



Work Undertaken by Nathaniel Lichfield & Partners on the Impact of DCLG 2003 Household Projections on Household Growth Estimates Study

Introduction

1.1 In 2005, Nathaniel Lichfield & Partners (NLP) were part of a consultancy team commissioned by the North West Regional Assembly to develop a methodology to help determine the likely demand and need for housing in the region and its distribution across the region's Local Planning Authority areas. A range of scenarios were developed based upon different levels of economic performance and separate economic activity rates, with each scenario producing projections of household growth. The approach adopted by NLP also allowed the job-led growth¹ to be separated out to help determine the impact of economic growth upon the household projections.

1.2 The initial work undertaken by NLP² provided baseline information which the Regional Assembly and partners then considered, in conjunction with a host of other factors, to allow them to determine the suggested housing allocations for inclusion in the draft Regional Spatial Strategy (RSS).

1.3 Following the publication of the DCLG 2003 based Household Projections in early 2006 at both regional and district level, the Assembly commissioned NLP to undertake some additional work looking at the impact of these projections on the earlier work and to produce for factual purposes a revised set of housing distribution model runs. This work was completed in September 2006, and the Assembly have published it on its website. The report sets out the findings of an additional run undertaken on the original model. This revised run updates the original model to take account of the DCLG 2003-based household projections released in March 2006 and to identify any differences arising from the revised figures.

Details of additional work undertaken

2.1 Re-runs of the model have been undertaken at the regional level and for the subregions of the North West. For each geographical area all three levels of economic performance (Long Term, Recent and Improvement) and all three employment rates (Low, Medium and High) have been considered, resulting in nine revised scenarios for each area.

2.2 The original scale and distribution model developed by NLP forecasts that the number of households in the North West will have risen to 3,255,000 by 2021 as a result of indigenous household growth. This figure was derived by applying a forecast household size figure (source: ODPM) to the projected regional population in 2021³. In contrast, the DCLG 2003-based household projections forecast that there will be 3,290,000 households across the North West by 2021. This represents a difference of 35,000 households.

¹ The annual growth in households arising as a consequence of economic change

² "North West Household Growth Estimates Study" prepared by Nathaniel Lichfield & Partners for North West Regional Assembly 2005.

³ Source: ONS 2003-based subnational population projections

2.3 It is important to note, however, that the original household figures were developed through the use of assumptions regarding household size. The original run summed the indigenous households in 2021 for each of the sub-regions, giving a regional figure of 3,288,948. In this instance, the recently published DCLG projections would represent a difference of just 1,052 compared to the figures used in the original model.

2.4 The figures generated by the revised run undertaken and summarised within this report should be compared with the outcomes generated by the original run of the model. This will provide an understanding of how the scale and pattern of change projected by the DCLG figures differs from the outcomes arising from the original run.

2.5 The figures cited within this Briefing Note cannot be directly compared with the RSS figures. This is because the numbers generated by the NLP model provided a base to be considered alongside all other relevant information when determining the suggested housing figures for inclusion in the RSS.

2.6 It should be noted that the results of the revised run do not represent the planning policy of the Regional Planning Body. This report is a Technical Paper only, which outlines the results of the additional run and has been produced for the sole purpose of aiding debate at the forthcoming RSS Examination in Public (EiP).

Original Household Figures: Data Issues

3.1 It should also be noted that some adjustments have been made to some of the household growth figures identified through the original model. This is due to an error in a calculation that has only recently been identified. The employment figures had to be adjusted to fit RSS timescales. This resulted in an error for the Recent and Improvement Scenarios for Merseyside and the Lancashire Recent Scenario.

3.2 In summary the revised work shows that the estimated level of employment growth for the Recent scenario in Lancashire has increased from 25,000 to 67,600 and from 47,400 to 64,200 in Merseyside. For the Improvement scenario in Merseyside, estimated employment growth has reduced from 56,000 to 36,000.

Conclusions

4.1 The key findings of this report are summarised below:

- As a result of recently identified data issues, the Lancashire Recent, Merseyside Recent and Merseyside Improvement scenarios have been amended to take account of amended employment growth figures. The re-run of the model is based upon the resultant household figures;
- The original run of the model forecast that the North West would have 3,255,000 indigenous households in 2021, whereas the DCLG figures projects 3,290,000 households in 2021. As a result, the revised run of the model is based on a level of indigenous household growth that is 1,945 per annum greater;
- The revised run of the model is projected to result in a higher level of total household growth at the regional level for 4 of the 9 scenarios, whilst job-led growth is forecast to decline for all 9 scenarios;
- At the sub-regional level, job led household growth is projected to increase in Cumbria in comparison with the original run. All other sub-regions are forecast to experience a decline in job-led growth vis-à-vis the original model for most if not all scenarios;

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- The revised indigenous population for Merseyside and Cumbria forecast by the DCLG figures is greater than the figures assumed within the original model. However, for the remaining sub-regions, the number of households in 2021 forecast by the DCLG projections is lower than the number of indigenous households projected by the original run of the model; and
- The revised run forecasts lower levels of total household growth for the majority of scenarios for all sub-regions besides Cumbria.