the migration period, the rates applied for fertility and mortality and the household formation method used) together with the total population and households resident in 2015, the equivalent projections for 2035 and the net change over the 20-year period 2015-2035.

Projection	Migration Period	Fertility/ Mortality	Household Formation	Total Population			Households		
				2015	2035	2015-35	2015	2035	2015-35
SHMA	10-yr trend 2005-15	ONS 2014-based SNPP rates	CLG method	271,529	325,061	53,532	112,435	140,173	27,738
CLG 2014	5-yr trend 2009-14			273,191	343,789	70,598	113,012	147,599	34,587
ONS 2016 sensitivity 2	5-yr trend 2011-16	ONS 2016-based SNPP rates		272,421	334,630	62,209	112,417	143,653	31,236
ONS 2016 principal scenario			ONS method; constant rates from 2021				111,357	142,198	30,841
ONS 2016 10-yr migration	10-yr trend 2006-16			272,421	326,954	54,533	111,357	139,886	28,529
ONS 2018 principal scenario	2-yr trend 2016-18	ONS 2018-based SNPP rates		272,421	318,055	45,634	111,355	136,802	25,448
ONS 2018 5-yr migration	5-yr trend 2013-18			272,421	324,397	51,976	111,355	139,020	27,665
ONS 2018 10-yr migration	10-yr trend 2008-18			272,421	323,203	50,782	111,355	138,837	27,482

6. The SHMA projects a total of 140,173 households resident in Central Bedfordshire by 2035 based on 10-year migration trends. This compares to a lower total of 138,837 households identified by the ONS 2018-based projections, based on their **10-year migration variant**. However, the latest ONS figures now estimate that there were slightly fewer households resident in 2015 than was estimated by the SHMA based on previous CLG projections; so the 20-year Local Plan period 2015-2035 has a lower starting point in the latest ONS projections than had been assumed by the SHMA. The growth identified by the SHMA for this period was 27,738 households compared to 27,482 households now identified by the ONS 2018-based 10-year migration variant; a difference of only 256 households, equivalent to less than 1%.

7. The other two scenarios presented from the ONS 2018-based projections show comparable levels of household growth:

    »   The **principal scenario** (based on 2-year migration trends) identifies a growth of 25,448 households; lower than both the SHMA projection and the 10-year migration variant, with differences of 2,290 households (8.3%) and 2,034 households (7.4%) respectively; and

    »   The **alternative internal migration variant** (based on 5-year migration trends) identifies a growth of 27,665 households; lower than the SHMA projection by 73 households (0.3%) but higher than the 10-year migration variant by 183 households (0.7%).

8. **In summary, we can conclude that there is no material difference between the SHMA and the ONS 2018-based household projections.** However, the following sections consider two technical points relating to the official projections.

Revisions to the official mid-year population estimates

9. ORS has had long-standing concerns about the accuracy of the official mid-year population estimates published by the ONS for Central Bedfordshire for the period since the 2011 Census (see chapter 3 of the 2017 SHMA, paras 3.21-3.34). Given these concerns, the SHMA derived alternative population estimates based on a range of administrative data sources to provide the mid-2015 starting point for the population projections.

10. The ONS revised the official population estimates for mid-2012 to mid-2016 to take account of a number of methodological improvements. This data was published to inform the 2016-based sub-national population projections, which formed the basis for the ONS 2016-based household projections. The data was not available when the SHMA was prepared, but it was discussed at the original Matter 2 examination hearings and a summary table which set out the various population estimates was subsequently produced in response to the Inspectors' questions (EXAM 33).

11. The ONS official estimate for mid-2015 was originally 274,022 persons, whereas the SHMA estimated the population to be 271,527 persons at that time: a difference of 2,495 persons. The ONS revised estimate for mid-2015 was 272,421 persons: a reduction of 1,601 persons, around two thirds of the difference between the original estimate and the SHMA, albeit that the revised estimate remained higher than the SHMA figure (a difference of 894 persons). However, other data sources such as the Statistical Population Dataset (currently an ONS research project) suggested that the ONS revised estimate was still too high.

12. The ONS has continued their programme of methodological improvements to the population estimates, and further changes to the way in which internal migration flows are calculated were introduced for 2016-17 and 2017-18 to inform the mid-2017 and mid-2018 estimates. Data for earlier years has not been revised to take account of these latest changes. Instead, the ONS decided that the 2018-based projections would only use internal migration estimates for 2016-17 and 2017-18 to inform the principal scenario, with variant scenarios produced using longer trend periods despite the methodological differences between the estimates. The various methodological changes can be summarised as follows:

  » Migration estimates for the 2-year period 2016-2018 are based on the latest methodology;

  » Migration estimates for the 5-year period 2011-2016 are based on those improvements introduced in the revised data published in March 2018;

  » Migration estimates for the 3-year period 2008-2011 are based on those improvements introduced when the figures for 2002-2010 were reissued following the 2011 Census.

13. The following charts shows the annual migration estimates for Central Bedfordshire over this period and the annual change in dwelling stock (based on MHCLG Live Table 122).

Central Bedfordshire:
Annual estimates of net migration

Annual change in dwelling stock
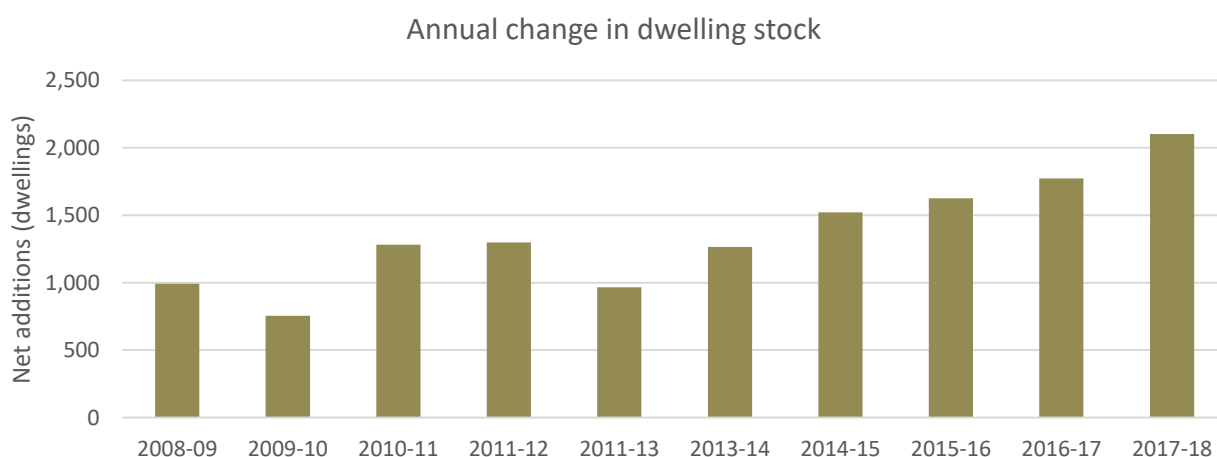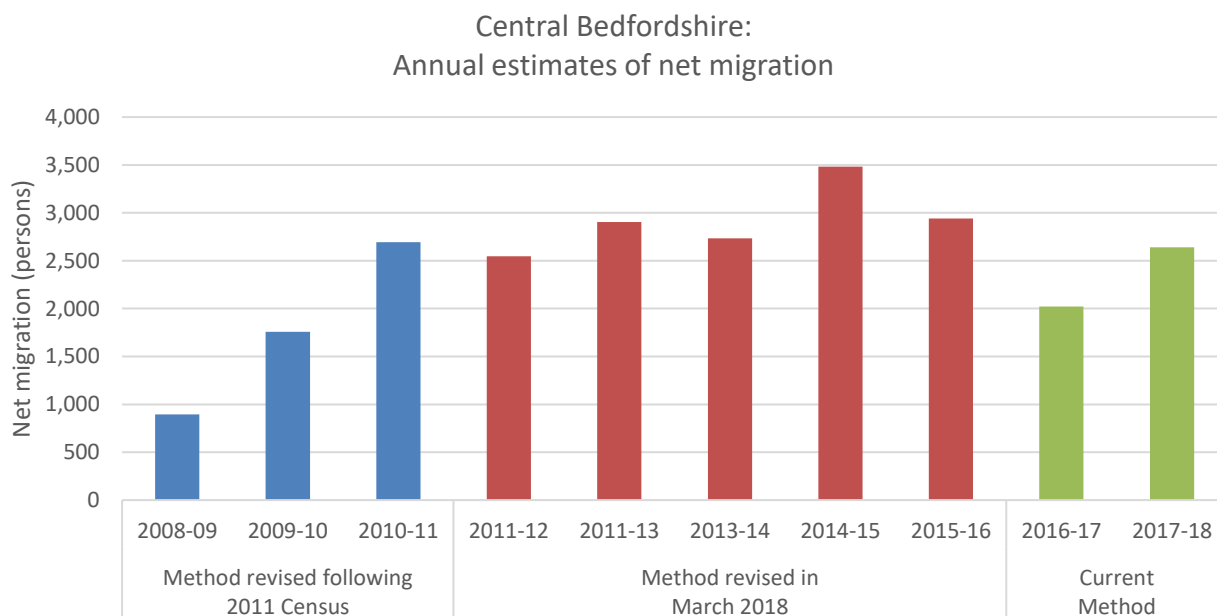
14. It is clear that the ONS estimates of annual net migration for 2-year period 2016-2018 (the only years which benefit from the latest methodological improvements) are notably lower than the annual average for the 5-year period 2011-2016, which are estimates from a methodology that has now been superseded. The average annual net gain from 2011-16 was 2,922 persons, compared to an average gain of 2,331 persons each year from 2016-18. This represents a difference of 591 persons, which is equivalent to over 20% of the average annual estimates for 2011-16 and over 25% of the average annual estimates for 2016-18.

15. MHCLG data shows that the dwelling stock increased by 1,335 dpa on average over the period 2011-2016, with an average of 1,938 dpa over the period 2016-2018. This represents a difference of 603 dpa equivalent to an increase of 45%. Whilst it is not possible to directly relate migration estimates with increases in the dwelling stock, PPG recognises that housing delivery can have an impact on migration levels:

> *Migration levels that may be affected by … a large housing development such as an urban extension in the last five years* [ID 2a-017-20140306]

16. It is therefore notable that official estimates of migration <u>reduced</u> by 20-25% when net additions to the dwelling stock <u>increased</u> by 45%. Whilst the methodological improvements that ONS has introduced have improved the official estimates of migration over the period 2011-2016, ORS continues to have concerns about the accuracy of the data for this period.

17. It seems likely that the most recent improvements that the ONS introduced for the mid-2017 and mid-2018 data may have addressed the outstanding issues, but this does not address problems that are likely to remain in the existing data for earlier years which continues to inform variant scenarios in the population projections. If the official estimates of migration are too high within the data informing the trend period, the projected rates of future migration will also be too high.

18. On the basis that problems remain with the official migration estimates for the period 2011-2016, both the "alternative internal migration variant" and the "10-year migration variant" scenarios within the ONS 2018-based projections are likely to overstate future population growth. As a result, the associated household growth is also likely to be overstated. The ONS 2018-based projections principal scenario does not rely on the problematic migration estimates, but as this projection is based on only 2-years of trend-based data, it unfortunately lacks the robustness of a longer-term perspective.

Changes to the method for calculating household formation

19. The ONS 2018-based household projections are based on a new household formation method that was first introduced for the ONS 2016-based projections. This new ONS household formation method only uses data from the 2001 and 2011 Census, so recent trends such as the reduction in young households being able to form in some local authority areas following the 2008 recession and associated credit crunch can have a significant impact on the future projection. In contrast, the SHMA projections were based on the previous CLG household formation method (see chapter 3 of the 2017 SHMA, paras 3.78-3.100) which used Census data covering the period 1971 to 2011.

20. As part of the 2016-based projections, the ONS published a sensitivity analysis which compared the two methods for calculating household formation. Both the ONS 2016 principal projection and the ONS 2016 sensitivity 2 projection were based on the same population, but applied the different formation rates.

21. For Central Bedfordshire applying the new ONS formation method yielded a growth of 30,841 households over the 20-year period 2015-2035, whereas applying the previous CLG formation method yielded a growth of 31,236 households for the same population over the same period. In other words, the change in formation method reduced the projected growth: the CLG method identified 395 more households than the new ONS method, a difference of 1.3%.

22. Whilst the ONS has not published this sensitivity test as part of the 2018-based household projections, the method has not changed and it is likely that the previous CLG method would again yield slightly more households. However, even with an uplift of 1.3% applied, the principal scenario would remain lower than the SHMA projection.

Conclusions

23. The ONS 2018-based household projections show a comparable level of growth to that identified by the SHMA. Whilst the principal scenario identifies a marginally lower growth of 25,448 households over the 20-year Local Plan period 2015-2035 (2,290 fewer than the SHMA) this is based on migration trends covering only a 2-year period, and a longer-term perspective typically provides a more robust basis for establishing housing need. Both the alternative internal migration variant (based on 5-year trends) and the 10-year migration variant identify growth that is within 1% of the SHMA projection.

24. Nevertheless, it is important to note that there have been longstanding problems with the accuracy of official migration estimates for Central Bedfordshire. Whilst the most recent improvements introduced by the ONS for the mid-2017 and mid-2018 data may now have addressed these issues, problems are likely to remain in the data for earlier years that inform both the "alternative internal migration variant" and the "10-year migration variant" scenarios of the 2018-based projections. As a consequence, both variants are likely to overstate future household growth to some extent. The ONS 2018-based projections principal scenario does not rely on the problematic migration estimates, but this projection uses only two years of trend-based data so lacks the robustness of a longer-term perspective.

25. It is also important to recognise that changes to the household formation method that were introduced by the ONS when they took responsibility for the projections are likely to have increased the level of suppressed household formation in some areas. However, sensitivity analysis published for the 2016-based projections showed that the impact in Central Bedfordshire was only 1.3%. Whilst an equivalent sensitivity analysis has not been published for the 2018-based projections, the reduction would be comparable as the method remains the same. Therefore, whilst suppressed household formation might have reduced projected growth to some extent, it is likely that the doubts about migration trends underlying both the "alternative internal migration variant" and the "10-year migration variant" scenarios being too high would offset any adjustment to household formation.

26. **On this basis, we can conclude that there is no material difference between the SHMA and the ONS 2018-based household projections; so there is no meaningful change in the housing situation in the context of the PPG.**[1]

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[1] PPG Reference: ID 2a-017-20140306

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Note 2: ORS review of Luton population and household projections

Review of the Luton Population and Household Projections

1. The Office for National Statistics (ONS) published the 2018-based sub-national population projections (SNPP) in March 2020. These formed the basis of the 2018-based household projections, published in June 2020.

2. The official projections provided the starting point estimate for housing need in the context of the original National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG),[1] and given that the local plans for Central Bedfordshire and North Hertfordshire are being examined under the original NPPF and both Plans provide for Luton's unmet need, Luton Borough Council, Central Bedfordshire Council and North Hertfordshire District Council have jointly commissioned Opinion Research Services (ORS) to consider if the latest figures represent *"a meaningful change in the housing situation"* [ID 2a-017-20140306].

3. Figure 1 presents the range of official population and household projections that have been published since the original SHMA was commissioned, together with the independent projections produced by ORS that have informed the SHMA analysis. The table sets out the key assumptions for each projection (in terms of the migration period, the rates applied for fertility and mortality and the household formation method used) together with the change in population and households resident over the 20-year period covered by the Luton Local Plan (2011-2031) and the associated housing need prior to any market signals uplift, and with uplifts of 10% and 20% applied.

Figure 1:   Population and Household Projections for Luton, 2011-2031 (Sources: CLG; ONS; SHMA)

Projection		Migration Period	Fertility/ Mortality	Household Formation	Change 2011-31		Housing Need		
					Pop	HH	No uplift	10% uplift	20% uplift
CLG 2012-based		5-yr trend 2007-12	2012-based SNPP rates	CLG method	45,111	**21,682**	22,306	24,537	26,767
2015 SHMA		10-yr trend 2001-11			30,576	**14,349**	14,762	16,238	17,714
CLG 2014-based		5-yr trend 2009-14	2014-based SNPP rates		48,979	**23,336**	23,965	26,361	28,758
2017 SHMA		10-yr trend 2005-15			43,813	**16,651**	17,100	18,810	20,520
ONS 2016-based	Sensitivity analysis 2	5-yr trend 2011-16	2016-based SNPP rates		34,154	**19,110**	19,625	21,587	23,550
	Principal scenario					**13,776**	14,147	15,562	16,977
	10-yr migration variant	10-yr trend 2006-16		ONS method	35,341	**13,624**	13,991	15,390	16,789
ONS 2018-based	Principal scenario	2-year trend 2016-18	2018-based SNPP rates		1,077	**3,775**	3,877	4,264	4,652
	Alt. internal migration variant	5-year trend 2013-18			17,558	**8,543**	8,773	9,651	10,528
	10-yr migration variant	10-yr trend 2008-18			26,815	**11,494**	11,804	12,984	14,164

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[1] Planning Practice Guidance (PPG) ID 2a-015-20140306

4. It is apparent that the ONS 2018-based projections are considerably lower than previous official projections, with the principal projection showing a growth of only 3,775 households over the 20-year period 2011-2031 equivalent to an average of 189 per year. This contrasts with the CLG 2012-based projections (the starting point for the 2015 SHMA, which informed the Luton Local Plan) which showed a growth of 21,682 households over the same 20-year period (an average of 1,084 per year) and the CLG 2014-based projections which showed yet higher growth of 23,336 households (1,167 per year).

5. However, all of these projections are based on relatively short-term migration trends: the 2012-based and 2014-based projections covering the 5-year periods 2007-12 and 2009-14 respectively, and the 2018-based projections covering the 2-year period 2016-18. As migration trends tend to be cyclical (and often have peaks and troughs) the SHMA projections were based on trends that covered 10-year periods. At the time that the SHMA analysis was prepared, these suggested lower rates of growth than the official projections. Whilst the 2012-based projections identified a growth of 21,682 households, the 2015 SHMA projections identified a growth of 14,349 households – a figure that was around one third (33.8%) lower than the starting point.

6. The official household projections that were published by CLG did not provide any migration sensitivity tests; however, the more recent ONS figures provide variants based on a number of scenarios, which include an analysis based on 10-year migration trends. This scenario shows a growth of 11,494 households for Luton, which is only 2,855 households fewer than identified by the 2015 SHMA projections based on 10-year trends (14,349 households); a reduction of less than a fifth (19.8%). This contrasts with the 17,907 household difference between the 2012-based starting point (21,682 households) and the 2018-based principal scenario (3,775 households); a reduction of more than four-fifths (82.6%).

7. The Luton projections exemplify why it is right to focus on longer-term migration trends (as was argued by the SHMA and endorsed by the Inspector that examined the Luton Local Plan) and not rely uncritically on the starting point figures. It would have been wrong to rely on the CLG 2012-based projection, as it was unduly high; and it would be equally wrong to rely on the ONS 2018-based principal projection, as it is unduly low. Given this context, when considering the latest official projections, it is appropriate to focus on the 10-year migration variant to determine if these figures represent a *"a meaningful change"*.

8. On balance, it would probably be reasonable to conclude that a reduction of a fifth was a meaningful change if the figures had been derived on an otherwise like-for-like basis. However, changes that the ONS introduced for establishing household formation when they took responsibility for the producing the 2016-based figures have had a significant impact in Luton.

9. Using the new ONS household formation method, the 2016-based projection identified a growth of 13,776 households; but "sensitivity analysis 2" showed that the same population projections would result in a growth of 19,110 households if the previous CLG household formation method had been applied. Therefore, the methodological change that was introduced for calculating household formation resulted in 5,334 fewer households. On this basis, we can conclude that the 2018-based household projections are not directly comparable with the projections that were produced by the SHMA, given the impact of the different household formation calculations.

Household Formation

10. As previously noted, the ONS introduced an entirely new methodology for calculating household formation when they took responsibility for the 2016-based household projections. Whilst the previous CLG household formation method used Census data covering the period 1971 to 2011 (see the Luton & Central Bedfordshire SHMA Refresh 2015, paras 2.87-2.94) the new ONS household formation method only uses data from the 2001 and 2011 Census. Consequently, recent trends (such as the reduction in young households being able to form in some areas) can have a significant impact on the future projection.

11. Furthermore, the 2001 Census had a particularly low response rate in Luton which led to a likely under-enumeration of the population for this area (see the SHMA Refresh 2015, paras 2.20-2.24). Whilst this had an impact on migration trends, it would also affect household formation.

12. The methodology for establishing household formation is based on the probability of individuals being household representatives (the statistical "head of household"). This is based on dividing the total number of persons in the household population within each age/gender group with the total number of household representatives within that same group. If the total number of persons is underestimated, then this would lead to the household representative rate (i.e. the probability of individuals being household representatives) being overestimated.

13. Since the household representative rates calculated based on 2001 Census data formed only one of the five Census data points in the trends used to inform the previous CLG household formation method, the impact of any error in the 2001 Census would only have had limited impact. However, as the 2001 Census data forms one of only two Census data points in the trends used to inform the new ONS household formation method, any errors in that data would have a substantial impact on the resulting projections.

14. Figure 2 shows the male and female household representative rates by age group for Luton from the 2018-based household projections, and how these are projected to change over time. The new ONS method assumes that the trends observed between the 2001 and 2011 Census will continue up until 2021, and then holds the rates constant from 2021 onwards. The charts also show a combined rate for all persons for the 2018-based projections, but this is only illustrative as the household projections are based on the separate male and female data.

15. It is clear that the overall rates declined across all 5-year age bands for those aged under 40 over the 10-year period 2001 to 2011, with similar reductions evident for those aged between 60 and 79. Since the projections are trend-based, the rates for each of these 5-year age bands are projected to continue declining until 2021, at which point they are held constant.

16. Figure 3 compares the combined rates by age group for Luton from the 2018-based household projections with the previous CLG 2014-based projections. Once again, this is illustrative given that the previous CLG method divided each age band into six groups, with separate male and female rates established for those (i) currently living as a couple (either married or cohabiting); (ii) previously married but now separated, divorced or widowed; and (iii) single people who have never been married.

17. It is apparent that the new ONS household formation method is based on lower household representative rates than were projected by the previous CLG method across all age groups aged under 45 and also for those aged between 60 and 74. As a consequence of these lower rates, there is less probability of individuals being counted as household representatives which results in fewer households overall; so the ONS 2018-based projections are more likely to result in suppressed household formation.

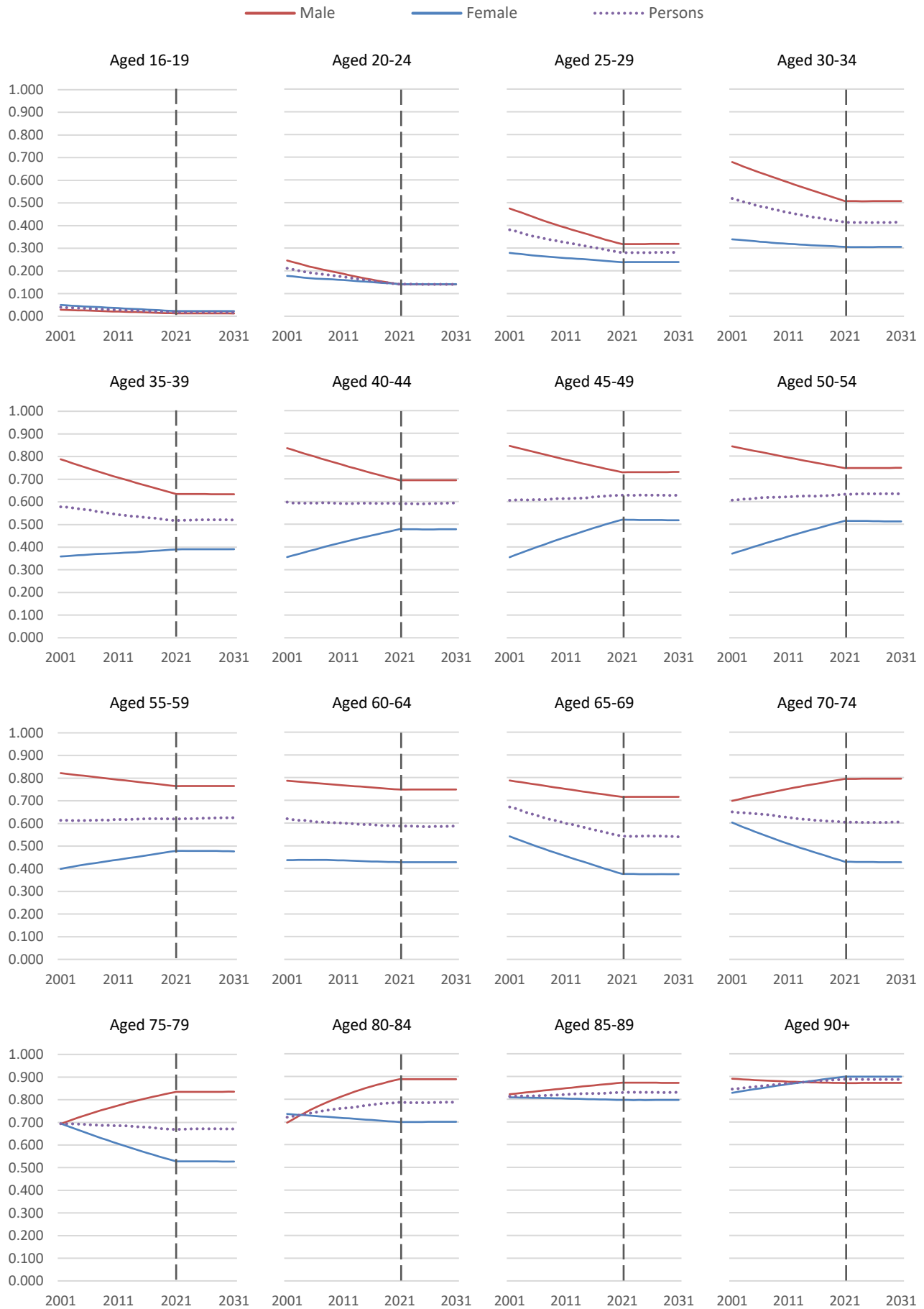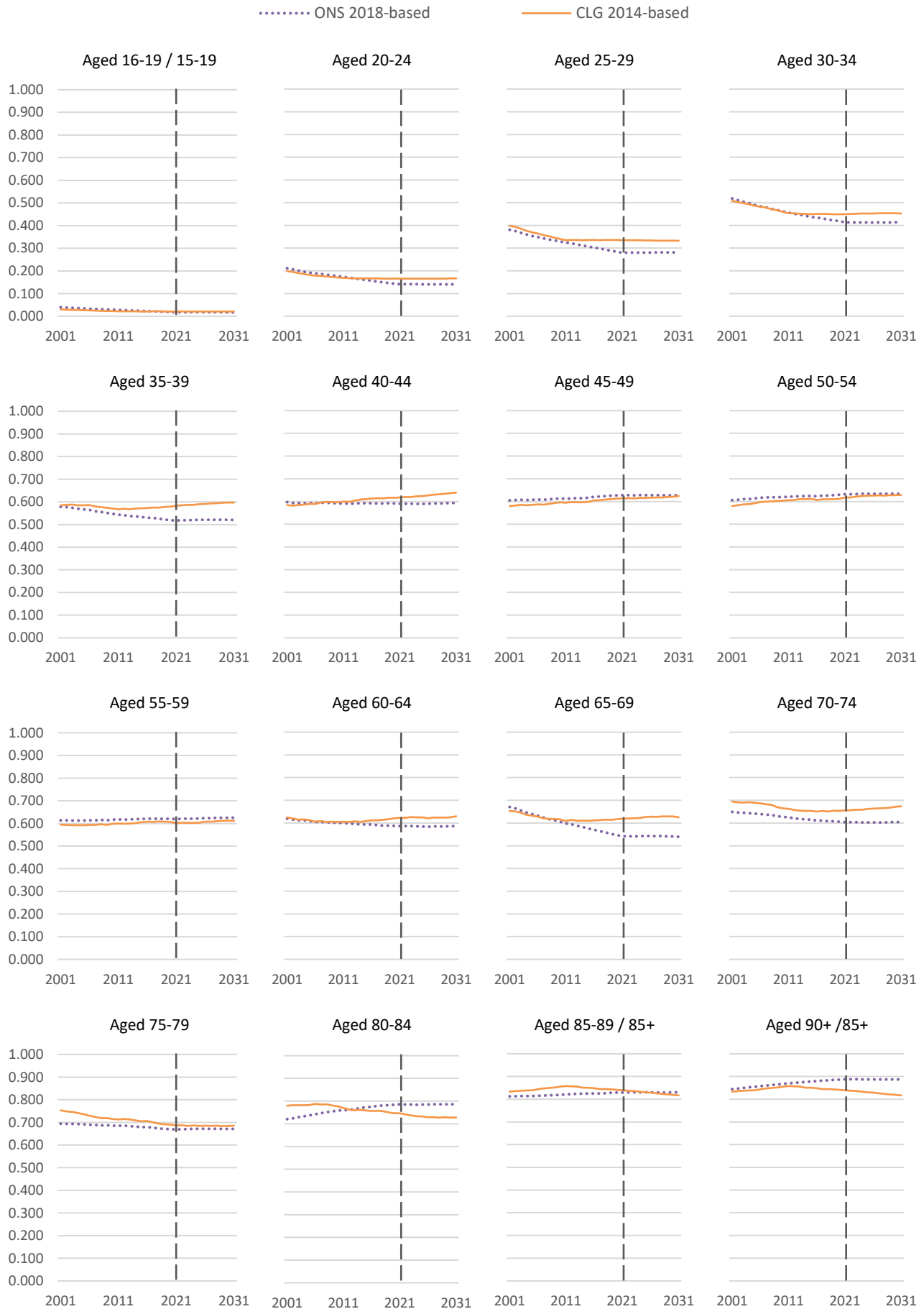**Figure 2: ONS 2018-based Household Representative Rates for Luton by age and gender, 2001-2031**

Figure 3:   Comparison of ONS and CLG Household Representative Rates for Luton by age and gender, 2001-2031

18. Whilst it is likely that the ONS 2018-based household projections under-estimate future household growth, it is also likely that the CLG 2014-based household projections over-estimated the likely growth. This was partly due to the reliance on historic data from 1971 and 1981 at a time that the demographic characteristics and ethnic mix of Luton were very different to that of the current population; but, more importantly, as a consequence of not taking account of cohort effects within the analysis.

19. This was reviewed by the 2017 SHMA, which considered the likely impact of the ethnic mix across the different population cohorts (see the Luton & Central Bedfordshire SHMA 2017, paras 3.90-3.100). The SHMA concluded that some of the household representative rates for Luton from the CLG 2014-based household projections were probably too high, and as a consequence both the currently estimated and the projected future average household sizes were too low (2017 SHMA, figure 55). Therefore, the rates from the 2014-based projections were adjusted to take account of local evidence.

20. To establish the impact of each of these different household formation calculations, ORS has undertaken sensitivity analysis using the 10-year migration variant of the official 2018-based population projections; applying the household formation rates from the CLG 2014-based projections (an analysis that is comparable with "sensitivity analysis 2" undertaken by the ONS as part of the 2016-based projections) and also the adjusted rates that were used for the 2017 SHMA. Figure 4 shows the outcome of this analysis set alongside the figures from the 2015 SHMA which informed the Luton Local Plan.

Figure 4:   Sensitivity analysis based on the ONS 2018-based Population Projections for Luton, 2011-2031

Household Projection		Change 2011-31		Housing Need		
		Population	Households	No uplift	10% uplift	20% uplift
ONS 2018-based household projections 10-year migration variant			**11,494**	11,804	12,984	14,164
ORS sensitivity analysis	CLG 2014-based household formation rates	26,815	**16,179**	16,615	18,276	19,938
	2017 SHMA adjusted household formation rates		**13,501**	13,865	15,251	16,638
2015 SHMA household projections 10-year migration trends		30,576	**14,349**	14,762	16,238	17,714

21. Both of the sensitivity analysis are based on the same population as the 2018-based household projections: the 10-year migration variant, which projects a growth of 26,815 persons over the 20-year period 2011-2031. However, whilst the ONS household formation method yields a growth of 11,494 households, applying the previous CLG method yields a notably higher growth: a total of 16,179 households, which is 4,685 more than projected by the ONS method, equivalent to an increase of around two-fifths (40.8%).

22. On this basis, it is reasonable to take a range of between 11,494 and 16,179 households when considering household growth based on the latest official population projections. However, for the reasons set out above it is likely that the official figure published by the ONS is too low for establishing housing need given (i) the extent of suppressed household formation, and (ii) errors likely to have been introduced by relying unduly on data from the 2001 Census. Therefore, for the reasons set out in the 2017 SHMA (paras 3.90-3.100), it is likely that sensitivity analysis based on the CLG 2014-based rates yields a figure that is too high.

23. The adjusted rates that were derived for the 2017 SHMA yield a growth that is between these two extremes: 13,501 households, which is 2,007 more than the ONS method (an increase of 17.5%) but 2,678 fewer than the CLG method (a reduction of 16.6%). Taking account of all of the evidence, we believe that this provides the most appropriate basis for considering if there has been *"a meaningful change in the housing situation"*.

Conclusions

24. When compared with the 2015 SHMA (which formed the basis of the OAN for the Luton Local Plan), it is evident that the latest data shows a lower rate of population growth (26,815 cf. 30,576 persons) and a lower household growth based on our best estimates (13,501 cf. 14,349 households). Therefore, whilst the starting point for establishing housing need in Luton has reduced from a growth of 14,349 households to only 3,775 households, projections based on longer-term migration trends and that take account of changes to the household formation method provide far more consistency.

25. Taking these household projections as a basis for establishing housing need on a like-for-like basis with that used for the 2015 SHMA – which made an allowance for vacant and second homes and then applied an uplift of 20% as a response to the market signals in Luton – would yield a housing need of 16,638 dwellings. **On this basis, a full Objectively Assessed Need would be 16,700 dwellings for the 20-year period 2011-2031 equivalent to an average of 835 dpa.** This compares to the OAN of 17,800 dwellings (890 dpa) that formed the basis of the housing numbers in the Luton Local Plan.

26. On balance, whilst it is likely that the overall OAN has reduced by around 55 dpa over the Plan period, **we do not consider that a reduction of only 6% represents a meaningful change.**

Note 3: Statement of Common Ground between CBC, NHDC and LBC

**Statement of Common Ground
agreed between
North Hertfordshire District Council,
Central Bedfordshire Council and Luton Borough Council**

July 2020

Purpose

1. This Statement of Common Ground (SoCG) has been agreed between Central Bedfordshire Council, North Hertfordshire District Council and Luton Borough Council in relation to the North Hertfordshire and Central Bedfordshire Local Plan Examinations.

2. It has been prepared in response to a joint letter (dated 8 July 2020) written to both Central Bedfordshire and North Hertfordshire Council's, from their respective Inspectors, concerning the 2018 Household Projections and Luton's unmet need, which seeks the preparation of a SoCG at paragraph 7.

3. CBC and NHDC have also individually provided further views on these figures, and the questions raised, in their own responses to this letter, in relation to their respective Examinations.

2018 Household Projections

4. The Luton Local Plan (2011-2031) was adopted in November 2017. It is based on an objectively assessed housing need (OAN) for the borough of 17,800 net additional dwellings (890 per annum). The Luton Local Plan makes provision for 8,500 homes over the plan period within the administrative area. Luton, therefore, has an unmet housing need of 9,300 net additional dwellings over the plan period (465 per annum).

5. The status of the Luton Local Plan, as an adopted plan, is such that the housing need identified for Luton has been independently examined and is set in the statutory Development Plan for the Borough.

6. However, ORS, as requested by all three authorities, have indicatively modelled several scenarios. These suggest that, in the event Luton's OAN was formally reassessed under the provisions of the 2012 NPPF, a revised figure of approximately 16,700 homes is the most robust figure at this level of analysis and based on the methodology previously accepted by the Inspector examining the Luton Local Plan.

7. CBC, NHDC and LBC are all agreed that the indicative revised figures which represent a 6% difference do not represent a 'meaningful change' from those contained in the adopted Plan.

Signed on behalf of Central Bedfordshire Council

Name: **Councillor Kevin Collins**   Signature:

Date: 05.08.2020

Signed on behalf of North Hertfordshire District Council

Name: Councillor Paul Clark   Signature:

Date 05.08.2020

Signed on behalf of Luton Borough Council

Name: Councillor P. Castleman   Signature:

Date: 05.08.2020