

APPENDIX 4

East Midlands Regional Plan: Partial Review

Section 4 (4) Authority Advice to the East Midlands Regional Assembly

Population and Household Projections

Background

- 1 EMRA has requested that the housing development advice from 2022 to 2031 should reflect the emerging work on the official 2006 based population and household statistics being undertaken on behalf of the Regional Assembly by the University of Manchester. In addition, the advice would need to justify its approach to accommodating any assumptions on variances on the delivery of housing from the period up to 2021 in considering spatial planning and development options and the scale and distribution of housing in the 2022 to 2031 period.

Section 4(4) Advice

- 2 Among the justifications for a review of the housing provision in the Plan are the 2006 based household projections (Ref1) and their underlying population projections at sub regional level (Ref2).
- 3 The projections are based on trend assumptions showing unprecedented high growth. However the figures used in the projections have been or are about to be superseded by other evidence of change. In particular it is worth noting that:
 - estimated migration, especially international migration, is subject to considerable uncertainty and unreliability over the years, and projections of migration even more so. The Office for National Statistics (ONS) is still implementing a programme of improvements to migration figures and revisions programmed to be released in May 2010 are likely to involve considerable changes;
 - because a large part of migration movements are related to work and study, changing economic circumstances have large effects;
 - the effects on current and future population of migration in the younger working and higher education student age groups are particularly difficult to measure and have a large effect on long term projections of household change;
 - the assumptions about change in household formation after 2001 do not reflect current evidence on either additional housing or on household structure;
 - Household projections are not due to be revised until 2011, and a proposed new methodology makes the impact of changes impossible to anticipate at present.

1 CLG June 2009 Live tables on household estimates and projections - Housing - Communities and Local Government:

² ONS June 2008. Various documents on www.statistics.gov.uk/snpp

Recent National Migration Figures Review

- 4 Recent migration estimates and projections show lower net in-flows than previously projected both nationally and locally. Migration input to the 2008 based national projections (Ref3) has already been revised downwards, although other change components result in upward revisions, so headline national projections figures show only slightly less projected population growth. The total 2008 based projected migration component for 2006-31 is 91% of that in the 2006 based projection.
- 5 The national migration trends and variants published by ONS (Refs 3&4) are shown below. The implications for national household change projections from the 2006 based variants show a lower level of household change (221 thousand per year) for England than those in the 2004 based projections. The 2004 based projections at sub-national level were used as guidance for housing provision in the final adopted East Midlands Regional Plan.

ONS Projections for UK Average Annual Change: 2004 based, 2006 based and 2008 based

	overseas migrants 2015-2031 pa	household change¹ pa 2006-31 (England)
2008 based High	240,000	na
2008 based Principal	180,000	na
2008 based Low	120,000	na
2006 based High	250,000	285,000
2006 based Principal	190,000	252,000
2006 based Low	130,000	221,000
2004 based Principal	145,000	223,000 (2006-26)

- 6 For the 2006 based and 2008 based national projections, migration was assessed based on data for the periods up to 2005 and 2007 respectively (Ref 5), after consultation with a panel of expert demographers. There was a wide range of estimates from the experts, ranging from 50,000 p.a. to 250,000 p.a., with wide confidence intervals.
- 7 Migrants into the UK (Ref 6) in the 2008 based national projections report updates the 2006 based trends, and shows the large variation in international migration from 1991 to 2008, and the range projected. Short term migration up to 2015 in the 2008 based projection (except the low variant) has still been assumed at a higher level than the 2007-8 estimate

³ ONS October 2009. 2008 based National Projections Report at http://www.statistics.gov.uk/downloads/theme_population/NPP2008/NatPopProj2008.pdf

⁴ 2006 based Population projections by age and sex for the United Kingdom, Great Britain and constituent countries Series PP2 No 26 www.statistics.gov.uk/statbase/Product.asp?vlnk=4611

⁵ 2006based projections PP2 no. 26 p 52 and annex A p 83; http://www.statistics.gov.uk/downloads/theme_population/NPP2008/ExpertPanelMeeting.pdf para. 4.1-4.17

⁶ ONS Natpopproj2008.pdf p 45 Figure 10.4; 2006based projections PP2 no. 26 p 52 fig 9.4

and the long term assumptions. An estimated increase in migration from mid 2008-10 has been made. National migration estimates for 2007-08 are lower than those in the 2006 based projections.

- 8 Given that current economic circumstances are associated with lower levels of migration, the low migration variant provides a more reasonable basis for planning.

Recent local migration figures

- 9 International migration assumptions are significant for Leicestershire, because projections for significant parts of the HMA are directly (particularly Leicester City and Charnwood) and indirectly influenced by high international migration figures, as the EMRA projections supporting evidence shows. Figures for international migration at sub-regional level are subject to change and are of questionable robustness.
- 10 These, together with recent evidence of declining numbers of overseas worker registrations are given extensively in the Demography chapter of the (draft) sub-regional Economic Assessment (Ref 7). Figure 19 shows the large in and out flows for migration and that migration flows are greatest for ages 15-24, followed by age groups 25-39. The ONS migration improvement programme is likely to have an impact on the projected trends for these age groups.
- 11 Current estimates of migration flows 2001 to 2008 for Leicestershire are shown below and have much annual variation. Most of the variation is due to the international migration estimate.

Leicestershire	Internal Migration Net	International Migration Net	
Mid-2001 to mid-2002	4,200	-1,000	3,200
Mid-2002 to mid-2003	3,700	-300	3,400
Mid-2003 to mid-2004	4,000	400	4,400
Mid-2004 to mid-2005	2,600	1,900	4,500
Mid-2005 to mid-2006	2,400	2,500	4,900
Mid-2006 to mid-2007	2,800	1,400	4,200
Mid-2007 to mid-2008	2,800	500	3,200

Source: ONS Population Estimates Unit; Key Migration Indicators at Aug 2009

The migration projected annually in the ONS 2006-based projections averages 4,900 for 2006-31, as detailed in data (netmigration analysisonssmal.xls on the EMRA website) underlying the EMRA projections supporting evidence. This is equivalent to the highest annual level estimated for 2001-08. Figures for the housing market area (including Leicester) showing even more variation.

7 [..\Economic Assessment Demography, Housing, Planning, Infrastructure\L&L EA Dem draft4_maps blank.doc](#)

Household projections

- 12 CLG make clear that the household projections are not forecasts. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. They provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice (Ref 8).
- 13 The household 'estimate' in 2006 is in fact based on projected rates of household representation. The figures for dwelling completions in the East Midlands from 2001-2006 from the RSS AMR (Ref 9) compared to the projected household increase is 22,500 fewer. The corresponding figure for the Leicester and Leicestershire HMA is 4,000 fewer and for Leicestershire 3,000 fewer. A similar pattern of overestimation emerges in almost all areas when comparing dwelling stock change estimates from various sources. This is one of the reasons why a review of household projections methodology has been undertaken by government, though not yet put into practice.
- 14 Recent evidence (Ref 10) presented to the West Midlands Regional Spatial Strategy (WMRSS) Phase 2 revision Examination in Public indicated that the number of households in England in 2006 appeared to have been overestimated. This evidence was accepted by the Inspectors Panel in their report of September 2009 (Ref 11) The reasons offered for this are lower household formation rates for recent immigrants from outside the UK, and that during 2001-2006 a rise in house prices relative to incomes a long way above the long term trend has prevented households from forming.
- 15 Evidence of a pro rata reduction in the 2006 household estimate for the West Midlands of 16,000 was accepted. An equivalent pro rate 2006 household estimate reduction for the East Midlands would be about 13,000, Leicester and Leicestershire nearly 3,000, of which Leicestershire about 2,000.
- 16 Looking forward to 2026, the range of assumptions and a first approximation resulted in a reduction in the projected number of households in 2026 of between 7% and 11%. Similar calculations would be equally applicable in the East Midlands.

Conclusion

- 17 The data underlying the population and household projections asked to be considered are due to be revised. This is due to quite fundamental review, as well as to the periodic updating which takes place. There has also been

8 Quoted in 2009 panel report on WMRSS strategy

9 Table H1 in http://monitoring.emra.gov.uk/visionemra/pages/downloads/amr_07-08_supplementary_data_chapters_feb_09.pdf

10 EXAM26 24 April 2009 WMRA: Housing demand and need in the West Midlands: 2009 revision to regional estimates for 2006 to 2026, April 2009, Alan Holmans and Alex Fenton, CCHPR

a major change in economic circumstances affecting assumptions made for the last projections. It would therefore be appropriate to delay consideration of a review of housing provision until the updated information is available.