Results of 2014 Household Projections for Ipswich and the Ipswich Housing Market Area

The 2014-based Household Projections (the official projections) were published by CLG on 12th July 2016, after the Council had undertaken its own modelling of population and household projections and published its Proposed Submission Core Strategy and Policies DPD Review under Regulation 19 of the 2012 Regulations.[1]

		2011	*2016*	*2021*	*2026*	*2031*	*2011-2031*	*% Change*
IPSWICH	**Luton (Trend)**	58,717	62,260	65,641	68,967	72,248	**13,532**	**23%**
	DCLG (2012 Base)	57,440	60,075	62,866	65,359	67,874	**10,434**	**18%**
	DCLG (2014 Base)	57,455	59,358	61,455	63,321	65,254	**7,799**	**14%**
IPSWICH HOUSING MARKET AREA	Luton (Trend)	193,371	200,281	209,423	218,700	227,596	34,226	**18%**
	DCLG (2012 Base)	189,267	197,143	205,935	214,362	222,401	33,134	**18%**
	DCLG (2014 Base)	189,268	196,385	204,184	211,625	218,805	29,537	**16%**

Source: Luton Borough Council, DCLG

The 2014 Household Projections for Ipswich appear to be low when compared to longer-term trends and the rate of housing delivery in Ipswich. Under the guidance of the national Planning Practice Guidance[2] (PPG), the 'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need' (Methodology – Assessing Housing Need, paragraph 15). The PPG requires the assessment to be 'thorough but proportionate' (Housing and Economic Development Needs Assessments, paragraph 5). Revising the modelling each time new projections are published by CLG would not be proportionate to the plan-making process, bearing in mind the extent of time and resource required. The cost and timescale implications of updating draft and adopted local plans were issues identified by the Local Plans Expert Group.[3]

As noted by many commentators and the Borough Council's previous submission, there are concerns over the migration trends used in the 2012-based and now the 2014-based forecasts in terms of low levels of national migration experienced during and after the recession. Whilst over a short period, the assumptions used in the Luton Trend Forecasts are similar to longer term trends for the housing market area as a whole and reflect a period when Ipswich attracted a strong rate of national migration.

Migration from London was included in these trends, which are greater than longer-term trends or those used in the 2012 and 2014 base projections. The latest two-years of data indicates a higher

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[1] CLG, 2012, *Town and Country Planning(Local Planning) (England) Regulations 2012,* CDL reference NCD04
[2] CLG, 2014 and ongoing, *Planning Practice Guidance,* CDL reference NCD19
[3] Local Plans Expert Group (2016) *Report to the Communities Secretary and to the Minister of Housing and Planning*, para.3.17

level of migration from London to Ipswich and the Housing Market Area which demonstrates that the higher level incorporated into the Luton Trends is robust.

Considering the above and the considerably low number of households projected by the 2014 Household Projections, the household forecasts used during the preparation of the Local Plan provide a robust position to consider the likely growth of households in the Town.

2014 Household Projections

DCLG's household projections for the Ipswich HMA as a whole show a broadly consistent rate of increase with national trends. That said,the Ipswich projections are significantly lower than those of Mid Suffolk. Given the linkage between population growth and the delivery of new homes, this projection appears to have been influenced by a contraction in the rate of development experienced over the 2009-2014 period (see table in next section).

	2014-Based DCLG Household Projections							
	Number New Households				**% Change**			
	2011-2031	2011-2036	2016-2036	2016-2039	2011-2031	2011-2036	2016-2036	2016-2039
Babergh	5,809	6,977	5,562	6,184	15%	19%	14%	16%
Ipswich	**7,799**	**9,701**	**7,798**	**8,805**	**14%**	**17%**	**13%**	**15%**
Mid Suffolk	8,626	10,283	7,938	8,777	**25%**	**19%**	**20%**	**25%**
Suffolk Coastal	7,303	8,982	7,528	8,410	14%	17%	14%	15%
Ipswich HMA	29,537	35,943	28,826	32,176	16%	19%	15%	16%
England	4,394,788	5,358,915	4,233,872	4,774,677	16%	19%	15%	16%

Source: DCLG 2014 Household Projections

The household projections draw from ONS's population projections and have a great deal of influence on the results. For Ipswich, 93 per cent of the growth in the number of households projected by DCLG's model arises from population increase. The change to household formation, which is the changes to the household formation rates for a given population, is much less.

Components of Household Growth	Population level	Household formation	Interdependency between factors in the DCLG model.
Ipswich	**93%**	**1%**	**5%**
Ipswich HMA (average)	93%	2%	4%
England	94%	3%	4%

Source: DCLG 2014 Household Projections

2014 Population Projections

The 2014 Household Projections are underpinned by the 2014 Sub-National Population Projections. Relative to national trends, the Ipswich HMA is growing slower than average. The disparity between Household and Population Projections is driven by an ageing population and the consequent increase in single-headed households. Within the wider HMA both Ipswich Borough Council and Mid

Suffolk are projected to grow at a rate in excess of the HMA average. For Ipswich, unlike Mid Suffolk, this growth is not reflected in higher than average rates of household formation.

	Population Change				% Change			
	2011-2031	2011-2036	2016-2036	2016-2039	2011-2031	2011-2036	2016-2036	2016-2039
Babergh	7,099	8,999	5,800	8,700	8%	10%	7%	10%
Ipswich	**11,871**	**14,571**	**9,100**	**13,400**	**8.88%**	**10.90%**	**6.67%**	**9.82%**
Mid Suffolk	12,624	15,124	9,400	13,100	13.00%	15.58%	9.37%	13.06%
Suffolk Coastal	6,310	8,410	5,900	9,100	5.06%	6.75%	4.72%	7.28%
Ipswich HMA	**37,904**	**47,104**	**30,200**	**44,300**	**8.55%**	**10.63%**	**6.70%**	**9.82%**
England	7,853,300	9,403,900	7,185,100	8,063,200	**14.82%**	**17.74%**	**13.01%**	**14.60%**

Source: DCLG 2014 Sub-National Population Projections

How the 2014-based results compare to the 2013 Forecast produced by Luton Borough Council

Ipswich HMA Annual Completion Data

In contrast to the 2014 DCLG Projections which project forward from the 2009-14 period, the Luton forecast is based on the 2006-11 period. Between 2009 and 2013, Ipswich saw annual completions fall from 389 to 96, before rallying to 228 in 2014. This decline was steeper than the average for the HMA. In contrast, the same period saw Mid Suffolk completions rise from a 2009 position of 292 to reach 549 in 2014 and this appears to have influenced the rate of population growth. Basing a projection on a period of lower rates of housing delivery would not be robust.

Looking at annual housing completion figures for the Ipswich HMA over the 2006-11 and 2009-14 periods, it can be observed that Ipswich's delivery declined by 67%, whereas the average decline in completions observed for the HMA was 46%. The latest completion figure published for Ipswich in 2014/15 was 470, the highest since 2008 and moving towards the longer-term 2001-2015 average.

	2006/07 - 2010/11 Average Completions	**2009/10 - 2013/14 Average Completions**	**% Change**	**2001/02 - 2014/15 Average Completions**
Babergh	254	234	-8%	254
Ipswich	805	267	-67%	570
Mid Suffolk	463	376	-19%	420
Suffolk Coastal	573	256	-55%	486
Ipswich HMA	524	283	-46%	432

Source: AMR 2014/15

Number of Households Forecast in Ipswich and Ipswich Housing Market Area 2011-2031 by Luton and DCLG (2012 and 2014 base)

The DCLG 2014 Household Projections see Ipswich growing by 7,799 households between 2011 and 2031. This projection represents a reduction of 48%, or 5,733 households, when compared to the Luton Forecast of 13,532. Considered in relation to the wider Ipswich HMA, the reduction of growth in Ipswich from 23% to 14% stands out against a more moderate reduction (from 18% to 16%) anticipated for the area as a whole.

		2011	*2016*	*2021*	*2026*	*2031*	*2011-2031*	*% Change*
IPSWICH	**Luton (Trend)**	58,717	62,260	65,641	68,967	72,248	**13,532**	**23%**
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IPSWICH HOUSING MARKET AREA	Luton (Trend)	193,371	200,281	209,423	218,700	227,596	34,226	**18%**
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	DCLG (2014 Base)	189,268	196,385	204,184	211,625	218,805	29,537	**16%**

Source: Luton Borough Council, DCLG

Note: The Luton (Trend) forecast included institutional population in the forecast of households, hence difference in 2011.

Population Forecast in Ipswich and Ipswich Housing Market Area 2011-2031 by Luton and ONS (2012 and 2014 base)

Given the extent to which population projections influence household projections, it is important to consider the variance between the Luton Forecast and the DCLG 2014 Population Projections. Relative to the Luton Forecast, the growth projected for Ipswich amounts to some 9,113 fewer people.

		2011	*2016*	*2021*	*2026*	*2031*	*2011-2031*	*% Change*
IPSWICH	Luton (Trend)	133,729	139,634	145,254	150,201	154,713	20,984	16%
	ONS (2012 Base)	133,729	138,600	143,700	148,100	152,000	18,271	14%
	ONS (2014 Base)	133,729	136,500	139,900	142,900	145,600	11,871	9%
IPSWICH HMA	Luton (Trend)	443,296	456,246	470,510	485,722	501,029	57,733	13%
	ONS (2012 Base)	443,296	452,300	464,600	476,700	487,300	44,004	10%
	ONS (2014 Base)	443,296	451,000	461,400	471,800	481,200	37,904	9%

Source: Luton Borough Council, DCLG

5 Year National and International Migration Trends

National Migration

Average Annual Net Internal Migration	Luton Trend Forecast (2006-2011)	Population Estimates	
		2007-2012	2009-2014
Babergh	215	230	371
Ipswich	121	302	47
Mid Suffolk	771	574	692
Suffolk Coastal	946	556	608
Ipswich Housing Market Area	2053	1,662	1,718

Source: Luton Borough Council, ONS (mid-year estimates)

National migration represents a major driver of population growth. The 2014 Mid-year Population Estimates show that national migration represents 90% of the population growth within the Ipswich Housing Area.[4] Compared to the Luton Forecast, which was based on a net annual internal migration flow of 121, the 2014-baseDCLG Household and ONS's Population projections for Ipswich incorporate a period which this level is much lower, just 47. This divergence will have had a significant impact on population and household projections for Ipswich contained in the 2014 release.

A point of interest is the higher net flow to Ipswich for the 2007-2012 period, this covered the period of the recession during which time Ipswich's net flow for each year was positive, which has now reversed for the most recent three years. For the Ipswich Housing Area as a whole, the Luton Forecast is broadly consistent with an increasing return to higher net national migration rates as shown by the 2014-base projection.

Migration between London and Ipswich

The migration from London to Ipswich was a concern during stage 1 of the examination. Whilst the Official Household Projections does use the latest information, the five year trend to 2014 is 15% lower than the long-term 2005-2015 trend. Furthermore, the net results from the last two years have shown an even greater flow into Ipswich and its wider housing market. This reinforces the validity of the assumptions for population change that were used in the Luton Trend Scenario. This also highlights the risk of underestimating the number of households by using the Official 2012 and 2014 based household projections.

[4] ONS (2015) Mid-2014 Population Estimates: Pivot table Analysis Tool for the United Kingdom.

		Average Annual Flows				ONS origin and destination square matrix	
		2006-2011	2007-2012	2009-2014	2005-2015	2013-2014	2014-2015
IPSWICH	<-London	636	636	652	630	710	670
	->London	532	558	586	554	560	550
	Net flow	104	78	66	76	150	120
IPSWICH HOUSING MARKET AREA	<-London	2000	1942	1980	2012	2070	2140
	->London	1376	1424	1458	1413	1340	1490
	Net flow	624	518	522	599	730	650

Source: ONS

International Migration

Average Annual Net International Migration	Luton Trend Forecast (2006-2011)	Population Estimates 2007-2012	Population Estimates 2009-2014
Babergh	-25	-59	-69
Ipswich	283	189	-29
Mid Suffolk	-6	-36	-55
Suffolk Coastal	38	-13	-119
Ipswich Housing Market Area	290	81	-272

Source: Luton Borough Council/ONS

Whilst the period 2012-2014 estimates of international flows where net negatives, the latest results from the 2015 Population Estimates indicates that, for Ipswich and its Housing Market Area, the net flow is 282 and 147 respectively. The estimated flow of international immigration into Ipswich, which declined from 1,645 in 2008 to 858 in 2013, has had a substantial impact on net flows. Although less significant than internal migration as a driver of growth across the Ipswich Housing Area, long-term international migration has traditionally played a significant role in driving population growth within the Borough of Ipswich. The Luton Forecast was based on a net international flow of 283, broadly aligning with 2015 estimates, whereas the 2014-based ONS Population Projections forecast forward on the assumption of a net flow of -29. This divergence again has the potential to undermine the accuracy of the 2014-based DCLG release.

Longer Term National and International Migration Trends

If a longer-term (10 year) view of internal and international migration is taken, the average annual net flows for the wider housing market area are very close to those which were used in the Luton Forecast. For the Ipswich Housing Market Area the longer-term rates for internal and international migration are -5% and +7% there respectively. The major difference is the rate of internal migration because during the period 2004 to 2008, net moves to Ipswich were negative, whereas 2009-2012 saw net additions, which have since returned negative. As noted above, this illustrates the role of Ipswich within its Housing Market and that, if the right conditions are present, people moving from other parts of the country will settle in Ipswich.

Average Annual Net Migration Flows	Luton Trend (2006-2011)		Population Estimates 2005-2015	
	Internal	International	Internal	International
Babergh	215	-25	350	-22
Ipswich	121	283	-141	338
Mid Suffolk	771	-6	789	-12
Suffolk Coastal	946	38	953	7
Ipswich Housing Market Area	2053	290	1,951	310

Source: Luton Borough Council/ONS

Conclusion

Compared to the Luton Trend Forecast, upon which consultation on the current Local Plan has been based, the 2014-based DCLG Household and ONS Population Projections indicate a significant reduction in the level of population and household growth anticipated in Ipswich Housing Market Area. Of particular note, the 2014-base projection is 48% lower, some 5,700 households fewer, than that forecast by Luton' Trend-based approach. The 2014-based DCLG projections are based on a 5-year trend in which Ipswich experienced atypically low levels of house completions as well as correspondingly low levels of internal and international migration. Many of these trends are inconsistent with the 2015 data exposing a substantial risk of underestimation within the DCLG 2014 projections.