# WEST HORSLEY PARISH COUNCIL

# Guildford Borough Proposed Submission Draft Local Plan: strategies and sites

## June 2017

Consultation under Regulation 19 of the Town & Country Planning (Local Planning) (England) Regulations 2012

## Consultation Submission from

## West Horsley Parish Council

## 24th July 2017

# Consultation Submission by West Horsley Parish Council

**contents**

## 1. Introduction

**The Parish Council OBJECTS to the Proposed Submission Draft Local Plan: strategies and sites June 2017**

West Horsley Parish Council (WHPC) has reviewed the Proposed Submission Draft Local Plan: strategies and sites, published by Guildford Borough Council (GBC) for a 6 week public consultation to 24th July.

The Parish Council's primary objections are to

(i) proposals for new Green Belt boundaries within the existing area of Metropolitan Green Belt and the 'insetting' of several villages from the Green Belt, including West Horsley and East Horsley.

(ii) the use of an unconstrained OAN figure of 654 homes per annum throughout the Plan Period.

(ii) the unsustainable characteristics of proposed development sites A37, A38, A39, A40.

The Proposed Submission Local Plan 2017 pack of consultation documents contains no proposals for provision of infrastructure for the proposed development Sites in West and East Horsley

(iv) the unsoundness of the Local Plan in many of its proposed policies and the flawed evidence base upon which policies are being promoted.

WHPC requires that the objections and comments contained in both this and our 17th July 2016 Submission are submitted to the Planning Inspector appointed by the Secretary of State to review the *Guildford Borough Submission Draft Local Plan: strategies and sites* following this Regulation 19 Consultation. The Parish Council will appoint and retain a representative or representatives to speak on its behalf at the Examination in Public of the Submission Local Plan.

The Parish Council also reserves its right to join with other parish councils to put forward their objections and case against many aspects of the Submission Local Plan at the Examination in Public when held by the Planning Inspector.

This submission focuses on changes made to the Regulation 19 Proposed Submission Draft Local Plan 2016. In the case of Sites A37- 40, changes are minimal, thus ignoring the high volume of serious objections submitted by the majority of residents of the Horsleys to those Site proposals. The Removal of Site A41 from the Plan is welcomed.

The Proposed Submission Draft Plan Policies put greater emphasis on the need for adequate facilities and infrastructure to underpin development. However, this is not reflected in any new wording or proposals for the Horsley sites, thus leaving local objections unaddressed. This failure to address objective responses by residents and the Parish Council, curtails the plan's usefulness as a sensible and respected planning tool at a site level and further adds to its lack of credibility with residents. The Plan fails to mention most of the known sustainability issues and infrastructure constraints affecting the Horsley sites, including public transport, traffic, road safety, shops, parking, schooling, medical facilities, sewage and flooding/surface drainage.

Section 2 sets out the Parish Council's comments on and objections to the revisions to proposed Plan Policies. These are set down in tabular form alongside WHPC's 2016 Consultation comments.

Section 3 focuses on the widespread criticism and concern expressed, not just by many West Horsley residents, but by the thousands of objectors to the proposed Local Plan at every Consultation since 2013. The dominant theme of objections since 2013 remains one of too many homes being proposed for building in the Green Belt.

The number of new homes has been promoted by the West Surrey SHMA and Objectively Assessed Number (OAN) prepared under a contract awarded by Guildford Borough Council to G L Hearn. GBC's refusal, in response to many requests (FoI and other) to release details of the methodology and assumptions used by G L Hearn, on alleged commercial confidentiality grounds has been blatantly obstructive, falling far short of the requirements of NPPF Plan Making paras 155 and 157 in particular.

Along with a number of other parish councils, WHPC decided in 2016 to contribute financial assistance to Guildford Residents Association (GRA) to enable the appointment of Neil McDonald to undertake a critical review of the West Surrey SHMA and the OAN recommended by G L Hearn. Neil McDonald's 2016 Review Report which uncovered errors in GL Hearns work, has been followed in May-June 2017 by a further Review of Hearn's 2017 Addendum to the West Surrey SHMA.

McDonald's Review of this Addendum to the West Surrey SHMA has revealed serious issues with Hearn's data interpretation, resulting in an OAN that is too high. **MOST SIGNIFICANTLY the Office for National Statistics endorses Neil McDonald's findings.**

Neil McDonald's Review of the Addendum to the West Surrey SHMA is reproduced in entirety (with GRA permission) in Section 3.

## 2. Parish Council comments on Sites, Amended Policies and Strategies

### **a)** West Horsley Sites A37, A38, A40 and A41 and East Horsley Site A39

*Lack of infrastructure / poor sustainability*

WHPC and its appointed Planning Consultant put forward their reasoning in the Parish Council's Submission Report on the 2016 Consultation, that the selection of these Sites in Green Belt locations without 'exceptional circumstances' having been proven, fails to satisfy the requirements of NPPF chapter 9.

Further, the sustainability of all the Sites was seriously questioned and found wanting, particularly in terms of the distance of each from Horsley station, shops, schools, medical centre, library and other services. The absence of a regular daily bus service through those parts of West Horsley that contain the Sites, was identified as a further factor that will generate considerable car use by residents of the proposed new homes on Sites A38, A39 and A40.

Referring to Table C of the AECOM Sustainability Appraisal SA Report Update June 2017, the Parish Council takes issue with a number of the Site Appraisal performance criteria, e.g. the distance from a Site to a Railway Station being measured on a straight-line basis. This is a nonsense for Sites A38 and A40, i.e. unless crows are going to buy / reside in the dwellings and fly to the station!

For Site A38 the distance to a Secondary School is categorised 'Orange' (less than 2km) yet A38 is further from a secondary school than Sites A39 and A40, both of which are categorised 'red'(more than 2km),

The Land Availability Assessment 2016 review of each of Sites A38, A39 and A40 includes the following statement (or similar) on Utilities:

Utilities

In response to the consultation on the draft Local Plan (2014), Thames Water advised that current wastewater network in this area is unlikely to be able to support the demand anticipated from this development. Drainage infrastructure is likely to be required to ensure sufficient capacity is brought forward ahead of the development. In the first instance, a drainage strategy would be required from the developer to determine the exact impact on the infrastructure and the significance of the infrastructure to support the development. Thames Water will work the planned housing into their investment programme only once a site has planning permission.

Wastewater treatment provision will therefore be a delivery restraint for the proposed dwellings on this Site. WHPC met with Thames Water in May 2017 who confirmed that there were capacity issues at Ripley Sewage Treatment Works.

As a further and timely reminder of the lack of facilities in West Horsley (North and South), Appendix XII Greenbelt & Countryside Study Settlement Hierarchy is reproduced on the next page as a Summary Table with the Settlements shown in ranking order, rather than as the somewhat confusing alphabetical listing in the original Evidence document. Villages proposed for insetting from the Green Belt are highlighted in light red. West Horsley is ranked well down at 17th but regardless of that position was targeted (**note**: not selected) to receive more new dwellings than any other village, before the sustainability of each site and the cumulative impact on East and West Horsley had been properly, if ever, considered.

Though two sites have been dropped from West Horsley since the initial Local Plan Consultations were started in 2013, the Parish Council, along with many of the village's residents, has a strong belief that a proper evaluation of sustainability has been fudged, simply to allow the remaining West Horsley Sites into the Submission Local Plan in a

desperate attempt to producing a Plan that is able to deliver a sufficient number of homes in the first 5 years, i.e. 2019 to 2024.

*Local Plan first 5 years Housing Supply - comment*

With the very obvious lack of infrastructure in West Horsley, recognised by the Parish Council and residents but seemingly not or simply ignored by GBC's Local Plan Team, the deliverability of all 255 homes planned for Sites A38 and A40, as stated in 2017 LAA Addendum by 2024 in the Plan Period's first 5 years is seriously questioned. Why? The housebuilders who hold the option on both Sites will adopt a steady building development programme which involves the release of new homes in Phases that match the house build rate to what the market can take, without depressing the prices of the various house types that will be offered. The new homes will not be cheap and that includes so-called affordable units which will be priced at 80% of the local market average. West Horsley Parish Council will be surprised if each site releases more than

15 units per annum for sale. Thus an 8 -9 years long building programme is highly likely, if realistic housebuilding market criteria are applied to Sites A38 and A40.

*Access to and beneficial use of the Green Belt, NPPF para 81*

Collectively, the three sites in West Horsley North fail to meet NPPF paragraph 81's encouragement of providing access to and beneficial use of the Green Belt and its amenity and recreation value. This has been an outstanding success story in the Horsleys. Assets, to name just a few, include a dense public footpath network visited and used by many walkers from Greater London, parish parks, sports fields, a caravanning & campsite of international standard, Britain's newest rural opera theatre '*Theatre in the Woods*' and the now, since the Local Plan process commenced, popular Olympics cycle route. These examples of positive planning stem from a Local Plan that protects the Green Belt, maintains its openness and beauty and avoids urbanisation and traffic congestion. Sites A38 to 40 are aggressively hostile to openness and the character of the area, with a density of new housing that is completely inappropriate, being greater than anywhere in the locality at present.

*Proposed housing delivery trajectory 2019 to 2034 - illustrated*

The housing delivery figures set out in LAA Addendum 2017 (page 8) have been plotted as two pie-charts, shown on the next page, the key purpose of which is to illustrate very openly the very large percentage of housing proposed for Sites in the Green Belt. No ***exceptional circumstances*** or ***reasoned justification*** is put forward by Guildford Borough on a Site by Site basis.

A Histogram follows the pie-charts illustrating the housing figures from the 2016 and 2017 Consultation Local Plans for (i) the Guildford town and urban Area (ii) Ash & Tongham (iii) the Eastern Rural area and (iv) the western rural area. The histogram illustrates how the Rural Areas are disproportionately targeted for new homes, all of which are proposed on Green Belt Sites without any justification being put forward.

*Land Availability Assessment Addendum 2017 - Corrections*

i) Site A37 and its entry in the LAA Addendum 2017 is incorrect. The Bell & Colvill planning approval is for 9 homes, not 6 as listed.

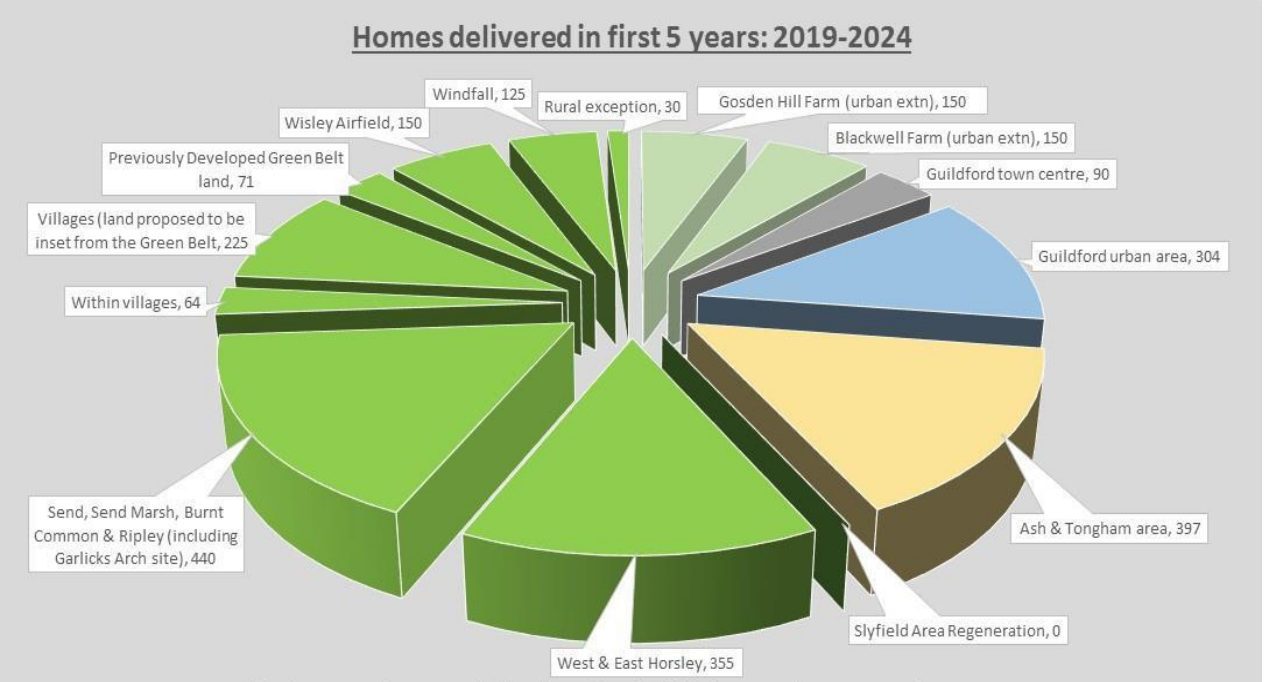
ii) It is not understood how in the **Housing Trajectory – Sites with provision and phasing** table on page 8, on the 3rd line **Outstanding capacity (Commenced)** figures are filled in for the years for years 11 to 15 of the Plan Period.

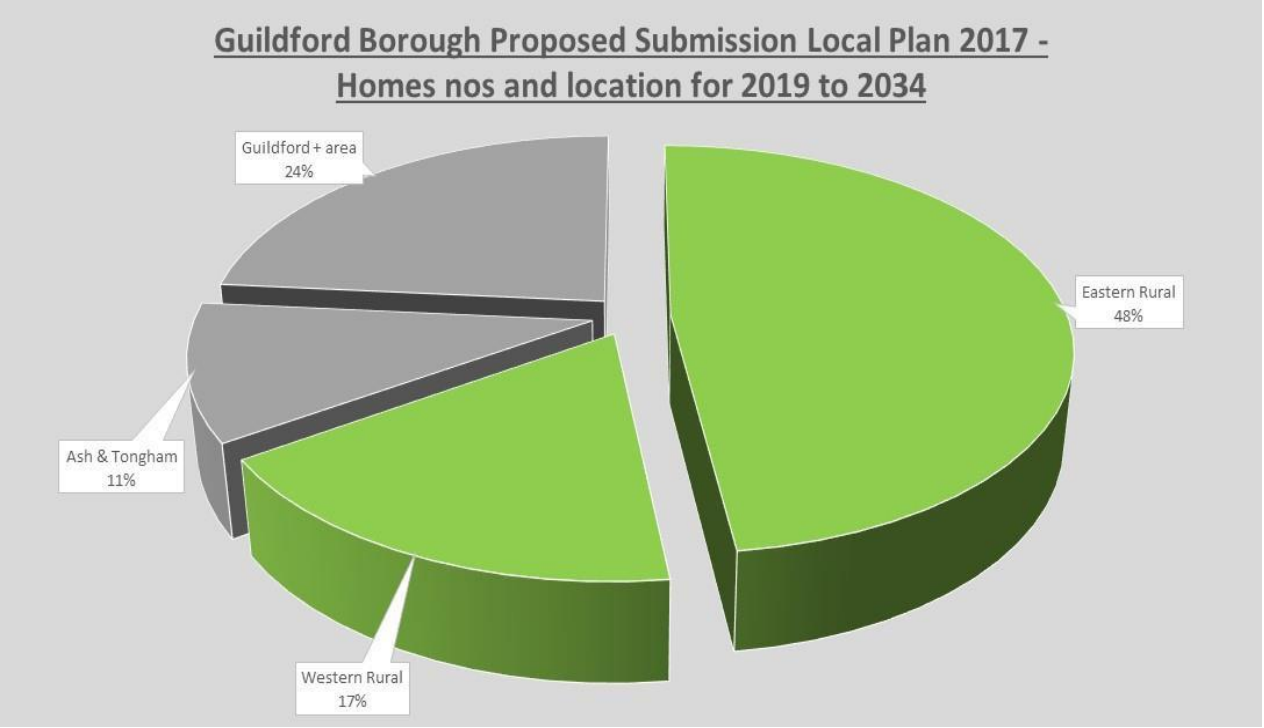
| Settlement Hierarchy – Summary Table in Ranking Order [Source: Settlement Hierarchy Appendix XII] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | population | total shopping facilities ranking | total school ranking | total community facilities ranking | total public transport rating | total employment ranking | total score | total ranking |
| Ash and Tongham | 19,452 | 7 | 9 | 18 | 9 | 6 | 49 | 1 |
| Guildford urban area | 73,779 | 7 | 9 | 18 | 9 | 6 | 49 | 1 |
| East Horsley | 3,785 | 4 | 4 | 18 | 6 | 5 | 37 | 3 |
| Chilworth | 1,852 | 1 | 6 | 11 | 5 | 5 | 28 | 4 |
| Send | 2,314 | 2 | 6 | 14 | 3 | 2 | 27 | 5 |
| Fairlands | 1,412 | 1 | 5 | 12 | 4 | 4 | 26 | 6 |
| Ripley | 1,620 | 5 | 6 | 12 | 2 | 1 | 26 | 6 |
| Shalford | 2,439 | 1 | 3 | 11 | 6 | 5 | 26 | 6 |
| Pirbright | 1,493 | 2 | 6 | 11 | 3 | 3 | 25 | 9 |
| Effingham | 2,577 | 2 | 9 | 10 | 2 | 1 | 24 | 10 |
| Normandy and Flexford | 1,784 | 0 | 2 | 9 | 9 | 4 | 24 | 10 |
| Worplesdon | 1,242 | 1 | 6 | 8 | 3 | 5 | 23 | 12 |
| Gomshall - AONB | 1,228 | 1 | 2 | 10 | 4 | 5 | 22 | 13 |
| Wood Street Village | 1,619 | 1 | 5 | 10 | 1 | 5 | 22 | 13 |
| Jacobs Well | 1,123 | 1 | 4 | 8 | 3 | 5 | 21 | 15 |
| Shere -AONB | 670 | 2 | 3 | 14 | 1 | 1 | 21 | 15 |
| West Horsley (North and South) | 2,828 | 1 | 6 | 10 | 1 | 2 | 20 | 17 |
| Peaslake - AGLV | 1,503 | 1 | 2 | 14 | 1 | 1 | 19 | 18 |
| Peasmarsh | 528 | 1 | 6 | 4 | 3 | 5 | 19 | 18 |
| Albury - AONB | 870 | 1 | 0 | 11 | 3 | 2 | 17 | 20 |
| Send Marsh/ Burntcommon | 1,931 | 0 | 4 | 9 | 3 | 1 | 17 | 20 |
| West Clandon (North and South) | 1,363 | 0 | 3 | 5 | 5 | 4 | 17 | 20 |
| Puttenham | 601 | 0 | 3 | 8 | 1 | 1 | 13 | 23 |
| Holmbury St Mary AONB | 229 | 0 | 1 | 7 | 1 | 2 | 11 | 24 |
| Compton | 1,154 | 0 | 0 | 7 | 3 | 0 | 10 | 25 |
| East Clandon | 268 | 0 | 0 | 6 | 2 | 1 | 9 | 26 |
| Shackleford | 253 | 1 | 4 | 3 | 1 | 0 | 9 | 26 |
| Seale and The Sands | 635 | 0 | 0 | 7 | 0 | 1 | 8 | 28 |
| Wanborough | 335 | 0 | 4 | 2 | 0 | 0 | 6 | 29 |
| Ash Green | 593 | 0 | 0 | 1 | 1 | 3 | 5 | 30 |
| Ockham | 410 | 0 | 0 | 4 | 0 | 0 | 4 | 31 |
| | | | | | | | | |
| **KEY** | | | | | | | | |
| | **In Green Belt** | | | | | | | |
| | **Proposed village to be inset from the Green Belt** | | | | | | | |

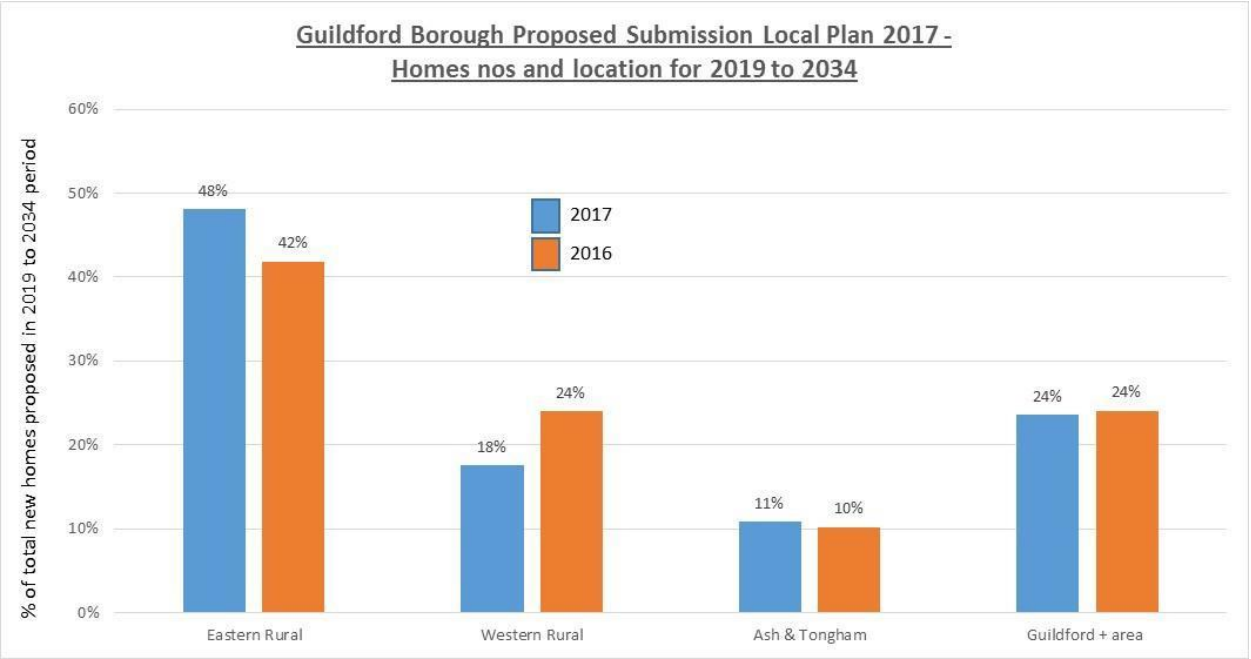
*East Horsley District and Local Centres – Station Parade and Bishopsmead*

Station Parade and Bishopsmead are explicitly identified as being suitable for "main town centre uses" which include amongst other uses "cinemas, drive-through restaurants, night clubs, casinos and bingo halls". Clearly such uses are unsuitable and must be excluded from the proposed Local Plan by statements in Policies E8 and E9

## Guildford Borough Submission Draft Local Plan 2017: strategies and sites






**Percentage of Total No of homes proposed 2019 to 2034**

## b) Amended Plan Policies and Strategies

WHPC has chosen to tabulate its position on the 2017 Consultation alongside what it stated in its Executive Summary in the 2016 Submission Report -

| Policy No. and title | 2016 WHPC position | 2016 WHPC comment in brief | 2017 WHPC position | 2017 WHPC comment in brief |
|---|---|---|---|---|
| S1 – Presumption in favour of sustainable development | Objects strongly | Policy wording is flagrantly open, unenforceable and ignores the requirements of NPPF paras 7, 8, 10 and 17 in particular. | **OBJECTS** No change in Policy wording. | 2016 comment remains |
| S2 – ~~Borough Wide Strategy~~ Planning for the Borough – Spatial development strategy | Objects strongly | WHPC objects to the borough housing targets of 25% increase in houses (against an ONS growth projection of 15%). Proposals is a 35% increase in village housing stock | **OBJECTS** Policy redrafted and drop in housing provision to 12,426 homes for Plan Period 2015-2034. | The housing target proposed, of 12,466 is based on assumptions that have not been made public and includes flaws that have not been corrected in the modified SHMA (*verified by professional analyst Neil MacDonald of NMSS* who concluded that an annual housing figure of 400 per year would meet Guildford's overall need). The phased approach (more homes built towards the end of the plan period) is appropriate in order to permit necessary infrastructure |
| H1 – Homes for All | Supports | Achievability is queried | **SUPPORTS** Policy wording extensively reworded | Achievability still queried. The paragraphs on Density in Policy H1 have been deleted. To ensure developments make optimal use of space a policy to cover minimum and maximum densities is required |
| H2 – Affordable Homes | Object | Fails the test of sustainability and should be radically revised. | **SUPPORTS** In principle | All developers and housebuilders MUST not be allowed to seek a drop below the 40% requirement stated in H2(2) through pleas of non-viability. Borough Council must build its own affordable homes for rent on GBC owned land. Land cost to be carried by Council and NOT put into house build cost. |
| H3 – Rural Exception Homes | Supports | Only for sites adjoining / close to a defined rural settlement | **Supports** | Only for sites adjoining or close to a defined rural settlement |
| P1 – Surrey Hills Area of Outstanding Natural Beauty ~~(AONB)~~ and Area of Great Landscape Value | Supports | Protecting this area should be given the highest priority | **Objects** to the weakening of the policy controls | Policy statement extensively reworded. and as a result, is weaker in its protection of the Surrey Hills AONB and AGLV land. Previously all proposals were considered against the 5 key tests – now development in the AONB seems to be more acceptable. This is **weaker**, not stronger, and is contrary to the weight of protection given to AONB in the NPPF |

| Policy No. and title | 2016 WHPC position | 2016 WHPC comment in brief | 2017 WHPC position | 2017 WHPC comment in brief |
|---|---|---|---|---|
| P2 – Green Belt | Objects strongly | WHPC fully supports GBC's policy statement of protecting the Green Belt from inappropriate development but objects to GBC proposals to build 65% of the proposed new dwellings on Green Belt land. | **Objects strongly.**<br>Opening statement in Policy at (1) is supported | **Exceptional circumstances** must be demonstrated to develop in the Greenbelt, yet despite the weight of public and parish council opinion against weakening of this policy, Over 70% of new housing development will be in the countryside, of which, 65% is proposed in Greenbelt. By definition, this is not an exception and no attempt is made to demonstrate exceptional circumstances, in line with the requirements of the NPPF. The **insetting of villages and extension of current Settlement Area boundaries is opposed** |
| **Proposal to 'inset' West Horsley by introducing new Green Belt boundaries to enable the village to be removed from the Metropolitan Green Belt** | Objects strongly | No Exceptional circumstances presented to justify changing / adding to Green Belt boundaries. Proposal does not meet NPPF Policies. West Horsley South in High Sensitivity Green Belt (land parcel D6). Inconsistent land parcel sensitivity in Borough wide classifications. P2 Policy wording does not mention 'insetting' of several villages | **Objects strongly** | As per 2016 comments.<br>P2 Policy wording still does not mention 'insetting' of several villages.<br>'Limited infilling policy' within proposed extended Settlement Boundaries represents further unjustified removal of land from the Green Belt and is opposed.<br>For West Horsley South, categorised as ***highly sensitive*** *by the Green Belt Purposes Schedule*, the additional lands proposed for removal from the Green Belt will be highly damaging to listed and historic buildings and the character of the village |
| Settlement Boundary changes in West Horsley | Objects strongly | Development sites A37 to A41 assessed as ***unsustainable.*** Thus there is no justification for the proposed new boundaries, many of which are not defensible. | **Objects strongly** | Development sites A37 to A40 assessed as ***unsustainable.*** No justification presented for the proposed new boundaries, many of which are not defensible. |
| Land at Wisley Airfield (Site A35) | Objects strongly | Inappropriate development in the Green Belt. Refer to Planning Officer's Committee Report on application 15/P/00012 for reasons for Planning Committee's **Unanimous Refusal**. | **Objects strongly** | WHPC has joined with EHPC and is a joint Rule 6 Party being represented at the Appeal Public Inquiry starting 19 September 2017. |

| Policy No. and title | 2016 WHPC position | 2016 WHPC comment in brief | 2017 WHPC position | 2017 WHPC comment in brief |
|---|---|---|---|---|
| P2 – Limited in-filling | Objects | New planning designation introduced titled 'the identified boundary of the village'. Does not fit with Policy P2 for preventing inappropriate development | **Objects** | Limited infilling policy within extended Settlement Boundaries will be opposed |
| P3 - Countryside | No objections | | **No comment** | |
| P4 - Flooding | Supports | | **Supports** | |
| P5 – Thames Basin Heath Special Protection Areas | Supports | | **Supports** | |
| E1 – Meeting employment needs<br>E2 – Locations for new employment floorspace | Supports<br>Neutral | Proposed new office and industrial land area are located on western side of Borough, remote from West Horsley<br>East Horsley Parish Council comments re Effingham Junction station noted | **Supports** | Contrary to national trends, too much potential development land within the town centre is being allocated for retail or commercial development rather than housing. High added value businesses are welcome in the borough, but much of the employment land is designated for retail or low added value employment floorspace, which only exacerbates the current issue of lack of low cost housing. |
| E3 – Maintaining employment capacity ... | No comments | | No comments | |
| E4 – Surrey Research Park | No comments | | No comments | |
| E5 – Rural Economy | Supports | Cumulative effects of rural economic development need to be monitored / controlled to ensure no harm to openness of Green Belt | **Supports in principle** | Strong controls on new development in any rural area of the Borough. The recently published (without any Consultation with Parishes) Rural Economy Strategy suggests that new enterprise requiring new facilities will be waved through without consideration any possible harm that may result. |
| E6 – The Leisure and visitor experience | Supports | Well-loved historic Green Belt village visited by walkers, cyclists and visitors to Surrey Hills | **Supports** | |
| E7 – Guildford town centre | No comments | | Neutral | A new bus station is required |
| E8 - District and Local Centres | Neutral with comment | The 2 Horsley Centres have no room for expansion and are already overloaded in terms of parking cars | **Neutral with comment** | The 2 East Horsley Centres have no room for expansion and are already overloaded in terms of parking cars. |

| Policy No. and title | 2016 WHPC position | 2016 WHPC comment in brief | 2017 WHPC position | 2017 WHPC comment in brief |
|---|---|---|---|---|
| D1 – Making better places | Supports | This policy will be supplemented by West Horsley's emerging Neighbourhood Plan | Supports | The policy recognises that the "Infrastructure provider" will maintain infrastructure in most cases, and developers can only offer a contribution via Community Infrastructure Levy. Until the current infrastructure is able to meet existing needs adequately, further development should be restricted to meet only essential need |
| D2 – Sustainable design, construction and energy | Supports | | **Supports** | |
| D3 – Historic environment | Supports | West Horsley range of heritage assets make an important contribution to the look / feel of the village and its character. | **Supports** | The historic character of West Horsley South is recognised by its 'red' highly sensitive land parcel marking within the *Green Belt Purposes Schedule (GBCS)* |
| D4 – Development in urban areas and inset villages | Objects | If the term 'inset villages' is deleted from the Policy, it would be supported. | **Supports** | Policy retitled 'Character and Design of new Development' and the whole Policy rewritten. The term 'Inset villages' does not now appear. |
| I1 – Infrastructure and delivery | Objects strongly | No detailed Infrastructure proposals for the Horsleys are presented, even in response to Thames Waters statement that their current facilities would not have the capacity to cope | **Objects** | Policy now ID1<br>Though requirements in the policy statement have been extended and will give, it is thought, better control, WHPC still does not see any detailed infrastructure proposals for the West Horsley housing developments planned to be built by 2024. No approach has been made to WHPC to discuss / identify what will be required |
| I2 – Supporting Dept. of Transport's "Road Investment Strategy" | Neutral | The new development proposals throughout the Borough, if allowed, will overload roads and lanes. Surrey CC Highways will need to invest £millions. Not just a Dept. of Transport issue. | **Neutral** | Now Policy ID2<br>2016 comment remainsfully valid |
| I3 – Sustainable transport for new developments | Neutral | Practicality and enforceability is questioned. Policy wording is weak, e.g. *We will expect …* should be replaced by *We will require...* | **Support in principle** | Now Policy ID3<br>Policy extensively rewritten and strengthened. The key will be to get formal commitment before planning approval from the developer, housebuilding company or applicant to all that is considered necessary by the parish where the Site is and GBC as Planning Authority |

| Policy No. and title | 2016 WHPC position | 2016 WHPC comment in brief | 2017 WHPC position | 2017 WHPC comment in brief |
|---|---|---|---|---|
| I4 – Green & blue infrastructure | Supports | | **Supports** | |
| Sites Policies A37, A38 and A40 | Objects strongly | All the West Horsley Sites are unsustainable, as demonstrated in the Planning Assessment Report (Appendix 2) when evaluated against NPPF Policies | **Objects strongly** | 2016 comments still apply |

## 3. Review of the GL Hearn's Guildford Addendum to the West Surrey SHMA

## A Report prepared by Neil McDonald

***i.*** The following Report by Neil McDonald was commissioned by Guildford Residents Association. WHPC contributed towards the cost of the Report along with other parish councils and associations.

***ii.*** The report's findings are extremely important, having been prepared by an expert in the field. Nothing is hidden from the reader. This Report, as with Neil McDonald's 2016 Report on the West Surrey SHMA, is transparent, unlike the Reports and work undertaken by G L Hearn under a contract awarded by Guildford Borough Council and subsequently extended to consider new releases of population statistics and forecasts published on a regular basis by the National Statistics office.

***iii.*** N McDonald's Report follows on the next page (Note: the format is unaltered)

# Review of GL Hearn's Guildford Addendum to the West Surrey SHMA

**Neil McDonald**

**June 2017**

**NMSS**

# Author

Neil McDonald

This report has been prepared for Guildford Residents Association which comprises local residents' associations and parish councils.

**Neil McDonald** is an independent adviser and commentator on housing demographics. He works with local authorities and others on the estimation of housing need and related issues.

He was a civil servant and policy adviser to Ministers for over 30 years, the last 10 advising on housing and planning issues within the Department of Communities and Local Government. His 7 years as a Director at DCLG included a posting as Director, Planning Policy and a period as Chief Executive of the National Housing and Planning Advice Unit until its closure in 2010. He left the Department in March 2011 and has since worked with the Cambridge Centre for Housing and Planning Research (CCHPR) as a Visiting Fellow (2012-15), collaborating in particular with its founder director, Professor Christine Whitehead.

# Review of GL Hearn's Guildford Addendum to the West Surrey SHMA

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# Review of GL Hearn's Guildford Addendum to the West Surrey SHMA

## a. Executive Summary

i. This report reviews key elements of GL Hearn's report, "West Surrey Strategic Housing Market Assessment: Guildford Addendum Report 2017" that relate to Guildford's objectively assessed need for housing (OAN). It follows up an NMSS report in June 2016 on the aspects of the West Surrey SHMA that related to the Guildford OAN.

Producing projections for Guildford is challenging due to the large number of students and errors in the historical data

ii. Guildford presents many challenges to those seeking to project its future population and household growth. This is because it has a large student population and the historic population data for the district contains sizeable inaccuracies. The latter point is clear from the Office for National Statistics' own data which shows that the population increase between 2001 and 2011 estimated using the ONS's figures for births, deaths and migration flows (i.e. 15,000) is more than 90% larger than the increase suggested by the difference between the 2001 and 2011 census counts (i.e. 7,800). This is an exceptionally large discrepancy and indicates that there were large differences between how the ONS thought the population of Guildford was changing between 2001 and 2011 and what was actually happening.

It is probable that out-migration from Guildford has been under-recorded and, as a result, the DCLG projections have over-estimated the likely increase in households by a large margin.

iii. A detailed examination of the discrepancies between the various ONS datasets has shown that the only plausible explanation is that net migration into Guildford has been over-estimated, most probably as a result of a sizeable under- recording of migration out of Guildford.

iv. It seems probable that the under-recording of out migration has continued after 2011. This has major implications. In particular, the ONS's 2015 population estimate for Guildford may be too large and DCLG's 2014-based population projection may overstate the likely increase in housing by a substantial margin. An alternative calculation making plausible and logical adjustments to the estimated outflows in the period 2001-15 would reduce the demographically- based estimate of the number of homes needed from 558 homes a year (2015- 34) to 404.

### Student housing needs are probably already catered for in the DCLG projections but a much fuller separate analysis is needed.

v. An examination of the DCLG projections for the growth of households of the type and age formed by students renting in the general housing stock in Guildford suggests, contrary to GL Hearn's conclusion, that those projections include more than enough additional housing to meet the projected growth in the student population. However, there is a need for a fuller analysis which separates out student housing needs from other housing needs as the DCLG household projection methodology is not suited to estimating the needs of students and the inclusion of students in the statistical base used for the projections may have distorted the projections made for non-student housing.

### The estimates of the number of homes needed to support forecast job growth need to be re-worked.

vi. The GL Hearn estimates of the number of homes needed to support economic growth are flawed as they use economic activity rates which are different from those used in the job forecasts on which they have based their estimates. This can have a large impact on the estimate made of the number of homes needed to support job growth, sometimes producing absurdly large figure. For example, if, when assessing the housing implications of a jobs forecast, GL Hearn assume that fewer people over 55 will be part of the labour force than was assumed when the forecast was produced:

   a. GL Hearn will estimate that a bigger population would be needed to supply the workforce assumed by the forecaster – implying a need for more homes than are necessary.

   b. The forecast will not be consistent with GL Hearn's view of how the labour market will change. Indeed, had the forecaster used GL Hearn's assumptions they would have concluded that the available labour force will be smaller and as a consequence forecast a smaller increase in jobs.

vii. The SHMA Addendum does not provide sufficient detail of the jobs forecasts for others to re-work the estimates of the homes needed to support economic growth. The unwillingness by some parties to release data assumptions is also an issue. Hence the only option is to invite GL Hearn to redo the analysis.

## Affordability adjustment

viii. The earlier NMSS report showed that Guildford did not stand out from other Surrey districts in terms of affordability. It is a highly desirable place to live being surrounded by very attractive countryside yet with both a strong local employment base and good commuter links to London. Increasing housing supply beyond the numbers suggested by the demographic analysis would not have a noticeable impact on house prices: it would simply attract more people to live in the area.

## Further work is needed before we will have a sound basis on which to **estimate Guildford's housing needs.**

ix. This review has shown that attempting to estimate Guildford's housing needs using the DCLG projections with little or no adjustment has introduced large errors. Considerable further work is needed before there will be a sound basis on which to estimate Guildford's objectively assessed need for housing.

x. In view of the desire to make timely progress with the Local Plan, it is proposed that an early meeting is sought with Guildford Borough Council and GL Hearn to discuss these findings and consider a way forward.

# Review of GL Hearn's Guildford Addendum to the West Surrey SHMA

## 1. Introduction

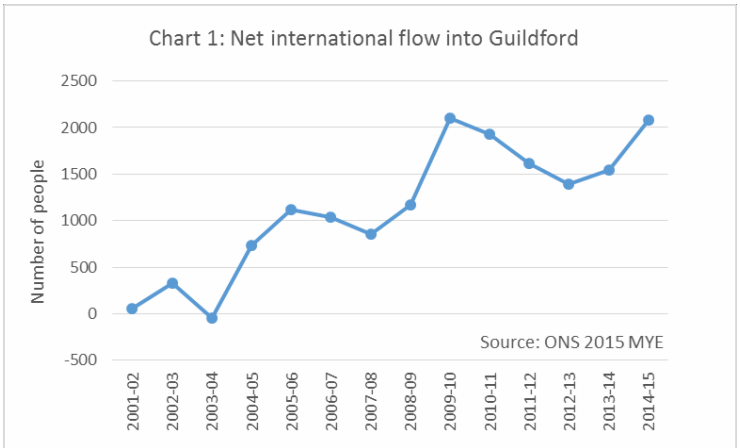
1.1. This note reviews those elements of GL Hearn's report, "West Surrey Strategic Housing Market Assessment: Guildford Addendum Report 2017" of March 2017 that relate most directly to the estimation of Guildford's objectively assessed need for housing (OAN). It is not a full review of all aspects of that report. It follows up an NMSS report in June 2016 on the aspects of the West Surrey SHMA that related to the Guildford OAN.

## 2. Are the latest projections a sound basis for estimating Guildford's objectively assessed need for housing?

2.1. GL Hearn's Guildford Addendum to the West Surrey SHMA updates the SHMA using the latest household projections (DCLG's 2014-based projections) and latest population estimates (the ONS's 2015 Mid-Year Estimates – the "2015 MYE"). They do not use these new sources uncritically but after reviewing them conclude they that they are "technically sound". However, a more detailed examination of the new projections and estimates casts significant doubt on their reliability and suggest that they may over-estimate Guildford's likely population growth by a sizeable margin. This examination also reinforces the case for adjusting the projections to take account of errors in the historical estimates of migrations flows and underscores the importance of a more thorough and free- standing appraisal of the housing needs of students.

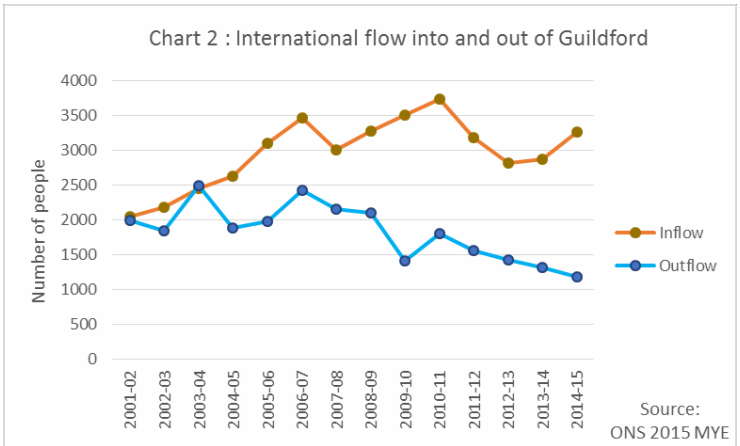
### Reviewing the historical data

2.2. The latest of the historical data is set out in the 2015 MYE – although it should be noted here that the figures are presented by the ONS as estimates, the ONS being fully aware some elements of the datasets are subject to significant uncertainty. GL Hearn summarise the figures for Guildford in their Table 1. That table makes it clear that over the period covered by the estimates there has been a substantial rise in net international migration. Chart 1 presents the figures for net international migration:

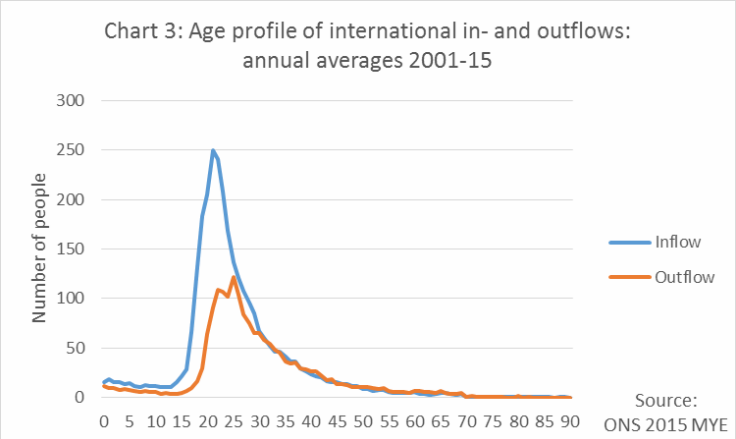



2.3. As can be seen from the chart, the net international flow is estimated to have changed from a relatively small net inflow in the early years of the century to an inflow over 2000 people in 2015. This is a substantial and highly significant change in the context of average annual population growth over the period 2001- 15 of 1,165 people a year. It merits more detailed examination.

2.4. Chart 2 disaggregates the net flow into its constituent parts: the gross in- and outflows. This reveals that inflows have been rising somewhat erratically whilst outflows have been falling fairly steadily:




2.5. To understand what has been happening it is necessary to look at the age profiles of those who have been arriving and leaving – see Chart 3;

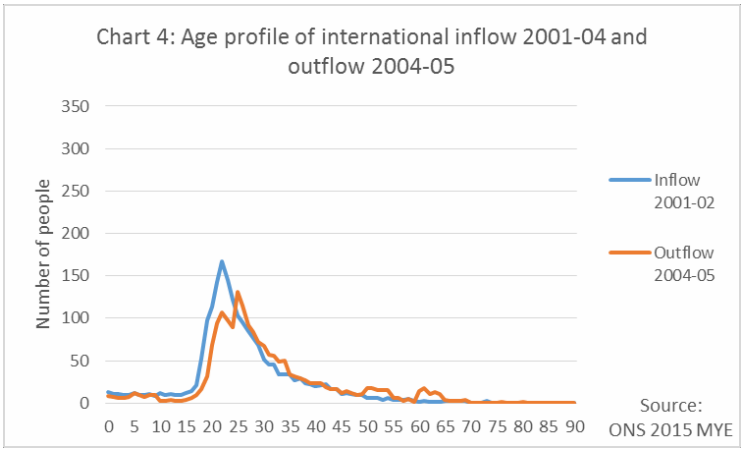


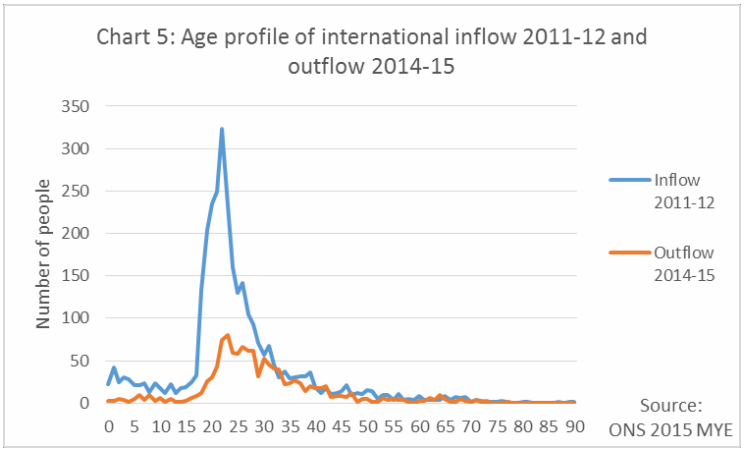
2.6. Two points are immediately obvious from this chart:

- The inflows peak in the age group 18-25 and the outflows 3-4 years later, in the age group 21-28.
- In those age groups average outflows have been approximately half the inflows.

This suggests that the dominant factor in international flows is students coming to study in Guildford and leaving 3-4 years later but that only around half are recorded as leaving the country.

2.7. Chart 3 presents the age profiles of the average annual in- and outflows over the period 2001-15. There has however, been a significant change in the pattern over this period as can be seen from Charts 4 and 5 which present the data for the inflow in one year and the outflow 3 years later at the beginning and end of the period for which the 2015 MYE provides data. (Inflows are compared with outflows 3 years later to avoid any growth in the volume of international students distorting the comparison between the in- and outflows):




2.8. The two charts have been drawn on the same scale to facilitate a fair comparison. That comparison is stark. It is clear that:

- Whilst the inflow has grown substantially, the outflow has not only failed to keep pace but has fallen.

- For the earlier period (Chart 4) the outflow aged 21-28 was a little less than 90% of the inflow aged 18-25 three years earlier. For the later period the outflow was only 30% of the inflow.

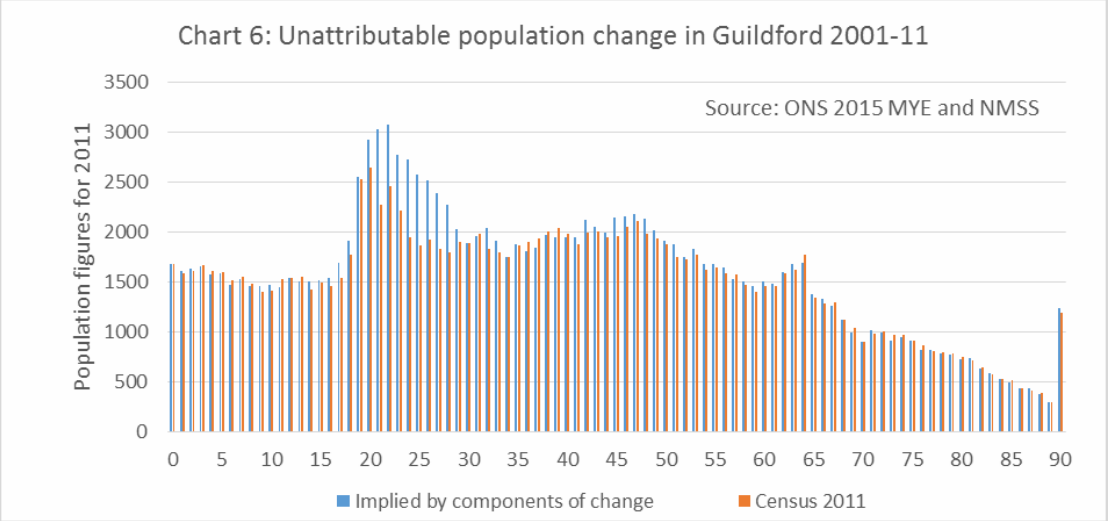
2.9. Whilst it is possible that part of that change is attributable to more international students staying on in Guildford or moving elsewhere in the UK, it seems unlikely that this accounts for anything like the full change that the data suggests. The alternative explanation is that there are significant errors in the migration data.

2.10. There are a number of independent pieces of evidence that point to errors in the migration data being a significant factor.

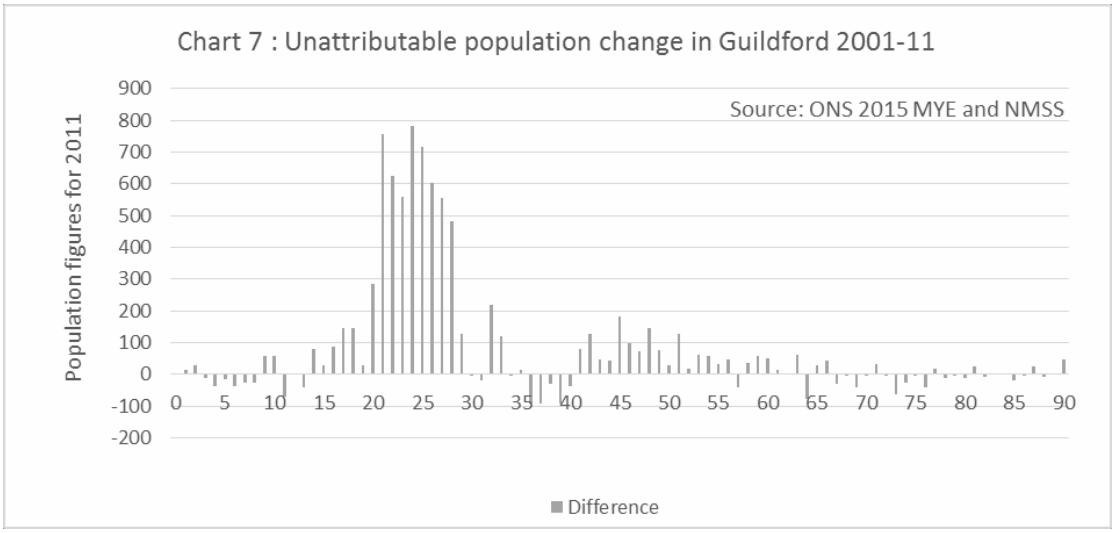
### **(a)** The age profile of Unattributable Population Change strongly suggests errors in migration estimates for student age groups

2.11. Unattributable Population Change (UPC) for the period between the 2001 and 2011 censuses is simply the difference between the 2011 census population estimate and the estimate calculated by starting from the 2001 census figures and adjusting for births, deaths and migration flows (the 'components of change') in the period up to 2011. The difference – the number of people who cannot be accounted for by the data for births, deaths and migration – is the UPC.

2.12. UPC can be expressed both as a total figure for all ages and both genders or as the discrepancy in each year of age and gender group. The latter can be calculated by adding to the 2001 census age profile the impact of births, deaths and migration flows to produce an estimated age profile for 2011 i.e. by 'rolling forward' the 2001 census estimates using the estimated components of change. The 'rolled forward' estimate can then be compared with the 2011 census age profile. Chart 6 makes this comparison:




2.13. As the chart indicates, all of the significant discrepancies fall in the age range 21-28. This becomes even clearer if the differences between the rolled forward and census 2011 estimates are plotted – see Chart 7:




2.14. It is significant that the major discrepancies all fall in the age range 21-28.

2.15. Take, for example, the discrepancy for those aged 21 in 2011 – for which the figure implied by the rolled forward estimate is 755 people higher than the 2011 census figure. As we have high quality systems for recording births and deaths, the discrepancy is likely to be caused by errors in some or all of the census figures for either 2001 or 2011 or the migration estimates. This means that the discrepancy of 755 could be due to:

- An error in the 2011 census figure. However, the 2011 census figure for 21 year olds is 2275[1] so an error of 755 would be 33% - which is highly unlikely.
- An error in the 2001 census figure. Those aged 21 in 2011 would have been 11 in 2001. The 2001 census figure for 11 year olds was 1569 so an error of 755 would be 48% - even more unlikely.
- Errors in the migration flows. As the errors in the census numbers would need to be improbably large (even if they were split between the two censuses), it is probable that most of the errors are in the migration flows.

2.16. For the figure for 21 year olds in the rolled forward estimate to be too large as a result of errors in the migration estimates either the estimated outflows in the relevant ages and years would have needed to be too small or the estimated inflows would have needed to been too large – or both. In both cases the relevant ages and years are:

- Those who became 21 in 2010-11
- Those who became 20 in 2009-10
- Those who became 19 in 2008-09
- etc. back to those who became 12 in 2001-02

[1] 2,321 from Census via nomis

2.17. The relevant section of the 2015 MYE estimates for out-migration (both internal and international, males and female) is shown in Table 1 with the relevant ages and years highlighted:

**Table 1 : Migration out - internal and international : Guildford**

| Age | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| 12 | 81 | 69 | 90 | 64 | 72 | 73 | 61 | 64 | 58 | 61 |
| 13 | 63 | 71 | 84 | 69 | 82 | 59 | 59 | 43 | 54 | 48 |
| 14 | 119 | 96 | 138 | 96 | 109 | 101 | 99 | 78 | 58 | 90 |
| 15 | 67 | 45 | 44 | 53 | 60 | 57 | 40 | 45 | 45 | 42 |
| 16 | 45 | 62 | 53 | 50 | 58 | 49 | 49 | 39 | 36 | 38 |
| 17 | 70 | 85 | 77 | 83 | 84 | 78 | 72 | 65 | 70 | 49 |
| 18 | 154 | 142 | 125 | 166 | 162 | 147 | 143 | 153 | 140 | 147 |
| 19 | 497 | 493 | 495 | 502 | 509 | 505 | 600 | 530 | 518 | 555 |
| 20 | 555 | 564 | 535 | 575 | 529 | 510 | 591 | 603 | 561 | 556 |
| 21 | 517 | 517 | 514 | 520 | 532 | 564 | 529 | 630 | 506 | 478 |

2.18. It is theoretically possible that the discrepancy could have been shared between all 10 years but, as the figures highlighted in Table 1 show, anything like an equal sharing (i.e. 75 a year) would have implied very large percentage errors in the estimates for flows for the earlier years – flows that involve those under 18. This suggests that the bulk of the errors must have been in the later years and in the ages 18-21.

2.19. The estimated inflows of the relevant ages in the relevant years are shown on a similar basis in Table 2:

**Table 2 : Migration in - internal and international : Guildford**

| Age | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|---|---|---|---|---|
| 12 | 81 | 81 | 75 | 90 | 73 | 67 | 76 | 61 | 50 | 58 |
| 13 | 57 | 68 | 55 | 57 | 60 | 49 | 56 | 52 | 51 | 49 |
| 14 | 50 | 68 | 63 | 55 | 67 | 58 | 39 | 34 | 53 | 44 |
| 15 | 61 | 70 | 77 | 70 | 68 | 65 | 63 | 69 | 54 | 71 |
| 16 | 79 | 83 | 63 | 71 | 79 | 70 | 57 | 57 | 58 | 76 |
| 17 | 111 | 112 | 109 | 105 | 119 | 111 | 121 | 96 | 116 | 101 |
| 18 | 345 | 328 | 340 | 317 | 362 | 350 | 414 | 388 | 394 | 399 |
| 19 | 934 | 1036 | 1088 | 1062 | 1146 | 1188 | 1368 | 1296 | 1325 | 1231 |
| 20 | 527 | 586 | 605 | 590 | 612 | 657 | 682 | 671 | 689 | 813 |
| 21 | 585 | 535 | 548 | 575 | 649 | 713 | 639 | 685 | 661 | 731 |

2.20. Again, the only plausible option is that the bulk of the discrepancy is in the flows of those age 18-21.

2.21. Whilst it is possible that there were errors in the census numbers and some of the migration flows for those under 18, it seems highly probable that the majority of the errors were in flows in the student age groups. It seems more likely that outflows were under-recorded as:

- Under-recording of outflows is inherently more likely than over-recording of inflows. This is because, although the ONS have recently improved their estimating techniques for migration flows to include other data sources, GP registrations are still an important input. Under reporting of outflows can result from graduates failing to register with a GP when they move away from Guildford whereas over-recording of arrivals would need registrations with GPs to be over-counted.

- The fact that the big discrepancies are in the ages 21-28 fits better with outflows being under-recorded as the large outflows are in age groups 3-4

year older than the large inflows and there would be relatively few student inflows over the age of 25.

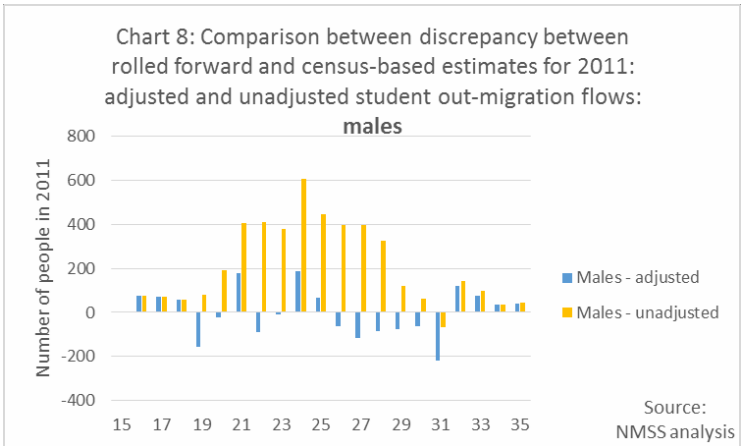
2.22. The West Surrey SHMA of September 2015 discussed the possibility of errors in the historic international out-migration data (paragraphs 4.32 and 4.33). GL Hearn note that if levels of international out-migration were adjusted upwards this would reduce the population in age groups in which there are high levels of internal migration, thereby reducing the estimates made of internal out migration. They suggest that the two effects "would be likely to broadly balance out". GL Hearn clearly did not carry out any modelling to investigate whether this is in fact the case. Had they done so (as NMSS have) they would have discovered that it is emphatically not so. The adjustments needed to reduce net migration so that the estimates for the period 2001-11 are consistent with the population change recorded by the 2001 and 2011 censuses produce a large reduction in the projected population growth.

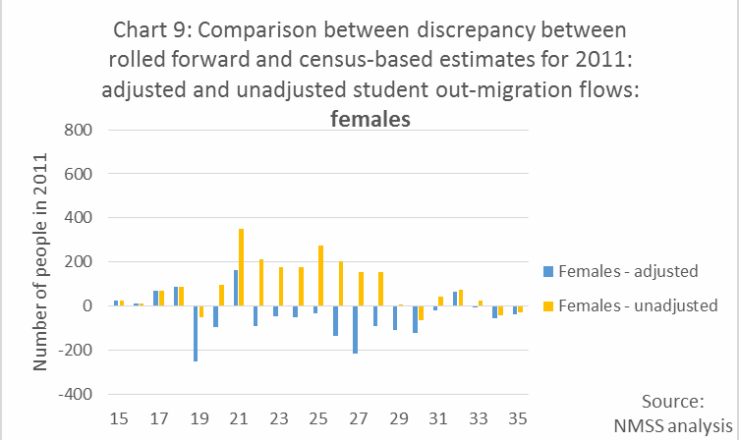
**(b)** Adjusting the historic outmigration flows in student age groups so that they match inflows largely eliminates the discrepancy between the rolled forward estimate of population and the 2011 census figures.

2.23. The hypothesis that out-migration has been under recorded in student age groups can be tested by adjusting the estimates of migration from Guildford to the rest of the UK and abroad contained in the 2015 MYE. A range of adjustments have been trialled and the closest match between the rolled forward estimate for 2011 and the census-based figure for that year has been obtained by:

- Adjusting internal migration outflows of those aged 22-25 so that they are at least 80% of the inflows three years earlier of those who were three years younger.
- Adjusting international migration outflows of those aged 22-28 (reflecting the older age of international students) so that, for men, they are at least 70% of the inflows three years earlier of those who were three years younger and 65% for women.
- Assuming that the numbers leaving aged 19 to attend university elsewhere have been significantly under-estimated. The best fit is obtained by uplifting the recorded outflows of men by 100% and women by nearly 70%.

2.24. With these adjustments the total discrepancy between the rolled forward estimate for 2011 and the census-based figure is reduced from 7,200 to just 11 and a much closer match is obtained between the age profiles of the rolled forward and census-based estimates. This is illustrated in Charts 9 (men) and 10 (women) which compare the discrepancies which exists when the MYE 2015 components of change are used in the rolled-forward estimate and when the adjusted out-migration estimates are used:




**(c)** The disparity between the historic figures for the growth in the population aged 18-23 over the period 2009-15 and the lack of growth in student numbers over this period.

2.25. GL Hearn note (paragraph 7.9 of the Guildford Addendum) that there is an inconsistency between the historic figures for the 18-23 population (which they take to be the age groups that contain most students) and the figures for student numbers which they have obtained from Surrey University. They comment, "….it looks like the main growth period (2009-15) is one in which student numbers actually decreased." This leads them to query how well changes in student numbers are reflected in the official figures. However, an examination of the figures for the growth in the estimated population aged 18-23 over the period 2009-15 reveals that the figures have been distorted by the same factors that gave rise to UPC. When these are corrected for the disparity becomes much smaller.

2.26. The figures for the 18-23 population come from the 2015 MYE. As already discussed, these are built up from the 2001 census figures rolled forward by taking into account the ONS's estimates of births, deaths and migration flows and UPC. In order to produce estimates of population by single year of age and gender for the years between the census years ONS have had to allocate the total UPC for the period both by year of age and gender and by calendar year. Table 3

is an extract from the 2015 MYE showing the allocation which the ONS have made for women in Guildford aged 10 to 25.

| Table 3: Extract from 2015 MYE showing the ONS's allocation of UPC to females aged 10-25 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
| 10 | 5 | -8 | -8 | -1 | -3 | -2 | 4 | -4 | 6 | -6 |
| 11 | -10 | 4 | -9 | -7 | -1 | -2 | -3 | 3 | -5 | 6 |
| 12 | -35 | -9 | 4 | -9 | -7 | -2 | -3 | -2 | 4 | -4 |
| 13 | -22 | -35 | -10 | 5 | -9 | -7 | 0 | -2 | -2 | 3 |
| 14 | -18 | -21 | -36 | -10 | 5 | -9 | -8 | -2 | -3 | -3 |
| 15 | -17 | -18 | -22 | -34 | -10 | 5 | -8 | -7 | -1 | -2 |
| 16 | -27 | -19 | -17 | -20 | -35 | -9 | 6 | -8 | -7 | -1 |
| 17 | -21 | -27 | -18 | -18 | -22 | -36 | -10 | 5 | -9 | -7 |
| 18 | -16 | -20 | -28 | -17 | -18 | -21 | -35 | -9 | 5 | -9 |
| 19 | -16 | -16 | -21 | -28 | -18 | -18 | -21 | -34 | -8 | 6 |
| 20 | -1 | -16 | -15 | -20 | -27 | -18 | -17 | -22 | -36 | -10 |
| 21 | 6 | -1 | -15 | -16 | -21 | -26 | -17 | -18 | -21 | -35 |
| 22 | -5 | 7 | 0 | -16 | -16 | -20 | -28 | -18 | -18 | -22 |
| 23 | -7 | -4 | 6 | -1 | -15 | -15 | -21 | -28 | -18 | -18 |
| 24 | -3 | -8 | -4 | 6 | -1 | -15 | -16 | -21 | -26 | -18 |
| 25 | 4 | -2 | -7 | -5 | 7 | -1 | -16 | -15 | -21 | -28 |

2.27. The ONS have very little definite information on which to make this allocation. (If they had the evidence, the discrepancy would not be unattributable.) For example, in the case of women aged 21 in 2011 all that the ONS know for certain is that if you start with the census 2001 figure for females aged 11 and then add their estimates for deaths and migration flows for that group as it ages over the period to 2011 the resulting estimate for the number of women aged 21 in 2011 is 351 too high. As can be seen from Table 1, the ONS has divided the total of 351 roughly equally between the 10 intervening years. However, it has no basis on which to determine whether this approximately equal division is correct or not. If, for example, the discrepancy actually occurred in the last 4 years when the group was aged 18-21 (inclusive) then the estimates of the size of the group in the earlier year would have been too low because negative UPC adjustments were made that ought not to have been. For the same reason, the population increases estimated for the last four years would have been too large because too small a UPC adjustment was made to them.

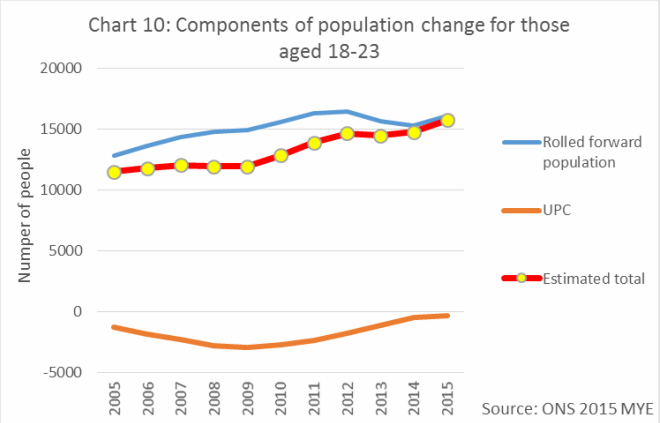
2.28. It is possible to calculate how the UPC allocations which the ONS have made have influenced each estimate for the population in each age and gender group in the 2015 MYE by adding up the individual UPC allocations. For example, using the data in Table 3, the estimate made of the number of females age 14 in 2004 will have included UPC allocations of -35 in 2001-02 and 2002-03 and -36 in 2003-04 i.e. a total of -106. This means that, if the UPC actually occurred later on, the estimate made for females aged 14 in 2004 would have been 106 too low.

2.29. Using such methods the contribution which UPC has made to the estimates of the population aged 18-23 can be calculated. The results are presented in Chart 10. This shows:

- The impact of UPC (brown line) becomes greater and more negative as you progress through the period between the censuses. This is to be expected as more and more years with negative census adjustments are included. Beyond 2011 the impact becomes less and less negative as UPC adjustments

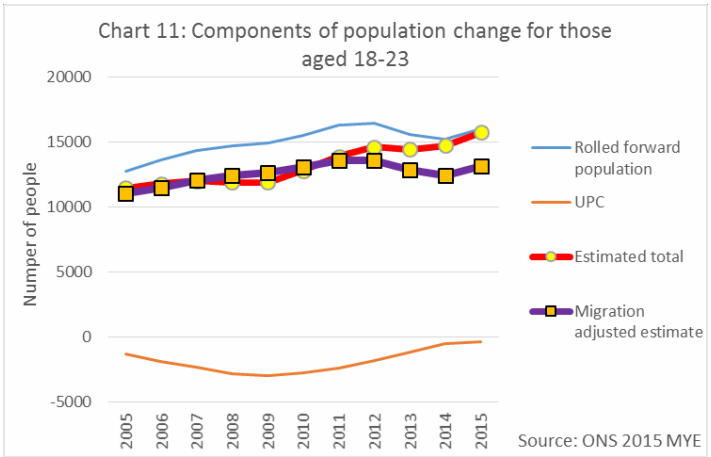
are not made after 2011: it is assumed that the ONS's estimates for components of change are accurate in this period.

- The rolled forward population estimate (i.e. the starting population plus the impact of births, deaths and migration flows, but with no UPC adjustments) is shown in blue. This grows steadily to 2011 and then levels out before dipping slightly.
- Adding the UPC adjustment to the rolled-forward population estimate produces the MYE's estimate for the total population aged 18-23.



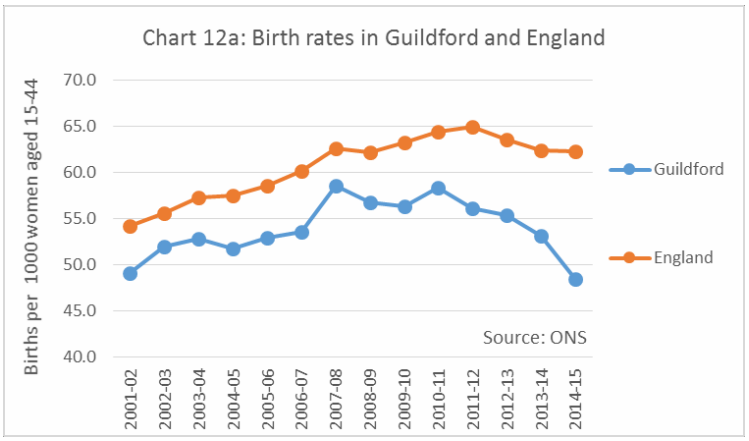

2.30. As can be seen from Chart 10, the 2015 MYE estimate of the population aged 18- 23 grows from 11,935 to 15,745 between 2009 and 2015, an increase of 3,810 [at a time when the was little change in the number of students]. At the same time the UPC impact changes from -2,978 to -306, a change of 2672. This means that 70% of the increase in the MYE estimate is due to the assumptions that the ONS have made about UPC.

2.31. If, alternatively, the MYE population estimates are adjusted so that outflows in student age groups are at least equal to inflows three years earlier, a rather different profile of the numbers aged 18-23 emerges: the growth in the 18-23 age group occurs earlier and flattens out later in the period. In particular, the growth for 2009 (12,631) to 2015 (13,138) is 507, which fits rather better with the change in student numbers suggested by GL Hearn. A key difference is that the adjusted projection assumes that the adjustments to the migration flows made during the period 2001-11 continue after 2011, i.e. that the under-recording of outflows has continued.

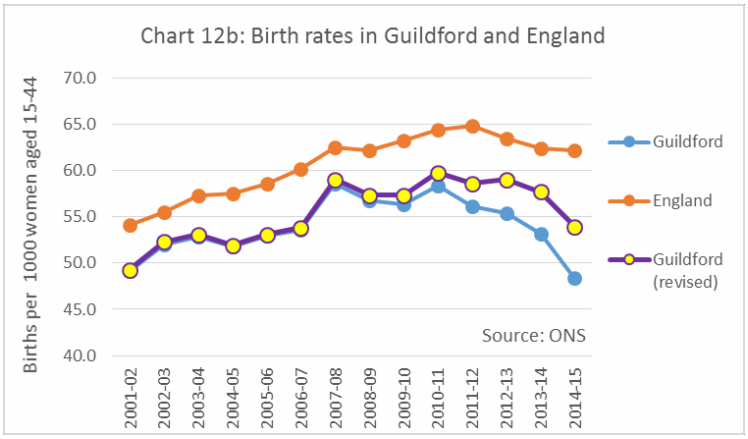



### (d) An explanation for the apparent reduction in fertility rates

2.32. In separate NMSS analysis it has been noted that the 2015 MYE suggests that since 2010-11 birth rates in Guildford have fallen quite substantially, in marked contrast with the rest of England – see Chart 12a:

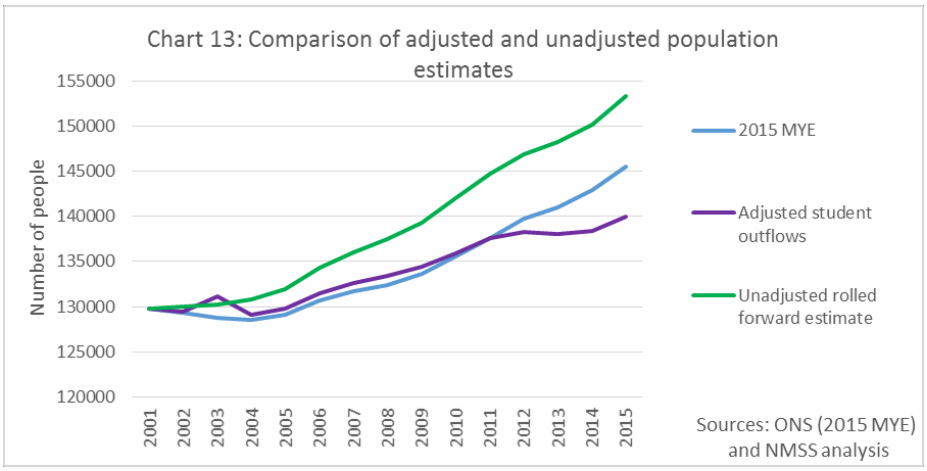



2.33. One possible explanation for this is that the 2015 MYE has over-estimated the rise in the population of women of child bearing age as a result of under- recording of out-migration. If too many women of child bearing age have been estimated to live in Guildford then the apparent fertility rate would be lower than it actually is. Chart 12b shows the effect of re-calculating the fertility rate using the adjusted migration flows used above. As can be seen, the fertility rate becomes much closer to the trend for England as a whole:




## Implications of the under-recording of out-migration

2.34. The implications of the under-recording of out-migration on the scale suggested by the above analysis are very substantial. Chart 13 compares the 2015 MYE population estimate (blue line) with the rolled forward 2001 census estimate (i.e. without any UPC adjustments – green line) and an adjusted estimate based on increasing out-migration in student age groups (purple line):



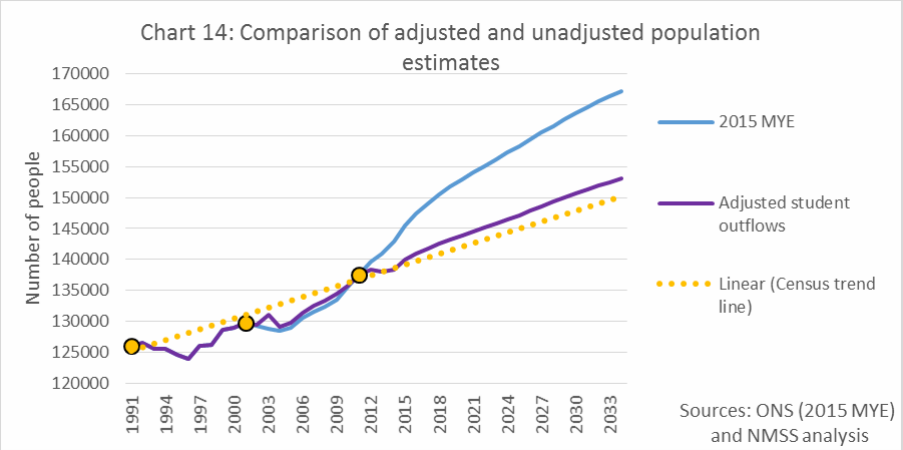

2.35. The key points to note are:

- The unadjusted rolled-forward estimate suggests a population in 2011 that is 7,200 people larger than suggested by the 2011 census. That compares with a recorded population growth of 7,800 between the two censuses. This means that, if the censuses are accurate, the uncertainty – the UPC – is 92% of the recorded increase in population.
- **Adjusting for the likely under-recording of out-migration produces a more plausible population trajectory – see purple line in chart.**
- **The assumption that under-recording of out-migration has continued results in the conclusion that the 2015 MYE population figure for 2015 may over-state the actual population by a significant margin – possibly by as much as 5-6,000.**

2.36. If outflows have been underestimated then:

- the outflow rates used by the ONS to project internal migration will be too low and the projected outflows will therefore be underestimated;
- the international outflows used to share out the national projection for international outflows will be too low, resulting in too small a share of the national outflow being allocated to Guildford; and,
- the starting population for 2014 will have been over-estimated

2.37. The net effect would be an underestimation of outflows and hence an overestimation of the growth in Guildford's population. Chart 15 illustrates the impact this might have by comparing the 2014 SNPP with a projection which adjusts migration outflows in the period 2005-15 as discussed above.




2.38. As the chart shows, the impact is substantial. Adjusting the migration outflows:

- Reduces the population growth over the period 2015-34 from 21,700 to 13,000, a reduction of 40%
- **Cuts the number of homes needed from 558 homes a year 2015-34 to 404, a reduction of 27%.**

**2.39. Note also that the adjusted projection fits better with the trend from the last three censuses – which are the most reliable data points that we have.**

**ONS comments on Guildford's UPC and the migration flow estimates**

2.40. The uncertainty in the historic data for Guildford and the migration flows in particular have been discussed with the ONS. They have commented:

- "…statistical uncertainty relating to the 2011 Census does not explain all of the difference between estimates for 2011 - but it might explain some of the difference. However, it is relatively certain than uncertainty due to internal migration and international migration in the MYEs will have had a greater impact.

- "The analysis [in an ONS report in 2015[2]] suggests that the main reasons for the overestimate of 20-29 year olds in rolled forward mid-year estimates for 2011 was error relating to migration (both international and internal). In particular for Guildford, and many other areas with students, this reflects our effectiveness at moving students into 'study' areas and the relative difficulty at moving graduates out at the conclusion of their studies. For Guildford this was further complicated by a large number of students being on sandwich courses at the University of Surrey; many students would have been resident in Guildford for 3 years in a 4 year period, however in the population estimates they would tend to have been counted in Guildford for 4 years".

2.41. The ONS have noted that for the 2017 mid-year estimates (to be published in June 2018) they will be introducing some new methods for internal migration and international emigration that will result in changes to the population estimates. They will at the same time publish a back series of revised estimates from 2011 to 2016 incorporating as far as possible the new methods. This is a clear indication that the ONS recognise that there is a problem with the existing statistics that needs to be addressed. Moreover, the production of a revised back series for migration flows will change some of the key inputs to the population projections, which could result in significant changes to those projections.

2.42. Commenting on the suggestion that the 2015 MYE may have over-estimated the population of Guildford by 5-6000 (paragraph 2.35 above), the ONS have noted that earlier this year they published a set of uncertainty measures (effectively confidence intervals) for the mid-year estimates at local authority level. For Guildford this suggested that the 95% confidence interval around the mid-2015 estimate for the total population was +/- 7,510 (or +/- 5.1%).

### Conclusion on the 2014-based population estimates

2.43. The size and age distribution of the discrepancy between the rolled forward population estimate and the 2011 census-based estimate provides compelling evidence on its own that net migration has been over-estimated, most probably as a result of the under-recording of out-migration. The case becomes even stronger when it is noted that adjusting the MYE estimates of out migration in student age groups:

- produces a rolled forward population estimate that is reasonably close to the 2011 census-based estimate;
- produces an estimate of how the 18-23 population in Guildford has changed in the last ten years that fits rather better with known changes in student numbers than the 2015 MYE estimates; and,

[2] *Further understanding of the causes of discrepancies between rolled forward and census based local authority mid-year population estimates for 2011*, 17 September 2015, ONS, available at http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/guide-method/method-quality/specific/population-and-migration/population-statistics-research-unit--psru-/latest-publications-from-the-population-statistics-research-unit/further-understanding-causes-discrepancies.pdf

- results in fertility rate estimates for Guildford that are more consistent with national trends and do not fall substantially as suggested by the 2015 MYE.

2.44. This conclusion is in marked contrast to GL Hearn's view (paragraph 3.40 of Guildford Addendum report) that adjusting for UPC "is not a robust alternative to the SNPP" on the grounds that "it is unclear if UPC is related to migration" and "due to changes in the methods used by ONS to measure migration ….the biggest impacts are likely to be focussed on the early part of the decade…" The evidence presented in this report indicates that errors in migration estimates are the only explanation capable of accounting for discrepancies of the size seen and that it appears more likely that they occurred or were largest in the latter part of the period between the censuses. Far from a projection which adjusts for UPC not being a robust alternative to the 2014 SNPP, the evidence suggest that using the SNPP without such adjustment is likely to give highly misleading results.

2.45. The impact on the official projections of adjusting the historic out-migration estimates would be substantial and could reduce the projected population increase over the period 2015-34 by as much as 40% and the projected increase in the number of households by over 25%.

2.46. Hence, basing projections on estimates that better model what has happened in the past, Guildford's population in 2015 would be projected to increase by 13,000 by 2034, not by 21,700. On the same basis, the number of homes need to meet demographic need would be 404 homes a year (2015-34), not to 558.

## 3. Meeting student housing needs

3.1. The Guildford Addendum takes the age group 18-23 as representing students and notes that the 2014 SNPP (on which the DCLG 2014-based projections are based) envisages very little growth in this age group over the period 2015-22. It suggests that the projected growth in the longer term is "likely to be due to a cohort effect rather than an increase in student migration" (Paragraph 7.9). It also notes that there is little change in the projected in migration of 18-23 year olds. These findings lead GL Hearn to conclude that any increase in student numbers is likely to result in an additional housing need above that suggested by a demographic analysis based on the projections. They therefore calculate the number of homes the projected increase in student numbers would require as a standalone figure. The take the increase in student numbers over the plan period as 3,800. They assume that 55% live in halls of residence, leaving 1,710 to be accommodated in the general housing stock. At 4 students per dwelling this implies a need for 428 dwellings or 23 a year over the period 2015-34.

**3.2.** The weakness in this analysis is that, having discounted the need to adjust the DCLG projections for UPC, they have not investigated how UPC has affected student age groups. As discussed above, analysis of UPC shows that there has been an overestimation of historic net migration into Guildford, almost certainly due to an under-recording of the movement of students away from Guildford after the completion of their studies. This means that **the projections are based on historical data that assumed that households had been formed in**

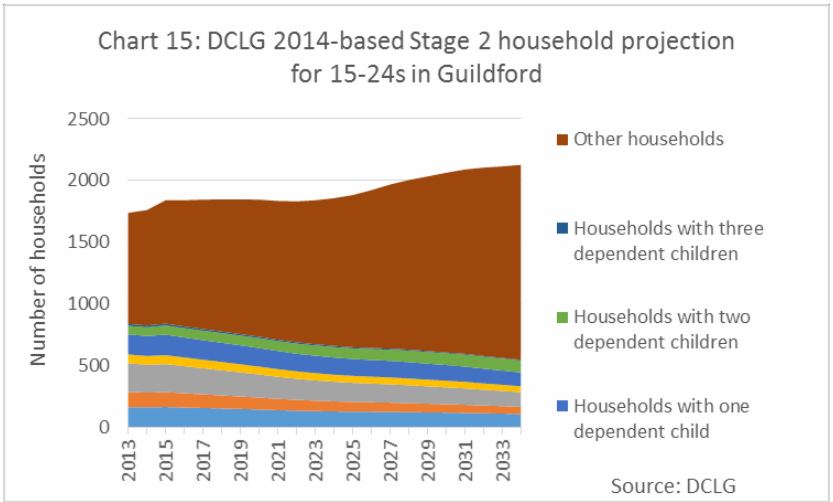
Guildford by students who had in fact left the district. As a consequence the projections assume that households will continue to be formed in Guildford by people who will have left.

3.3. In addition GL Hearn do not take into account the way in which the DCLG projections are constructed, nor do they look at what the projections say about the number of households formed in the age group which includes most students. The key points are:

- The DCLG projections assume that the number of people in 'institutional accommodation', which includes student halls of residence, remains constant in the under 75 age groups at the number assumed at the beginning of the projections. This means that **all of the growth in student age groups envisaged by the 2014 SNPP will have been assumed by DCLG to translate into an increase in the population living in the general housing stock: there will have been no assumption about 55% being accommodated in halls of residence**. Accordingly, the projected increase in those aged 18-23 over the period 2015-34 (2753 people) will have resulted in the projections assuming that an additional 2753 people will be living in ordinary housing in 2034. That compares with GL Hearn's estimate that there is a need to accommodate 1,710 additional students in the general housing stock.

- The high proportion of students in the Guildford population aged 18-23 will have affected the historic household formation rates of the age group of which they are part – the 15-24 age group in the 'Stage 2' DCLG projections. That effect will be carried forward into the projections. This means that even if some of the increase in the 15-24 age group is non-students the number of households formed will have been calculated on the basis that the proportion of students in the population has not changed.

3.4. These two factors, plus the fact that the projections will assume that some students who will have left Guildford are still in the district, probably account for the substantial rise in the projected number of households in the age group 15-24. See Chart 15.



**3.5.** As the chart shows, the projection for 15-24s is dominated by the increasing number of 'other' households, which is the household type to which most student households will belong. The number of 'other' households increases from 1001 in 2015 to 1580 in 2034 i.e. by 579 households. This compares with the 428 extra dwellings that are needed for students. **It would therefore appear that, even allowing for an improbably high increase in the number of non- student 'other' households, the DCLG 2014 projections provide more than enough extra homes for students.**

### Conclusions on meeting the needs of students

3.6. This analysis demonstrates that the DCLG projections do not support the GL Hearn contention that it is necessary to allow for additional student homes above the number suggested by a demographic analysis based on the DCLG household projections. It is not, however, a full replacement analysis. A proper analysis needs to separate student needs from general housing needs. General housing needs should be estimated by adjusting the DCLG projections to remove the impact of students and correcting for UPC and the under-estimation of out migration. Student housing needs should be estimate based on a fuller analysis of the accommodation choices that students are making now and an assessment of how this may change with an increase in student numbers and planned increases in provision on educational sites. At the same time, having adjusted the DCLG projections to remove the impact of students, a more reliable picture of the likely growth in non-student households should emerge as it is likely that the inclusion of students in the statistical base used for the projections will have distorted the estimates made of the likely growth in non-student households.

3.7. The assumptions made about the proportion of students who live in halls of residence and the extent to which students will occupy an increasing number of houses in the cheaper areas of Guildford are critical. NMSS suggest that neither should be estimated simply on the basis of past trends and the current position. Given the impact which 'studentification' can have on neighbourhoods, there is a strong case for the Council developing a student housing policy with the University of Surrey and other institutions which attract students to the district. This should balance the aspirations of the university; the needs and wishes of students; and the impact on residents in and near areas in which significant numbers of students live. A key output from this should agreement on the need for additional halls of residence (with the land use implications they have) and a separate target for the number of additional students who should be accommodated in the general housing stock.

## 4. Supporting Economic Growth

4.1. The approach used by GL Hearn to estimate the number of homes needed to support economic growth is based on the following steps:

- Economic forecasts have been obtained from Oxford Economics (OE), Cambridge Econometrics (CE) and Experian. These forecast that the number of jobs in Guildford will increase by between 0.5% and 0.9% a year.
- The average annual growth rate from these three projections is then applied to an estimate of the number of jobs in 2015 produced by AECOM by adjusting BRES data. This leads to the conclusion that there will be an additional 12,893 jobs between 2015 and 2034, which is rounded to 12,900.
- To estimate the number of economically active people in Guildford GL Hearn use three different scenarios. These draw on economic activity rates from the Office for Budget Responsibility (OBR), Experian and assumptions from the 2015 West Surrey SHMA. They do not appear to have used the rates produced by OE which they say show some of the highest participation rates. The decision to draw upon the lower, but not the higher, end of the spectrum of estimates of participation rates is notable and leads to a higher estimate of housing needed to support economic growth.
- Different assumptions about unemployment rates are made in the different modelling scenarios.
- It is assumed that 4.3% are 'double jobbers' i.e. they have more than one job. GL Hearn acknowledge that this assumption is "potentially conservative given that there is some upward trend shown in the historical data" (Paragraph 4.24).
- Using these assumptions GL Hearn adjust migration flows to estimate the number of dwellings needed to support a population that is just equal to that required to support the forecast increase in jobs. The number varies from 555 to 584 homes a year depending on which economic activity rate/unemployment scenario is chosen. They choose the middle result (579 homes a year), "given the significant extent to which the Experian assumptions are reliant on increasing numbers of older people in work" (Paragraph 4.32).

4.2. There is a fundamental flaw in the approach adopted by GL Hearn. Economic forecasts such as those produced by CE, OE and Experian depend crucially on the assumptions they make about how economic activity rates will change. Had they made different assumptions they would have projected a different sized workforce and reached different conclusions about the number of jobs in the economy. An attempt to work out from a jobs forecast how many people need to live in an area will only produce a meaningful answer if the economic activity rates implicit in the forecast are used. GL Hearn average three different jobs forecasts from three different sources each of which uses different economic activity rate assumptions. They then apply economic activity rates from other sources to the averaged jobs forecast. They are not applying economic activity rates consistent with the forecast being used: the results are therefore unreliable. To avoid this GL Hearn should have used economic activity rate and employment assumptions consistent with each forecast to calculate the change in population needed to support that view of the increase in jobs. That would have produced three different views of the population change needed and hence the number of

homes required. Only when the three estimates have been obtained, each consistent with the forecast it is based on, should the results have been averaged to produce a single figure estimate of the number of homes needed to support economic growth.

4.3. Unfortunately, the mistake made by GL Hearn is a not uncommon one. For this reason NMSS have worked with Cristina Howick (Peter Brett Associates and the author of the PAS Technical Note on OANs) to produce a note explaining why the housing implications of jobs forecast should only be calculated using consistent economic activity rates assumptions. This is available at http://atlas.cambridgeshire.gov.uk/EEFM/EEFM_OAN-Note_13-04-2017.pdf. It includes a worked example which demonstrates how large an error can be introduced if economic activity rates that are different from those implicit in a jobs forecast are used. The note has been prepared in the specific context of using the East of England Forecasting Model (EEFM) but the principles are equally applicable to the forecasts produced by CE, OE and Experian. The note has been agreed by Cambridge Econometrics who operate the EEFM.

4.4. Given that a flawed approach has been used and the Addendum Report does not contain sufficient detail of the forecasts used to enable the analysis to be re- worked, there is little more that can usefully be said. However, the following points might be noted and should be taken into account in the re-working of the analysis.

- GL Hearn note that the forecasts they have used have job growth that ranges from 0.5% to 0.9% a year with an average of 0.7%. This means that the highest forecast is some 80% higher than the lowest. This should set alarm bells ringing. Such a wide range indicates considerable uncertainty in the forecasts. As such, they should be used with very great caution. Ideally, each of the forecasts should be reviewed for plausibility against all of the available local evidence and adjustments made as necessary.

- GL Hearn have not used the OE economic activity rates which they to consider to be too high. This will have distorted their analysis further. Had they used a higher set of economic activity rates they would have suggested a smaller number of homes were needed. Alternatively, if OE were to modify their modelling to reflect economic activity rates that GL Hearn regard to be reasonable, they would have produced a different and probably lower jobs forecast. Of course, had GL Hearn estimated the homes needed to support the OE forecast using OE economic activity rates this issue would not have arisen.

- As already noted, GL Hearn discount the housing need figure produced using Experian economic activity rates "as they are reliant on increasing numbers of older persons in work". The same issue arises here. GL Hearn either need to accept the Experian forecast and estimate its housing consequences using Experian's economic activity rates or they need to discount the forecast entirely (or, possibly, commission Experian to produce a forecast using economic activity rates which they consider acceptable).

- GL Hearn acknowledge that the double jobbing rate used in the SHMA Addendum may be conservative. Had they used a higher rate (reflecting the

rising trend in double jobbing) they would have concluded that fewer homes were needed to support economic growth.

### Conclusions on homes to support economic growth

4.5. The only conclusion that can be reached on the homes needed to support economic growth is that the analysis needs to be re-worked using assumptions consistent with the forecasts to estimate the homes implications of each. It should be noted that GL Hearn was advised of this error in approach by NMSS in the previous consultation, which begs the question why this error has been repeated in the revised SHMA.

## 5. Affordability

5.1. The earlier NMSS report showed that Guildford did not stand out from other Surrey districts in terms of affordability. It is a highly desirable place to live being surrounded by very attractive countryside yet with both a strong local employment base and good commuter links to London. Increasing housing supply beyond the numbers suggested by the demographic analysis would not have a noticeable impact on house prices: it would simply attract more be to live in the area.

## 6. Conclusions

6.1. This review has uncovered some major issues. Most notably, it is clear that the historic data for Guildford between the 2001 and 2011 census significantly over-estimates net migration into Guildford in student age groups, most probably as a result of the under-recording of migration out of Guildford.

6.2. It seems probable that the under-recording of out migration has continued after 2011. This has major implications. In particular, the ONS's 2015 population estimate for Guildford may over-estimate the district's population and DCLG's 2014-based population projection may overstate the likely increase in housing by a substantial margin. An alternative calculation making plausible adjustments to the estimated outflows in the period 2001-15 would reduce the demographically-based estimate of the number of homes needed from 558 homes a year 2015-34 to 404.

6.3. An examination of the DCLG projections for the growth of households of the type and age formed by students renting in the general housing stock in Guildford suggests, contrary to GL Hearn's conclusion, that those projections included more than enough additional housing to meet the projected growth in the student population. However, there is a need for a fuller analysis which separates out student housing needs from other housing needs as the DCLG household projection methodology is not suited to estimating the future housing needs of student and the inclusion of students in the statistical base used for the

those projections may have distorted the projections made for non-student housing.

6.4. The GL Hearn estimates of the number of homes needed to support economic growth are flawed as they use economic activity rates which are different from those used in the job forecasts on which they have based their estimates. This produces results which cannot be relied on as, had the forecasters in question used the economic activity rate assumptions employed by GL Hearn, they would have produced different jobs forecasts, not the ones on which GL Hearn have based their analysis. The SHMA Addendum does not provide sufficient detail of the jobs forecasts for others to re-work the estimates of the homes needed to support economic growth so the only option is to invite GL Hearn to redo the analysis.

6.5. Estimating population and household growth in university towns is notoriously difficult. This review has shown that this is very much true of Guildford and that attempting to estimate the district's housing needs using the DCLG projections with little or no adjustment has introduced large errors. Considerable further work is needed before there will be a sound basis on which to estimate
Guildford's objectively assessed need for housing.

NMSS

19 June 2017