BATH AND NORTH EAST SOMERSET CORE STRATEGY

EXISTING AND FUTURE MIGRATION LEVELS

1. A number of objectors believe that net inward migration to BANES will decrease as a result of the effects of the global economic recession biting. This potential linkage is reinforced by the Council's approach to population forecasting with all variants being dependent on employment growth within the area. Indeed the whole basis for the Council's "strategy" is that it should be based on the assumption that there be no more houses constructed than is necessary to achieve the most likely estimate of job growth in the next 15 year period assuming that the West of England acts as a single sub regional job market and that within that area BANES performs in a way so as not to increase its number of outward commuters. In other words all inward migrants are assumed to benefit from a new job in BANES. This concept carries within it several unrealistic assumptions which will be explored in the latter part of this paper. On the face of it this direct connection between employment and housing requirements may sound an attractive (and possibly seductive) theory for those looking to justify reduced housing numbers but it needs to be examined in more detail by looking at actual migration rates and population projections. Whilst it is clearly the case that there is a strong link between the two there is not necessarily any causative link; or, if there is one, it operates in a much more complicated way than either the Council or some of the objectors appear to be using it. For example, lack of labour can, but not necessarily, thwart economic growth objectives but lack of jobs does not necessarily lead to a lessening of inward migration, as will be shown below.

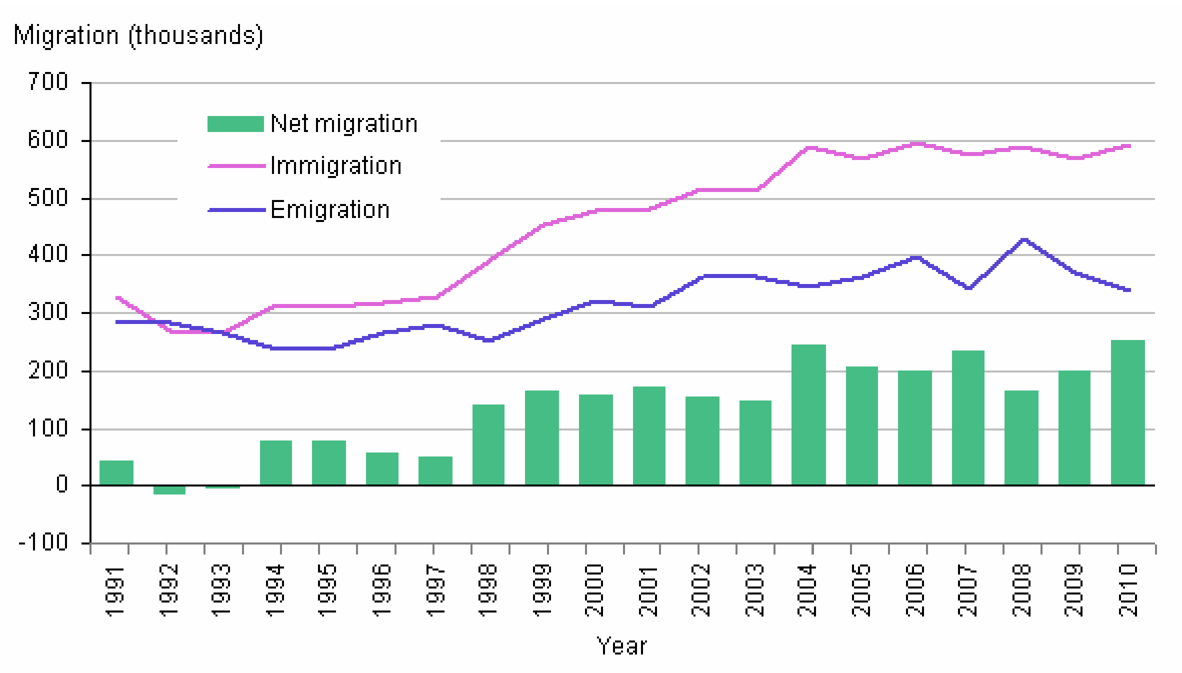
Previous National Migration Levels

2. Actual net inward migration levels to the UK are best determined initially at the National level where the Office for National Statistics (ONS) uses the International Passenger Survey (IPS) to collect data on passenger movements. These are then brought together in Quarterly Migration Statistics issued by ONS; Quarterly Reports are usually about 10 months behind current date. The November 2011 Report shows the final net migration to UK for the year to December 2010 up by 18% (to 252,000) as compared with previous year to December 2009 (198,000) which represents the highest flows per calendar year

on record. Gross immigration flows at 591,000 are similar to previous years but emigration from the UK has fallen markedly to 339,000. Job related immigration at 122,000 represents less than 20% of gross immigration (although a further 81,000 arrived "looking" for work) with the primary reason for immigration cited as being education/study, which represents nearly 50% of all net immigrants (238,000). As well as finalizing the 2010 figures the November Report sets out provisional figures for Q1 of 2011 to March 2011 using a rolling annual average. For the year March 2010 to March 2011 net immigration was slightly lower than the previous full calendar year at 245,000 with gross immigration of 582,000 and gross emigration continuing to fall at 336,000.

3. Figure 1 below shows how net inward migration to the UK has changed over the 10 year period 2001-2010 including the effects of the economic recession which started with the credit crunch in 2007 followed by the banking collapse (Lehman Brothers) in Autumn 2008 and the subsequent 2 year period to December 2010. Contrary to popular expectation, although net inward migration fell in the period 2008/09, it grew again from December 2009 and the latest figures demonstrate net levels which are similar to those achieved in 2004/05. Some information is available post March 2011 in the form of National Insurance Numbers allocated to all overseas nationals; these extend to June 2011 and show a clear increase from the previous year. The number of new registrations at 689,000 for the UK represented a 14% (84,000) increase on the previous year to June 2010. Figure 1 also reveals that gross immigration has remained remarkably constant since about December 2004 with the main cause of fluctuation in net flows being emigration which reached a peak of 427,000 in December 2008 but is now below the levels seen at the beginning of the decade. Thus, the effect of the economic recession at the national level seems to have a far greater effect on emigration as opposed to immigration with the results that to date, net immigration continues at a high level. The reasons for this are complex and are subject to variation even within economic cycles.

Figure 1 (Source ONS: Migration Statistics: Quarterly Report: November 2011)



Previous BANES Mitigation Levels

4. At the more local level, current data on net inward migration is less reliable and relates to ONS Mid Year Estimates. These are attached below as Figure 2 and are subdivided between natural growth/decline and net inward/outward migration for the years 2001 to 2010. They show:-

Figure 2

	Resident Population	Natural Change	Migrant
2010	179.7	0.1	1.9
2009	177.7	0.2	0.2
2008	177.4	0.2	1.8
2007	175.5	0.2	2.2
2006	173.1	0.2	0.3
2005	172.6	-0.1	1.1
2004	171.6	-0.1	0.6
2003	171.0	0	0.9
2002	170.1	0	1.0
2001	169.2	0	0.6

Source: ONS Mid Year Estimates

National Migration Assumptions for Future Population and Household Projections

5. So far as future assumptions on migration are concerned, these are contained initially within the ONS National Population Projections which are then subsequently broken down into regional and sub national population projections (which extend to individual Council areas) and which extend forward in 5 year tranches to 2035. These projections are produced bi-annually as 2004-based, 2006-based, 2008-based and most recently at the national level as 2010 based projections. The 2010-based national projections are accompanied by a Paper 5 entitled "Migration Assumptions" which states that:-

> **"Assumptions of future international migration have been derived from analyses of recent trends in the civilian migration to and from the UK."**

6. These trends are usually established over the preceding 5 years. Therefore, 2010-based projections will usually include the trends applicable over the period 2005-10, roughly half of which now includes the effects of the global economic recession (see data quoted above). The projections also attempt to incorporate special assumptions in the short term (2010/11-2015/16) to take into account known changes in circumstance during that period, before settling in to a steady longer term assumption for migration thereafter. Figure 3 below, shows the figures that are used in the latest ONS projections which are based on the assumption that migration to the UK will increase to 240,000 this year (2011/12), before declining slightly thereafter to a steady rate of 200,000 per annum from 2015/16 onwards. For comparative purposes it is interesting to note that this annual assumption of 200,000 for the UK is 10% higher than the 2008-based projections (180,000 per annum) and even higher than the 2006-based UK projections (190,000 per annum) which were clearly pre-recession.

Figure 3: (Source: ONS:5 Migration Assumptions: 2010 based National Population Projections: 26 October 2011)

26 October 2011

Short-term annual net migration assumptions, United Kingdom and constituent countries, 2010-11 onwards

thousands

	United Kingdom	England	Wales	Scotland	Northern Ireland
Total net migration					
2010-11	222.0	190.7	6.6	24.0	0.7
2011-12	240.0	205.2	8.5	25.2	1.1
2012-13	232.5	198.3	9.6	23.7	0.9
2013-14	224.5	190.9	10.8	22.0	0.8
2014-15	216.5	186.6	10.4	19.0	0.5
2015-16	208.5	179.7	10.2	18.3	0.3
2016-17 onwards - long-term assumption	200.0	172.5	10.0	17.5	0.0
International migration assumption for 2010-11[1]					
2010-11	222.0	197.3	3.6	20.1	1.0
International migration assumption (non-accession)					
2011-12	200.0	180.8	3.2	16.0	0.0
2012-13	200.0	183.2	3.2	13.6	0.0
2013-14	200.0	185.6	3.2	11.2	0.0
2014-15	200.0	188.0	3.0	9.0	0.0
2015-16	200.0	188.0	3.0	9.0	0.0

Office for National Statistics | 8

Migration Assumptions for BANES

7. Thus, despite the popular assumption that the recession is likely to reduce net inward migration this not been borne out by the national statistics to December 2010; indeed the opposite has been the case for the reasons set out above. These, in turn, have meant that future population projections (from which future housing needs will be calculated) anticipate a continued increase in national inward migration which in turn will feed through to all Council areas within the country. In this context Bath & North East Somerset is an attractive area of the country which has two major Universities and other organizations offering tertiary education opportunities. Thus, not only will it be able to provide some jobs for net inward migrants seeking jobs but it will also be providing places for the increasing number of migrants looking for educational benefits.

8. The ONS 2008-based projections (which as noted above are about 10% p.a. lower than the 2010-based nationally), have already been disaggregated by ONS into individual District Council areas and these show natural growth (increase or decrease) together with assumptions about migrant flows. The results from this exercise are shown in Figure 4. These show that from 2009 onwards the anticipation is that BANES will grow at a rate of about 1,700 persons per annum, falling to about 1,200 persons per annum in 2033. In all years the component of growth generated from net migration exceeds natural growth ranging (post 2016) from 700 – 1100 persons per annum. The largest component of net migration growth comes from net international migration which is estimated to be average about 800 persons per annum and in accordance with national statistics, this is predicted to continue roughly at similar rates through the plan period.

9. In due course the 2010-based projections will be broken down into regional and sub regional projections but these are not yet available. Using the Chelmer model Pegasus has undertaken its own breakdown and this is set out in Appendix 1.

10. The next 2012-based projections will not be produced for another 2 years but when they are available they will take into account the 2011 Census data and will also encompass migration trends during the whole of the global recession. Notwithstanding this, it is worth stating that projections for the BANES Core Strategy will need to extend over a 15 year period during which it is hoped that, despite its continuing adverse effects, the recession will eventually abate. It follows that any medium/long term plan should not be

based solely on shorter term economic or demographic trends but should endeavour to take a longer term view of proceedings.

Linkages Between Employment Growth & Housing

11. The Council in its justification for an appropriate level of housing requirements, is dependent upon two important factors:-

    (i) that it needs to go back to 2004-based projections in order to determine an accurate level of housing and labour supply growth;

    (ii) that in order to accurately determine housing needs it is necessary to manipulate these figures in order to generate a housing/jobs growth rates from which a new, allegedly more accurate housing requirement.

12. Setting aside the fact that the 2004-based population projections are now out of date and have been superseded by three more recent ONS projections, the most important point is that the projections themselves can easily be converted into housing requirements and labour supply projections using the ONS/DCLG methodology. However, equally important is the fact that the Council has attempted (through various studies) to estimate likely job growth in the local area having regard to national projections as to economic growth as put forward by the Chancellor in various statements over the course of the last 18 months and from other sources. Applying national projections to local areas to predict economic growth is notoriously difficult in the first place since it is dependent upon a whole host of local factors which may be totally different from national trends. Certainly applying future national average growth rates in order to determine a likely number of jobs in 2026 in BANES is hazardous in the extreme, even allowing for variations in the structure of the local economy. BANES, and particularly Bath, is and always has been a highly desirable non metropolitan location in which to live and work and the likelihood that it will behave in accordance with the national average seems distinctly improbable. Indeed, given the Government's Agenda for Growth it seems that despite the possibility that areas and regions could be in competition there is a vital need for all locations to make the maximum contribution towards meeting growth potential in the national interest. Thus, if as occurred in the past job growth in Bath has been significantly higher than the national average, then this should be encouraged rather

than using the national average as a ceiling beyond which development is not expected to proceed.

13. The second important point which comes out of the migration statistics and projections presented in the first part of this paper is that the link between migration and employment is nowhere near as strong as the Council claim. Job related immigration is declining and the most important component in gross migration flows is for educational and training purposes. As noted above BANES has two Universities and other tertiary establishments attractive for inward migrants. Indeed this is an important part of the local economy in its own right. It follows that notwithstanding the global recession immigration is likely to continue at past rates as young adults see the importance of securing adequate educational standards. This may change in the future when the economy improves and therefore it will be necessary to monitor not only migration flows but also the reasons cited for movement.

Figure 4