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Part of Capita Real Estate

Nottingham Outer SHMA Addendum

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DATE

January 2016

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Limitations

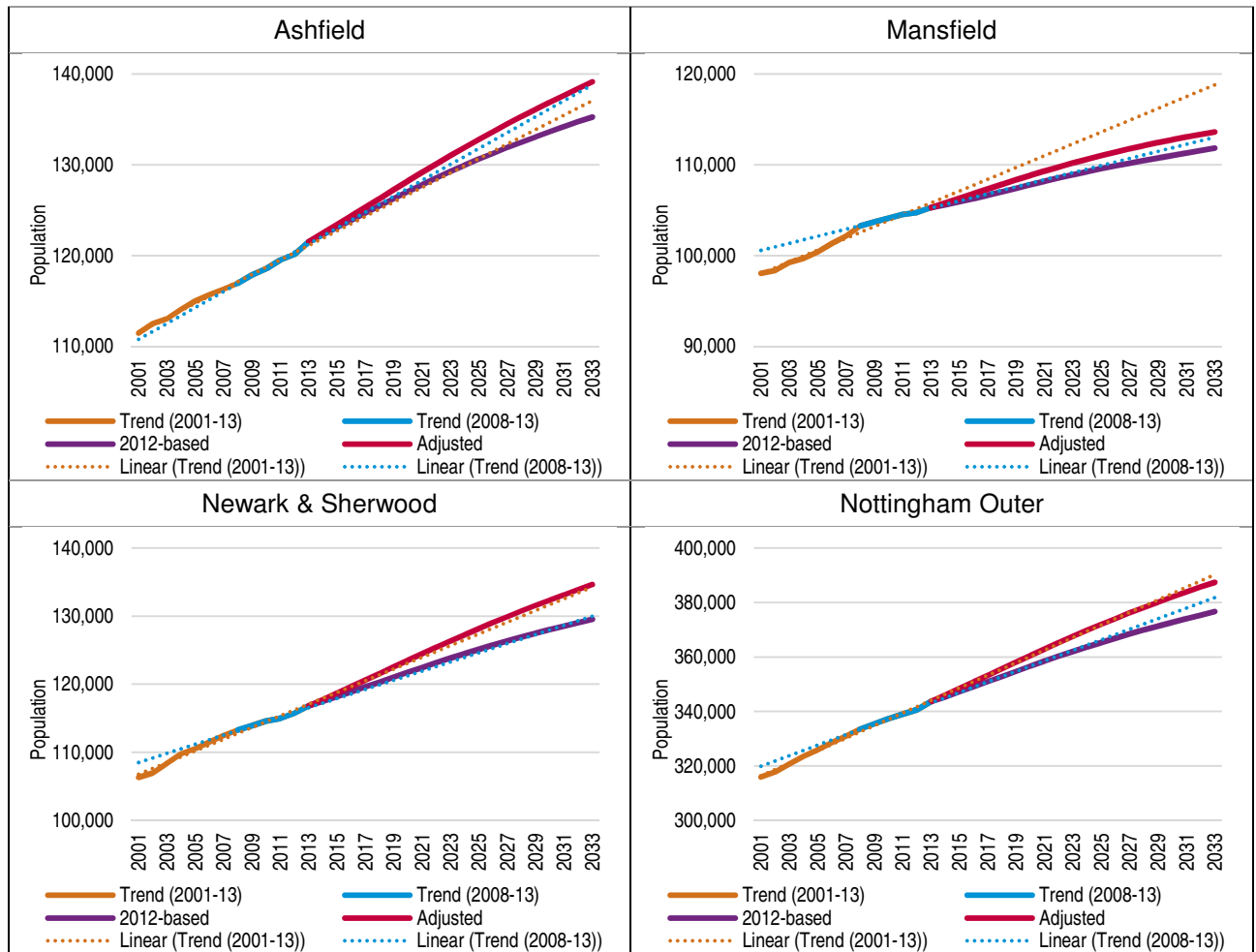
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1 ADDENDUM NOTE

- 1.1 This note has been prepared to clarify the approach taken to arrive at a preferred demographic projection within Section 4 of the SHMA. This section considers demographic trends and projections. The section works through a range of background data; including, overall population growth, the components of population change (i.e. natural change and migration, and age structure changes).
- 1.2 The report recognises the start point for the analysis of housing need (which is the most recent CLG household projections) and also the importance of ONS subnational population projections (SNPP) that feed into the household projections. The analysis in the SHMA seeks to consider evidence and then test this in light of other information.
- 1.3 The SHMA starts with the 2012-based SNPP and presents data about population growth in Table 13. The analysis considered (in Figure 61) the overlay between past trends and future projections and also considers the components of change (particularly migration) feeding into the SNPP.
- 1.4 The SHMA concludes that the SNPP is a sound projection but does recognise (in para 4.29) that there has been a shift in migration patterns before and after the start of recession in 2008. It is not clear from the evidence if the change in patterns is actually due to the recession, but the SHMA does conclude that consideration should be given to longer-term trends (this is by way of a sensitivity as set out in para 017 of the PPG).
- 1.5 Before considering sensitivity testing on population projections, the SHMA looks at household growth – in this instance data is drawn from the most recent (2012-based) CLG household projections. An important aspect of the analysis of household growth is to test whether or not the projections are building in any suppression of household formation and therefore (as per para 015 of the PPG) whether adjustments need to be made as a result of this constraint.
- 1.6 Overall, analysis of age specific household formation rates did not highlight any particular constraints in the figures; the exception to this was in the 25-34 age group where there was some movement away from longer-term trends and levels – this however was not as significant as seen in many other locations (e.g. in the South East of England). Further analysis of household formation rates of younger people was subsequently picked up in Section 7 of the SHMA report.
- 1.7 Using the latest population and household projections (along with an allowance for vacant homes and an updating to a 2013 base date to take account of new data) it was concluded that there is a housing need of 1,074 dwellings per annum across the HMA – this figure being the start point for analysis as per the PPG.

- 1.8 From paragraph 4.47 of the SHMA we set out alternative demographic scenarios. As is explained in the report, whilst the SNPP is considered to be a sound population projection (in technical terms) there were some concerns that projected levels of population growth were some way below past trends (particularly in Mansfield). This led the report to consider alternative projections linked to long-term migration trends and adjustments for Unattributable Population Change (UPC) – which may reflect a misrecording of migration in the past.
- 1.9 At this point in the report it is arguably unclear as to how the analysis has been built up to provide the final conclusion of the SHMA and below we have sought to explain in more detail the stages of analysis and importantly the thought process in coming to the core demographic conclusions.
- 1.10 The analysis in the SHMA was essentially an iterative analysis; which sought to understand the data (e.g. about how past trends sat with future projections) and test alternatives – each alternative then being considered in terms of the outputs (at both the HMA level and for local authorities).
- 1.11 The first analysis recognised that migration levels had been lower over the period since 2008 than previously. Whilst this timing fits in with the onset of recession, it is not entirely clear if there is a direct recessionary impact on the data. However, it is recognised that consideration of longer-term migration trends is the sort of sensitivity highlighted for example in the PAS guidance. This scenario was called a 12-year migration scenario (and looked at migration data in the 2001-13 period).
- 1.12 The overall output of this projection (see Table 18 of the SHMA) was a need for some 1,285 dwellings per annum across the HMA. It is at this point where the SHMA analysis does become less clear and we have sought to provide clarity below.
- 1.13 Having looked at the projection linked to longer-term (12-year) migration trends, levels of population growth at the HMA and local authority level were plotted (in a similar way to Figure 69 of the report). These can be seen in the figure below (and note that this data did not feature in the SHMA report). From this analysis, it was concluded that population growth across the HMA was pretty sound (falling as it did some way between short-and long-term trends). However, we were less comfortable with some of the local authority outputs – particularly the low level of population growth in Mansfield and higher levels in Ashfield and Newark & Sherwood. Hence, this looked like a reasonably sound projection at HMA level but not for smaller areas.

Figure 1: Past and projected population growth – 12-year migration



1.14 This then led to looking at a projection with an adjustment for UPC (the outputs from this were not included in the SHMA report). The UPC adjustment was essentially modelled as an adjustment to the migration figures in the SNPP (a broad methodology is set out in the second bullet point in paragraph 4.48 of the SHMA).

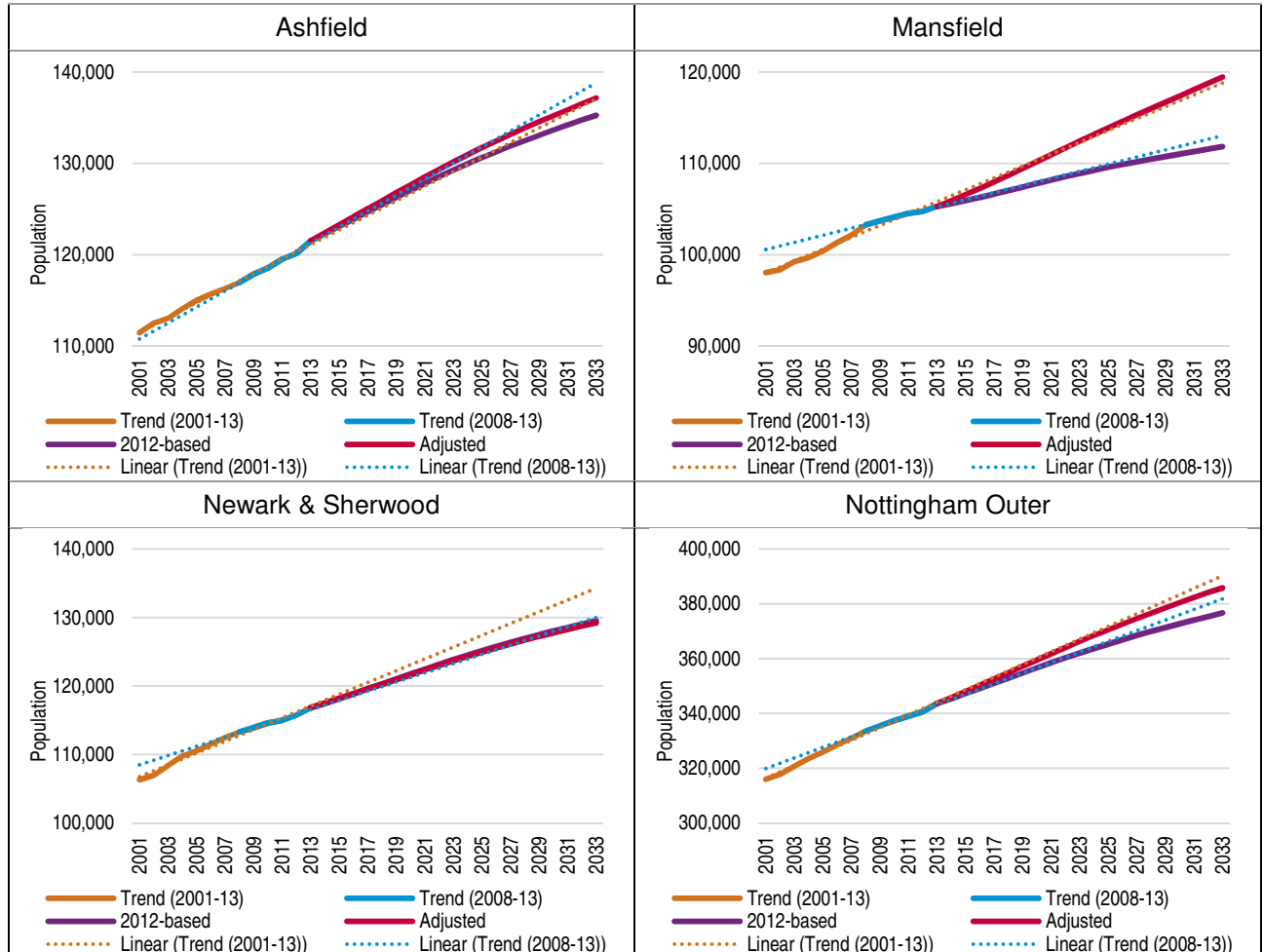
1.15 The output in terms of housing need from this projection is shown in the Table 2 (overleaf). This showed a housing need across the HMA of about 1,257 dwellings per annum (similar to the 12-year migration scenario).

Table 1: Projected household growth 2013-33 – 2012-based SNPP with UPC adjustment and 2012-based headship rates

	Ashfield	Mansfield	Newark & Sherwood	Nottingham Outer
Households 2013	51,956	45,575	49,728	147,260
Households 2033	60,624	53,517	57,248	171,388
Change in households	8,668	7,942	7,519	24,129
Per annum	433	397	376	1,206
Dwellings (per annum)	450	414	393	1,257

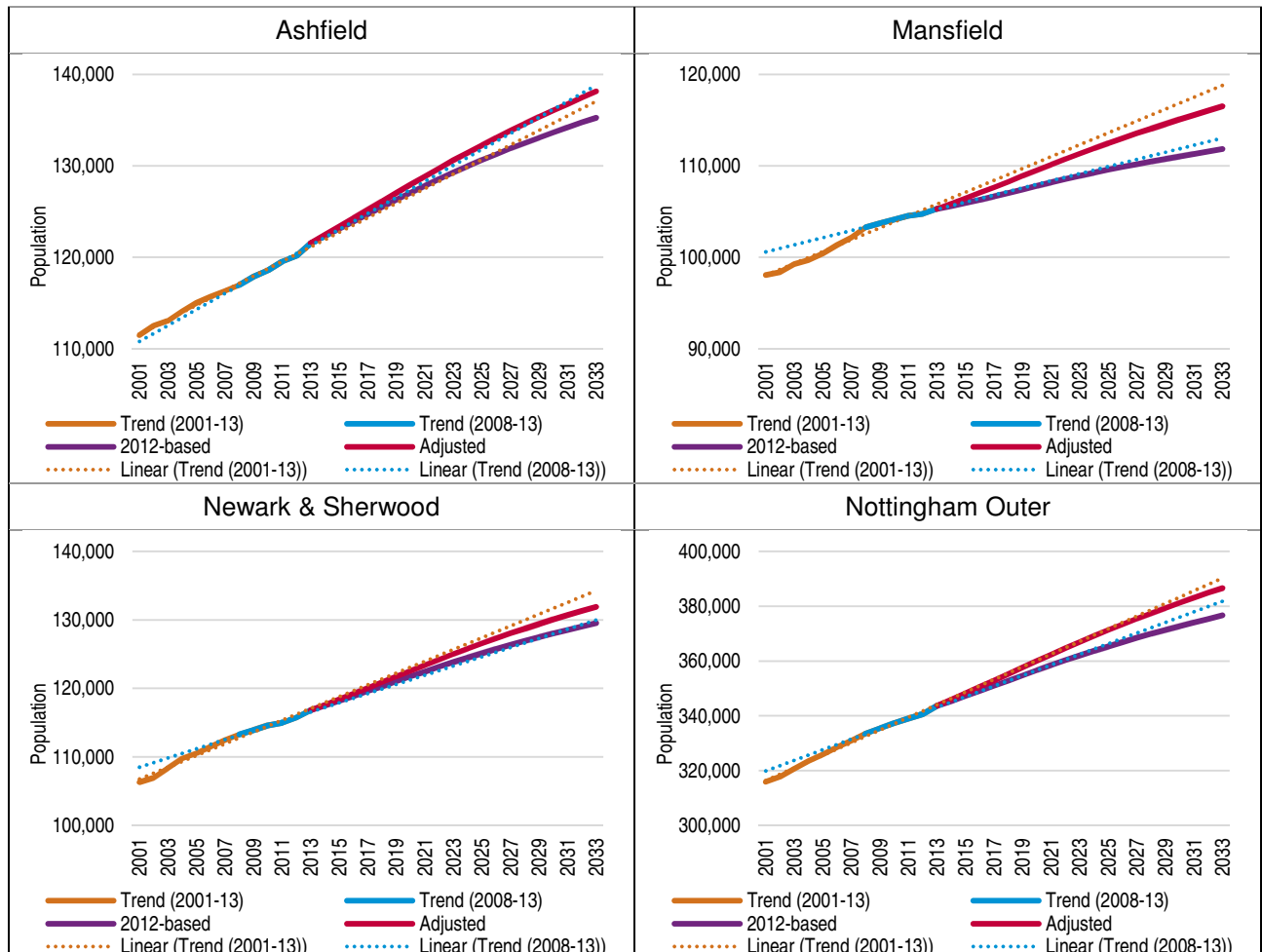
- 1.16 Again, the outputs of this projection were considered in terms of how population growth overlaid with past trends and this is shown in the figure below (again, this figure does not appear in the SHMA report). In this instance, population growth at the HMA level again looked to be fairly sound (sitting in the middle of the range between short- and long-term trends) – however, the results for local authorities were again considered to be less robust with generally the opposite issues being seen when compared with looking at long-term migration patterns (in particular, population growth in Mansfield looked to be on the high side, with the opposite being seen in Newark & Sherwood and to a lesser extent Ashfield).

Figure 2: Past and projected population growth – UPC adjustment



1.17 Having undertaken this analysis and considered the outputs, it was our professional view that the most robust projection would be one which in demographic terms sat some way between the outputs from a 12-year migration scenario and a scenario with an adjustment for UPC. As can be seen from the figure below (which appears as Figure 69 of the SHMA) – this projection shows levels of population growth across the HMA and for each local authority which all sit comfortably in the range between short- and long-term trends. This projection took the most robust account of up-to-date population and household projections as well as including an adjustment to reflect observations made about past demographic data.

Figure 3: Past and projected population growth – combination of 12-year migration trends and a UPC adjustment



Source: Note the data in this figure appears as Figure 69 of the SHMA report

1.18 To be clear, the final projection used in the SHMA to determine the level of housing need in the HMA and individual districts was based on taking a mid-point between the outputs from 12-year migration trends and adjusting the SNPP to take account of UPC. The final projection is therefore not additive (i.e. it does not use 12-year migration trends and then add on an adjustment for UPC) – it is simply recognising at the HMA level that both projections show the same level of population growth (broadly) but that individually they provide local authority data which looks either too high or too low – by combining the projections a more realistic level of population growth is derived for all areas.

1.19 Table 2 (overleaf) (which appeared as Table 19 of the SHMA report) summarises the level of need associated with this projection. Across the HMA a need for 1,271 dwellings per annum was identified (very similar to the level with either of a 12-year migration trend or a UPC adjustment).

Table 2: Projected household growth 2013-33 – 2012-based SNPP with 12-year migration trends and UPC adjustment and 2012-based headship rates

	Ashfield	Mansfield	Newark & Sherwood	Nottingham Outer
Households 2013	51,956	45,575	49,728	147,260
Households 2033	60,993	52,401	58,267	171,661
Change in households	9,037	6,826	8,539	24,402
Per annum	452	341	427	1,220
Dwellings (per annum)	469	356	446	1,271

- 1.20 This projection, used professional judgement about the range of data available and is in our opinion a realistic view about how population levels might be expected to change (taking account of past trends) and hence provides a views about the level of housing need across the HMA and for individual districts.
- 1.21 Across the HMA, this projection shows a level of housing need which is some 18% above that indicated by the CLG household projections (i.e. the start point for analysis as set out in the PPG). This is not an insignificant uplift.