

## **11.0 HOUSING NEEDS – INTRODUCTION AND THE APPROACH TO EVIDENCE-GATHERING**

- 11.1 This section introduces the overall structure and approach adopted to inform the assessment of housing needs within the study area of Telford & Wrekin.
- 11.2 Paragraph 20 of the 2019 version of the National Planning Policy Framework identifies that making sufficient provision for housing (including affordable housing) should be set out in strategic policies providing for the overall strategy in terms of the scale, pattern, and quality of development.
- 11.3 Planning Practice Guidance<sup>7</sup> assists in terms of the evidence-gathering requirements for plan-making to build up a clear understanding of housing needs in the area. In summary, this approach encompasses:
- Definition of the HMA most appropriate for the preparation of planning policies;
  - Establishing the overall housing need; and
  - Identifying the housing needs of different groups
- 11.4 This breakdown of steps closely reflects the contents of paragraphs 60 and 61 of the NPPF2019. Taken together, these paragraphs set out how the minimum number of homes needed should be determined, together with considering how needs that cannot be met within neighbouring areas should be planned for. The housing needs of different groups should be set out in terms of the size, type and tenure of housing needed the context of the figure for local housing need.
- 11.5 In order to address the broad scope of evidence required, preparation of the overall local housing need assessment for Telford & Wrekin will be split across two EHDNA Reports.
- 11.6 The breakdown of outputs provided across both reports is consistent with the role that authorities preparing plans should adopt in terms of assessing future needs and opportunities for their area, exploring and identifying options for addressing these, and then setting out a preferred approach<sup>8</sup>.
- 11.7 This Part 1 EHDNA Report addresses the first two bullet points summarised above, relating to definition of the HMA and assessing options for the assessment of local housing need. The outputs and recommendations of the Part 1 EHDNA Report have been considered by the Council in setting out housing requirement options as part of the Review of the Telford & Wrekin Local Plan Issues and Options Paper (September 2020).
- 11.8 In order to provide the evidence to support the selection of housing requirement options for further consideration the elements of the housing needs assessment contained within the Part 1 EHDNA are structured as follows:
- Section 12 following this introduction deals with definition of the HMA
  - Section 13 provides a more detailed review of policy and guidance relevant to the assessment of local housing need. This section undertakes the calculation of local housing need in accordance with the standard method in national planning practice guidance, indicating the minimum figure that should be planned for, together with setting out the circumstances for considering alternative approaches.
  - Section 14 provides an overview of the current demographic profile of Telford & Wrekin including reflecting recent trends in components of population change. This section also compares differences in the official subnational population and household

<sup>7</sup> PPG ID: 61-039-20190315

<sup>8</sup> PPG ID: 61-034-20190315

projections for Telford & Wrekin, and the extent to which the 2014-based projections used as an input to the standard method reflect recent evidence.

- Section 15 provides a review of development trends in terms of housing delivery and an overview of the housing market in terms of patterns of supply and demand. This chapter also illustrates baseline conditions in the borough in terms of the use of housing stock and the potential relationship with expected future trends.
- Section 16 uses the analysis in preceding chapters to define and undertake scenario testing of alternative approaches for the assessment of local housing need in order to determine whether these are appropriate for the circumstances in the borough. These scenarios also summarise the relationship between forecast economic and employment growth in terms of reflecting requirement for labour supply and demand as of the local housing need assessment.
- Section 17 brings together conclusions on the local housing need scenarios. Recommendations identify those outputs that are considered to represent appropriate options against which to undertake more detailed work in the Part 2 EHDNA and to inform the preparation of planning policies.
- Finally, Section 18 provides analysis and identification of the Housing Market Sub Areas.

11.9 All sections of this Part 1 EHDNA Report should be read alongside the accompany Telford & Wrekin – Housing and Demographics Report prepared by Edge Analytics. A copy is included at Appendix 2. This sets out the approach and detailed assumptions for modelling of local housing need assessment scenarios summarised in this Report.

## 12.0 DEFINITION OF THE HOUSING MARKET AREA

- 12.1 This section of the report provides analysis for the borough of Telford & Wrekin with the objective of defining the geography of its HMA with reference to its relationship with neighbouring administrative areas. Findings in relation to the HMA should be read alongside Section 3 that deals with criteria used to define the Functional Economic Market Area (FEMA). The findings from these two sections of the EHDNA are brought together as part of initial conclusions from the analysis and assist in structuring the approach to the remainder of the study.
- 12.2 Definition of the HMA is a necessary component of this Part 1 EHDNA Report. This is used to evaluate the assessment of local housing need undertaken using the government's standard method together with providing wider context for the alternative approaches to be considered as part of scenario testing.
- 12.3 The Part 1 EHDNA Report also utilises outputs from the identification of the HMA as part of contextual information considered to justify the definition of sub-areas (see Section 18) for further detailed assessment in the Part 2 EHDNA.
- 12.4 Definition of the HMA is carried forward into the Part 2 EHDNA in terms of providing the wider context for how the housing needs of different groups including affordable housing should be reflected in plan-making within Telford & Wrekin and the borough's relationship with surrounding areas.
- 12.5 This EHDNA represents the most up-to-date analysis to establish the geography of HMAs within Telford & Wrekin. The assessment utilises the latest 2011 Census data on migration and commuting. While these data have been published for several years their contents are applied in the context of this study and other more recent information including details of house prices and annual estimates of internal migration flows.

### a) National Policy and Guidance

- 12.6 The analysis is consistent with the most recent 2019 version of the Planning Practice Guidance (NPPG) applicable to preparation of the study. Within the PPG, HMAs are defined as:  
*"a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work."*  
(ID: 61-018-20190315)
- 12.7 In the context of the preparation of strategic policies, where the figure for local housing need is calculated as the number of homes identified as being need through the application of the *standard method* set out in PPG, each local authority administrative area is treated as forming its own HMA. However, definition of the extent of the HMA is important to understanding the dynamics of the local housing market.
- 12.8 This is relevant to inform the housing policies of the plan including those identified by paragraph 61 of the NPPF 2019 in terms of assessing the housing needs of different groups. Definition of the HMA may also assist with the understanding of current and future demographic trends.
- 12.9 In relation to housing needs it is also relevant to highlight that national policy seeks to ensure that the preparation of strategic policies assists in supporting conclusions on whether development needs that cannot be met wholly within a particular plan area could be met elsewhere (NPPF 2019 paragraphs 26 and 60). This reflects the Localism Act 2011, which includes the statutory Duty to Cooperate on strategic planning for cross-boundary issues.
- 12.10 Paragraph 31 of the NPPF2019 establishes that the evidence base for strategic policies should be *"adequate and proportionate, focused tightly on supporting and justifying the*

*policies concerned, and take into account relevant market signals.*” Setting out evidence for definition of the HMA is important in the context of satisfying these requirements for plan-making.

12.11 The PPG provides three key recommendations for analysis for broadly defining HMAs:

- *“The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).” (ID: 61-018-20190315)*

12.12 This section deals specifically with the first two bullets in the context of defining the geography of the HMA. The third bullet, reflecting a wider range of contextual data, is presented as part of overall findings on definition of the appropriate Functional Economic Market Area (FEMA). The analysis is brought together as part of overall conclusions on appropriate boundaries to adopt for the HMA and FEMA for the purposes of the needs assessment.

12.13 The degree of competing factors affecting the definition of HMA boundaries is also reflected in guidance for the definition of Functional Economic Market Areas. Planning Practice Guidance identifies that the HMA may be one relevant factor to consider, but as patterns of economic activity vary from place to place a standard approach cannot be used to arrive at a definition. Criteria recommended for consideration by the PPG are stated as:

- *extent of any Local Enterprise Partnership within the area;*
- *travel to work areas;*
- *housing market area;*
- *flow of goods, services, and information within the local economy;*
- *service market for consumers;*
- *administrative area;*
- *catchment areas of facilities providing cultural and social well-being; and*
- *transport network. (ID: 61-019-20190315)*

12.14 These three elements are essentially unchanged from previous iterations of Planning Practice Guidance<sup>9</sup> and earlier advice regarding the definition of HMAs, albeit this was more prescriptive in terms of suggested thresholds for identifying containment. This makes it reasonable to compare previous definitions of the HMA and utilise these as one source of evidence for this report but noting that the plan-making context and available data may be different.

12.15 This EHDNA must take account of revisions to PPG that specifically address the criteria for the definition of ‘self-containment’ relevant to definition of HMA boundaries.

12.16 Iterations of PPG prior to September 2018 reflected recommendations identified in the 2007 CLG Advice Note ‘Identifying Sub-Regional Housing Market Areas’. This advised a 70%

<sup>9</sup> See: Paragraph: 011 Reference ID: 2a-011-20140306

threshold for containment of moves on the demand-side (i.e. (70% of all those moving into a dwelling have moved from that same area) and supply-side (70% of all those moving out of a dwelling move within that same area). Planning Practice Guidance now states:

*“Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where **a relatively high proportion of short household moves** are contained, (due to connections to families, jobs, and schools).”* (ID: 61-018-20190315) (SPRU emphasis)

- 12.17 The revisions to guidance to some extent better reflect the ability for flexibility and provide scope to respond to local circumstances when considering justification for HMA boundaries. Previous conclusions regarding the HMA for Telford & Wrekin will be reassessed in this context.

#### **b) Summary of Previous Guidance and Best Practice**

- 12.18 It is accepted that multiple potential outcomes may be justified when identifying relevant boundaries for HMAs. The relevant criteria that must be considered do not necessarily support identical conclusions in terms of the choice of individuals, comprising the population of an area, in terms of chosen locations for housing or employment. These choices can be affected by multiple factors not all of which are relevant to the criteria identified within guidance (e.g. physical geography) whereas aspects such as affordability can be a key driver. As a result, the potential boundaries of HMAs can and do overlap.
- 12.19 Given this potential variability in conclusions on definition of the relevant HMA boundary it is relevant to consider other examples of best practice. In 2015 the Planning Advisory Service published its Technical Advice Note (2<sup>nd</sup> edition) ‘Objectively Assessed Need and Housing Targets’. This recommended that using HMAs identified at the national level as a useful starting point for analysing HMAs at a Local Authority level. These recommendations remain useful notwithstanding that the overall approach to assessing housing need has been superseded by revisions to national policy.
- 12.20 The *Geography of Housing Market Areas* was a report published by the Department for Communities and Local Government in 2010. The study was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS). The study recognised that whilst there was no single approach or data source that could provide a definitive solution to identifying HMA’s, migration patterns and commuting flows were the most relevant sources of information when identifying upper tier HMAs, with house prices only becoming relevant at the more local/submarket level.
- 12.21 In the context of the CURDS Study it is relevant to note that the guidance produced by PAS suggested that for the assessment of housing need the most useful direction for the definition of HMA boundaries is the single-tier ‘silver standard’ geography. This follows administrative local authority boundaries. The findings of the CURDS study in relation to Telford & Wrekin are presented alongside existing evidence for definition of the HMA.

**c) Previous Definitions of the Housing Market Area**

12.22 Prior to undertaking a reassessment of the available data, it is relevant to assess the existing body of evidence dealing with the definition of HMA boundaries for Telford & Wrekin. In order to structure this review of existing material and previous findings the following sources will be considered within this section:

- Geography of Housing Market Areas (CURDS / NHPAU, 2010)
- Evidence previously produced for Telford & Wrekin Council
- Previous Housing Market Assessments from Neighbouring Authorities

12.23 The summary of these sources is that a strong justification exists to determine that the HMA boundary for Telford & Wrekin should be identified to correspond with the administrative boundary for the authority.

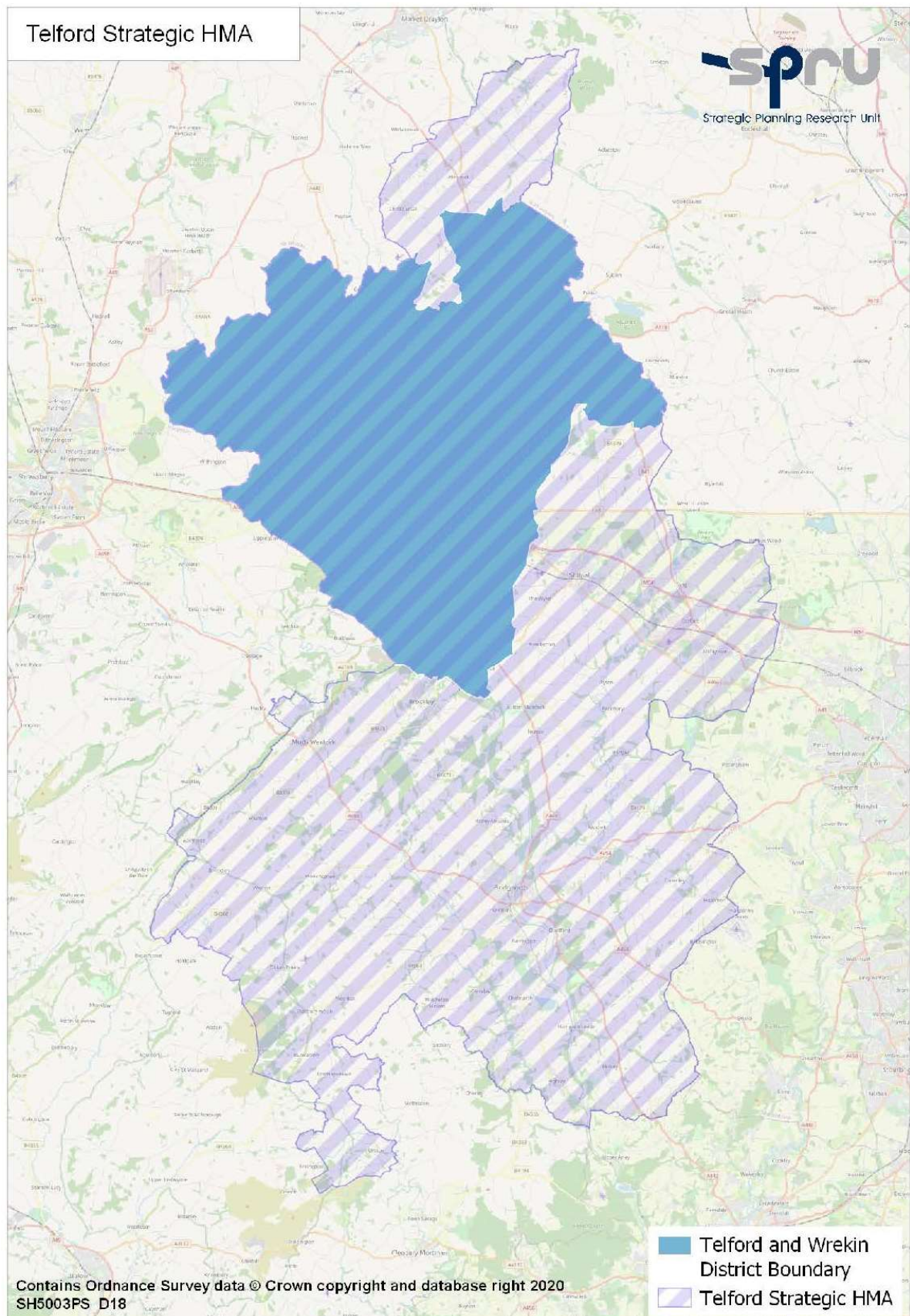
**i) *The Geography of Housing Market Areas (CURDS, 2010)***

12.24 This study pre-dates data from the 2011 Census for England and Wales but provides a useful starting point for definition of HMAs at the national level.

12.25 The Geography of HMAs identified a three-tiered hierarchy of HMAs; these were Strategic; Single-Tier; and Local market areas.

12.26 In the context of Telford & Wrekin, and in contrast to recommendations on HMA geography in large parts of the rest of the country, at all levels the CURDS findings correlate closely with the administrative boundary.

**Figure 56. CURDS strategic HMA boundary**



- 12.27 The first analysis considers the Strategic HMA boundary. This is based on long distance commuting flows and suggests that Telford & Wrekin together with the area around Bridgnorth form a single strategic HMA centred on the urban area. The analysis of *Local Market Areas* sits inside the findings of the Strategic HMA looking at containment of migration patterns within the Strategic HMA boundary. This indicates a north/south split into two Local HMAs ('Telford North (Newport)' and 'Telford South' (Bridgnorth)).
- 12.28 The second analysis, using a single-tier geography defined by combining migration and commuting flows to define a single boundary where both criteria are met, also suggests that the Telford & Wrekin together with the former area of Bridgnorth lies within a single HMA.
- 12.29 A 'silver-standard' output of the single-tier geography was produced where these outputs follow local authority boundaries. Telford & Wrekin is identified as **HMA44** based on the administrative boundary *plus* the former district of Bridgnorth. Because the assessment utilises 2001 Census data the analysis pre-dates the formation of the Shropshire Unitary Authority. This creates some uncertainty regarding treatment of links to Bridgnorth.
- 12.30 It is useful within that context to consider the 'silver standard' HMAs recommended for the remainder of the former districts now comprising the Shropshire Unitary Authority Area:
- HMA 84: Former districts of Shrewsbury and Atcham; North Shropshire; and Oswestry.
  - HMA 43: Former district of South Shropshire (with Herefordshire)
- 12.31 While this inevitably creates a range of potential options it is relevant to note that Bridgnorth was the only former administrative geography, now part of the Shropshire Unitary Authority, to be combined with Telford & Wrekin. Arguments for a 'best fit' HMA for the current Shropshire Unitary Authority could claim that it should be drawn together with any of the surrounding administrative areas that the former districts combined with as part of HMAs identified at the national level. This background is acknowledged in the most recent Strategic Housing Market Assessment produced by Shropshire Council. Based on the other 'silver standard' HMA boundaries (i.e. matched to local authority areas) separate arguments exist for definition of a single HMA for Shropshire (based on **HMA84**) or a combined HMA of the Shropshire Unitary Authority and Herefordshire. The implications of this are considered in the review of evidence from neighbouring local authority areas.
- ii) Previous Evidence Produced for Telford & Wrekin**
- 12.32 The current Telford & Wrekin 2018 Local Plan is based on conclusions that the administrative area forms a single HMA. This is endorsed by the findings of the Inspector's Report into the Local Plan and reflects two main sources within the evidence base:
- Telford & Wrekin Objectively Assessed Housing Need Final Report (Peter Brett Associates, March 2015)
  - Telford & Wrekin Strategic Housing Market Assessment (Arc4, 2016)
- 12.33 Both of these resources utilise data from the 2011 Census for England and Wales and it is not necessary to repeat the findings in detail given the reassessment undertaken by this Report.
- 12.34 This evidence was assessed as part of Inspector Michael Hetherington's Report (November 2017) on the Examination of the Telford & Wrekin Local Plan 2011-2031 and forms part of wider discussion on the identification of objectively assessed housing need at that time. It is, however, helpful to repeat paragraph 17 of the Inspector's Report in full to identify conclusions on this evidence base and definition of the HMA. This provides a clear view on the definition of a self-contained HMA for Telford & Wrekin, whilst also setting the context for

the Inspector to explore other strategic matters of potential cross-boundary importance in relation to the Greater Birmingham and Black Country HMA. Paragraph 17 states:

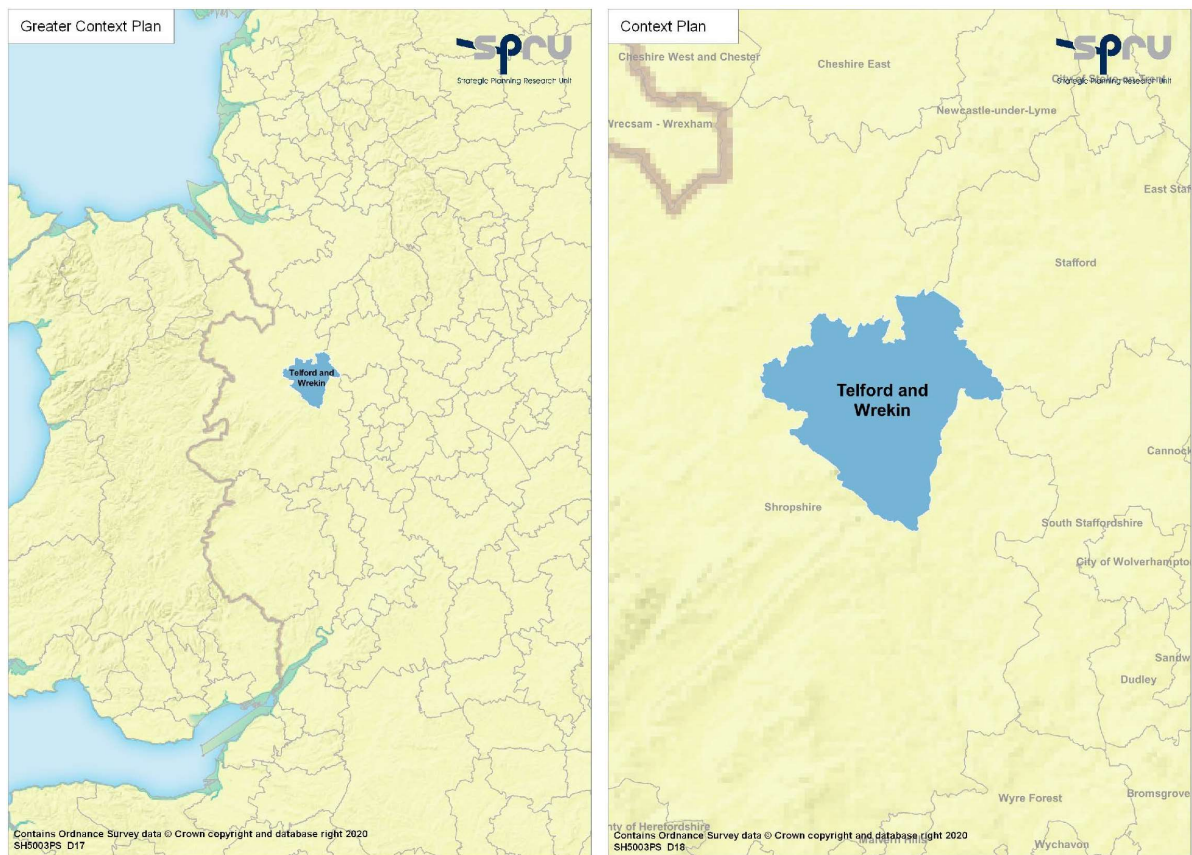
*“The PBA Report 2015 and the 2016 SHMA adopt a consistent approach to the definition of the relevant housing market area (HMA) – namely the Borough of Telford & Wrekin. In part, this represents a pragmatic response to the amalgamation of several former neighbouring authorities into the single-tier Shropshire Council. In the geography defined by a study published for the Department of Communities and Local Government (DCLG), Telford & Wrekin was grouped with the former Bridgnorth District Council. However, it is clear that other parts of the Shropshire Council area are much less well related to Telford & Wrekin in HMA terms. In any event, an analysis of migration and commuting patterns shows that Telford & Wrekin Borough shows a relatively high level of self-containment. Taken together, these factors justify the chosen approach towards HMA definition. However, this does not preclude the need to consider the potential for the Borough to assist in meeting housing needs from outside the HMA” (Telford & Wrekin Council Telford & Wrekin Local Plan, Inspector’s Report, November 2017 (paragraph 17))*

- 12.35 In terms of the methodology for defining the HMA it is relevant to note that self-containment of the Telford & Wrekin HMA in terms of migration flows in the 2015 PBA Study is stated as 69.6%. This is marginally below the 70% threshold identified in previous iterations of Planning Practice Guidance but can now be assessed in the context of whether the figure reflects a *relatively high proportion of short household moves* as set out through recent updates (ID: 61-018-20190315).
- 12.36 However, paragraph 2.15 of the PBA Study refers to the figure for containment as a ‘conservative’ estimate due to the fact both short-distance and long-distance household moves are included within the self-containment calculation. In accordance with the more recent 2019 version of PPG it is appropriate that the definition of short household moves is assessed more closely.
- 12.37 Paragraph 2.21 of the 2015 PBA Study reinforces the point that the *“Duty to Cooperate does not stop at the HMA boundary”*. This is a point reinforced by Paragraphs 63 to 70 of the Inspector’s Report, which deals with potential unmet housing need from the West Midlands Conurbation.
- 12.38 The Inspector’s assessment of this issue does, however, draw on conclusions relating to the relative strength of links to the Black Country and Greater Birmingham and clearly notes the definition of these areas as separate HMAs. The Inspector also noted that important need for a stronger evidence base used to assess the development needs of Greater Birmingham and the Black Country, as well as testing options to meet these within the boundaries of the HMA.
- 12.39 Definition of the HMA boundary for the purposes of this EHDNA therefore contributes towards objectives for plan-making under the Duty to Cooperate, as identified by the previous Inspector, relating to the reassessment of the strength of linkages with neighbouring areas in Birmingham and the Black Country.

### **iii) Previous Definition of Housing Market Areas within Neighbouring Authorities**

- 12.40 As part of this section it is useful to place the administrative geography of Telford & Wrekin within its wider sub-regional context. Figure 57 shows the location of Telford & Wrekin alongside its boundaries with neighbouring authorities and proximity to the Birmingham and Black Country authorities to the south-east:

**Figure 57. Telford & Wrekin Context – Boundaries with Neighbouring Authorities**



- 12.41 From Figure 57 it is relevant to highlight that while Telford & Wrekin is located at the north-western edge of the West Midlands region it does not share boundaries with neighbouring authorities in any other region or country. This is relevant when considering short distance household moves.
- 12.42 It is also apparent that the greatest proportion of the immediate shared boundary with neighbouring areas is made up by Shropshire to the south, west and north. To the east boundaries are shared partly with Stafford and South Staffordshire, with the Black Country and West Midlands Conurbation beyond.

**iv) Definition of the Housing Market Area within the West Midlands Regional Spatial Strategy**

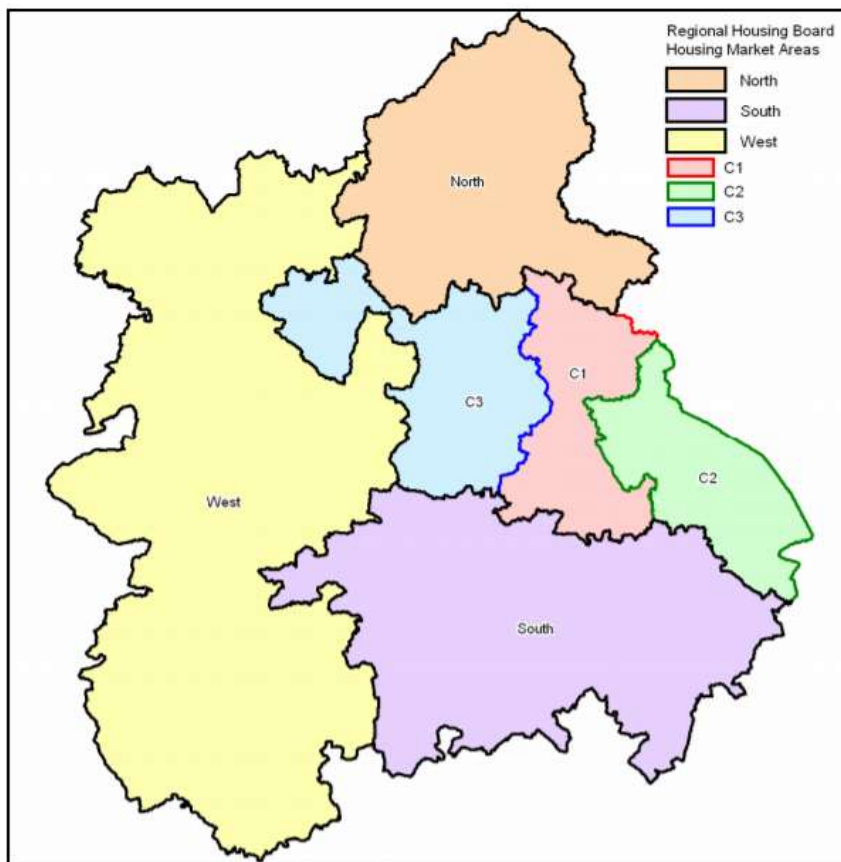
- 12.43 Prior to considering the most recent evidence it is helpful to set the context with reference to previous approaches to plan-making in the West Midlands and the relationship to how HMAs are defined.
- 12.44 Evidence for HMA links from the south-eastern boundary with South Staffordshire and into the Black Country and Greater Birmingham beyond has a strong relationship with the evidence base for the West Midlands Regional Spatial Strategy.
- 12.45 Details of this relationship for the purposes of strategic planning policies are set out in the **'Strategic Housing Market Assessment for the C3 Housing Market Area of the West Midlands'** (Ecotec, 2008). This evidence pre-dates the 2011 Census for England and Wales.
- 12.46 Section 1.2 of the Report introduces the 'C3 Housing Market Area':

*"The West Midlands Regional Housing Strategy (June 2005) divided the region into four parts – North, South, West and Central, for the purpose of conducting strategic housing*

market assessments and formulating housing policies. Due to its size, significance, and complexity the central zone was subsequently divided into three sub-regions. Therefore overall, there will be six SHMAs in the West Midlands covering wider housing market areas. Directly to the northwest of Birmingham, the C3 sub-region lies at the heart of the West Midlands region. It takes in the Black Country consisting of the local authorities of Dudley, Sandwell, Walsall and Wolverhampton, and extends to the north and west of the Black Country to include the two Staffordshire districts of Cannock Chase and South Staffordshire. Spatially somewhat disjointed from the rest but with strong market linkages, Telford & Wrekin Unitary Authority forms the northwest extremity of the sub-region.”

12.47 Figure 58 below shows the boundaries for definition of the C3 HMA:

**Figure 58. C3 Housing Market Area Sub-Region Boundary**



Source: 'Strategic Housing Market Assessment for the C3 Housing Market Area of the West Midlands' (Figure 1.1) (Ecotec, 2008)

- 12.48 It is useful to note, however, that in terms of the 2008 Ecotec SHMA used to define the 'C3 HMA' for the purposes of regional planning this evidence does indicate relatively weaker links between Telford & Wrekin and the other constituent authorities such as Dudley, Sandwell, Walsall and Wolverhampton.
- 12.49 These findings within the 2008 SHMA include Table 2.1, which shows that Telford & Wrekin represented relatively higher levels of self-containment in terms of origin-destination migration flows; and that the most common destinations for Inflow and Outflow were to the west at Shrewsbury and Atcham. Table 2.1 is replicated below:

**Figure 59. Extract of 2001-based Migration Links to Telford & Wrekin**

**Table 2.1 Headline migration figures 2001**

District	% self-containment	Net migration	Most common origin of those entering	Most common destination of those leaving
Cannock Chase	63%	-20	Lichfield	Lichfield
Dudley	68%	-1,587	Sandwell	Sandwell
Sandwell	65%	-952	Birmingham	Dudley
South Staffordshire	43%	161	Wolverhampton	Wolverhampton
Telford & Wrekin	69%	987	Shrewsbury & Atcham	Shrewsbury & Atcham
Walsall	68%	-1,493	Birmingham	Birmingham
Wolverhampton	67%	-1,358	Walsall	South Staffordshire

Census 2001; % of self containment =  $(\text{internal migrants} / (\text{emigrants} + \text{immigrants}) / 2) + \text{internal migrants}$

Source: 'Strategic Housing Market Assessment for the C3 Housing Market Area of the West Midlands' (Ecotec, 2008)

- 12.50 Section 2.2.3 of the 2008 SHMA also distinguishes travel-to-work patterns in Telford & Wrekin as representing 80% self-containment of journeys within the Unitary Authority. In summary, the criteria recommended by the most recent guidance for the identification of HMA boundaries do not support the definition of the C3 HMA for the purposes of assessing housing need.

**v) Previous Local Evidence for Definition of a Telford & Wrekin HMA**

- 12.51 Previous evidence produced locally also reflects difficulties with definition of a wider regional HMA incorporating Telford & Wrekin. This includes the **Borough of Telford & Wrekin Strategic Housing Market Assessment 2008 Update** (Nevin Leather Associates, Revised 2009). The analysis within this Report is dated, but it represents an important piece of local research and supports the ability to identify Telford & Wrekin as a self-contained HMA. Paragraphs 2.8 and 2.9 detail the changes in policy and approach that distinguish the 'C3 sub-regional HMA' identified as part of work for the West Midlands Regional Spatial Strategy from further work that takes more account of migration and commuting patterns.
- 12.52 In relation to the work undertaken to define the C3 HMA, Paragraph 2.9 of the Nevin Leather (2009) SHMA for Telford & Wrekin concludes:

*"This work was carried out in advance of the latest guidance on housing market assessment. It drew mainly on data on house prices across the region to identify housing market areas. Subsequently, the Regional Assembly commissioned further work<sup>10</sup> to consider the significance of travel to work and migration data in defining sub-regional housing market areas in the region, in line with official advice. This study highlighted 36 sub-regional HMAs in the West Midlands, one of which was the Telford Housing Market Area. The areas were not constrained to local authority boundaries."*

- 12.53 The 2009 SHMA supports the identification of a Telford sub-regional HMA. Additional analysis in the 2009 SHMA finds high degrees of self-containment of commuters and identifies Telford as a significant destination node within the West Midlands. In terms of migration flows, paragraph 2.21 confirms that *"this analysis confirms the picture suggested by travel to work analysis, and suggests a housing market area based on Telford made up of adjacent authorities with a bias toward the west."* (SPRU emphasis)
- 12.54 The 2009 SHMA also summarises that where Telford & Wrekin can be clearly identified as a

<sup>10</sup> Ecotec Research and Consulting (2006) Study into the Identification and Use of Local Housing Market Areas for the Development of the Regional Spatial Strategy Final Revised Technical Report

separate HMA its area of influence beyond the administrative boundary is relatively minor. Small-area analysis of Travel to Work patterns found only small catchments at Shifnal and Broseley where over 30% of employed persons travelled to work in Telford & Wrekin. Analysis of internal migration flows (as at 2003-04) also set out the 'top 3' links for Telford & Wrekin together with the former district areas of Shropshire and the Black Country. Telford & Wrekin only appears as the strongest link once (Bridgnorth) and only once again (third ranked link for the former Shrewsbury and Atcham district area).

**vi) *Most Recent Definition of the Housing Market Area within Neighbouring Areas***

- 12.55 Table 65 below provides a summary of recent evidence for the definition of HMA boundaries within surrounding local authority areas, none of which identified wider HMAs incorporating Telford & Wrekin.

**Table 65. Summary of HMAs in Neighbouring Authorities Based on Recent Evidence**

Authority	Definition of HMA	Source
<b>Stafford</b>	<p>In defining the HMA in accordance with the most recent planning practice guidance this identifies that Stafford is sufficiently self-contained to represent a single HMA. This states that links to Stoke-on-Trent and Newcastle-under-Lyme remain the relatively strongest influence albeit these have weakened based on 2011 Census data and a definition of short household moves constrained to the West Midlands region.</p> <p>The 2020 EHDNA (4.5 and paragraphs 4.40 – 4.41) also identifies that Stafford forms its own Travel to Work Area (TTWA) based on 2011 Census data</p>	Stafford Borough Council: Economic and Housing Development Needs Assessment (Lichfields, February 2020)
<b>Shropshire Unitary Authority</b>	<p>The following options are assessed based on national-level identification of HMA boundaries:</p> <ul style="list-style-type: none"> <li>• A self-contained HMA for Shropshire;</li> <li>• A HMA for Shropshire and Telford &amp; Wrekin;</li> <li>• A HMA for Shropshire and Herefordshire; or</li> <li>• A HMA for Shropshire, Telford &amp; Wrekin, and Herefordshire</li> </ul> <p>The SHMA concludes that Shropshire forms a self-contained HMA, based on a refined estimate of short household moves exceeding a 70% threshold based on moves within the authority and noting difference in indicators of supply and demand based on house prices. Since 2001, the SHMA notes an increase in containment of commuter flows (also exceeding a 70% threshold) within Shropshire – levels of in-commuting and the strength of links has particularly increased with areas to the west including higher numbers of in-commuters and out-commuters from Powys and Wrexham between 2001 and 2011. Over the same period a small increase was recorded for in-commuters within Telford &amp; Wrekin but the number of out-commuters to the borough decreased. Catchments for retail and education are considered to be</p>	Strategic Housing Market Assessment Report: Part 1 (March 2020)

Authority	Definition of HMA	Source
	<p>closely related to the Shropshire boundary and defined by individual centres of population within the authority area.</p> <p>Also relevant are the SHMA's conclusions that each neighbouring area has recently identified self-contained HMA boundaries and that due to the geographic extent of Shropshire a wider HMA formed with other authorities may be unmanageable in terms of assessing and planning to meet housing needs.</p>	
<b>Greater Birmingham Housing Market Area</b>	<p>The basis for definition of the HMA boundary uses the starting point for a Greater Birmingham Housing Market identified by the Geography of Housing Market Areas, a study commissioned by the former National Housing and Planning Advice Unit (NHPAU), and published by CLG in 2010.</p> <p>In terms of the geographical relationship with Telford &amp; Wrekin the authority was not identified as part of the original study area and subsequent analysis did not indicate that it forms part of the HMA. This is important in terms of reinforcing the departure from the studies prepared to inform the former West Midlands Regional Spatial Strategy, on the basis that this more recent evidence provides no conclusions supporting a wider HMA incorporating Telford &amp; Wrekin.</p> <p>Neighbouring South Staffordshire was identified as forming part of the Greater Birmingham HMA<sup>11</sup> despite being outside of the original study area identified by Peter Brett Associates.</p> <p>Further testing of migration based on 2011 Census Data and Travel-to-Work flows both validate the original boundary identified by CURDS and do not identify strong links to Telford &amp; Wrekin. Similar findings are reported for commuting, both based on Annual Population Survey and 2011 Census data. The Stage 2 Peter Brett Study does not include any assessment of house prices across the Greater Birmingham HMA.</p>	<p>Greater Birmingham and Solihull LEP and Black Country Local Authorities Joint Strategic Housing Needs Study Stage 2 Report (PBA, November 2014)</p>
<b>Black Country Authorities</b>	<p>The four Black Country Councils (Dudley, Wolverhampton, Sandwell, and Walsall) are preparing a review of the Black Country Plan (formerly known as the Black Country Core Strategy). The evidence base for this Plan follows the wider geography of the Greater Birmingham HMA. The Black Country and South Staffordshire Strategic Housing Market Assessment Final report (March 2017) has been prepared on behalf of the Black Country authorities and South Staffordshire Council. This provides an overview of</p>	<p>Black Country and South Staffordshire Strategic Housing Market Assessment Final report</p>

<sup>11</sup> Birmingham, Bromsgrove, Cannock Chase, Dudley, Lichfield, North Warwickshire, Redditch, Sandwell, Solihull, South Staffordshire, Stratford upon Avon, Tamworth, Walsall, and Wolverhampton

Authority	Definition of HMA	Source
	<p>objectively assessed housing need for the Black Country housing market sub-area including an assessment of relevant market signals (including house prices). However, it does not seek to revisit the geography of the Greater Birmingham HMA as part of this analysis and therefore excludes Telford &amp; Wrekin from the assessment.</p> <p>Paragraph 7.31 of the 2017 SHMA explains that the findings of adjustments for market signals and the relationship with demand for economic growth. In the case of South Staffordshire, these indicators suggest higher demand for housing than elsewhere in the HMA and reflect an uplift on the demographic projection of need.</p>	(March 2017)

- 12.56 The summary of previous evidence in this section strongly suggests that a standalone HMA for Telford & Wrekin would represent a robust and effective option for the assessment of housing need. The next sub-section of this section will assess whether based upon up to date evidence Telford & Wrekin satisfies indicators identified within the NPPG by reference to the supply and demand indicators of house price and housing search patterns.

**d) Review of Evidence for the definition of the Housing Market Area**

- 12.57 This section undertakes a review of the criteria identified within the PPG for the purpose of defining HMA boundaries for Telford & Wrekin. Based on our summary of previous work and evidence from neighbouring areas this is focused upon reassessing the self-containment of Telford & Wrekin as a standalone HMA notwithstanding the links that do exist with adjoining authorities in terms of migration and commuting flows.

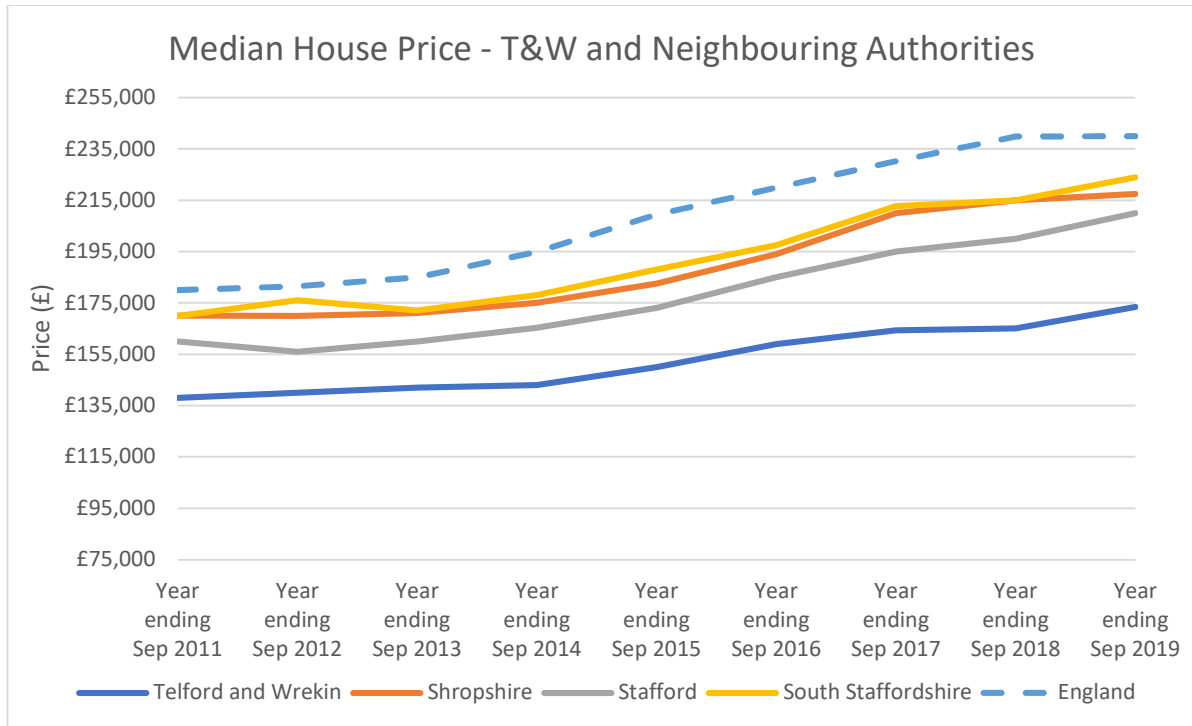
**i) Housing Demand and Supply**

- 12.58 Planning Practice Guidance recommends the analysis of house price data, including the rate of change in house prices, to assess the relationship between housing supply and demand across different areas. An objective of this analysis is to identify clear differences between price levels between an area and its surroundings.

**Comparison of Median Sales Price (All Dwellings) (Immediate Neighbouring Authorities)**

- 12.59 The first stage is to look at differences from a comparison of median house sale prices at the Local Authority level. These data are available as part of House Price Statistics for small areas based on Office for National Statistics (ONS) analysis of Land Registry price-paid recorded transactions by administrative boundaries. Analysis is also presented based on statistical geographies (Lower and Middle Super Output Areas) and is also relevant to the definition of sub-areas (see Section 18).
- 12.60 Figure 60 below provides a comparison of median sales price for all dwelling types for Telford & Wrekin compared to the immediate neighbouring authority areas. This also provides details of the median sales price for England:

**Figure 60. Comparison of Median Sales Price (All Dwellings)**



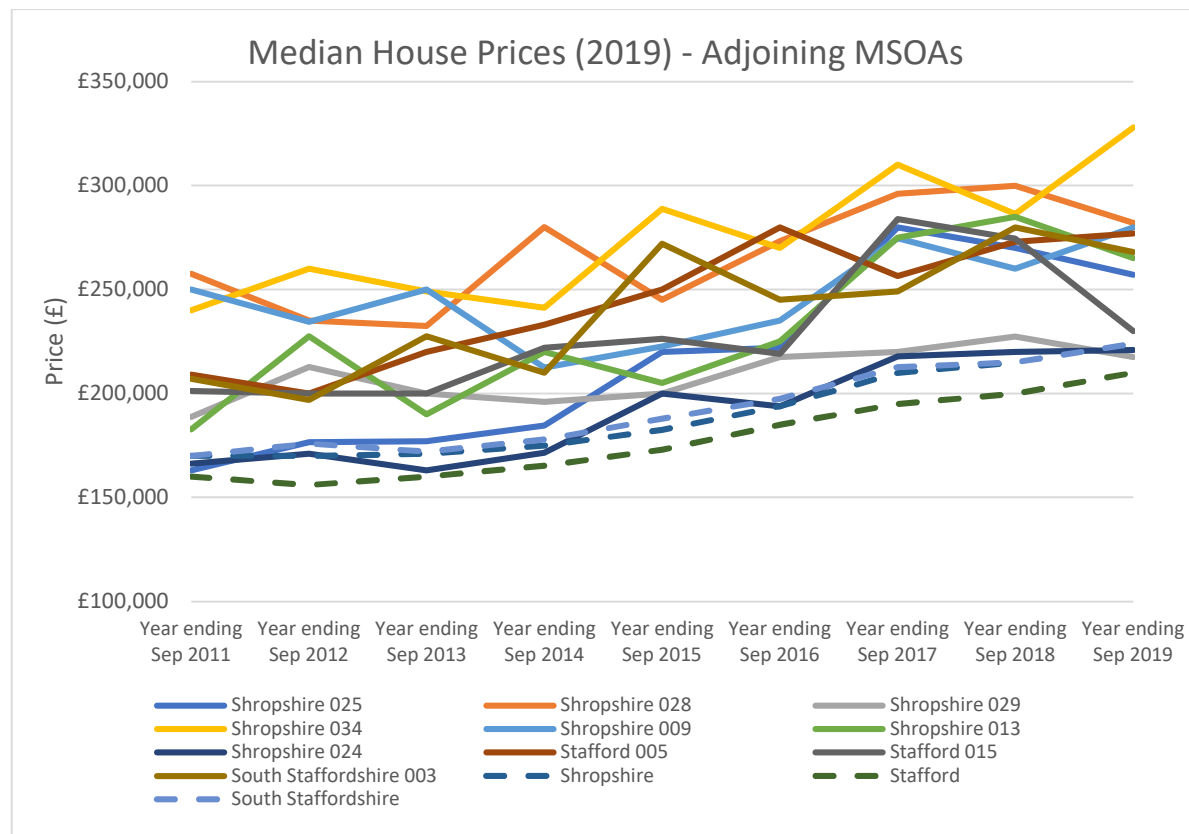
Source: ONS; Land Registry; SPRU Analysis

- 12.61 While all the authorities compared are below the average for England it can be seen that the median sales price in Telford & Wrekin is below that in all three immediately adjoining authorities. The greatest differences exist between South Staffordshire and Shropshire (-29% and -25% respectively). This is significant in the context of Shropshire in particular given the previous identification of potentially stronger links in terms of migration and commuting.
- 12.62 In terms of the rate of change in house prices the evidence also shows that the disparity between Telford & Wrekin and its neighbouring authorities has increased in recent years.

**Comparison of Median Sales Price (All Dwellings) (Immediately Adjoining Areas)**

- 12.63 The relationship with the immediately adjoining authorities in terms of physical geography means that boundaries generally share predominantly rural characteristics, with relatively substantial distance between the administrative boundary of Telford & Wrekin and the next nearest settlement. There are some exceptions to this such as the pattern of urban development between Ironbridge and Broseley but other features such as the South Shropshire Hills AONB also act to separate Telford from other major areas of population.
- 12.64 For the purpose of defining the HMA, and the criteria of supply and demand based on patterns of house price change, these characteristics appear to differentiate Telford & Wrekin from its immediate surroundings. All of the Middle Super Output Area (MSOA) statistical geographies that adjoin Telford & Wrekin have a higher 'all dwellings' median sales price (2019) than the respective district-wide figures for Shropshire, Stafford or South Staffordshire. This is shown in Figure 61 below:

**Figure 61. Comparison of Median Sales Price in MSOAs Adjoining Telford & Wrekin**



Source: ONS; Land Registry; SPRU Analysis

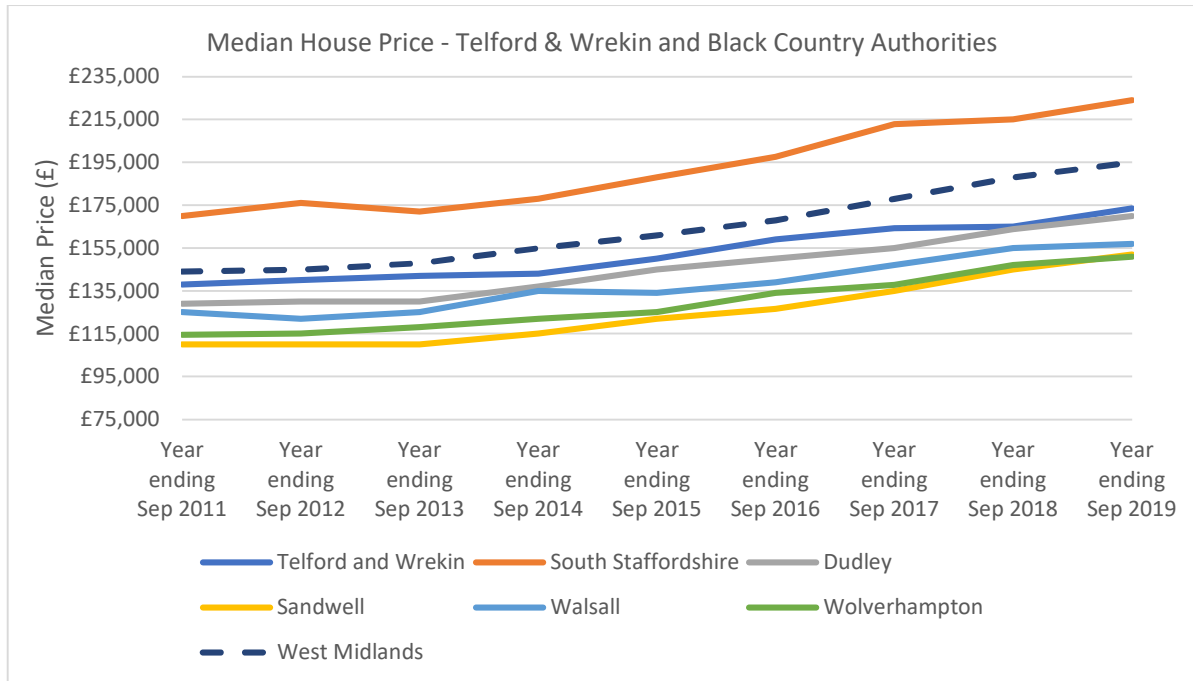
12.65 Figure 61 above notes that district-level median values substantially exceed the equivalent value for Telford & Wrekin (£173,500 at September 2019). However, the immediate boundaries between Telford & Wrekin and neighbouring areas, based on local physical and market characteristics of adjoining MSOAs, also suggest a weaker relationship to Telford & Wrekin in terms of the criterion used to define HMAs based on local trends in house prices. This is considered to further reduce the potential strength of housing market links beyond the administrative boundary.

12.66 While prices may correspondingly be more alike between Telford and some of the main settlements in adjoining districts the analysis in this section is restricted only to those immediately adjacent MSOAs. Reflecting the wider evidence base for definition of HMA boundaries (see summary in Table 65 above) the actual distance between these other urban centres limits the rationale to define a wider HMA.

#### **Comparison of Median Sales Price (All Dwellings) (Black Country Authorities)**

12.67 When comparing Telford & Wrekin with the Black Country authorities (plus South Staffordshire) there is a much closer relationship between recorded median sales prices (all dwellings) than is apparent with Shropshire and Staffordshire (as illustrated above)

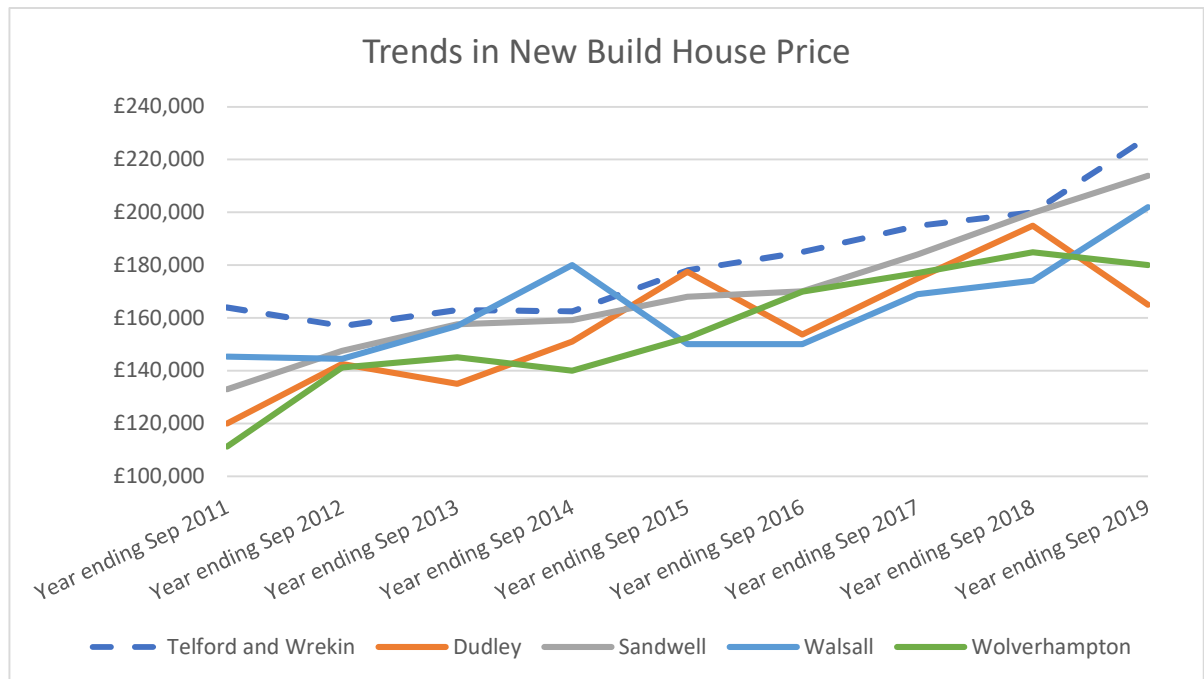
**Figure 62. Comparison of Median Sales Price (All Dwellings)**



Source: ONS; Land Registry; SPRU Analysis

- 12.68 One further observation on these data are that Telford & Wrekin together with the Black Country authorities all sit below the median sales price for the whole of the West Midlands. South Staffordshire, in contrast, sits comfortably above the West Midlands average, further emphasising the differences in median price between Telford & Wrekin and its immediate neighbours. Differences between Telford & Wrekin and the Black Country authorities have narrowed further in the period 2015 to 2019 and this is a function of a marginally higher rate of change in house prices within the Black Country (17.2% - 24.6%) compared to Telford & Wrekin (15.7%).
- 12.69 In terms of trends in 'new build' sales prices there is a relatively high degree of diversity of outcomes within the Black Country authorities themselves. Taking a longer-term 2011 to 2019 trend the sales price for 'new build' property in Wolverhampton and Sandwell has increased by around 60% compared to around 40% in Telford & Wrekin, with a roughly equivalent increase in Dudley and Walsall. Telford & Wrekin demonstrates a more sustained rate of increase in the 'new build' sales price, reflecting the premium for this market discussed previously in this section. Authorities within the Black Country indicate a greater annual fluctuation, which may also reflect fluctuation in the level and type of development activity year-on-year. These trends are shown in Figure 63 below:

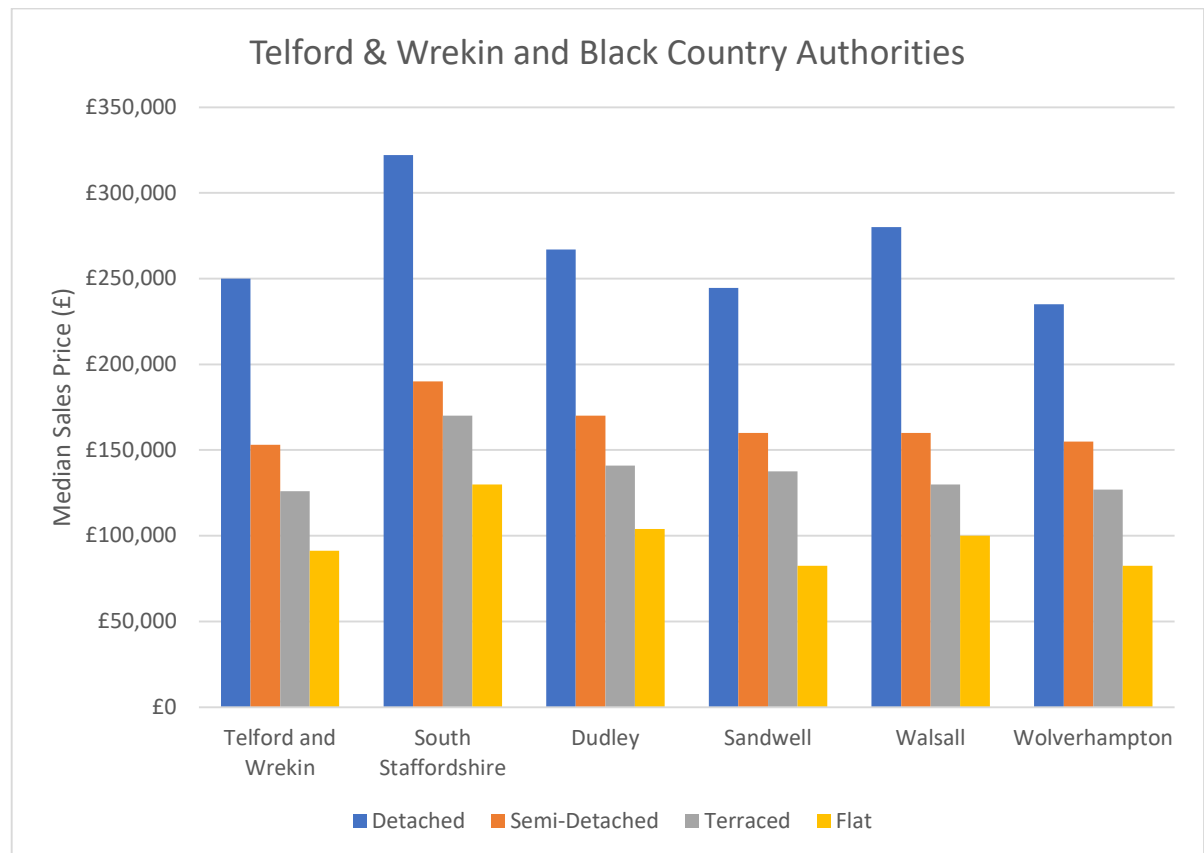
**Figure 63. 2011-2019 New Build Sales Prices – Telford & Wrekin and Black Country Authorities**



Source: ONS; Land Registry; SPRU Analysis

- 12.70 Another reason to apply some caution to the apparent similarity in Median house prices is that the comparison is less clear when the relationship is compared by individual dwelling type. While Telford & Wrekin has marginally higher overall median sales prices (all dwelling types) this does not hold true when comparing these individually. This means the overall similarity in the 'all dwellings' series is partly a function of differences between dwelling stock across the authorities. For example, Telford & Wrekin presents the lowest median price for Terraced dwellings and second lowest median price for Detached dwellings, with the implication that in isolation the authority possesses a wider range of values within the total stock.

**Figure 64. Comparison of Median Sales Price (By Dwelling Type)**



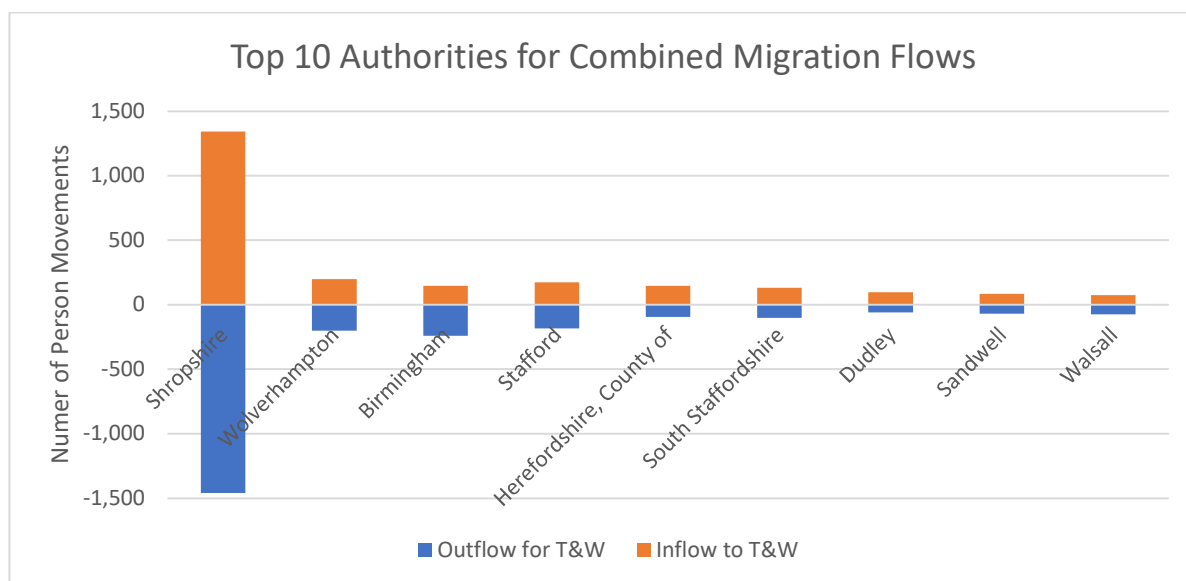
Source: ONS; Land Registry; SPRU Analysis

- 12.71 While house price data as an indicator for supply and demand provides one potential source of evidence shared HMA characteristics between Telford & Wrekin and relatively more geographically distant neighbours these, in isolation, are not sufficient to make recommendations on the appropriate basis to assess housing needs. Further and potentially more significant criteria relating to migration flow and housing search patterns are set out in the following sub-section.

#### ii) ***Patterns of Housing Search and Migration Flows***

- 12.72 Data from the 2011 Census for England and Wales is unchanged from the preparation of previous evidence seeking to identify HMA geography in Telford & Wrekin. The starting point for this Report is therefore based on the same measure for self-containment identified in the previous Telford & Wrekin Objectively Assessed Housing Need Final Report (PBA, 2015).
- 12.73 Data on change in usual residential address in the year before Census Day (i.e. 2010 to 2011) is the most useful for assessing supply-side and demand-side measures of self-containment based on household moves in accordance with the NPPG because this also captures moves within the borough. This is an important measure of containment in the housing market where a change in address is not associated with movement across administrative boundaries.
- 12.74 In terms of origin-destination patterns of migration for movement between administrative geographies the 2011 Census data record the top 10 destinations and sources of inflow as follows based on the total combined movements:

**Figure 65. Migration Links to Telford & Wrekin Based on 2010-11 Inflow and Outflow**



Source: SPRU Analysis of 2011 Census Data

- 12.75 Figure 65 above does not include movements recorded within the Telford & Wrekin administrative area over the same period (12,563). This means the total of all movements recorded is 17,837 Internal movement within Telford & Wrekin represents some 70.4% of all demand-side moves and significantly exceeds cross-boundary moves with neighbouring authorities.
- 12.76 Table 66 below shows the total percentage split of all internal moves and inflow to Telford & Wrekin, as a % of total moves. It is important to note that the 'Other Areas' total, whilst cumulatively greater than the inflow from the combined 'top 10' areas, represents all other local authorities in England and Wales. The significance of these disparate range of additional flows is therefore less helpful for the purposes of understanding self-containment.:

**Table 66. Breakdown of Internal Migration Flows and Inflow Migration**

	Internal Flows and Inflow	% of Total Movements
Telford & Wrekin	12563	70.4%
Shropshire	1343	7.5%
Wolverhampton	199	1.1%
Birmingham	145	0.8%
Stafford	173	1.0%
Herefordshire, County of	145	0.8%
South Staffordshire	132	0.7%
Dudley	97	0.5%
Sandwell	85	0.5%
Walsall	73	0.4%
Other Areas	2882	16.2%
Total Moves	17837	

Source: 2011 Census; SPRU Analysis

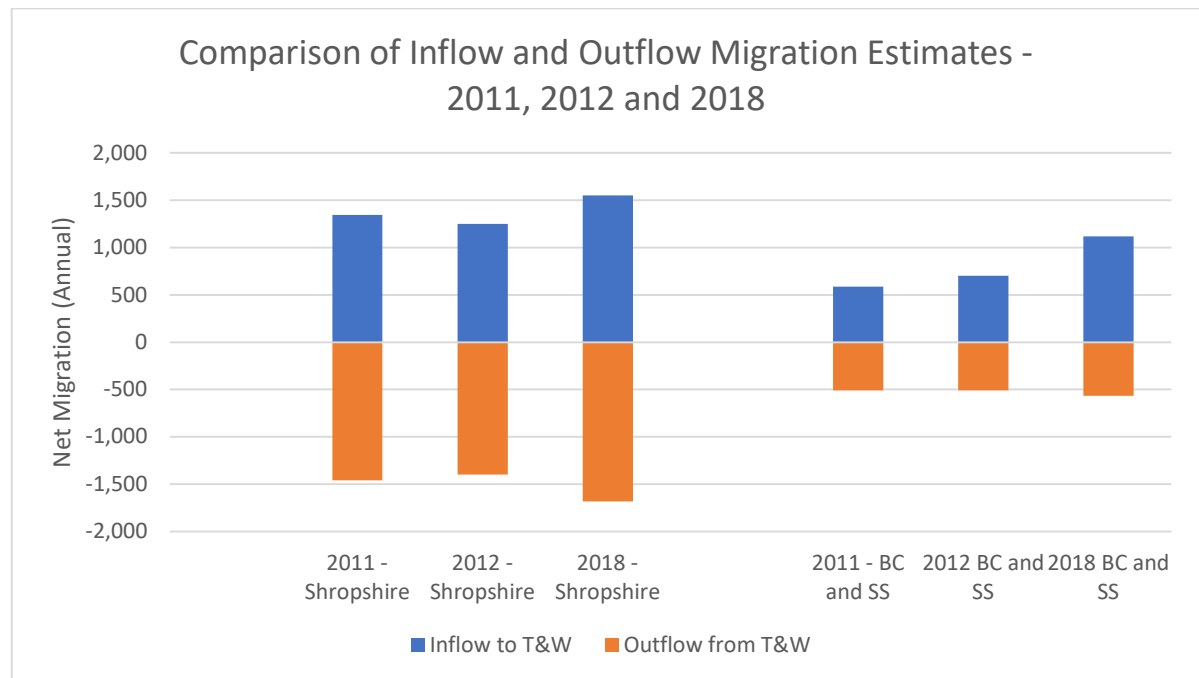
- 12.77 Figure 65 also shows that Telford & Wrekin has a marginally higher outflow than inflow (a difference of -98 persons across the ten authorities assessed). Broadly there is a net inflow from authorities to the east of Telford & Wrekin (including the Black Country authorities) and a net outflow to the west including Shropshire, although this masks difference in positive or negative net change with individual areas.
- 12.78 Combined flows with Shropshire are greater than all other nine authorities combined and more than three times higher than combined flows with the Black Country authorities.
- 12.79 To provide updated analysis within this Report the most recent estimates for annual internal migration between local authorities have been compiled as part of the components of change published alongside Annual Mid-Year Population Estimates. The downside of these data is that they do not capture an annual estimate of person movements within administrative boundaries for which the 2011 Census remains the most comprehensive source.
- 12.80 It must be stated that the methodology for production of annual Mid-Year Population Estimates is different from the 2011 Census that seeks details of previous residential address in the year before the Census. This means that a degree of caution should be exercised with direct comparison of the data.
- 12.81 Table 67 below presents inflow and outflow data for 2011, 2012 and 2018. Presenting data for 2011 and 2012 as consecutive years allows potential differences between the methodology for the Census and Mid-Year Population Estimates to be compared. It is also relevant to note as per Table 67, which compares internal migration as recorded in the 2011 Census and 2011 Mid-Year Population Estimates (using the example of Shropshire) the position of net outflow is lower in the Census data. The Census also records a higher total in terms of movements:

**Table 67. Comparison of Internal Migration Estimates – 2011 Census and MYPEs**

	<b>Inflow</b>	<b>Outflow</b>	<b>Net Flow</b>
2011 Census - T&W and Shropshire	1343	1459	-116
2011 MYPE - T&W and Shropshire	1172	1375	-203

- 12.82 Analysis of the most recent estimates of internal migration flows has been conducted on the basis of the previous evidence of the strongest links to Shropshire and the combined Black Country authorities plus South Staffordshire ('BCSS combined area'). This is based on the previous history of research into sub-regional housing market links.

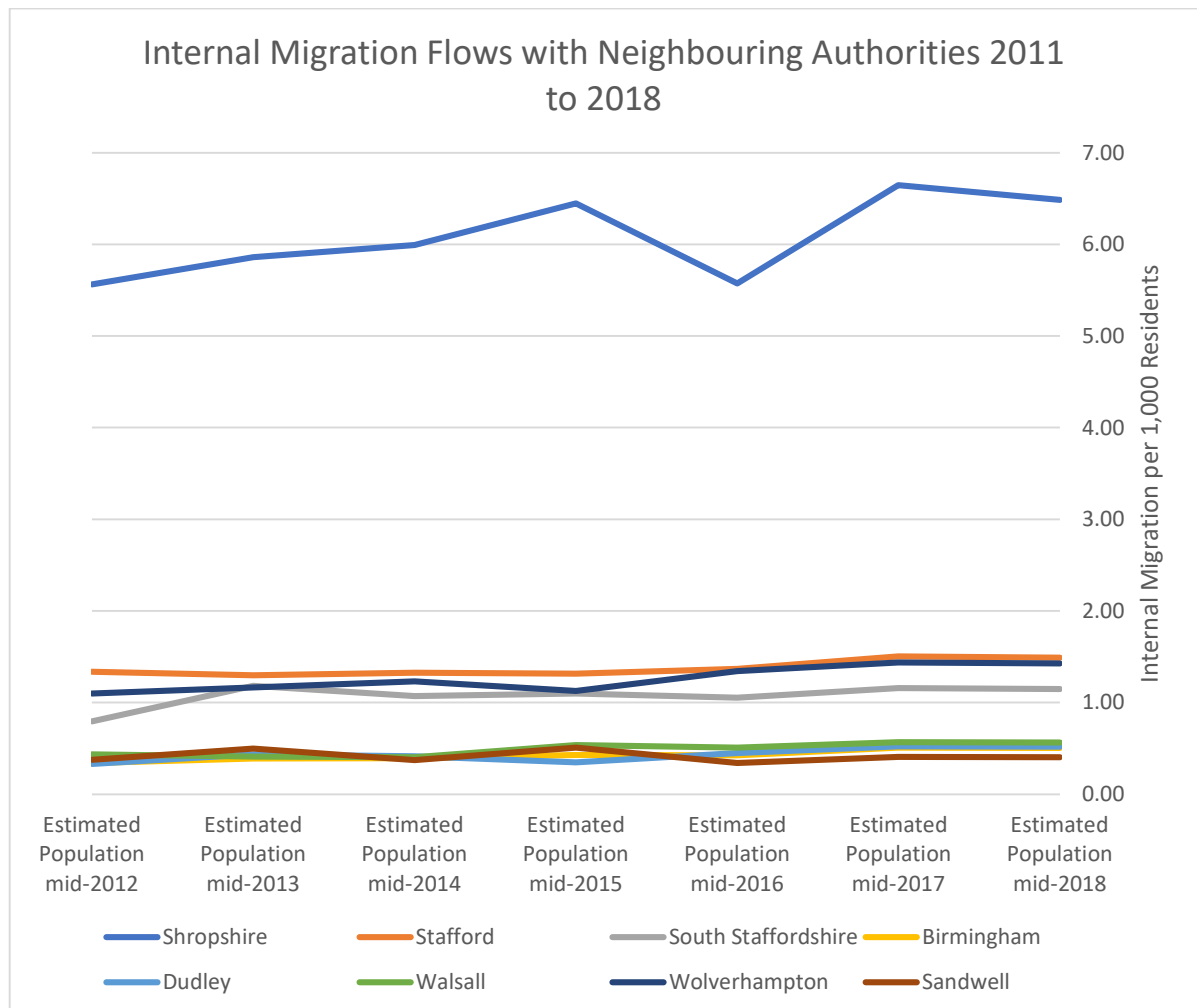
**Figure 66. Estimates of Internal Migration Flows with Telford & Wrekin**



Source: 2011 Census; ONS Mid-Year Population Estimates; SPRU Analysis (BC and SS = Black Country and South Staffordshire)

- 12.83 These data reveal that there has been very limited change in migration flows with Shropshire over the years since the 2011 Census. Annual net outflow from Telford & Wrekin remains similar to levels at the 2011 Census (-133 persons vs -116 persons). Gross flows have increased during this period, but this must take account of population growth between the 2011 Census and the most recent estimates of population.
- 12.84 To do this one can consider the actual rate of movement per 1,000 residents as this accounts for changes in total population. This measure shows gross flows from Shropshire into Telford & Wrekin have increased slightly from 5.91 moves per 1,000 residents to 6.49 moves per 1,000 residents. This does not indicate a substantial increase in the strength of links based on supply-side or demand-side indicators of migration.
- 12.85 While this analysis has focused on the beginning and end of the 2011 to 2018 series it is relevant to note trends calculated on this basis have been stable over the period, as shown in Figure 67.

**Figure 67. Comparison of Standardised Internal Migration Flows**



Source: ONS; SPRU Analysis

- 12.86 One observation of potential demand-side migration links relates to increased annual inflow from the combined BCSS authorities into Telford & Wrekin compared with earlier years in the series. Inflow has increased 59% between 2012 and 2018 while outflow has remained static, illustrating a net gain in population for Telford & Wrekin. Gross inflow remains below the total for Shropshire, albeit the difference has narrowed considerably. However, the substantially greater population of the Black Country (c.1.3 million vs. c.320,000 in Shropshire based on 2018-estimates) must be considered as part of any comparison. The comparative rate of population change is also of relevance – both Shropshire and the Black Country have experienced c.4% population growth for the period 2011 to 2018 with growth for Telford & Wrekin recorded at 6.6%.
- 12.87 Placing links to the Black Country in context the actual rate of movement, accounting for changes in total population, has increased slightly from 0.77 moves per 1,000 residents to 1.13 moves per 1,000 residents across the BCSS combined area. This does not indicate a substantial increase in the strength of links when compared with Shropshire.
- 12.88 This is key, as it indicates that whilst data from the matrix of internal migration estimates does indicate an absolute increase in person movements when the rate is considered in relation to total population the change does not appear to reflect a significant shift in housing search patterns. This is partly a function of a reduction in outflow from Telford & Wrekin to the Black

Country as a proportion of total population, indicating a weakening of supply-side links between the areas. It is also relevant to note that this analysis looks only at specific housing search patterns affecting inflow migration to Telford & Wrekin. On this measure the change in the relationship with the Black Country authorities does not appear significant. However, the analysis does not take account of whether there has been a relatively greater change in flows either between the Black Country authorities or with areas other than Telford & Wrekin either in absolute flows or rates as a proportion of the total combined population,

- 12.89 The conclusion based on the most recent estimates for internal migration is that there has been no significant change in indicators for supply and demand as identified in 2011 Census data. As a result, those data, which include moves beginning and ending within Telford & Wrekin, provide an appropriate means to assess overall levels of self-containment. This is with the caveat of noting that in terms of total self-containment of flows it is not possible to estimate, on a basis equivalent to the 2011 Census, whether the number of movements originating and remaining within Telford & Wrekin itself has also increased. At least some pro-rata increase is likely based on the growth in the total population.
- 12.90 Table 68 below replicates analysis based on migration flows into and out of Telford & Wrekin in the year before the 2011 Census. This shows that when the Borough is assessed as a single HMA, based on flows occurring wholly within the Borough as a proportion of total movements, levels of self-containment broadly satisfy the 70% threshold identified in earlier iterations of guidance:

**Table 68. Self-Containment Rates – Household Moves within Telford & Wrekin (England and Wales Total)**

Usual Residence – 2011 Census (destination) ('demand')	Previous Address (origin) ('supply')		
	Telford & Wrekin	Rest of England and Wales	Total (previous year – moves in)
Telford & Wrekin	12,563	5,274	17,837
Rest of England and Wales	5,644		
Total (previous year – moves out)	18,207		
<b>Self-Containment</b>	<b>Contained moves</b>	<b>All Moves</b>	<b>% Containment</b>
Demand-side (destination-based)	12,563	17,837	70.4%
Supply-side (origin-based)	12,563	18,207	69.0%
Overall (combined flows <sup>12</sup> )	25,126	36,044	69.7%

Source: SPRU analysis of ONS data

- 12.91 Analysis based on totals for England and Wales will capture a significant proportion of household moves that would not be considered short household movements in accordance with the most recent planning practice guidance. It is therefore relevant to consider the appropriate definition of short household moves in the context of Telford & Wrekin. In assessing this definition Table 68 above denotes that the authority only shares administrative boundaries with other administrative geographies forming part of the West Midlands.
- 12.92 There is no definition of short household moves, but previous guidance published by the Planning Advisory Service in its 'Objectively Assessed Housing Need and Housing Targets' Technical Advice Note (2<sup>nd</sup> edition) stated unless an authority adjoined or was close to boundaries with neighbouring countries or regions these should probably be excluded. In the case of Telford & Wrekin it appears reasonable to use this as the basis for a definition of short household moves. As well as relatively high levels of self-containment on the basis of

<sup>12</sup> For change of address within an individual administrative area origin-destination flows are counted twice as part of the combined total

the administrative boundary (i.e. 69.7% overall from Table 68) over 51% of all flows in England and Wales are to locations in the West Midlands.

- 12.93 In this respect Telford & Wrekin can be clearly distinguished from neighbouring Shropshire (which forms the majority of the administrative boundary). For Shropshire, only around 33% of moves within England and Wales correspond to authorities within the West Midlands. Within the Shropshire Council – Strategic Housing Market Assessment: Part 1 (2020) this is acknowledged as part of shared borders with Powys (Wales) and Cheshire (North West).
- 12.94 When analysis is undertaken of household moves within Telford & Wrekin as a percentage of combined flows with the West Midlands region only the figure for self-containment increases to 81.6%. This clearly satisfies the criteria for a *relatively high proportion of moves* as set out in the most recent version of the PPG and substantially exceeds the indicative threshold of 70% derived from earlier guidance and best practice. The results are set out in Table 69 below:

**Table 69. Self-Containment Rates – Household Moves within Telford & Wrekin (West Midlands Total)**

Usual Residence – 2011 Census (destination) ('demand')	Previous Address (origin) ('supply')		
	Telford & Wrekin	Rest of West Midlands	Total (previous year – moves in)
Telford & Wrekin	12,563	2,799	15,362
Rest of West Midlands	5,644		
Total (previous year – moves out)	15,443		
<b>Self-Containment</b>	<b>Contained moves</b>	<b>All Moves</b>	<b>% Containment</b>
Demand-side (destination-based)	12,563	15,362	82%
Supply-side (origin-based)	12,563	15,443	81%
Overall (combined flows <sup>13</sup> )	25,126	30,805	81.6%

Source: SPRU analysis of ONS data

- 12.95 This analysis further supports the definition of Telford & Wrekin as a self-contain HMA. When considered alongside the other criteria used to support identification of housing market geographies and the understanding of links with surrounding areas it is not considered that changes to self-containment where Telford & Wrekin is grouped with other neighbouring areas supports the definition of a wider HMA.
- 12.96 Table 70 demonstrates that when Telford & Wrekin is considered together with Shropshire based on all flows for England and Wales the 70% threshold is also satisfied but this ignores the different potential definition of short household moves for the two authorities. This does not represent a meaningful increase in the identified levels of self-containment.

<sup>13</sup> For change of address within an individual administrative area origin-destination flows are counted twice as part of the combined total

**Table 70. Self-Containment Rates – Household Moves within combined Telford & Wrekin and Shropshire boundary (England and Wales Total)**

Previous Address (origin) ('supply')	Telford & Wrekin	Shropshire	Rest of England and Wales	Total (previous year – moves in)
Usual Residence – 2011 Census (destination) ('demand')				
Telford & Wrekin	12,563	1343	3,931	17,837
Shropshire	1,459	18,608	9,982	30,049
Rest of England and Wales	4,185	9,553		
Total (previous year – moves out)	18,207	29,504		
<b>Self-Containment</b>	<b>Contained moves</b>		<b>All Moves</b>	<b>% Containment</b>
Demand-side (destination-based)	33,973		47,886	70.9%
Supply-side (origin-based)	33,973		47,711	71.2%
Overall (combined flows <sup>14</sup> )	67,946		95,597	71.1%

Source: SPRU analysis of ONS data

- 12.97 When flows for Shropshire are based only on links to the West Midlands, Wales, and the North West (reflecting the wider range of boundaries) Shropshire satisfies the 70% self-containment threshold as a standalone HMA. This is likely to be an appropriate definition give the more diverse range of migration flows, where combined flows with Telford & Wrekin are a relatively small proportion of total moves. The fact that short household moves can reasonably be defined differently for Shropshire and Telford & Wrekin is a further argument against definition of a wider HMA for the purposes of assessing need.
- 12.98 Based on the gross flows between Telford & Wrekin and the Black Country authorities plus South Staffordshire, as a proportion of the England and Wales total (3.3% on the demand-side and 2.8% on the supply-side), it has not been considered relevant to present detailed findings for self-containment based on the combined area. However, in summary the Black Country authorities comfortably pass the 70% threshold even when all household moves in England and Wales are considered (76.8%).
- 12.99 This increases slightly to 77.5% with the addition of South Staffordshire. The addition of Telford & Wrekin marginally reduces self-containment to 77.2% and is thus not considered to support definition of a wider HMA. This is consistent with findings for definition of the Greater Birmingham and Black Country HMA.
- 12.100 The analysis of housing search patterns therefore supports the identification of Telford & Wrekin as a self-contained HMA.

#### **e) Conclusions and Recommendations on the Housing Market Area**

- 12.101 This section has addressed the relevant steps and considered evidence recommended by national and policy and guidance in order to support conclusions on the appropriate definition of the HMA. The outputs of this exercise define the administrative boundaries of the borough as the most appropriate geography within which to prepare policies for meeting housing need.
- 12.102 The findings following this exercise support the definition of Telford & Wrekin as a self-contained HMA. This conclusion is consistent with the outcomes of previous work but has been prepared with reference to more recent data and considered against the current criteria

<sup>14</sup> For change of address within an individual administrative area origin-destination flows are counted twice as part of the combined total

outlined within the Planning Practice Guidance.

- 12.103 The most comprehensive available evidence to inform definition of the HMA boundary is obtained from the 2011 Census for England and Wales. All previous work taking this evidence into account has identified Telford & Wrekin as a self-contained HMA. Compared with previous Census data the 2011 outputs reinforce the view that links with surround authorities are insufficiently strong to support definition of a broader HMA.
- 12.104 The current Planning Practice Guidance also assists in allowing a finer-grained definition of short household moves and judgement regarding the definition of what comprises a relatively high proportion of totals flows. Having undertaken the assessment on this basis, rather than against strict and potentially arbitrary numerical thresholds as set out in earlier iterations of guidance, the robustness of conclusions relating to Telford & Wrekin as a self-contained HMA are reinforced.
- 12.105 Consideration of a broader range of contextual indicators such as travel-to-work areas and catchments for education and retail is set out in Section 3 of this Part 1 EHDNA. This supports the conclusion that Telford & Wrekin is also a self-contained Functional Economic Market Area and complements the recommendations in this section in relation to the HMA.
- 12.106 More recent evidence in relation to migration flow and housing search patterns has established that trends in house prices within Telford & Wrekin remain distinct from those in immediately adjoining authorities, notwithstanding high recent levels of housebuilding. The physical geography of Telford & Wrekin including the degree of separation from other urban centres nearby reinforces these differences in housing market trends.
- 12.107 A comprehensive approach has been adopted to evaluate the strength of housing market links and the degree of change indicated by the most recent evidence. This exercise has established that individual indicators, such as relatively greater similarity in house prices or increases in the absolute number of estimated of person movements, should not be considered in isolation.
- 12.108 This is particularly the case for the potential to assess any strengthening of links between Telford & Wrekin and the Black Country authorities. Specifically, when considering change in flows between these areas as a proportion of the total these links remain substantially weaker than the strongest relationship with neighbouring Shropshire. Furthermore, the increase in absolute person movements does not appear to have increased disproportionately on a per capita basis.
- 12.109 This view is consistent with the recent findings of evidence produced by neighbouring authorities, none of which supports the definition of a broader HMA incorporating Telford & Wrekin.
- 12.110 The remainder of this report will therefore set out findings on the basis of a standalone Telford & Wrekin HMA.
- 12.111 It is nonetheless important that in accordance with the Duty to Cooperate and paragraph 24 of the NPPF2019 strategic priorities for plan-making that are of cross-boundary importance remain the subject of constructive, active, and ongoing engagement with neighbouring authorities. These discussions should be undertaken to determine how the potential relationship between factors affecting the definition of the HMA for Telford & Wrekin impacts upon housing requirements and the extent that these can be accommodated in adjoining HMAs.
- 12.112 It is not strictly within the scope of this EHDNA to consider the range of national and local policy factors relevant to determine the housing requirement for the Local Plan, although it is appropriate to have regard to these as part of the assessment. However, it is for the plan-

making process to determine the overall provision of land for new housing and employment, including considering any relevant outcomes under the Duty to Cooperate.

## 13.0 LOCAL HOUSING NEED

### a) Policy Review

- 13.1 The National Planning Policy Framework (NPPF) (February 2019) states that it is important that to support the Government's objective of significantly boosting the supply of homes, that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 13.2 To achieve this in a genuinely plan led system (NPPF Paragraph 15) the NPPF states that minimum number of homes that maybe planned for should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. Only in exceptional circumstances may a lower figure be justified.
- 13.3 This however simply provides a minimum figure and does not determine the appropriate level of housing to be planned for in a Local Plan.
- 13.4 The Planning Practice Guidance provides additional advice stating that the housing need is an unconstrained assessment of the number of homes needed in an area. This means that the assessment of housing need is the first step in the process of deciding how many homes need to be planned for and that it should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations (Reference ID: 2a-001-20190220).
- 13.5 In respect of the minimum figure resulting from the Standard Method this is described as a starting point in determining the number of homes needed in an area as it does not predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. The guidance (Reference ID: 2a-010-20190220) highlights that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. The Guidance suggests that circumstances where it may be appropriate to consider a housing figure higher than the Standard Method may include:
- Growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
  - Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
  - An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground
  - Situations where previous levels of housing delivery in an area are significantly greater than the outcome from the standard method
  - Situations where previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method
- 13.6 The Guidance (Reference ID: 2a-010-20190220) states that Authorities will need to take into account the above when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.
- 13.7 As well as the above it should be noted that at the time of the production of this report there is an ongoing consultation on both a White Paper: Planning for the Future and Changes to the present Planning System. Both suggest changes to the calculation of the standard method and while the method of calculation can be changed by simply amending guidance there is presently the suggestion that any such amendment will allow for a period of transition

so plans at or close to the Regulation 19 stage may proceed on the basis of the guidance and the standard method as highlighted above. It is prudent plan making to at least be aware of the nature of these changes so that the resulting plan strategy can be genuinely forward looking.

- 13.8 This approach of forward looking including the consideration of potential future policy changes is positively encouraged in the Framework Paragraph 11 a) describes that for plan-making the presumption in favour of sustainable development means that:

*a) plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change;*

- 13.9 In the context of considering the overall level of housing the Framework (Paragraph 61) also requires the size, type and tenure of housing needed for different groups in the community to be assessed and reflected in planning policies. This should include,

- the need for affordable housing (this includes the type of affordable housing required)
- families with children,
- older people,
- students,
- people with disabilities,
- service families,
- travellers,
- people who rent their homes and
- people wishing to commission or build their own homes.

- 13.10 Following this guidance this section starts by considering the output of the present standard method as this provides the minimum requirement in the guidance and a baseline against which other potential indicators, including those above outlined in the guidance (Reference ID: 2a-010-20190220) can be evaluated.

- 13.11 After considering the minimum requirement from the standard method this section will then consider the implications of the proposed changes to Standard Method in the present consultation.

- 13.12 The section then explores the level of future housing required to support different projected levels of future economic growth

- 13.13 Lastly in relation to the overall level of housing the section considers levels of previous housing completions.

#### **b) Results of the Standard Methodology**

- 13.14 The current calculation of local housing need (LHN) using the standard method (**510dpa**) utilises the 2014-based subnational household projections for demographic need for the period 2020-2030 (452dpa) with an affordability adjustment of 12.7%. This follows the steps to undertake the calculation as outlined in Planning Practice Guidance<sup>15</sup>.

- 13.15 Calculation of the affordability adjustment (12.7%) utilises the most recent (as of September 2020) median local workplace-based affordability ratio for Telford & Wrekin. This was published in March 2020 covering the year 2019. The percentage uplift is calculated as follows:

---

<sup>15</sup> ID: 2a-005-20190220

- Affordability Ratio (2019) = 6.03
- Affordability Ratio deducted by 4 = 2.03
- Divide result by 4 ( $2.03 / 4$ ) = 0.5075
- Multiply result by 0.25 ( $0.5075 * 0.25$ ) = 0.1269 (12.7%)

- 13.16 For Telford & Wrekin the most recent calculation of local housing need using the standard method is lower than the equivalent calculation using inputs from exactly one year earlier (i.e. September 2019). This is a function of both a small improvement in the affordability ratio (6.03 vs 6.12) and a lower starting point in terms of demographic need (452 vs 463) as the 2014-based household projections are rolled forward to an updated 10-year period.
- 13.17 The housing requirement in the adopted Telford & Wrekin Local Plan 2011-2031 (Policy HO 1) is 864 dwellings per annum ( $17280 / 20$ ). The current Plan was adopted in January 2018 and is therefore less than five years old. This means that for the purpose of capping the level of any increase resulting for calculation of the standard method this would be set at 40% above the average annual housing requirement figure set out in the existing policies ( $864 * 1.40 = 1,210$ ). In this case the capped figure is substantially greater than the minimum annual local housing need figure and therefore does not limit the increase to the local authority's minimum annual housing need figure (510dpa).
- 13.18 A full breakdown of the calculation is illustrated in Table 71. As set out the resulting minimum annual local housing need of **510dpa** provides the starting point for this assessment.

**Table 71. Calculation of the Standard Method in Telford & Wrekin ('Current Year' 2020)**

Stage		Telford & Wrekin 2014-based
	<b>Average Annual Housing Requirement in Most Recently Adopted Strategic Policy (dpa)</b>	864
	<b>Strategic Policies Over 5 Years Old?</b>	No
	<b>Step 1</b>	
1a	<b>10-year (HHPs) Period</b>	4,523
1b	<b>Average annual increase</b>	452.3
	<b>Step 2</b>	
2a	<b>Affordability Ratio Year</b>	2019 (published 12/03/20)
2b	<b>Affordability Ratio Adjustment Factor</b>	6.03
2c	<b>(%)</b>	1.126875
2d	<b>Uncapped annual LHN (1b x 2c)</b>	509.6855625
2e	<b>Rounded (to nearest whole figure)</b>	510
	<b>Step 3</b>	
3a	<b>40% Cap (Local Plan) (0 x 1.40)</b>	1209.6
3b	<b>40% Cap (HHPs) (1b x 1.40)</b>	633
3c	<b>Applicable Cap</b>	1210
	<b>Calculation of LHN</b>	
4a	<b>Uncapped annual LHN (2e)</b>	510
4b	<b>Applicable Cap (3c)</b>	1210
4c	<b>Cap applicable? (Is 4a higher than 4b?)</b>	No
	<b>Figure to use for LHN</b>	<b>510</b>

**c) Results of the proposed changes to the Standard Method**

- 13.19 The government is undertaking consultation on proposed changes to the standard method. The implication of these changes which use both a dwelling stock and the most recent 2018 Household Projections would be to significantly increase the minimum level of housing that would required to be planned for in any local plan review from the **510 dpa** in the table above to **941dpa** for Telford & Wrekin<sup>16</sup>.
- 13.20 Table 72 demonstrates the reason for this substantial increase is not driven by the stock approach but by the substantial change between the 2014 and 2018 household projections. Such a change is a material consideration in the context of the present guidance.
- 13.21 While consultation proposals only at this stage it is appropriate to consider the potential outcome of the proposed revisions to the standard method calculation in order to build in the

<sup>16</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/907215/200805\\_Changes\\_to\\_the\\_current\\_planning\\_system\\_FINAL\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907215/200805_Changes_to_the_current_planning_system_FINAL_version.pdf)

flexibility in policy as Required by Paragraph 11 a) of the Framework.

- 13.22 Table 72 below sets out the assessment of local housing need in Telford & Wrekin derived from the consultation proposals.

**Table 72. Illustration of Proposed Revisions to the Standard Method Calculation**

	Stage	Telford & Wrekin – Revised LHN Methodology Consultation	
	<b>Step 1 - Baseline</b>	<b>(i)</b>	<b>(ii)</b>
		0.5% Dwelling Stock Growth	10-year (HHPs) (2018-based)
1a	<b>10-year total</b>	3838.15	8189
	<b>Period</b>	N/A	2020-2030
1b	<b>Average annual increase</b>	383.815	818.881
1c	<b>Higher of 1b(i) or 1b(ii)</b>	818.881	
1d	<b>Rounded (to nearest whole figure)</b>	819	
	<b>Step 2 – Affordability Uplift</b>	<b>(i)</b>	<b>(ii)</b>
2a	<b>Affordability Ratio Year</b>	2009	2019
		(published 12/03/20)	(published 12/03/20)
2b	<b>Affordability Ratios</b>	5.94	6.03
2c	<b>Adjustment Factor - Current Year (Part 1)</b>		
	(%)		0.126875
2d	<b>Affordability - 10-Year Trend (ii)</b>		
	(2b(ii) - 2b(i))	0.09	
2e	<b>Adjustment Factor - 10-Year Trend (Part 2)</b>		
	(2d * 0.25) (%)	0.0225	
2f	<b>Market Signals Adjustment (Part 1 + Part 2)</b>		
	(1 + 2c + 2e)	1.149375	
	<b>Calculation of Revised LHN</b>		
	<b>Local Housing Need</b>		
3a	(1d x 2e)	941.338125	
4d	<b>Figure to use for LHN</b>	<b>941</b>	

- 13.23 The effect of the revised consultation proposals within Telford & Wrekin therefore only arises under Part 2 of the affordability adjustment together with adoption of the most recent subnational household projections. Incorporation of the Part 2 affordability adjustment generates a 1.95% increase in the calculation of local housing need. On this basis there is a strong reason to argue that for Telford & Wrekin it is only the use of the most recent projections, rather than the stability sought by other inputs to the calculation, that furthers the contribution towards the government's overall objective of delivering 300,000 homes annually.

## **14.0 CURRENT DEMOGRAPHIC PROFILE AND EXPECTED FUTURE CHANGES**

14.1 As highlighted in the previous section the Standard Method only provides a minimum housing requirement figure and the Guidance requires that other factors are considered. As demonstrated by the results of the proposed changes to the standard method the 2018-based subnational Population and Household projections are producing a substantially higher minimum housing requirement. It is therefore appropriate to consider the consequences of these higher projections in the context of the present guidance.

14.2 Firstly, this section sets out the current demographic context in the borough and indicates the extent to which recent estimates for components of population change informing expected future change represent a departure from past trends.

### **a) Demographic Context**

14.3 The profile of the population within the HMA, in terms of determining characteristics based on age and sex, is a key input to the assessment of housing needs. The figure for local housing need provided through calculation of the government's standard method utilises subnational household projections as its starting point, which are in-turn driven by subnational population projections based on recent demographic change through natural change (births and deaths) and migration. Up-to-date demographic evidence covering these elements of the population structure and population change (past and projected future trends) has been considered based on a variety of sources, including:

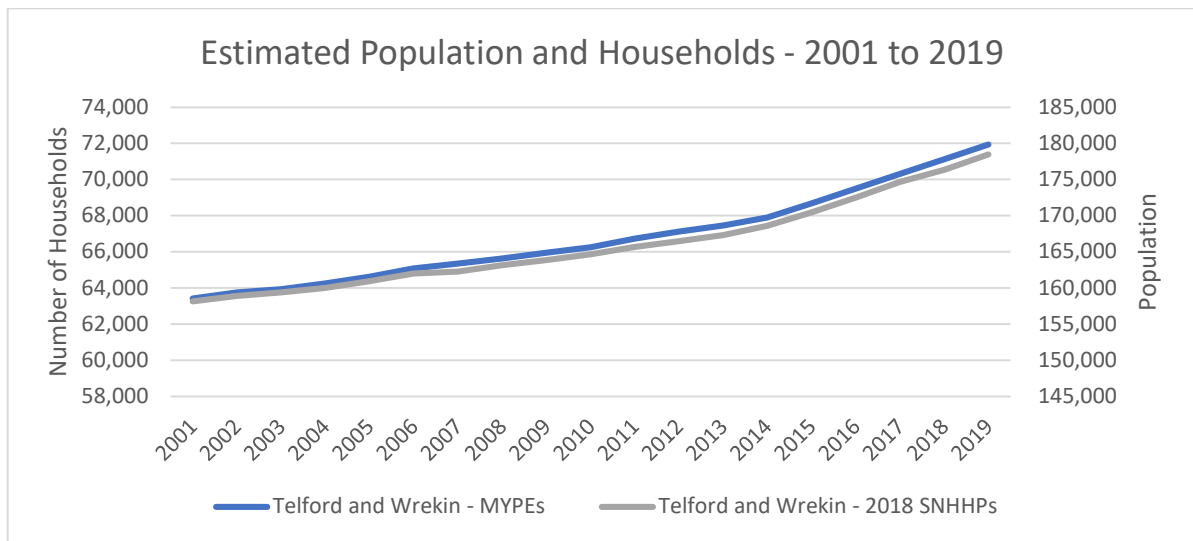
- The 2011 Census of England and Wales
- The Annual Population Survey
- Mid-Year Population Estimates
- Official Sub-National Population and Household Projections

14.4 This information provides an understanding of how the Borough's population has altered over past years; the main drivers of population change; and the reliability of past trends as an indicator of projected future change in population and household patterns.

### **b) Most Recent Estimates of Population and Households and Past Trends**

14.5 The most recent official Mid-Year Population Estimates for Telford & Wrekin indicate a population of 179,854 residents as of 2019. This represents an estimated overall increase in residents of approximately 21,280 residents since mid-2001 (+13.4%). The rate of population growth has increased in recent years, with around 61% of this estimated population growth occurring over the period 2011 to 2019.

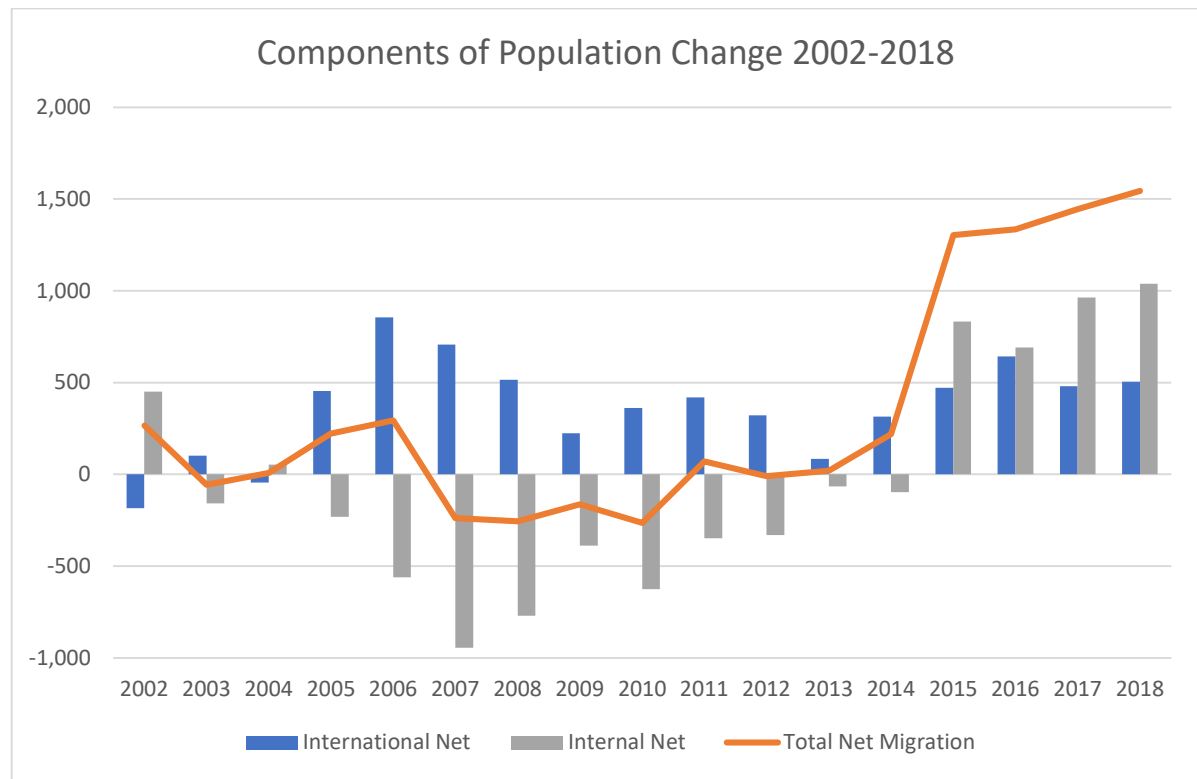
**Figure 68. Comparison of Estimated Population and Total Households**



Source: ONS; SPRU Analysis

- 14.6 Growth in the estimated number of households has occurred at a slightly slower rate than increases in the total population. This is based on around 8,100 additional households identified over the period 2001 to 2019 (+12.9% utilizing the 2018-based subnational household projections). This indicates that nationwide trends towards smaller average household size may be relatively less prevalent in Telford & Wrekin although the difference is not attributable to any single factor. One component is the likely impact of declining rates of household formation particularly amongst younger age groups. Conversely change in fertility rates will impact upon levels of population growth relative to growth in households. Both factors apply in Telford & Wrekin, with consistently positive trends in population growth through natural change, though the net increase as a result of natural change has reduced since 2013/14. In contrast, the most recent household projections reflect lower rates of household formation.
- 14.7 Growth in the number of households is proportionally higher in the period since 2011 (c.5,130 households or approximately 63% of the total since 2001). This may be associated with an increase in rates of housebuilding and corresponds to the faster rate of estimated population growth primarily through increased net migration.
- 14.8 Full details of the components of population change during the 2001 to 2019 period are outlined in the Telford & Wrekin – Housing and Demographics (Edge Analytics) Report (see Appendix 2).
- 14.9 In summary, a key difference within the trend period relates to the reversal of net population change as a result of internal migration to and from the rest of the UK. Substantial net population gain of over 500 persons per annum is estimated for each of the last four years, compared with a negative net impact of internal migration in all preceding years with the exception of 2001/02 and a broadly neutral impact in 2003/04. Figure 69 illustrates the impact of trends in net migration across the borough over this period.

**Figure 69. Impact of Net Population Change from Migration**



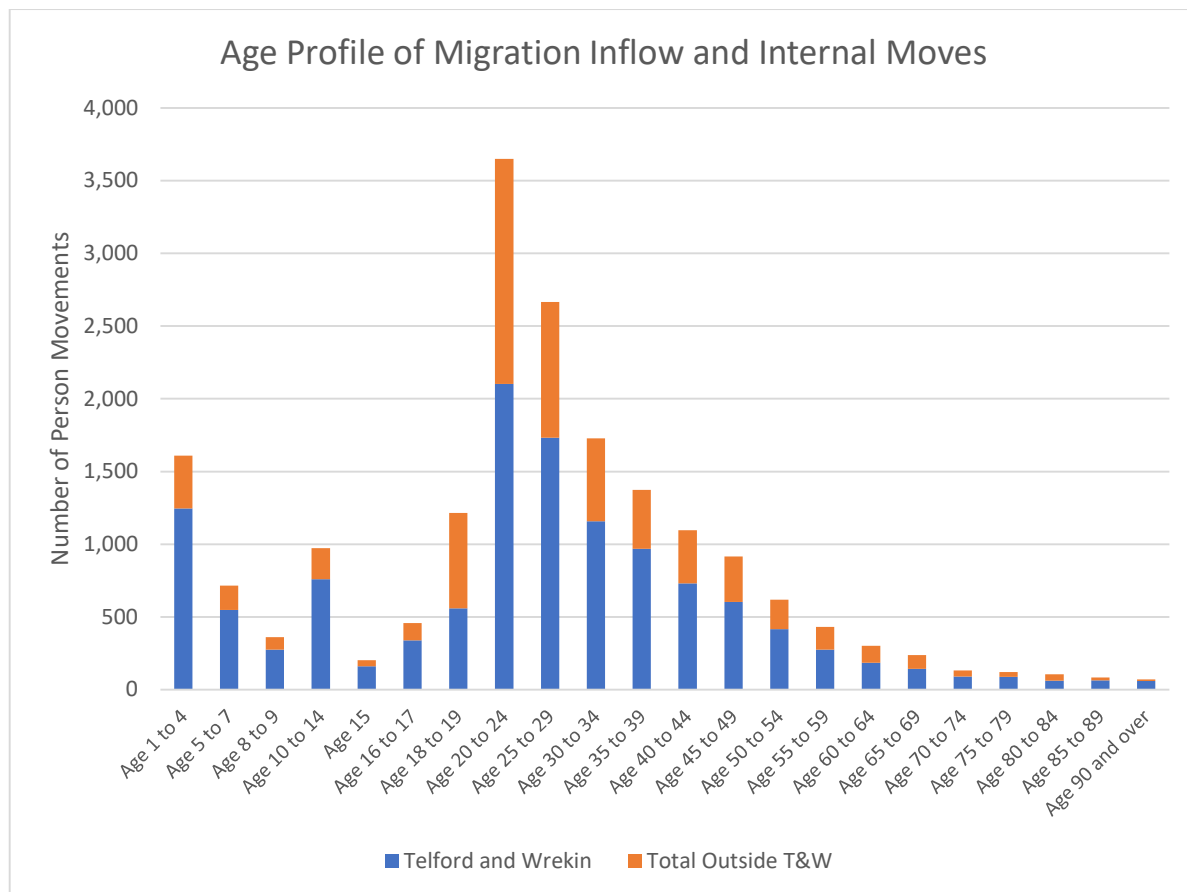
Source: ONS; SPRU Analysis

- 14.10 This Part 1 EHDNA Report summarises borough-level outcomes for trends in population and households. The full Part 2 EHDNA Report will assess the implications of specific trends based on their relationship with defined sub-area geographies. In terms of providing some initial context for the analysis to follow it is helpful to note that changes in the overall trends in the balance of migration flows are essentially driven by a reversal of net outflows recorded in much of the urban area and particularly areas south of the M54 in the majority of years 2001/2 to 2013/14.
- 14.11 Chapter 3 of the Telford & Wrekin – Housing and Demographics Report prepared by Edge Analytics provides a specific illustration of sub-area demographics in terms of recent components of population change. Further analysis in the Part 2 EHDNA will illustrate the relationship between trends in net migration and recent levels of development activity in defined sub-areas.

### c) Age of Migrants

Information from the 2011 Census for England and Wales provides evidence of the characteristics of those individuals recorded as moving into and within Telford & Wrekin in the year before the Census. This allows separate profiles to be identified in terms of the age-profile of residents entering the Borough (i.e. 'in-migration'). This can be also be compared with the profile of those changing address within the Borough over the same period (i.e. internal moves). This is illustrated by Figure 70.

**Figure 70. Origin of Usual Residents Based on Address One Year Before the 2011 Census Date by Age Group and Source of Inflow**



Source: 2011 Census

- 14.12 In terms of the overall split of flows these data reflect the findings on self-containment of migration used to define the HMA. This establishes that a relatively high proportion of all residents recorded with a different address in the year before the Census located from within Telford & Wrekin (around 70%). Of those moving within the Borough the age profile shows a high proportion of moves amongst those aged 20-24 (16.7% of the total). The profile also reflects significant movement amongst those aged 25 to 44 (36.5% of the total) and 0-15 (23.8% of the total). Flows in both these groupings exceed the proportion within these age groups amongst the total population (27% and 20.5% respectively).
- 14.13 The implication of this is that younger working age adults and families with children generate a higher proportion of internal flows, which may be associated with changing accommodation needs, changing workplace or lifestyle patterns (e.g. location of education). It is important to state that trends person movements are not a proxy for levels of new household formation. For example, a proportion of person movements both into and within Telford & Wrekin would represent changes in household composition (i.e. two one-person households forming a family unit). Flows within Telford & Wrekin would also include the persons in any household relocating for whatever reason (e.g. new private rented tenancy) but not representing a net additional household in terms of the borough total.
- 14.14 The age-profile of inflow migration from outside Telford & Wrekin reflects a similar pattern but indicates a weaker relationship of potential movement by families with children. Of total flows from the rest of England and Wales only 13.4% of internal movements are from those

aged 0-15. This is a lower proportion than the overall population. However, inflow amongst those aged 25-44 (34.3% of the England and Wales total) indicates that the inflow of migrants is a main component in growth of the younger working-age population. Around 23.5% of the overall total inflow is amongst those aged 20-24, which is likely to specifically reflect access to higher education or higher rates of migration amongst those relocating for work following graduation.

- 14.15 Person flows by those aged 65+ (around 4% of internal movements and inflow from the rest of England and Wales) are both proportionally very low relative to the age profile of the total population (around 14.5% aged 65+). This indicates a much lower proportion for migration and changes in household formation or dissolution amongst older age groups.

**d) Demographic Profile**

- 14.16 The demographic profile of the current estimate of population within Telford & Wrekin reflects the recently recorded components of population change, including the characteristics of inflow and outflow as a result of migration.
- 14.17 Table 73 below demonstrates that the majority of population growth by broad age group over the period 2011 to 2019 comprises an increase in persons aged 65+. Growth in this category accounts for around 7,000 of a total gain of 13,200 residents over the period. This is largely a function of the demographic profile in 2011 and reflects the 'ageing on' of the existing population coupled with relatively low incidence of out-migration by older residents.
- 14.18 It is also relevant to note that the proportion of residents aged under 17 has decreased between 2011 and 2019 as a result of the overall trend towards an ageing population. However, growth through natural change is an important component of the demographic profile and the actual number of younger residents has increased by around 6% over the period. The population of younger working-age adults (aged 18 to 44) has remained broadly static but the proportion has reduced in percentage terms due to changes at the younger and older end of the age profile. This reflects a net outflow of migration from these age groups, albeit this was more pronounced earlier in the 2011 to 2019 period. This captures a substantial period of lower levels of population growth, prior to the recent increase in net population gains through migration.

**Table 73. Impact of Population Change on Age Structure – 2011 to 2019**

	2011	% of 2011 Total	2019	% of 2019 Total	Change 2011 to 2019	2011 - 2019 % Change
0-17	38,876	23.3%	41,120	22.9%	2,244	5.8%
18-24	15,428	9.3%	15,087	8.4%	-341	-2.2%
25-44	45,217	27.1%	45,593	25.4%	376	0.8%
45-64	43,031	25.8%	46,967	26.1%	3,936	9.1%
65-84	21,409	12.8%	27,806	15.5%	6,397	29.9%
85+	2,680	1.6%	3,281	1.8%	601	22.4%
Total	166,641		179,854		13,213	7.9%

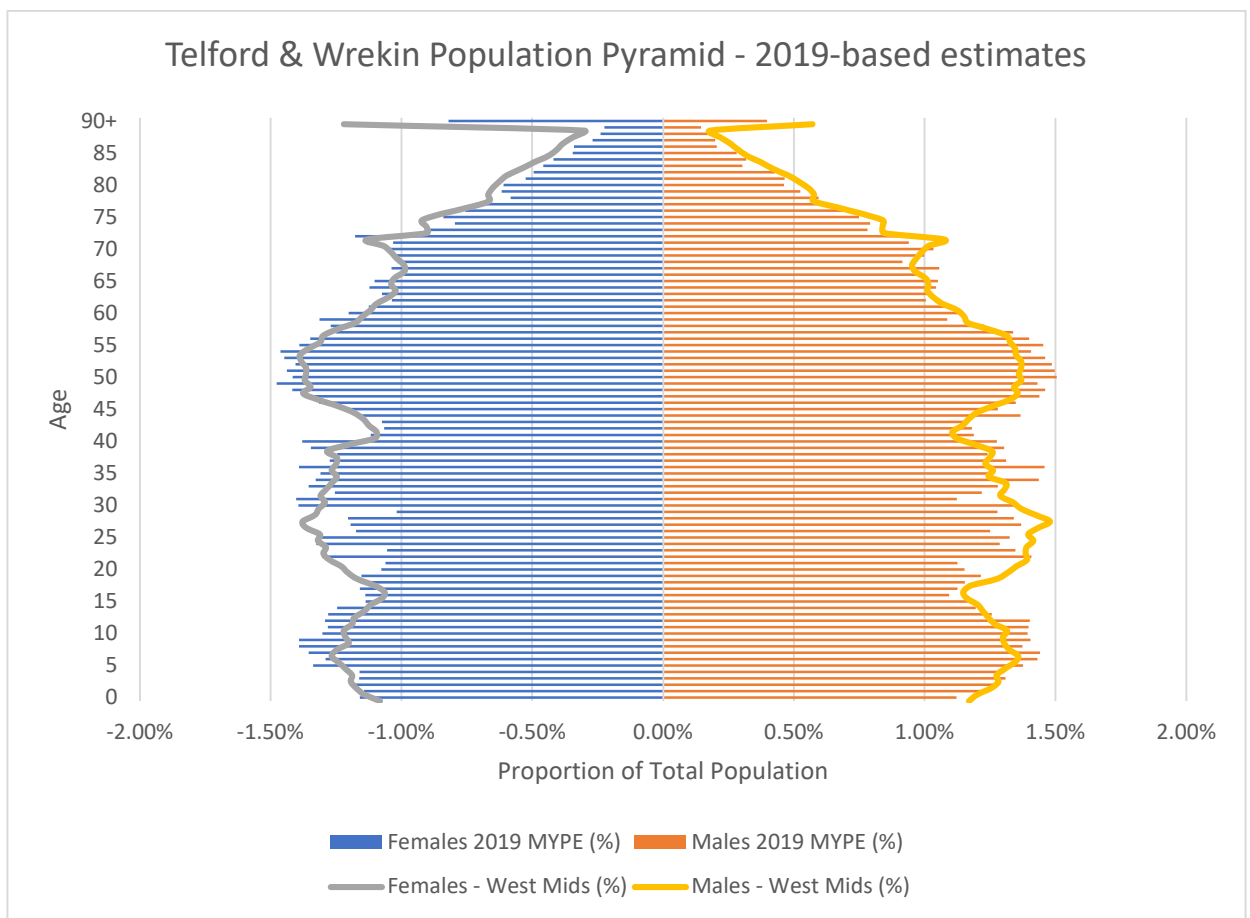
Source: 2011 Census; ONS Mid-Year Population Estimates; SPRU Analysis

- 14.19 Figure 71 shows the current population pyramid for Telford & Wrekin by single year of age. This is compared with the equivalent distribution of the population within the West Midlands

by age and sex. The key finding of these data is the below average representation of younger working-age adults. In terms of the oldest age groups Telford & Wrekin demonstrates a slightly below average representation amongst the total population, but the profile of residents aged 50 – 60 years of age is likely to sustain continued trends towards an ageing population. Representation amongst these cohorts exceeds the West Midlands average.

- 14.20 The proportion of younger residents aged over 5, and of older working-age adults, both exceed the West Midlands average and this is likely to reflect the popularity of Telford & Wrekin for families with children, including retaining a high proportion of internal movements within the Borough as shown by the 2011 Census for England and Wales.

**Figure 71. Comparison of Age-Sex Population Structure – Telford & Wrekin and West Midlands**



Source: ONS; SPRU Analysis

- 14.21 The remainder of this section looks at the relationship between these current estimates and observations and their relationship with future projections of demographic and household change as key inputs to the local housing need assessment.

**e) Background to the Most Recent Subnational Population and Household Projections**

- 14.22 In order to test the appropriateness of the output of the standard method therefore the following subnational and household projections which have been recently published by ONS have been analysed:
- Subnational population projections for England: 2018-based released 24 March 2020; and
  - Household projections for England: 2018-based released 29 June 2020
- 14.23 The demographic (population) projections project changes over a 25-year period based on the assumption that demographic trends (births, deaths, and in/out migration (internal and international)) will continue into the future. Specifically, in relation to the most recent 2018-based projections, the principal scenario utilises a new estimation methodology<sup>17</sup> to determine trends in internal migration based on the two most recent years' data, whereas previous series based projected trends on a five-year series of estimated trends.
- 14.24 The 2018-based subnational household projections are the second release produced by the Office for National Statistics and also cover a 25-year period. The ONS' revised methodology for the production of household projections, which was first reflected in the 2016-based household projections, incorporates an assessment of trends in household formation over a shorter 2001 to 2011 time period.
- 14.25 Previous sources of projections incorporated an assessment of trends since 1971, corresponding with observations supporting increased rates of household formation. Adoption of the new methodology instigates a more pronounced short-term decline in rates of household formation. Whereas the 2014-based household projections already reflect to a lesser degree evidence of suppressed rates of household formation occurring between the 2001 and 2011 Censuses (and thus a departure from the longer-term trend) the new ONS methodology 'locks in' these impacts as a principal component of the trend-based evidence.
- 14.26 The impact of the 2018 population projections for Telford & Wrekin is illustrated in the table below which compares the 2014-based subnational population projections with the most recent 2018-based projections and the intervening 2016-based series. Due to the different years covered by each projection period the longest possible period for comparison for the remaining years of the series comprises 2020 to 2039. Total net population change and percentage increase between these two dates is illustrated in the table below and this clearly shows how the much quicker the population projected to grow in the 2018 projections.

**Table 74. Comparison of Official Subnational Population Projections**

	2020-2039 Projected Population Change		
	2014-based	2016-based	2018-based
Net Population Change	10,400	13,400	26,226
% Growth	6.0%	7.5%	14.4%

Source: ONS; SPRU Analysis

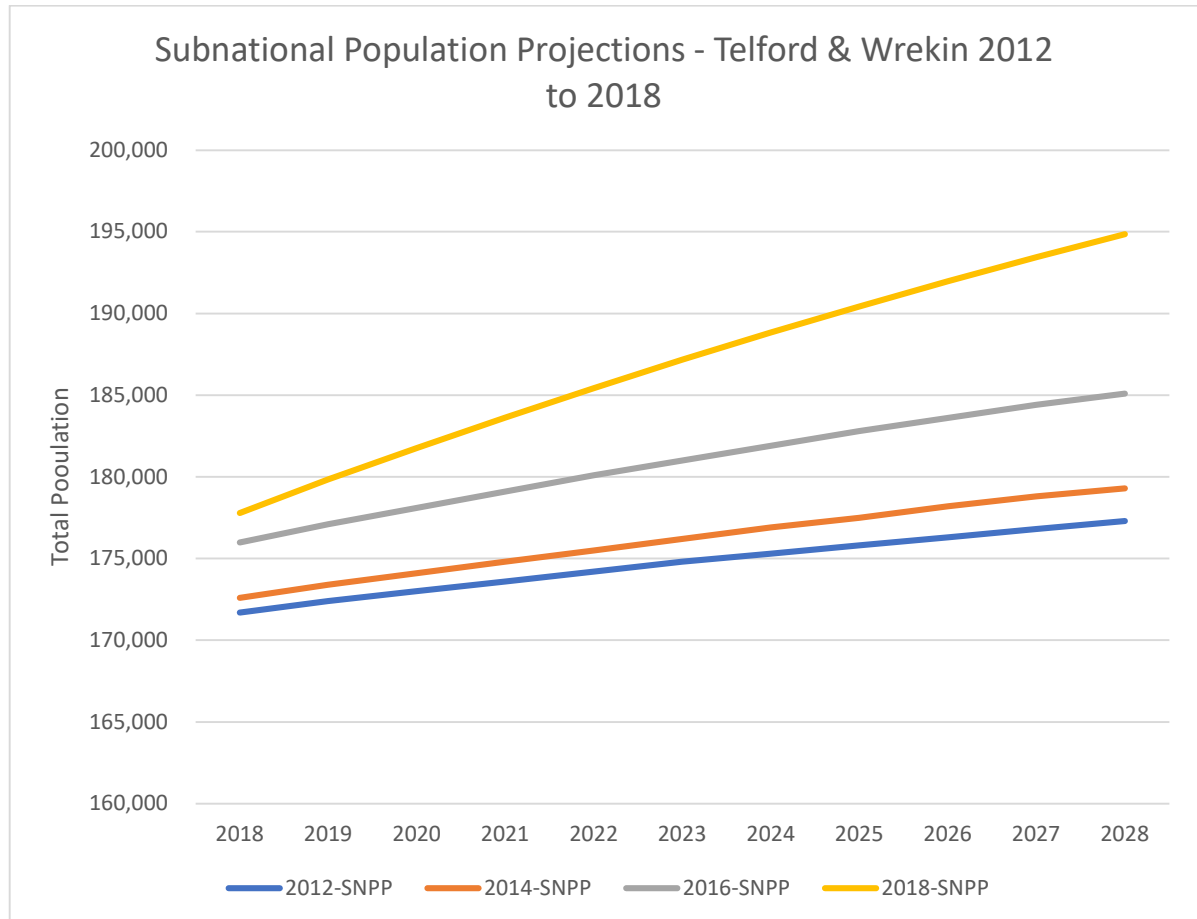
**f) Comparison of Trends in Projected Population Change**

- 14.27 The 2014-based based projections result in a lower future total population than the most recent 2018-based projections, when looking at an equivalent period. The 2018-based population projections reflect a 14.4% increase compared to just a 6% increase projected in the 2014-based projections for Telford & Wrekin by 2039.

<sup>17</sup> <https://content.govdelivery.com/accounts/UKONS/bulletins/26c3a1e>

14.28 Figure 72 below provides a comparison of projected population growth in each of the series, together with the preceding 2012-based subnational population projections under which the objectively assessed housing need for the current Local Plan was prepared:

**Figure 72. Comparison of Projected Population Change Based on Official Projections**

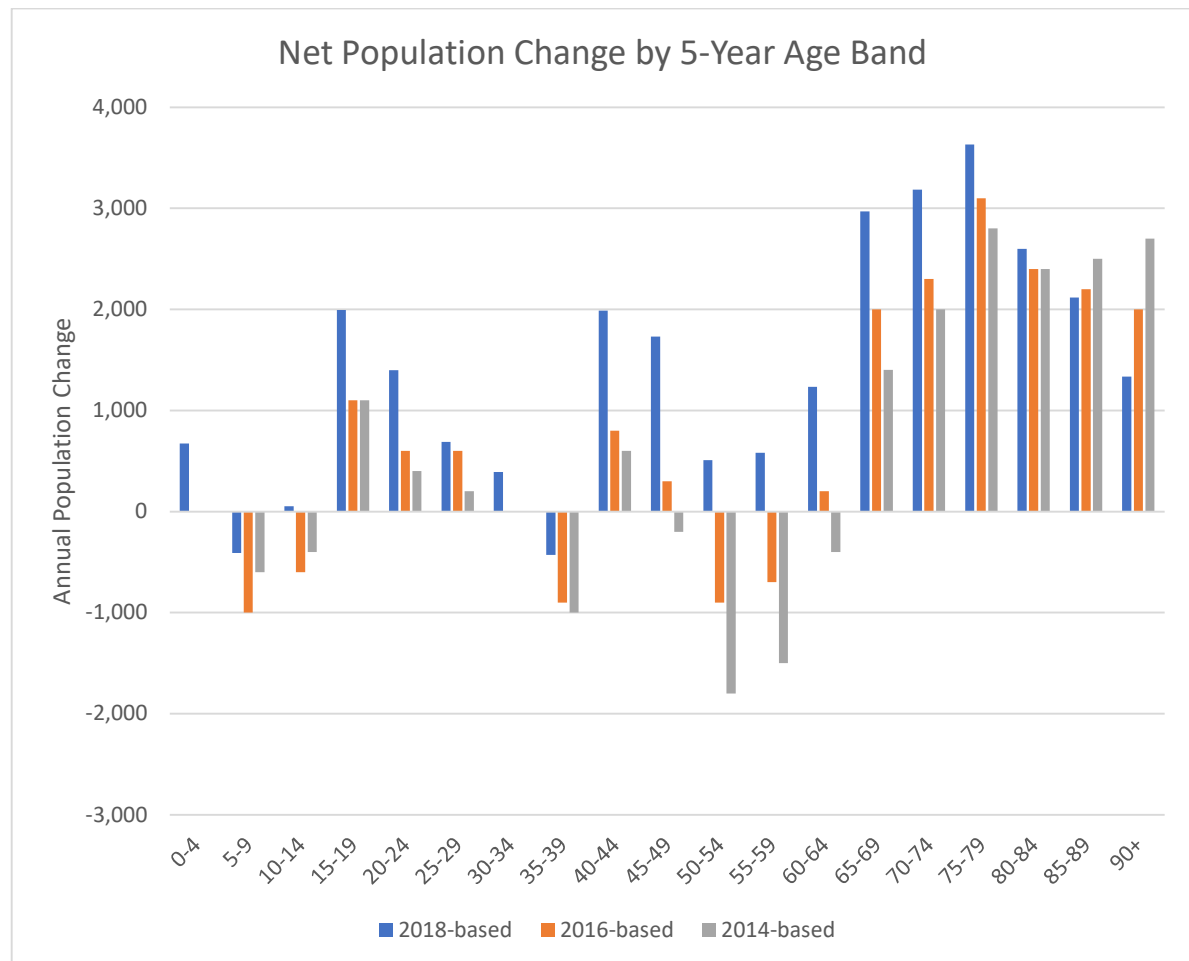


Source: ONS; SPRU Analysis

14.29 The difference starting points at 2018 are due to the fact that the estimated population in 2018 was higher than that forecast by the earlier projections.

14.30 Breaking down the differences in the projections over the 2020 to 2039 period by 5-year age group, highlights the differences in the outputs.

**Figure 73. Comparison of Population Change by 5-Year Cohort**



Source: ONS; SPRU Analysis

- 14.31 The most pronounced differences between the projections are the changes in the 30-59 age group. The 2014-based and 2016-based projections respectively show a decrease in the population of between -6% and -2% change in this group between 2020 and 2039. In contrast the most recent 2018-based projections this has a 7% increase in the 30-59 age group over the same period. The reversal of this trend is principally a result of increased rates of internal migration and is reflected across each 5-year age group within this category, with the exception of those aged 35-39. As this is a key age group of the working population the projected decrease has implications for the future economic prospects of the area which will be considered later.
- 14.32 The three projections illustrate only minor changes in respect of the general ageing population, with a range of between 32% and 40% growth in the population aged 60+ between 2020 and 2039. Amongst the younger age groups all three projections show a net gain in the population aged 0-29 over the 19-year period, although projected growth has increased to 6% in the most recent projections compared to 1% in both preceding series.

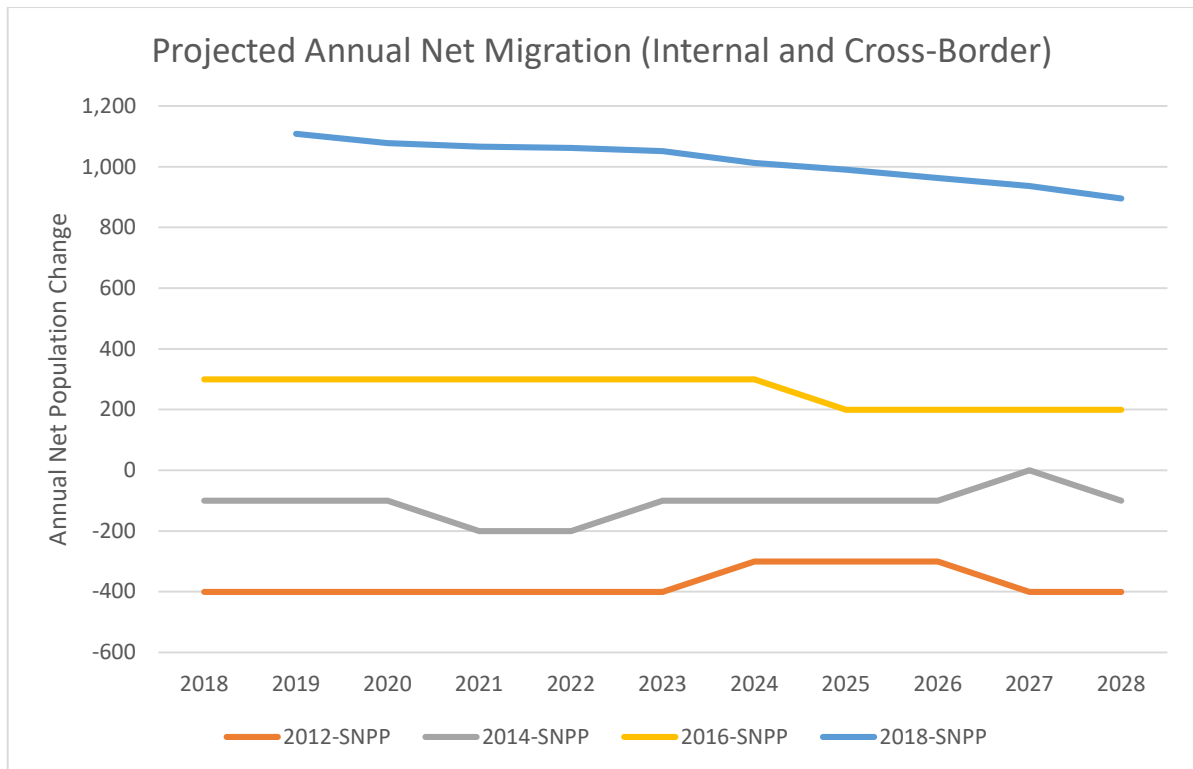
**g) Comparison of Differences in Projected Components of Population Change**

- 14.33 Further detail regarding the components of population change as recorded by the official mid-year population estimates from 2001/2 to 2018/19 is contained within the Telford & Wrekin – Housing & Demographics (Edge Analytics) Report accompanying this assessment.
- 14.34 For the purposes of interpreting the overall trends in population change this analysis breaks components of population change into separate net flows for international and internal migration<sup>18</sup>. Someone who moves home from one geographical area to another either between local authorities, regions or countries within the UK will be reflected in estimates of internal migration. This does not include person movements for those that relocate and remain with Telford & Wrekin and do not move between administrative geographies.
- 14.35 The official subnational population projections include a separate component of ‘cross-border’ migration for movement in either direction between the Scottish and Northern Irish borders within the UK. Within this analysis the small proportion of these movements affecting Telford & Wrekin are grouped in the internal migrant total. Flows into and out of the UK are recoded as international migration.
- 14.36 In summary, the principal driver of population growth comprises net internal migration, which has increased substantially in the last five years and corresponds with increased rates of housing delivery. The new methodology of the ONS means that this trend of increased migration is reflected more strongly than it would be under the earlier methodology (using a two-year rather than a five-year trend period giving greater weight to the recent increase in estimates of internal in-migration).
- 14.37 Figure 74 illustrates the substantial difference between annual net internal (and cross-border) migration assumptions within the different projections.
- 14.38 For the 2012-based and 2014-based projections there is an assumption of net out migration. The 2016 based projections assume a small level of net in-migration. The 2018 projections assume a much larger level of net internal in-migration, although this is modelled to decrease slightly over the projection period.

---

<sup>18</sup> See Edge Analytics Housing and Demographics Report, Figure 5.

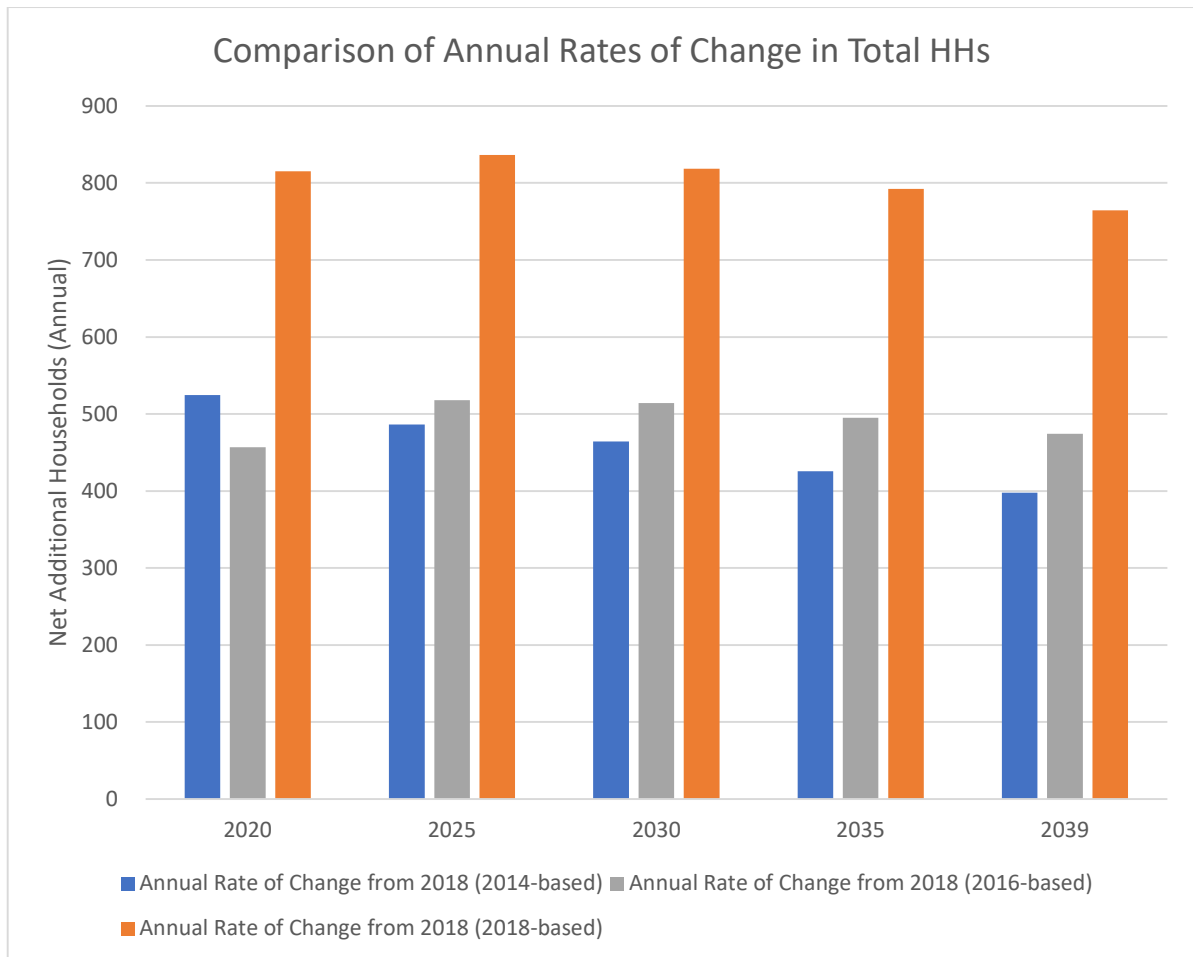
**Figure 74. Comparison of Trends in Projected Annual Net Migration by Date of Subnational Population Projections**



Source: ONS; SPRU Analysis

- 14.39 In all projections Natural Change and net international migration are projected to result in a net population gain over the same period, with births exceeding deaths in each of the previously recorded mid-year estimates from 2001/02. The net impact of international migration is substantially less and shows very little difference between each update (comprising a net gain of around 200-400 persons per annum across the projection period).
- 14.40 The 2014-based subnational population projections no longer accurately reflect recent trends of in migration and utilising these in the form of the standard method would result in a considerable underestimation of the level of local housing demand.
- h) Comparison in Projected Trends for Total Household Formation and Household Composition**
- 14.41 The impact of the 2018 sub national population projections projecting recent increases in internal migration forward is to significantly increase the projected number of households. This is illustrated in Figure 75.

**Figure 75. Annual Rate of Change in Total Projected Households by Subnational Household Projection Series**

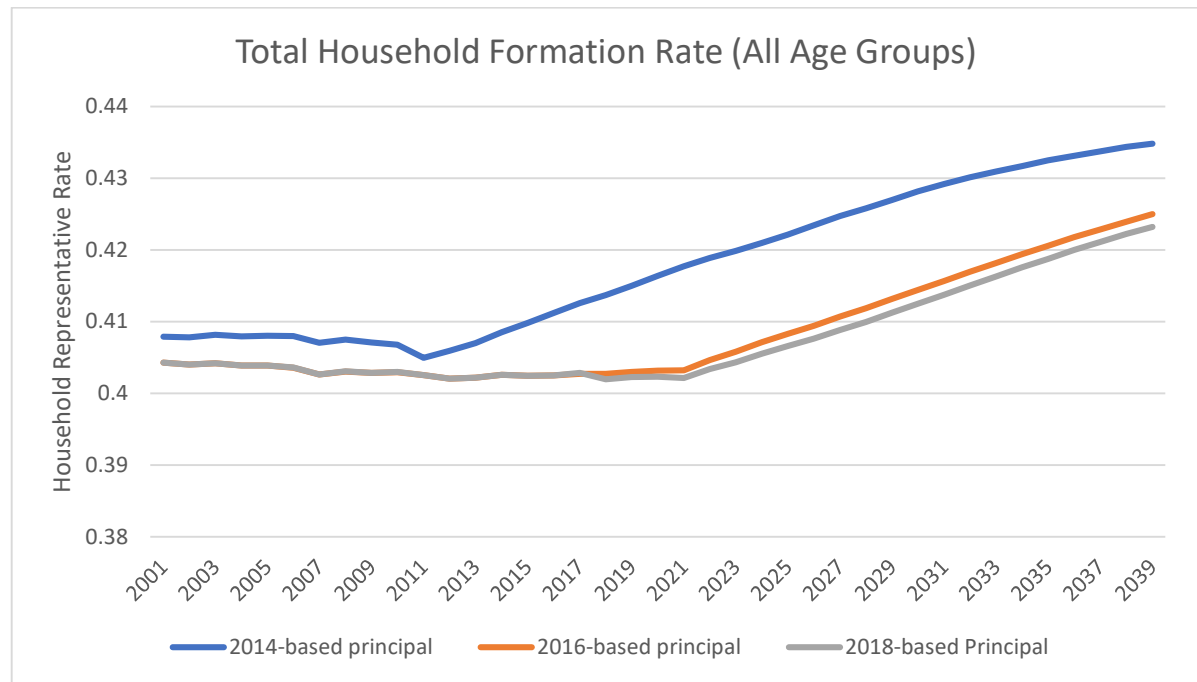


Source: ONS; CLG; SPRU Analysis

- 14.42 The above data demonstrates the impact of the lower household formation rates assumptions in the 2016 and the 2018 household projections. While the 2016-based subnational population projections for Telford & Wrekin projected a higher rate of population growth than the 2014 based population projections the resulting household projections showed little difference in the overall level of new households.
- 14.43 For the 2018-based subnational household projections annual rates of household growth exceed those identified in any previous series. This change is driven primarily by projected change in the household population driven by the demographic trends in the 2018-based subnational population projections. Specifically, population gain through internal migration offsets projected losses in the number of households aged 45-69 over the 2020 to 2039 period recorded in previous series. There is also projected growth in the number of younger adult households as well households headed by older people (aged 65+) leading to greater overall annual rates of change.
- 14.44 The impact of the assumptions regarding lower household formation in the 2016 and 2018 household projections is illustrated in the case of Telford & Wrekin in Figure 76. This shows how the 2018 projections have the lowest level of Household formation but that both the 2016 and 2018 projections utilise much lower rates of household formation. In effect these projections are modelling forward the lower rates of household formation which has occurred

in the past and as such would not increase access to housing in accordance with Government policy.

**Figure 76. Comparison of Trends in Total Household Formation Rate by Subnational Household Projection Series**



Source: ONS; CLG; SPRU Analysis

- 14.45 These assumptions on lower household formation rates are reflected in the projected trends in average household size. Considering the differences in the underlying age-sex structure of the household population over the same period the 2016-based and 2018-based household projections result in higher average household size than the earlier 2014 based projections. These differences are summarised in the table below:

**Table 75. Comparison of Average Household Size Using Official Subnational Population and Household Projections**

	Average Household Size		
	2014-based	2016-based	2018-based
2011	2.47	2.47	2.47
2020	2.40	2.48	2.49
2030	2.34	2.41	2.42
2039	2.30	2.35	2.36

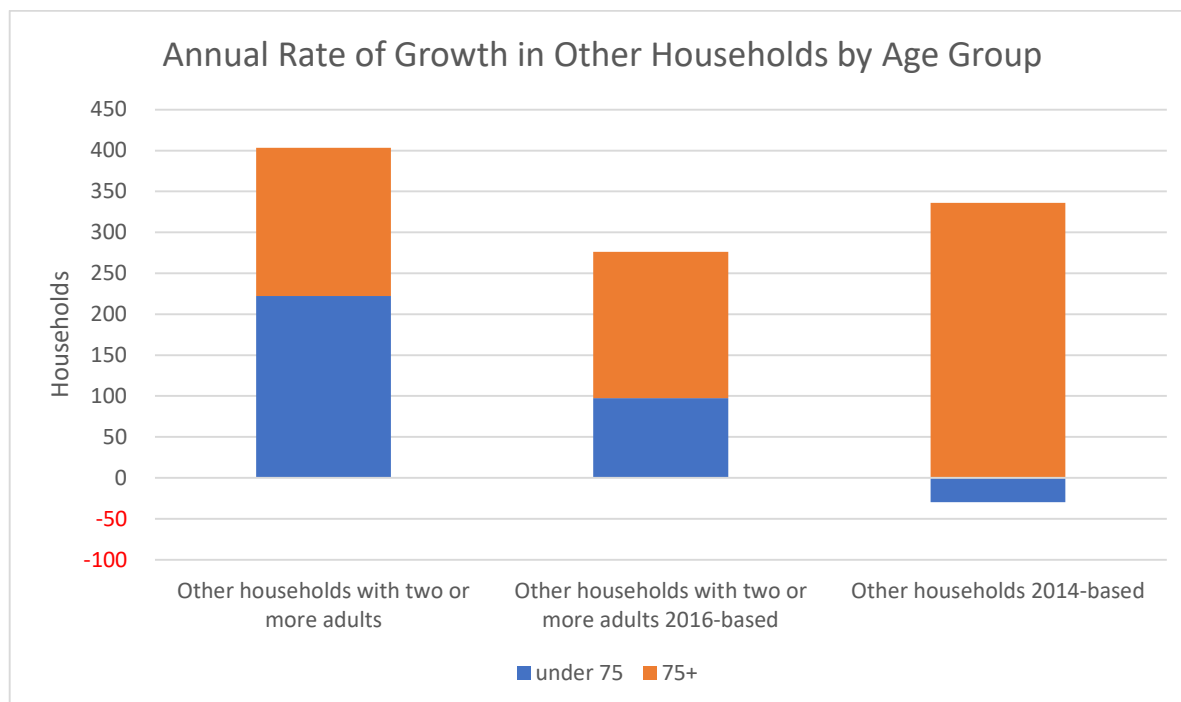
Source: CLG; ONS; SPRU Analysis

- 14.46 Again, this illustrates that the 2018 projections include lower assumptions regarding future household formation than both the 2016 and 2014 projections. In effect this models that fewer people are able to form households.
- 14.47 For the purpose of comparing the different projections 'other households' have been grouped on the basis of those comprising two or more adults and no dependent children (this is a specific category in the most recent 2018-based household projections). This total will include any older couples living alone, comprising the majority of growth in 'other households' aged 75+. However, this category also captures adult children living with parents, together

with multi-adult households that are more prevalent amongst younger age groups.

- 14.48 Figure 77 illustrates the implications for this in terms of trends by household composition recorded in the most official household projections. This illustrates a substantially higher rate of growth in 'other households' in the most recent 2018-based household projections. This is partly as a result of the increased rates of population growth used as an input to the household projections, but also reflects constraints to household formation.

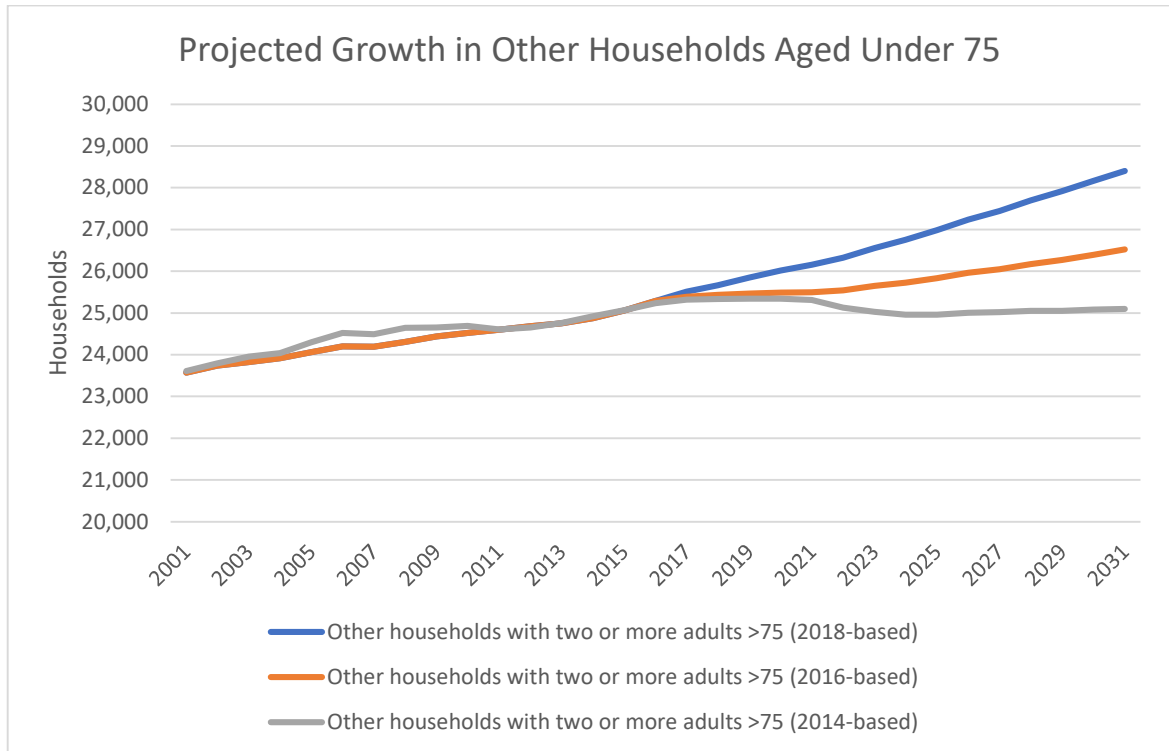
**Figure 77. Comparison of 'Other Households' Within Official Household Projections**



Source: ONS; CLG; SPRU Analysis

- 14.49 These impacts are most clearly shown in the difference between the 2016-based and 2014-based series. This comparison reflects relatively modest differences in terms of projected population change but an increase in 'other households' aged under 75 in the 2016-based series compared with a small reduction in the 2014-based projections. Figure 78 illustrates the difference in the overall total of 'other households' aged under 75 over the projection period to 2031 based on the different series.

**Figure 78. Comparison of Total Projected Number of ‘Other Households’**



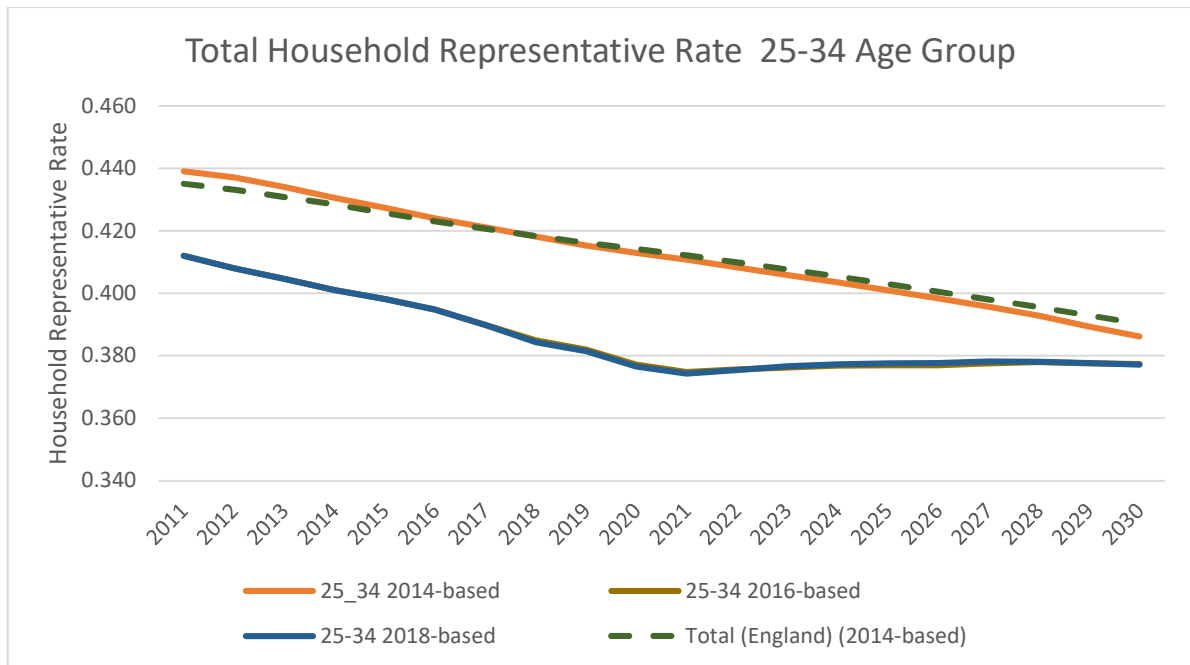
Source: ONS; CLG; SPRU Analysis

**i) Addressing Implications for Constraints to Household Formation**

14.50 The impact of reduced household formation is particularly pronounced in the cohort aged 25-34 in comparison with other evidence. Figure 79 illustrates that:

- Projected constraints to household formation within this cohort are particularly pronounced in Telford & Wrekin, wherein household headship rates previously exceeded the average for England (in 2011) but trend below national formation rates from 2019 onwards
- The more recent 2016-based and 2018-based projections indicate lower still rates of household formation from within this cohort, albeit the reduction in rates is projected to stabilize from 2020 onwards, unlike in the preceding 2014-based series.

**Figure 79. Comparison of Household Formation Rates Amongst Younger Headship Groups**



Source: ONS; CLG; SPRU Analysis

- 14.51 The Standard Method seeks to overcome this issue of modelling in the falling household formation by adopting in full the 2014-based subnational household projections (which are higher nationally) together with an affordability adjustment. However, in the case of Telford & Wrekin this approach significantly underestimates the future population by failing to take into account the recent (post 2014) changes in migration. This reinforces the justification for a potential departure from the standard method based on the context of the borough. The preceding analysis also demonstrates that in relation to the most recent 2018-based household projections these would reflect higher levels of projected population growth but would not resolve (and would in fact compound) lower rates of household formation.
- 14.52 To address this issue the Telford & Wrekin – Housing & Demographics (Edge Analytics) Report accompanying this assessment models two ‘Headship Rate Sensitivity’ scenarios:
- First the future households are modelled on the basis of the household formation rates in the 2014-based subnational household projections and not the more recent (and lower) assumptions in the 2016 and 2018 Household projections.
  - Second responding to national policy initiatives aimed at reversing the above trend and to support the younger age groups that have seen the most significant change in household formation, due to a combination of housing undersupply and affordability issues, an alternative set of household representative rates has been generated for Telford & Wrekin, in which the 2014-based rates for the 25–34 age group have been adjusted to ‘return’ to their 2001 value between 2020–2039, fixed thereafter.
- 14.53 These two different household formation assumptions are applied to all of the demographic, employment and housing led scenarios

## **15.0 DEVELOPMENT TRENDS AND HOUSING MARKET PROFILE**

- 15.1 The purpose of this section is to illustrate the relationship between current and projected demographic change as recorded in the official population and household projections for Telford & Wrekin with recent levels of recorded housing delivery.
- 15.2 Planning Practice Guidance specifically notes that circumstances may exist where previous levels of delivery are significantly greater than the result of local housing need calculated using the standard method. These trends and potential implications for the assessment should be considered when considering whether it may be appropriate to plan for a higher level of need<sup>19</sup>.
- 15.3 This section looks in more detail at the relationship between levels of development and trends in the housing market in terms of affordability and total turnover of stock. This supplements the definition of Telford & Wrekin as a self-contained HMA in Section 12 and considers the potential impact of market signals on patterns of demand and supply. This will be addressed in more detail in assessing the need for affordable housing in the Part 2 EHDNA Report.
- 15.4 This section also provides an overview of the existing housing stock within the borough and its relationship with details of trends in household composition, tenure and occupancy recorded in the 2011 Census. This provides further context to support definition of the HMA, together with providing a framework for subsequent detailed findings in the Part 2 EHDNA in terms of how the assessment of housing need taking into account current and future demographic change may impact upon baseline conditions.

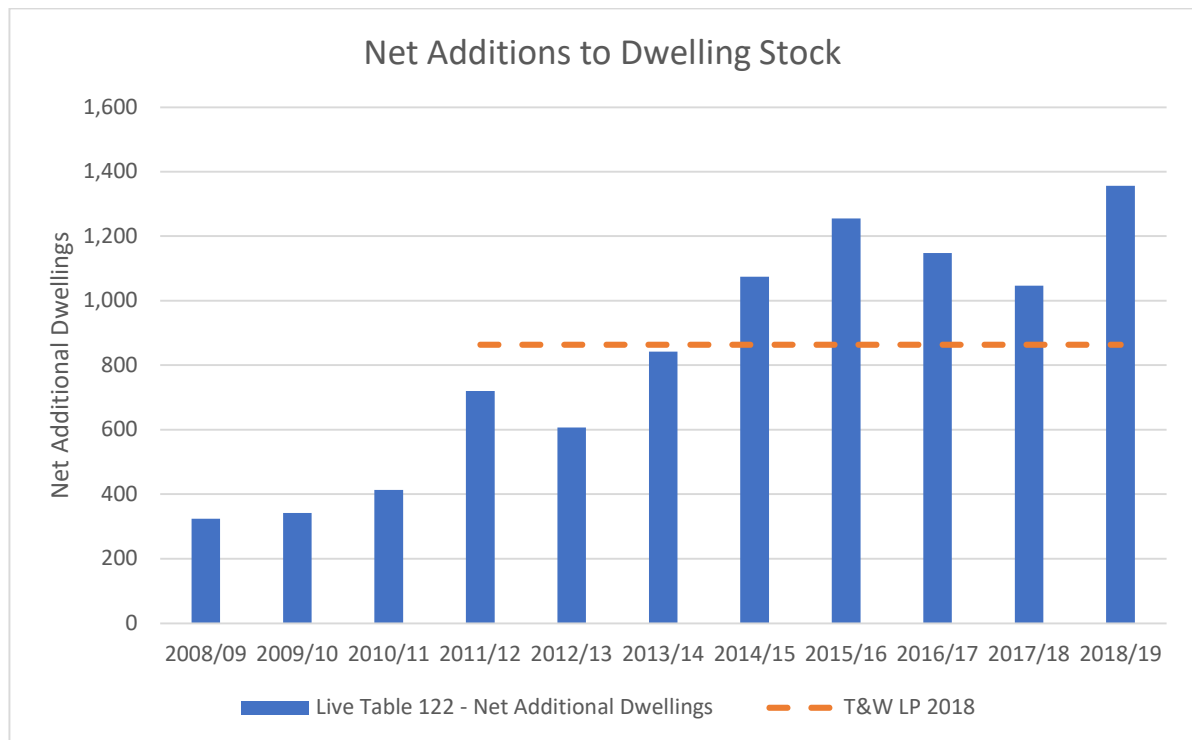
### **a) Changes to Dwelling Stock**

- 15.5 Given the context for undertaking calculation of the standard method in accordance with the PPG, reflecting use of the 2014-based household projections, there is clear scope to consider that trends in housing delivery in Telford & Wrekin substantiate this component of a justified alternative approach. Figure 80 shows the recorded delivery of net additional dwellings over the period 2008/9 to 2018/19 (i.e. 11 years) as recorded within official statistics.
- 15.6 Details for net annual completions also reflect totals reported in the Council's Authority Monitoring Reports over the same period. Figure 80 also reflects the plan period for the Telford & Wrekin Local Plan 2011-2031 (adopted January 2018). Policy HO1 establishes a housing requirement of 17,280 dwellings over the plan period (864 dwellings per annum annualised) and forms the basis for monitoring housing performance in terms of housing delivery from 2011/12.

---

<sup>19</sup> PPG ID: 2a-010-20190220

**Figure 80. Summary of Housing Completions in Telford & Wrekin**



Source: CLG Housing Statistics; Telford & Wrekin Council; SPRU Analysis

- 15.7 Average completions over the 11-year period equal 1,007 net additional dwellings per annum. However, in terms of measuring performance against the base-date of the adopted Telford & Wrekin Local Plan 2011 to 2031 8,058 completions have been recorded against a cumulative policy requirement of 6,912 dwellings i.e. a surplus of 1,146 dwellings.
- 15.8 This illustrates a clear difference over the longer-term period, with the average for the first five years being fewer than 500 net additions per annum; compared with an annual average of 1,167 net additional dwellings since 2014/15.
- 15.9 The sustained nature of the increase in rates of delivery means that the housing requirement in the current Local Plan has been exceeded in each year from 2014/15.
- 15.10 3 of the 4 years comprising the highest level of net additional dwellings occur after 2014/15. This is significant because this activity post-dates demographic-based inputs to the standard method. For context around 53% of total net additions over the 11-year period are concentrated in the most recent 4 years' data.
- 15.11 Implications for current and projected demographic changes associated with these higher levels of growth, together with any impact on rates of household formation, will not be reflected in the 2014-based projections comprising an input to the standard method. These observations are therefore significant in the context of Planning Practice Guidance<sup>20</sup> in order to ensure that this assessment takes levels of past delivery into consideration in terms of whether it may be appropriate to plan for a higher level of need.

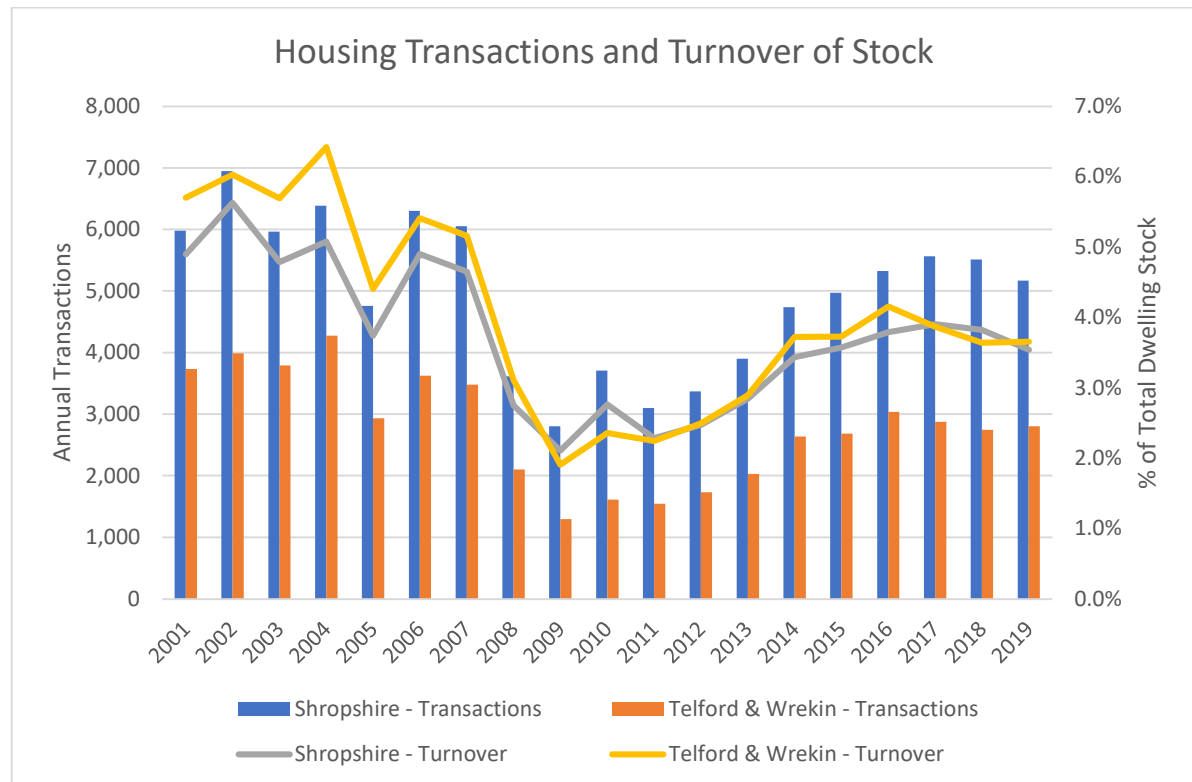
#### **b) Housing Market Activity**

- 15.12 Patterns of housing supply and demand, particularly in terms of owner occupied stock, are

<sup>20</sup> PPG ID: 2a-010-20190220

in absolute terms impacted by levels of activity in the overall market. This is illustrated in the figure below, which shows a longer-term series of total housing transactions (based on residential sales) and illustrates this activity annually as a proportion of total dwelling stock in a given year (i.e. turnover).

**Figure 81. Summary of Housing Market Activity 2001 to 2019**

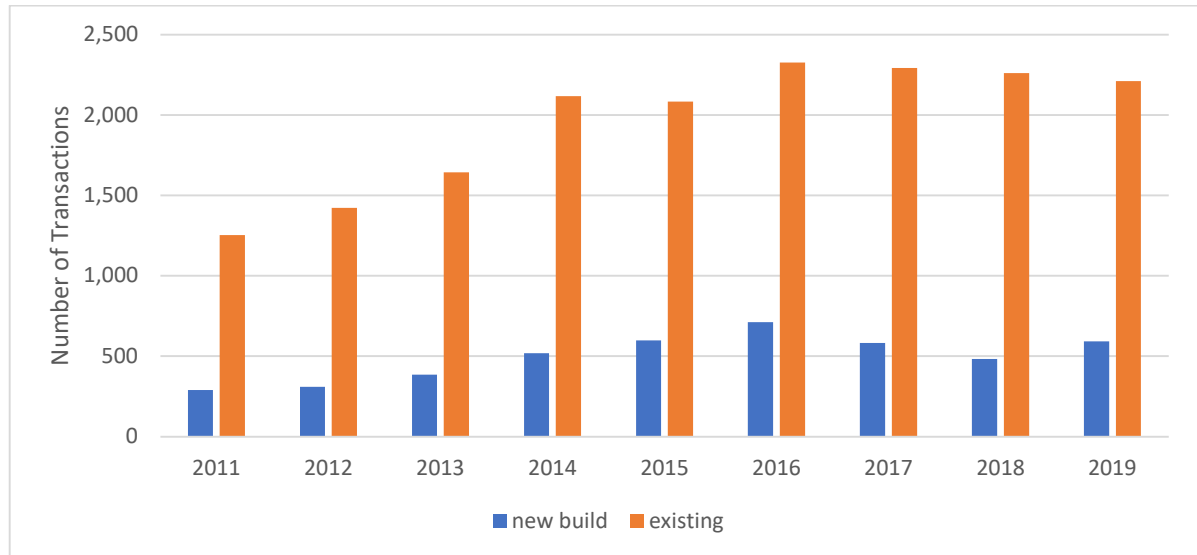


Source: CLG Housing Statistics; Land Registry; SPRU Analysis

- 15.13 Prior to the 2008-2010 recession the total volume of transactions in Telford & Wrekin peaked at 6,385 sales in 2004. This represented a turnover of 6.4% of total stock. Reflecting relatively high volumes of activity in the market relative to the borough's size this means that rates of turnover were consistently between 0.5% and 1.0% higher than in neighbouring Shropshire. Following the sharp contraction of activity in the market this difference in the rate of turnover has essentially been negated and has not reopened as part of the economic recovery.
- 15.14 Telford & Wrekin observed a particularly sharp contraction in volumes, with the number of sales in 2009 being only 29% of the pre-recession peak. Levels of activity also contracted sharply in Shropshire but remained at worst around 40% of pre-recession levels.
- 15.15 Since the recession, while total sales have increased the trend does not reflect a year-on-year increase in the rate of turnover or total transaction volume. Total transactions have only exceeded 3,000 units in one year (2016). This is surprising given the sharp increase in new build development over the same period (substantially exceeding 1,000 units per annum).
- 15.16 It is, relevant to note that not all net additional dwellings completed will be identified by transactions data on the basis that a relatively substantial proportion will be transferred to registered providers for the provision of affordable housing. A smaller proportion of delivery on small sites and one-off developments may not appear in transactions data (e.g. where this provides new accommodation for the developer themselves or property is retained as an investment for renting out). Figure 82 illustrates this, showing that while recorded new build

transactions have averaged around 580 sales per annum from 2014 onwards compared to around 325 per annum between 2011 and 2013 these data indicate do not correspond to total recorded completions:

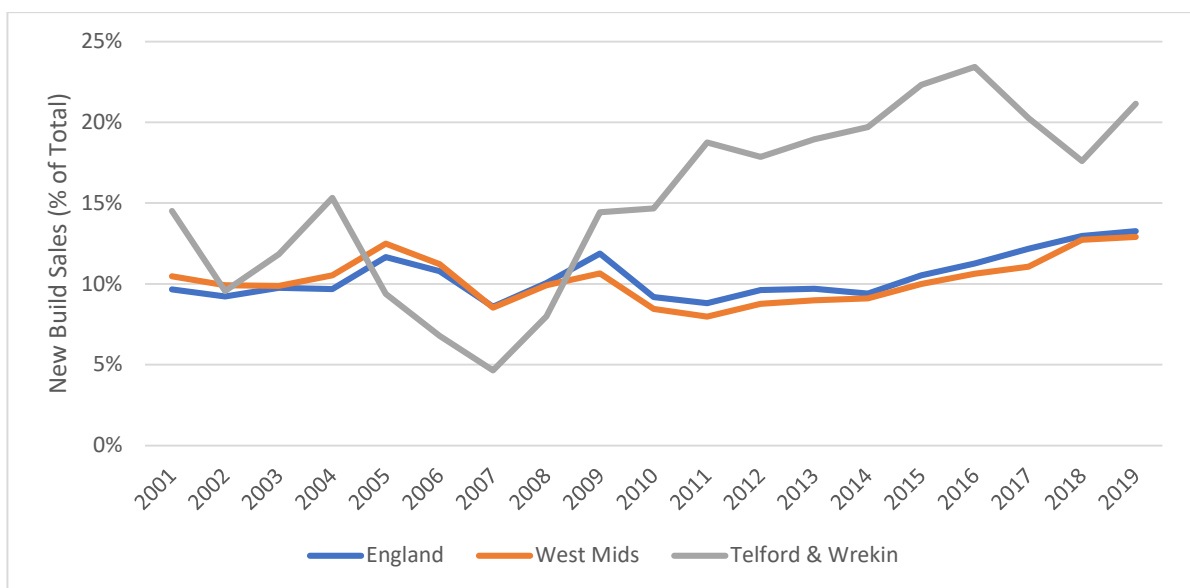
**Figure 82. Trend in 'New Build' and 'Existing' Dwelling Sales 2011 to 2019 (September)**



Source: ONS; Land Registry

- 15.17 Notwithstanding this, Figure 83 illustrates the relative importance of 'new build' sales as a proportion of total transactions. Within Telford & Wrekin 'new build' sales activity since 2011 typically reflects are 20% of total activity in the market, compared with an average of around 10% in England and the West Midlands (with the proportion increasingly slightly in recent years). This is a marked departure from earlier trends between 2001 and 2010, where the proportion of 'new build' activity aligned more closely with regional and national trends.

**Figure 83. Contribution of 'New Build' Transactions to Total Recorded Sales**



Source: ONS; Land Registry; SPRU Analysis

- 15.18 In the more recent period from 2011 this would indicate relatively modest levels of activity and rates of turnover within the existing dwelling stock, which is consistent with relatively modest rates of house price growth within the 'all dwellings' total together with assumptions for growth in households within tenures other than owner occupation (principally private rent).
- 15.19 The importance of 'new build' activity as a proportion of total sales in the market has been relatively constant over the period since 2011. This indicates that while 'new build' sales have responded in-line with a small recovery in overall transactions their representation as a proportion of the total has not materially increased. However, the higher proportion recorded between 2011 and 2013 was based on relatively low absolute 'new build sales' that were similar to the 2001-2010 average (around 330 sales per annum) when the contribution to overall market activity was relatively less. The higher rates sustained since does suggest a structural change in the market and the relative importance of 'new build' transactions.
- 15.20 As part of this assessment it is therefore relevant to note that higher absolute levels of 'new build' transactions together with their sustained high proportion as a shared of total activity may have implications for current patterns of demographic change as well as expected future trends. Specifically, higher levels of 'new build' transactions and the increased proportion as a share of total activity both correlate with higher levels of net in-migration to the borough. It is not possible to say with certainty that 'new build' development is a direct driver of migration - because, for example an existing resident in the borough purchasing a 'new build' home could also free up existing property for potential in-migrants). However, the overall effect of the role of the 'new build' market does require consideration of its relationship with demographic trends.
- 15.21 Given the relative importance of 'new build' transactions together with increased overall levels of development it is also helpful to consider the relationship between total recorded completions and the overall dwelling stock. Table 76 calculates the absorption rate measured by completions for the period 2017 to 2019 as a proportion of the combined dwelling stock for the same period.

**Table 76. Absorption Rate Based on Completions as a Proportion of Total Stock**

Local Authority	2017-2019 Completions	2017-2019 Dwelling Stock (combined total)	Equivalent Absorption Rate
Telford & Wrekin	3,551	226,530	1.6%
Shropshire	5,629	432,870	1.3%
England	667,344	72,535,639	0.9%

*Source: CLG Live Table 100; Council Monitoring Data; Housing Delivery Test Performance 2019*

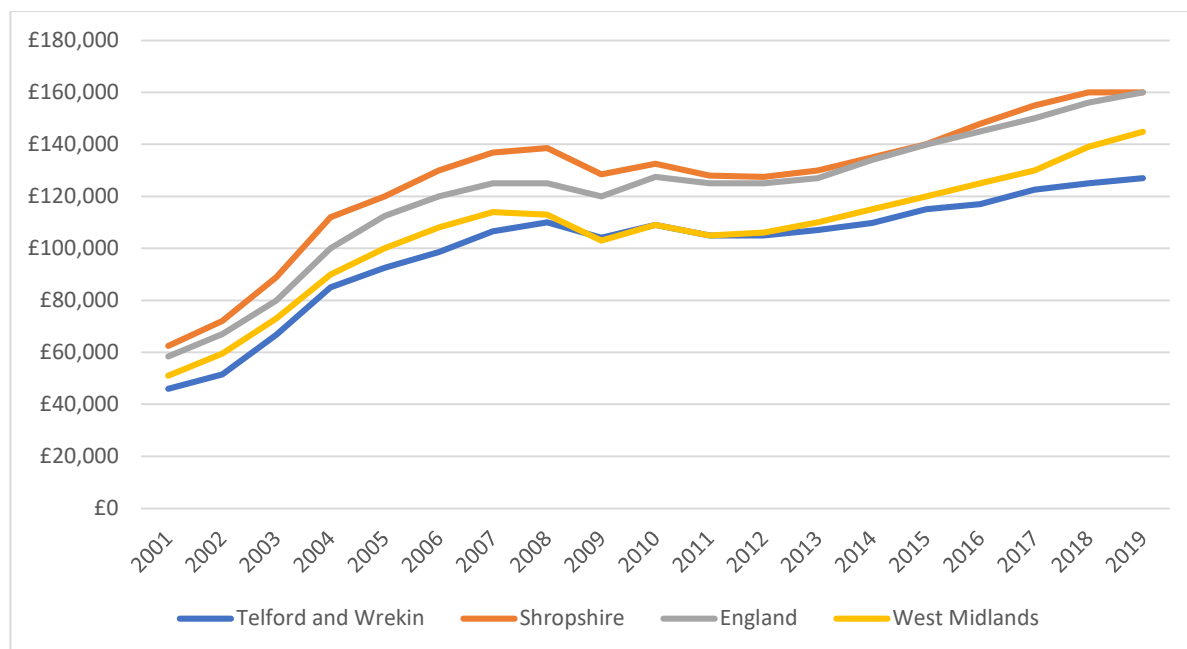
- 15.22 This provides a further potential measure of current and potential future demand. The absorption rate in Telford & Wrekin is substantially higher than the England average and also exceeds the total in neighbouring Shropshire (albeit in absolute terms the volume of completions is less).
- 15.23 The higher absorption rate is in contrast to relatively low overall levels of turnover. The overall absorption rate is a function of total delivery i.e. including completions of affordable housing and property not captured by transactions data. The higher absorption rate signifies strong levels of demand for 'new build' development.
- 15.24 This is potentially a more useful indicator than share of total transactions, as it reflects total completion activity. It is therefore possible that the total number of transactions could increase substantially (i.e. through potentially greater sales of existing dwellings) and this would not in principle impact on calculation of the absorption rate, though this may affect overall demand for 'new build' development.

- 15.25 It is also relevant to note the difference between the current absorption rate and the 2008-2011 period (0.5%). It is also the case that the absorption rate is higher now than in the earlier 2001-2010 period when total transactions were substantially greater. In terms of current trends this is likely to reflect potential structural changes in the market together with indicators of high demand for 'new build' development.

**c) House Prices**

- 15.26 Trends in the housing market for private residential sales within Telford & Wrekin have been explored as part of the review of housing demand and supply undertaken to inform definition of the HMA (see Section 12). For the purposes of the analysis within this overall assessment this also provides a comparison with trends in neighbouring authorities.
- 15.27 When considering the 'all dwellings' median sales prices the main observation from the identified trends reflects that Telford & Wrekin sustains values that remain comfortably below levels in neighbouring Shropshire, the wider West Midlands and England as a whole.
- 15.28 When trends in lower quartile sales prices are assessed as shown in Figure 84 Telford & Wrekin's position is similar when reviewed against the same comparators. Lower quartile prices reflect a faster rate of change in the early part of the series from 2001, reflecting the potential exacerbation of constraints to home ownership during this period.
- 15.29 Prices against this measure have stabilized since 2008, with prices in Telford & Wrekin in particular diverging further from the wider West Midlands in the most recent years. It is also apparent that in neighbouring Shropshire lower quartile prices trend closer to the average in England, reflecting less potential diversity in dwelling stock and condition to provide a wider range of entry points at the lower value end of the sales market. These observations help to reinforce conclusions on the definition of Telford & Wrekin as a self-contained HMA.

**Figure 84. Trend in Lower Quartile Sale Price – Telford & Wrekin and Comparator Areas**



Source: ONS: Land Registry; SPRU Analysis

- 15.30 In terms of the rate of change in house prices the evidence also shows that the disparity between Telford & Wrekin and its neighbouring authorities has increased in recent years.

**Table 77. Rate of House Price Change – Telford & Wrekin and Neighbouring Authorities**

Local Authority Area	All Dwellings 2015 - 2019	New Build Dwellings Only 2015-2019
Telford & Wrekin	15.7%	28.4%
Shropshire	19.2%	20.0%
Stafford	21.4%	8.2%
South Staffordshire	19.1%	9.5%

Source: ONS; Land Registry; SPRU Analysis

- 15.31 One further observation from these data is that when sales of 'new build' only dwellings are separated from the total series of transactions the trend in the rate of change in median prices is reversed, with the greatest percentage increase identified in Telford & Wrekin. Without this specific component of higher levels of house price growth for 'new build' property the disparity between Telford & Wrekin and its immediate neighbours in terms of the 'all dwellings' median sales value would be even greater. However, it is not necessarily the case that this has increased the strength of links in terms of demand and supply across adjoining areas.
- 15.32 Feedback from stakeholders has indicated that demand for 'new build' products within the borough remains strong and that there is evidence of a sustained premium on new build products of all types at the point of first sale. This reflects a local factor of the dynamics between the market for new build and existing stock in the borough itself. Stakeholder observed that the premium on 'new build' units is not necessarily reflected in the sales price of second and third-hand stock.
- 15.33 A high volume of transactions at relatively static or marginally lower sales values of 'second-hand' stock at the point of first re-sales will have the effect of tempering the overall rate of

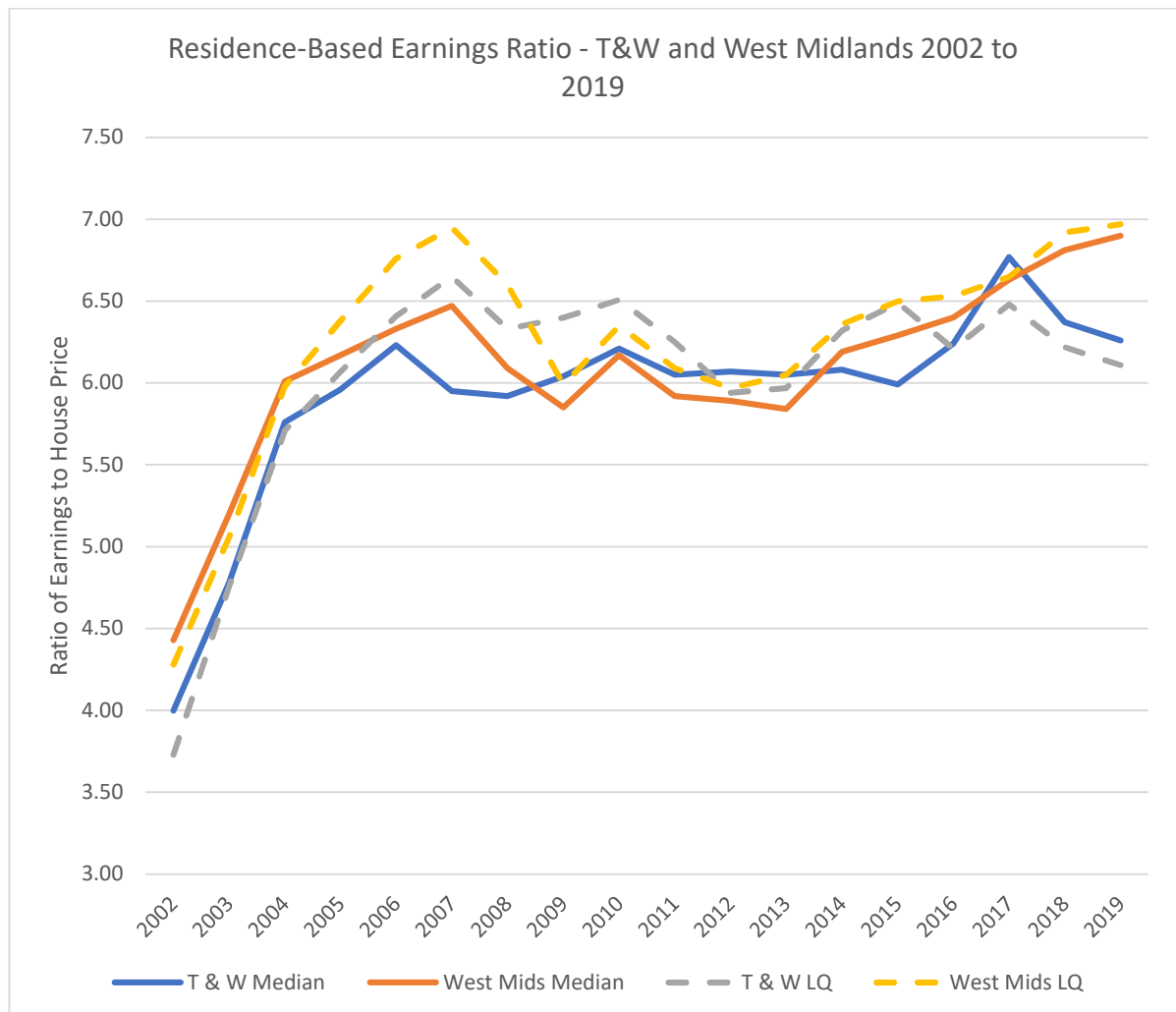
house price growth amongst 'all dwellings'. This is a consequence of the relatively high absorption rate associated with annual new build additions to the overall dwelling stock.

- 15.34 A secondary effect, which stakeholders considers sustains diversity in the market in terms of the stock of existing dwellings transacting at lower values relates to the 'New Town' legacy and relative similarity in the characteristics of property in the borough. In general, this is seen to temper trends towards increased sales prices of existing stock with particular characteristics or certain locations. Conversely, there are example of some of the traditional 'Dwelling Corporation' stock continuing to transact at very low values in comparison to the rest of the borough and wider region. This is seen to act as a constraint to growth in the 'all dwellings' sales price.
- 15.35 Trends in costs within the private rental market together with a more fine-grained analysis of the cost of housing for sale will be considered separately as part of the Part 2 EHDNA. Subsequent analysis will explore the role of the private rented sector within the overall needs assessment together with establishing the future affordable housing needs.

#### **d) Affordability**

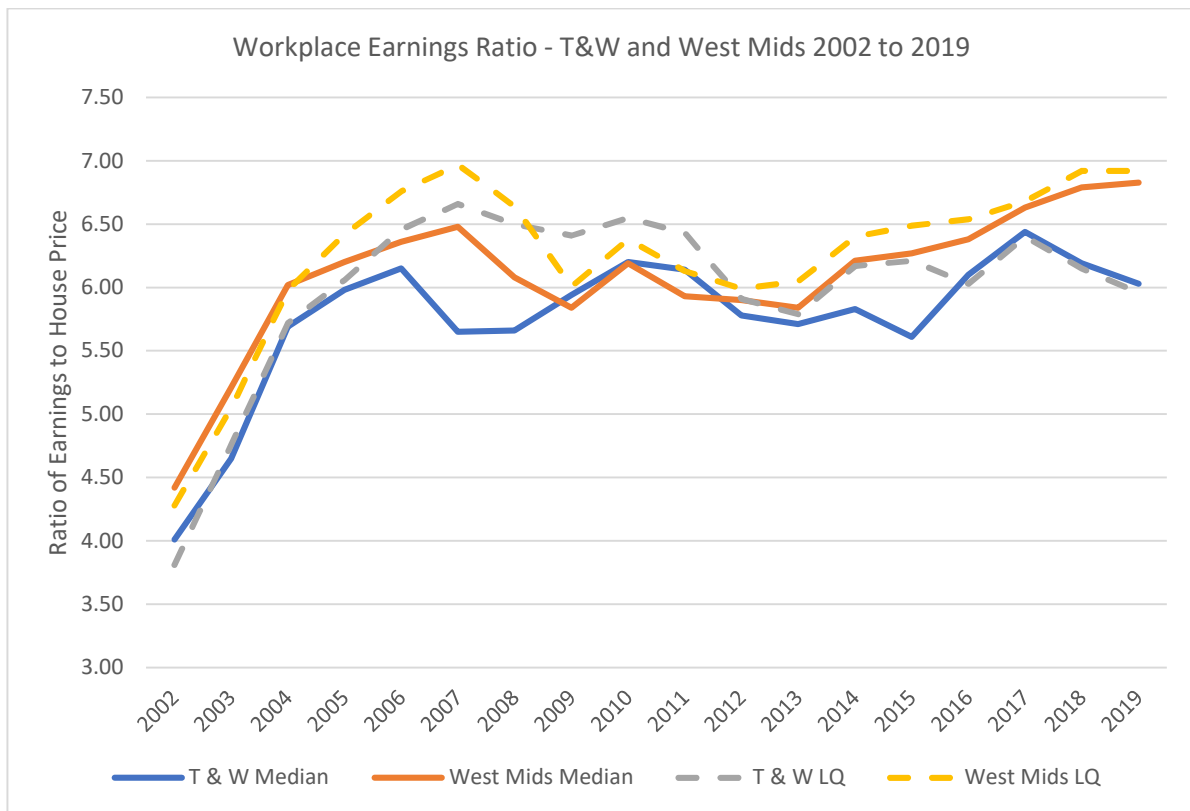
- 15.36 Trends in the affordability of housing for sale also provide a wider context for assessing trends in the profile of the local market. The ability to obtain housing for sale at a given price point in the market (and specifically cost relative to purchasing power) can be a key driver of patterns of housing supply and demand. This in-turn influences the potential boundaries of HMAs and current and projected rates of demographic change dependent on the potential relationship with rates of growth.
- 15.37 For the purposes of this comparison it is relevant to consider the impact of median residence-based affordability ratios, which take account of the earnings of those living within the borough. These can be evaluated alongside the median workplace-based ratio which reflect wage levels associated with labour demand in Telford & Wrekin. Figures 85 and 86 show the respective trends. For the purposes of understanding the context for the relationship between housing costs and earnings across a wider profile of the market lower quartile earnings to house price ratio are also shown. Within both Telford & Wrekin and the West Midlands it is notable that notwithstanding differences in absolute wages and prices and different levels in the market the calculated ratios are very similar at the median and lower quartile position.
- 15.38 For Telford & Wrekin difference between the median workplace-based and residence-based ratios are relatively modest (5.96 v 6.26 respectively at 2019 levels). It is, however, the case that since 2011 there has been a slight reversal in the position, with the residence-based earnings ratio previous representing better affordability. This change is likely to be a function of the increasing strength in the local labour market, together with the overall effect of commuting flows (including the type and location of employment of out-commuters from the borough together with whether higher value jobs in Telford & Wrekin are disproportionately taken-up by in commuters.

**Figure 85. Trends in Residence-Based Affordability Ratios**



Source: ONS; Land Registry; SPRI Analysis

**Figure 86. Trends in Workplace-Based Affordability Ratios**



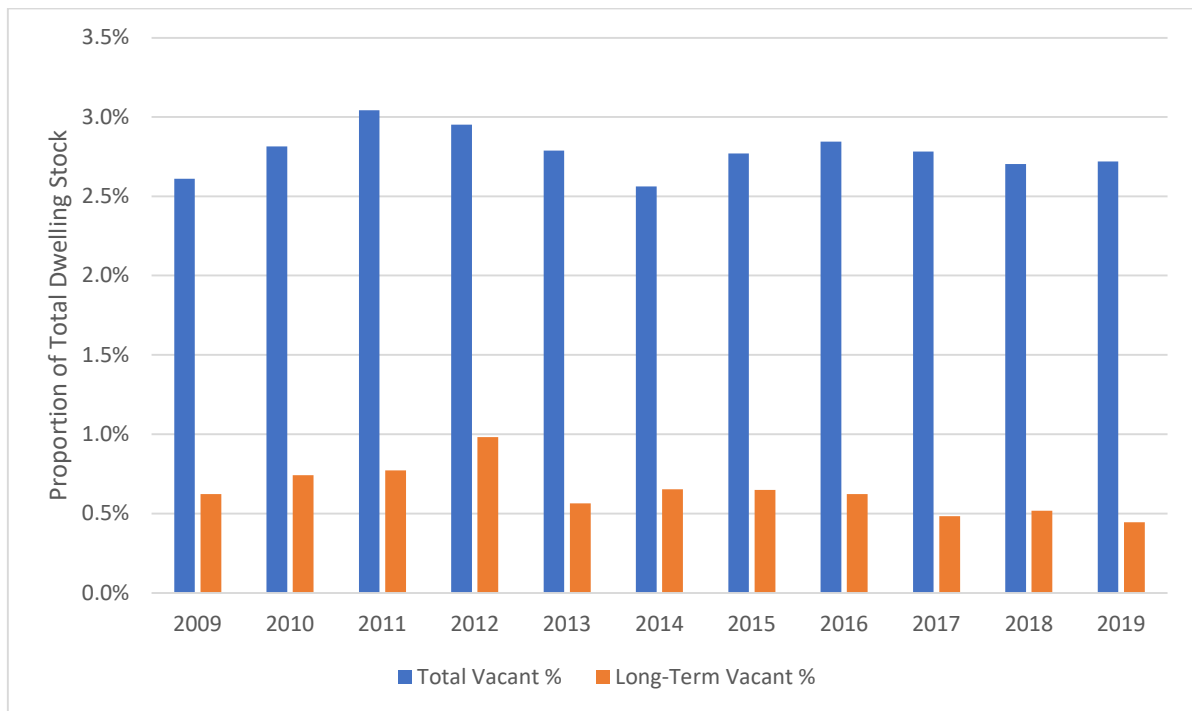
Source: ONS; Land Registry; SPRI Analysis

- 15.39 For both of the residence-based and workplace-based ratios it is apparent that since 2017 there has been an improvement in the ratios for the Telford & Wrekin area compared to West Midlands. This divergence has continued across 2018 and 2019. This correlates to the higher levels of housebuilding, but the workplace-based ratios may also reflect the strength of the local economy.

#### e) Vacancy Rates

- 15.40 Trends in vacancy within the borough's dwelling stock have been assessed using official statistics reported by the CLG. These differentiate long-term vacant dwellings (registered as such for more than 6 months) from the overall total which captures all instances of void periods within stock (such as change in tenancies or gaps in occupation resulting from dwelling transactions). The total level of vacancy will principally reflect 'churn' as a component of the wider housing market. However, instances of longer-term vacant dwellings could indicate barriers to housing demand and supply, such as that resulting from weakness in particular sectors of the market or issues with specific elements of existing stock due to its age, location or condition.
- 15.41 Within Telford & Wrekin levels of recorded long-term vacancy are low, comprising 0.5% or less of total stock over the last three years (341 to 290 total long-term vacant dwellings). Overall vacancy rates also show consistency over time (ranging from 2.6% to 3.0%). This is lower than the average for England. There has been no particular change in levels of vacancy, with no material difference in percentage terms between 2008 and 2019. The highest levels of vacancy (3.0%) correlate with the highest number of long-term vacant properties in 2012.

**Figure 87. Characteristics of Vacant Dwellings in Telford & Wrekin**



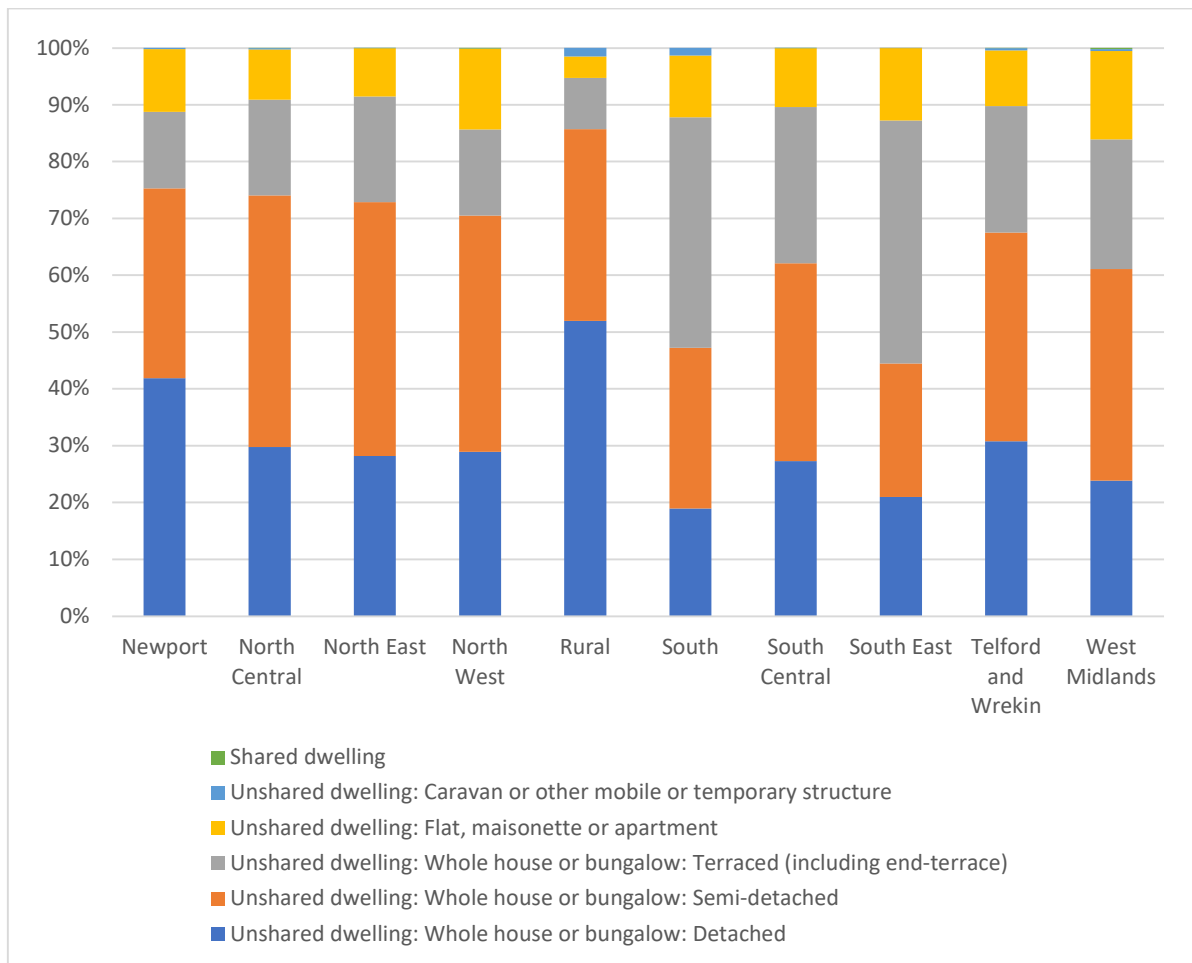
Source: CLG Live Table 615

- 15.42 There has been a small rise in the absolute number of vacant properties in the most recent years, which reflects growth in the overall dwelling stock. This suggests a functional property market, with (for example) high numbers of new build transactions generating a small number of 'void' periods prior to occupation and completion of sales.

**f) Housing Stock**

- 15.43 Figure 88 shows the breakdown of existing housing stock in Telford & Wrekin, by type, compared to the wider West Midlands average.
- 15.44 This shows that there is negligible (0.03%) shared accommodation in Telford & Wrekin, slightly lower than the West Midlands at 0.21%. Similarly, there is little temporary or mobiles home, with the largest stock being in the Rural and South sub areas of Telford & Wrekin, in which there is 131 and 95 dwellings, respectively.
- 15.45 Generally, across Telford & Wrekin, the majority of housing stock comprises detached housing (31%), semi-detached (37%), followed by terraced (23%) and flats/apartments (16%).
- 15.46 These proportions broadly comparable with the West Midlands, and are largely replicated across most of the sub areas, with the main exceptions being the Rural sub area in which there is a larger proportion of detached housing (52%) and a lower proportion of flats/apartments (4%), as well as the South East sub area which has a comparatively higher proportion of terraced housing at 43%.

**Figure 88. Housing Stock by Sub Area**

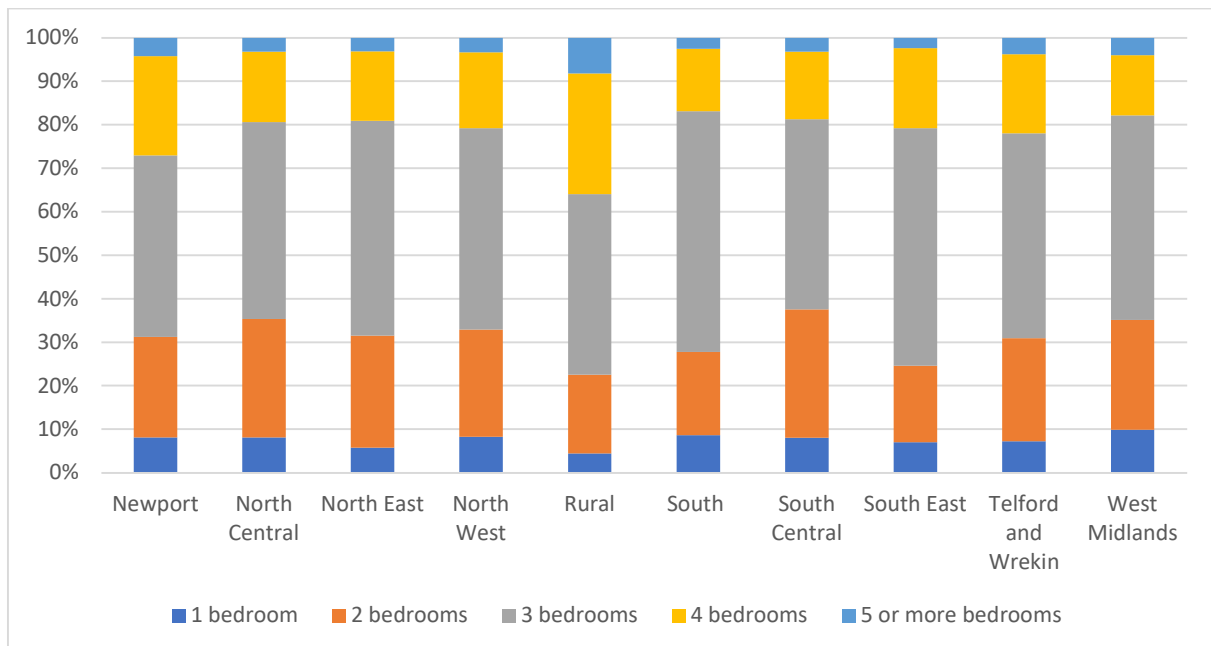


Source: 2011 Census

#### g) Bedroom Number

- 15.47 Figure 89 shows the housing stock of the defined sub areas by bedroom size, compared to the whole authority and wider West Midlands average.
- 15.48 This identifies across Telford & Wrekin, the largest proportion of housing stock is 3 bedroom dwellings (47%), followed by 2 bedrooms (24%), 4 bedroom (18%), 1 bedroom (7%) and then 5 or more bedrooms (4%).
- 15.49 These proportions of household size are generally replicated across the wider West Midlands area, aside from the West Midlands having a slightly higher proportion of 1 bedroom households (10%), and a lower proportion of 4 bedroom dwellings (14%).
- 15.50 Similarly, the Borough wide household sizes for Telford & Wrekin are generally comparable with the individual sub areas, with the exception being the rural sub area, in which there is a proportionately lower percentage of 1 bedroom dwellings, and a higher proportion of 5 or more bedroom dwellings. The lowest proportion of 2-bedroom properties are located in the Rural sub-area, though the next lowest proportions are found in the South and South-East sub-areas (19% and 18%).

**Figure 89. Housing Stock by Bedroom Number**

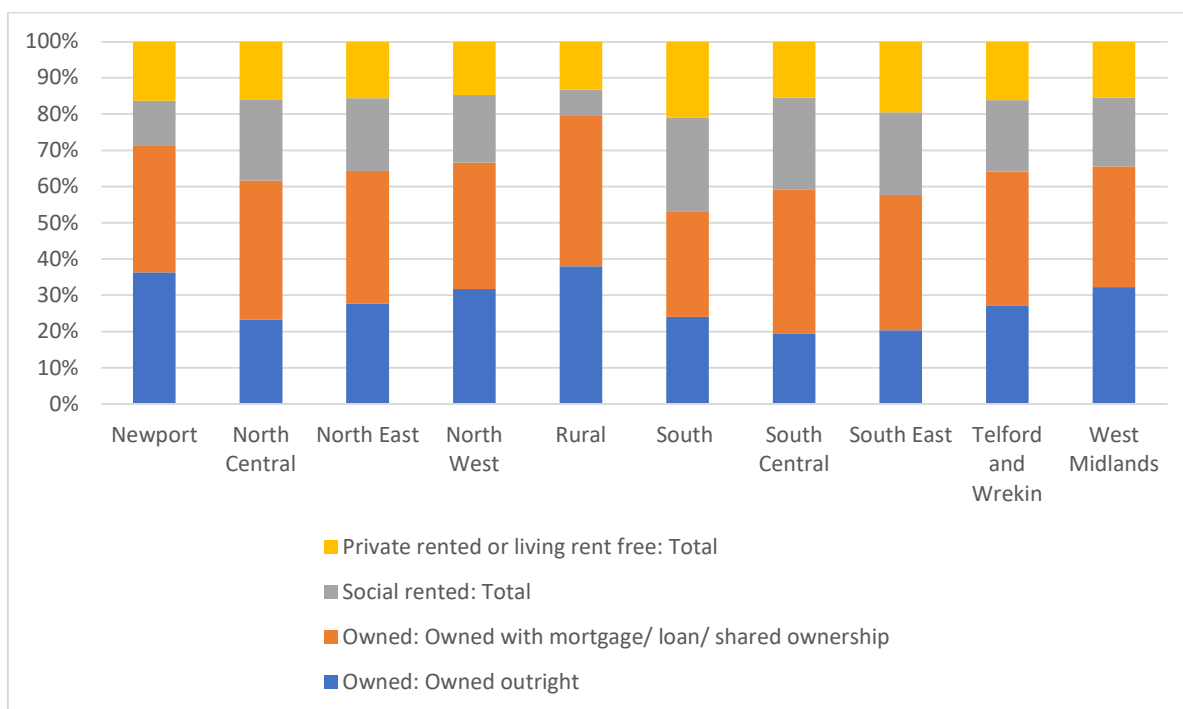


Source: 2011 Census

#### **h) Tenure Profile**

- 15.51 Figure 90 shows the Housing Stock of Telford & Wrekin by Tenure.
- 15.52 Across Telford & Wrekin, on average the largest proportion of housing stock is owned with a mortgage/loan/shared ownership (37%), followed by ownership outright (27%), social rented (23%), and private rented (16%).
- 15.53 Compared to Telford & Wrekin, the West Midlands has broadly similar proportions, aside from outright ownership being slightly higher at 32%, and mortgage/loan/shared ownership being slightly lower at 33%.
- 15.54 With regards to sub areas, the Newport and rural sub areas have proportionately low socially rented housing stock at 12% and 7% respectively, whilst the South and South Central sub areas have proportionately high socially rented housing stock at 26% and 25% respectively.
- 15.55 Accordingly, the South Central, and South East sub areas have proportionately low housing stock that is owned outright, and the South sub area has disproportionately low numbers of dwellings that are owned through mortgage/loan/shared ownership.

**Figure 90. Housing Stock by Tenure**



Source: 2011 Census

**i) Household Composition and Occupancy Profile**

- 15.56 At the time of the 2011 Census the majority of households within Telford & Wrekin comprised households with children. These categories had also experienced the strongest population growth in absolute numbers between 2001 and 2011. The number of couples (both aged 65+) with no children also experienced strong growth in percentage terms.
- 15.57 'Other' household types including multi-adult households experienced the greatest increased between 2001 and 2011 (+44.6%) although total numbers within this category remained small as a proportion of the overall total households.

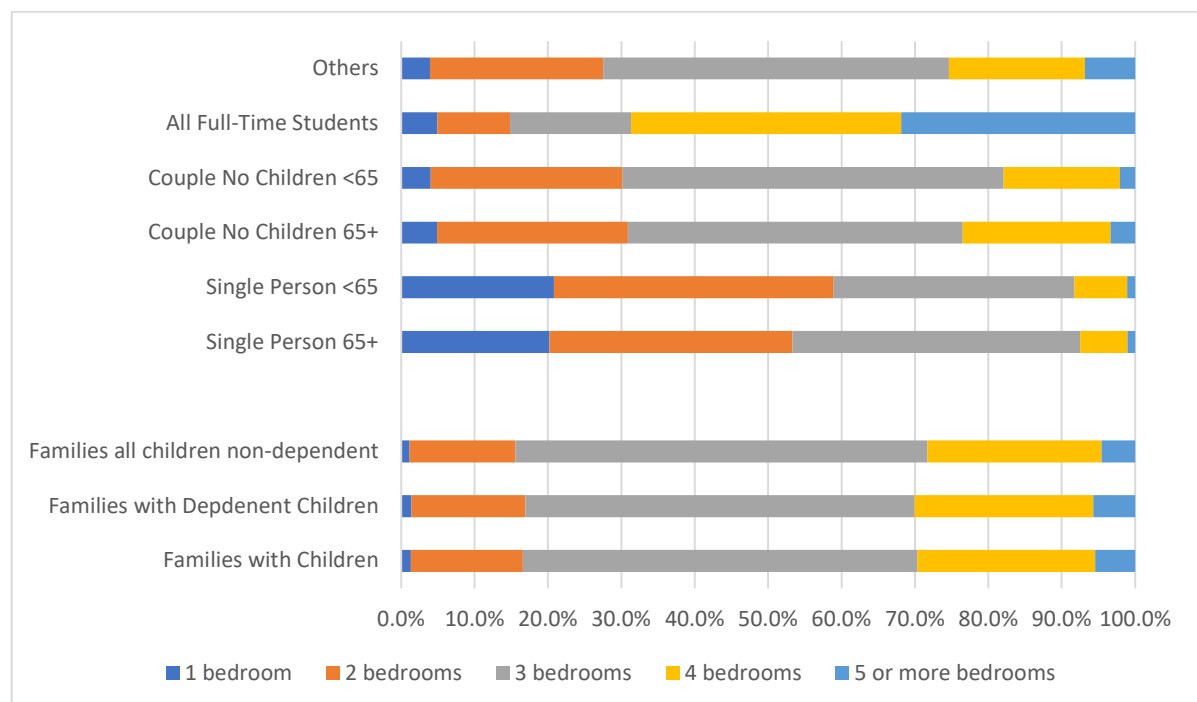
**Table 78. Change in Household Composition 2001 to 2011**

	2001		2011		% Change
	All Tenures	% of Total	All Tenures	% of Total	
Single Person 65+	7,316	11%	7,113	11%	-2.8%
Single Person <65	9,235	14%	9,680	15%	4.8%
Couple No Children 65+	4,611	7%	5,035	8%	9.2%
Couple No Children <65	12,626	20%	13,014	20%	3.1%
Households with Children	27,982	44%	28,886	43%	3.2%
All Full-Time Students	132	0%	182	0%	37.9%
Others	1,866	3%	2,698	4%	44.6%
Total Households	63,768		66,608		4.5%

Source: 2011 Census

- 15.58 An understanding of the household composition within Telford & Wrekin provides the starting point to understand the occupancy profile in terms of living arrangements within the available dwelling stock. A key element of this analysis recognises that particularly in the private sector households do not necessarily occupy accommodation in-line with their 'needs' based on the size of the household. This is determined by other factors including their financial means and the distribution of housing stock across the Borough, which may affect housing options in locations that are preferred for lifestyle reasons.
- 15.59 'Need' for these purposes can be assessed with reference to definitions provided by the Office for National Statistics. This is taken to be the number of bedrooms a household would need, considering the ages of the household members and their relationships to each other, and uses standard formulae to derive the number of rooms/bedrooms they require.
- 15.60 Figure 91 illustrates that amongst all categories for household composition around 47% of the total are accommodated within 3-bedroom properties, which represent the majority of stock within the Borough. Amongst all categories for families with children a higher proportion occupy 3+ bedroom dwellings. However, the figure also illustrates that particularly for those households where all residents are aged 65+ the proportion occupying larger properties remains relatively high (69% of coupled households aged 65+ within 3+ bedroom properties). 'All student' households occupy the greatest proportion of 4+ bedroom properties.

**Figure 91. Profile of Household Composition by Number of Bedrooms in Dwelling**

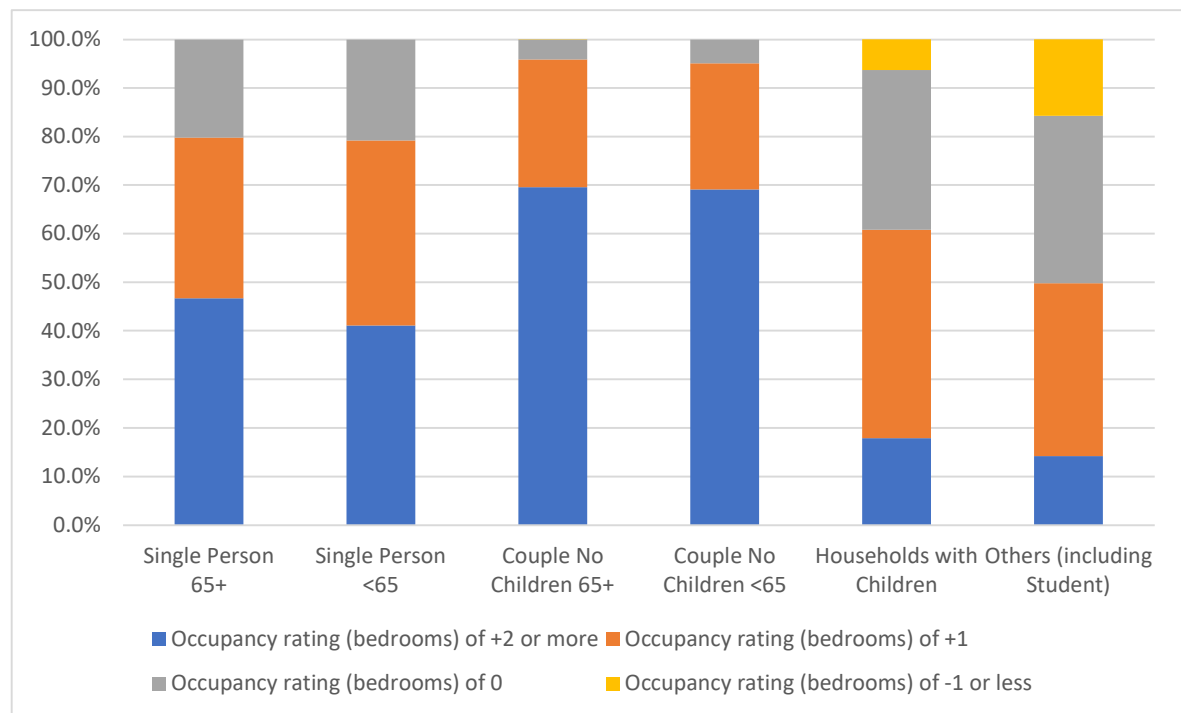


Source: 2011 Census; SPRU Analysis

- 15.61 Figure 92 shows that amongst all households recorded in the 2011 Census only around 22% (14,800) occupy accommodation in accordance with their 'needs' defined by the bedroom standard. For couple households without dependent children and for all single households a high proportion are recorded with 2 or more additional bedrooms above the formula requirement (70% and 40% respectively). Fewer than 5% of couple households without dependent children occupy accommodation in accordance with their needs.
- 15.62 This is not a trend unique to Telford & Wrekin but rates of under-occupancy are relatively higher than the average for the West Midlands or England as a whole. For those households,

all aged 65+ a slightly higher proportion in these comparators occupy accommodation in accordance with their needs (4.7% in the West Midlands and 5.3% in England). The difference is more pronounced for households aged under 65 (6.3% and 9.3% respectively). Overall, this reflects the existing dwelling stock and relative affordability of larger properties, which has potential implications for future housing mix considered in the Part 2 EHDNA.

**Figure 92. Profile of Occupancy Rating (Bedroom Standard)**



Source: 2011 Census; SPRU Analysis

- 15.63 Only around 3.4% of total households represent an occupancy rating of 1 or more bedrooms fewer than the number required. However, these are concentrated amongst families with children and 'other' household types. Reflecting the high overall percentage for families with children amongst the household composition the majority of potentially overcrowded households are within this category in real terms (1,824 or 2,281 such households).
- 15.64 These data based on overall characteristics for household composition can be further broken down to assess the occupancy profile of families with children. This is important given the potential issues for overcrowding within this category and to provide an understanding of the accommodation profile by tenure. This is shown in Table 79.

**Table 79. Indicators of Overcrowding by Household Tenure (2011)**

	<b>No. of House-holds</b>	<b>2+ spare bedrooms</b>	<b>1+ spare bedroom</b>	<b>No spare rooms</b>	<b>-1 or less bedrooms</b>	<b>Total</b>
Owned/ Shared Ownership	Families with Children	4,499	7,898	3,841	439	16,677
Owned/ Shared Ownership	Other Households with Dependent Children	131	258	399	226	1,014
Private Rented	Families with Children	351	2,202	2,150	313	5,016
Private Rented	Other Households with Dependent Children	22	97	251	176	546
Social Rent	Families with Children	156	1,880	2,690	539	5,265
Social Rent	Other Households with Dependent Children	8	49	180	131	368

*Source: 2011 Census; SPRU Analysis*

- 15.65 These data illustrate that as a proportion of total households within each category for tenure a higher percentage of potentially overcrowded households occur within the private rented sector (around 9% of total households with children) and social rented housing (around 12% of total households). It should also be noted that within these tenure categories a high proportion of each total comprises 'other households with dependent children'. This is also the case for families within owner-occupied tenure.
- 15.66 'Other family' households comprise around 30% of potentially overcrowded households, illustrating the potential impact of one or more other adults living alongside families with children.

## **16.0 SCENARIO TESTING OF ALTERNATIVE APPROACHES FOR THE ASSESSMENT OF LOCAL HOUSING NEED**

- 16.1 Drawing together the review of local housing need calculated using the standard method in Section 13 together with analysis of the associated population and household projections a context has been provided to assess justified alternative approaches in Telford & Wrekin. This is pursued in the form of scenario testing undertaken to inform the local housing need assessment.
- 16.2 The Telford & Wrekin – Housing & Demographics (Edge Analytics) Report accompanying this assessment provides further details of the range of scenarios that has been developed. All scenarios have been tested through the PopGroup software suite.
- 16.3 Each scenario illustrates projected demographic change and inputs to each iteration are explained with reference to current trends (supplementing the analysis in this Report). The projected change associated with the inputs to each scenario are reported in terms of implications for population change, households, dwelling numbers.
- 16.4 The resulting demographic profile within each projected growth scenario, together with inputs for based on economic activity and commuting rates allows identification of growth in the labour force that may be available to take up forecast jobs growth based on the working-age population resident in the borough.

### **a) Relationship with Forecast Economic and Employment Growth**

- 16.5 The guidance highlights that growth strategies for an area are a consideration in determining the housing requirement for the area.
- 16.6 As highlighted above the 2014 based projections actually model forward a decrease in the working age population which would have an impact on the area's future economy and the balance between labour demand and supply.
- 16.7 In contrast the 2018 projections model an increase in the working age population which would support a level of economic growth.
- 16.8 In order to consider the level of housing required to support the levels of economic growth set out in the earlier part of this report the same two scenarios on household formation rates have been used to model the level of population and hence new dwellings that would be required.

### **b) Definition of Scenarios**

- 16.9 The summaries below provide further detail on the inputs and rationale for each of the identified scenarios. This is considered together with an initial evaluation of the potential implications for each scenario in terms of demographic change, total household formation and (where relevant) the assumptions supported in terms of labour demand and supply.
- 16.10 As explained above all scenarios including the Housing-led and employment-led growth scenarios use 2014-based household projections to inform assumptions for the communal establishment ('non-household') population and a dwelling vacancy rate.
- 16.11 All scenarios have been modelled on the basis of the household formation rates in the **2014-based** subnational household projections. For each scenario, a separate result has been produced using **2014-Return** household formation rates, reflecting a return to 2001 rates of household formation amongst the 25-34 age group.
- 16.12 The assumptions for fertility, mortality and migration utilised in each scenario are explained in full in the accompanying Housing and Demographics (Edge Analytics) Report. In summary those scenarios prefaced **SNPP** are derived from the official population and household

projections and utilise inputs and information at the base year for each scenario.

- 16.13 PopGroup software has been used in the development of further scenarios that take account of a full 18-year assessment period (2001-2019). This longer-term series provides the ability to calculate alternative trend periods for fertility, mortality, and migration. Scenarios prefaced **PG** set out specific assumptions for the alternative trend period considered.
- 16.14 **Employment-Led** and **Housing-Led** scenarios have also been defined, with details set out below. These utilise future internal migration assumptions have been derived from the full eighteen-year historical period, with migration altered to meet annual employment and housing growth requirements, respectively.
- 16.15 The following provides a brief description of each modelled scenario:
  - i) ***SNPP 2014-based (Principal)***
  - 16.16 The demographic assumptions for this scenario are identical to the inputs to the 2014-based household projections that in-turn inform the calculation of local housing need using the standard method in accordance with the PPG. This incorporates a 5-year trend period for migration (2009-2014) that precedes the recent substantial increase in housing delivery and as a result takes account of net outward migration flows.
  - ii) ***SNPP 2016-based (Principal)***
  - 16.17 This scenario comprises a more recent (2011-2016) 5-year trend period for migration. Compared to the SNPP 2014-based demographic baseline this indicates additional net migration of a further 394 persons per year and 28% higher population growth over the 2020-2040 period. This partially captures the effect of higher rates of net migration recorded in official population estimates since 2014/15.
  - iii) ***SNPP 2018-based (Principal)***
  - 16.18 The inputs to this scenario correspond to the most recent official subnational population projections and for Telford & Wrekin. These growth projections are underpinned by assumptions drawn from the high migration effects experienced by Telford & Wrekin since 2014/15.
  - iv) ***SNPP 2018-based (Higher Variant)***
  - 16.19 The 'High' variant of the SNPP-2018. - the inputs to this scenario comprise details released alongside the official population projections. The adjustments within this scenario relate to increases to the international component of net migration only and would correspond to rates of population gain from this source never previously experienced within the borough.
  - v) ***SNPP 2018-based (Lower Variant)***
  - 16.20 The inputs to this scenario comprise details released alongside the official population projections. The adjustments within this scenario relate only to undertaking a longer-term assessment of the international component of net migration only.
  - vi) ***SNPP 2018-based (Alternative Migration Variant)***
  - 16.21 The inputs to this scenario comprise details released alongside the official population projections. The main implication of this scenario in taking a 5-year trend for internal migration estimates (including three years of data under the previous methodology).
  - vii) ***SNPP 2018-based (10-Year Variant)***
  - 16.22 The inputs to this scenario comprise details released alongside the official population projections and is based on 10-year trends in migration (based on historical data).

**viii) PG Short-Term**

- 16.23 This scenario comprises additional modelling of age-sex specific migration rates together with the calculation of age-specific and area-specific fertility and mortality, taking into account the most recent population estimates to 2019. The Migration assumptions using six years of historical data (2013/14-2018/19). This generates population growth of +31,334 persons for the 2020-2040 period (around 16% lower than the 2018-SNPP produced for a broadly equivalent period)

**ix) PG Long-Term**

- 16.24 The approach to this scenario adopts the same methodology of the PG Short-Term assessment in terms of components of population change but derives the age sex specific migration rates from the full eighteen years of historical data (2001/02- 2018/19). It should be noted that this longer period corresponds to substantially lower rates of housing delivery than observed recently.

**x) PG Zero**

- 16.25 For the PG Zero scenario, future internal migration is calibrated to ensure a 'zero' annual net internal migration balance, while assumptions for fertility and mortality are assessed over an 18-year period.

**xi) Housing-Led 1,050 Dwelling Growth Per Annum**

- 16.26 In this housing-led scenario the completion of an average of 1,050 units per annum over the 2020 to 2040 period would broadly correspond to net additions measured across the 2012/13 to 2018/19 monitoring years.

**xii) Housing-Led 1,100 Dwelling Growth Per Annum**

- 16.27 In this housing-led scenario the completion of an average of 1,100 units per annum over the 2020 to 2040 period would broadly correspond to net additions measured across the 2013/14 to 2018/19 monitoring years. This reflects that a balanced scenario for housing-led growth, reflecting that completions have exceeded 1,100 units in three of the relevant six years.

**xiii) Housing-Led 1,150 Dwelling Growth Per Annum**

- 16.28 In this housing-led scenario the completion of an average of 1,150 units per annum over the 2020 to 2040 period would broadly correspond to net additions measured across the 2014/15 to 2018/19 monitoring years. This scenario appears realistic in terms of average delivery, given the relatively long (5-year trend) in sustained high levels of delivery.

**xiv) Employment-led Experian**

- 16.29 This employment-led housing scenario uses the POPGROUP model adjusted so that growth aligns with the Experian forecast which shows a total jobs growth of 700 jobs per annum over the period 2020-40

**xv) Employment-led OE**

- 16.30 This employment-led housing scenario uses the POPGROUP model adjusted so that growth aligns with the Oxford Economics (OE) forecast which shows a total jobs growth of -46 jobs per annum over the period 2020-40.

**xvi) Employment-led Cambridge**

- 16.31 This employment-led housing scenario uses the POPGROUP model adjusted so that growth aligns with the Cambridge Econometrics (CE) forecast which shows a total jobs growth of 603 jobs per annum over the period 2020-40.

**xvii) Employment-led Experian Growth**

- 16.32 Employment-led Growth – this employment-led housing scenario uses the POPGROUP model adjusted so that growth aligns with the growth forecast developed by SPRU. The Growth forecast is based upon the Experian forecast but with adjustments to some sectors to reflect wider commercial market evidence, stakeholder feedback, and the LEP's LIS. Adjustments were made to the Advanced manufacturing, Food and drink manufacturing, and Agricultural sectors. The Growth forecast shows a total jobs growth of 859 jobs per annum over the period 2020-40. Definition of the forecast trend in total jobs growth in this scenario is consistent with the results of Section 7. This is based on the conclusions of potential future economic growth and employment land requirement derived in this assessment and represents an input to the housing need assessment scenario.
- 16.33 A summary of each scenario explored within the PopGroup testing is set out in Table 80 below:

**Table 80. Summary of Local Housing Need Assessment Scenarios**

No.	Scenario Name	Scenario Details
1.	SNPP 2014-based	This scenario replicates the ONS 2014-based SNPP, using historical population evidence for 2001–2014.
2.	SNPP 2016-based (Principal)	This replicates the ONS 2016-based SNPP Principal Scenario, using historical population evidence for 2001–2016.
3.	SNPP 2018-based (Principal)	This replicates the ONS 2018-based SNPP Principal Scenario, using historical population evidence for 2001–2018.
4.	SNPP 2018-based (Higher Variant)	This replicates the ONS 2018-based SNPP Higher Migration Scenario, using historical population evidence for 2001–2018. This variant assumes higher levels of net international migration.
5.	SNPP 2018-based (Lower Variant)	This replicates the ONS 2018-based SNPP Lower Migration Scenario, using historical population evidence for 2001–2018. This variant assumes lower levels of net international migration.
6.	SNPP 2018-based (Alternative Variant)	This replicates the ONS 2018-based SNPP Alternative Internal Migration Scenario, using historical population evidence for 2001– 2018. This variant uses five years of internal migration data to inform the projection, two years using ONS' new estimation methodology and three years using its previous methodology.
7.	SNPP 2018-based (10 year Variant)	This replicates the ONS 2018-based SNPP Alternative Internal Migration Scenario, using historical evidence for 2001–2018. This variant uses 10 years of all migration data to inform the projection.
8.	PG Short Term	This scenario uses an ONS 2019 base year and calibrates its migration assumptions from a six-year history (2013/14–2018/19).
9.	PG Long Term	This uses an ONS 2019 base year and calibrates its migration assumptions from an eighteen-year history (2001/02–2018/19).
10.	PG Zero	This scenario models the population growth implications of an annual 'zero' net-migration balance in the Borough.
11.	Employment-led Experian	Models the population impact of an average annual employment growth of +700 per year detailed in an Experian economic forecast.
12.	Employment-led OE	Models the impact of an average annual employment growth of - 139 per year detailed in an Oxford Economics (OE) forecast.
13.	Employment-led Cambridge	Models the impact of an average annual employment growth of +466 per year detailed in a Cambridge Econometrics forecast.
14.	Employment-led Experian Growth	Models the population impact of an average annual employment growth of +859 per year, based on an uplift to the Experian

		forecast.
15.	Dwelling-led 1,050dpa	Models the population impact of an average annual dwelling growth of +1,050 dwellings per annum (dpa).
16.	Dwelling-led 1,100dpa	Models the population impact of an average annual dwelling growth of +1,100 dpa.
17.	Dwelling-led 1,150dpa	Models the population impact of an average annual dwelling growth of +1,150 dpa.

### c) Outputs of the Scenario Testing

- 16.34 A full list of the projection outputs from the respective scenarios is explained in the Edge Analytics Report. All scenarios cover projection periods of 2020-2040.
- 16.35 For all scenarios, projected trends in household formation and the total number of households across the projection period are calculated based on the household representative rates taken from the latest MHCLG 2014-based household projection model. This means that expected trends in household formation are consistent irrespective of other inputs to each scenario.
- 16.36 Additionally, iterations for each scenario (nos. 1 to 17) are produced with an allowance for 'Headship Rate Sensitivity' (referred to as the **2014-Return** output for each projection). This sensitivity analysis estimates how a return to higher household growth rates could manifest itself in higher dwelling growth outcomes for each scenario. The results of these iterations are referred to as the '**2014-Return**' output for each projection.
- 16.37 The implications of the 2014-Return allowance for sensitivity are particularly relevant to the assessment of dwelling-led scenarios where, all other things being equal, allowance for increased rates of household formation as part of projected trends results in lower levels of additional population growth equating to less significant increases to in-migration.
- 16.38 A summary of the projection outputs for the 2020-2040 period is shown below:

**Figure 93. Summary of Local Housing Need Assessment Scenarios**

Scenario	Change 2020–2040		Average Annual Dwelling Growth	
	Population Change	Population Change %	2014-based	2014-based Return
Dwelling-led_1150dpa (2014-based)	48,707	26.7%	1,150	
Dwelling-led_1100dpa (2014-based)	46,143	25.4%	1,100	
Dwelling-led_1050dpa (2014-based)	43,581	24.0%	1,050	
Dwelling-led_1150dpa (2014-based Return)	38,221	21.0%		1,150
Dwelling-led_1100dpa (2014-based Return)	35,830	19.7%		1,100
Dwelling-led_1050dpa (2014-based Return)	33,439	18.4%		1,050
SNPP-2018-HIGH	31,905	17.5%	885	1,058
SNPP-2018	27,320	15.0%	797	964
Employment-led Experian Growth	24,413	13.6%	665	848
PG Short Term	23,390	12.9%	707	876
SNPP-2018-LOW	22,731	12.5%	709	869
SNPP-2018-ALTERNATIVE	21,609	11.9%	667	833
Employment-led Cambridge	18,848	10.6%	551	726
Employment-led Experian	18,973	10.6%	560	735
SNPP-2016	13,859	7.8%	491	649
SNPP-2018-10YR	12,006	6.7%	470	630
PG Long Term	11,859	6.6%	438	603
SNPP-2014	10,829	6.2%	390	541
PG Zero	-499	-0.3%	237	368
Employment-led OE	-3,438	-1.9%	131	274

Source: Telford & Wrekin Housing and Demographics (Edge Analytics, 2020)

16.39 The summaries below provide further commentary on the outputs of the identified scenarios.

16.40 Housing-led and employment-led growth scenarios present high growth outcomes, relative to the trend scenarios (with the partial exception of the most recent 2018-based population projections).

**i) SNPP 2014-based (Principal)**

16.41 Over the 2020-2040 period this trend-based projection would indicate a growth of 390 dwellings per annum. Application of the 2014-Return headship rates increases assumptions for annual dwelling growth to +541 per annum.

**ii) SNPP 2016-based (Principal)**

16.42 The impact growth in dwellings compared to the 2014-SNPP over the same period is similar (+25.8%). Application of the 2014-Return headship rates increases assumptions for annual dwelling growth to +649 per annum.

**iii) SNPP 2018-based (Principal)**

16.43 This scenario results in an annual dwelling growth of +797dpa (increasing to +964dpa using 2014-Return formation rates).

**iv) SNPP 2018-based (Higher Variant)**

- 16.44 The 'High' variant of the SNPP-2018 increases population growth to 17.5%, with dwelling growth of +885 dpa (rising to 1,058dpa using the 2014-Return formation rates).

**v) SNPP 2018-based (Lower Variant)**

- 16.45 This scenario would result in dwelling growth of +869dpa (using 2014-Return formation rates).

**vi) SNPP 2018-based (Alternative Migration Variant)**

- 16.46 The impact of these alternative migration assumptions is a population growth of +21,609 over the 2020-2040 period (21% lower than the 2018-SNPP principal projection) and growth in dwellings of +833dpa (using the 2014-Return formation rates).

**vii) SNPP 2018-based (10-Year Variant)**

- 16.47 This scenario results in dwelling growth of +630dpa (using 2014-Return formation rates). This is 35% lower than the 2018-SNPP principal projection, and broadly the same as the PG Long-Term scenario covering the full 18-year trend period.

**viii) PG Short-Term**

- 16.48 Using a short (six-year) migration trend means growth generates population growth of +31,334 persons for the 2020-2040 period (around 16% lower than the 2018-SNPP produced for a broadly equivalent period)

**ix) PG Long-Term**

- 16.49 This represents a lower growth scenario with dwellings growth of +438dpa (rising to +603dpa using the 2014-Return formation rates). It should be noted that this longer-term series nonetheless produces population growth for the 2020-2040 period (+11,859) that is around 10% higher than the 2014-SNPP.

**x) PG Zero**

- 16.50 This 'zero' annual net internal migration scenario indicates a requirement for dwelling growth of +368dpa (using 2014-Return formation rates) (only around 32% lower than the equivalent 2014-SNPP output).

**xi) Housing-Led 1,050 Dwelling Growth Per Annum**

- 16.51 The population growth under this scenario is dependent on assumptions for household formation (and thus average household size) occupying the growth in dwelling stock (+43,581 persons using the 2014-based formation rates and +33,439 persons using the 2014-Return position). Under the 2014-Return scenario population growth would exceed the 2018-SNPP scenario by around 22%.

**xii) Housing-Led 1,100 Dwelling Growth Per Annum**

- 16.52 In this housing-led scenario the population growth is dependent on assumptions for household formation (and thus average household size) occupying the growth in dwelling stock (+46,143 persons using the 2014-based formation rates and +35,830 persons using the 2014-Return position). Under the 2014-Return scenario population growth would exceed the 2018-SNPP scenario by around 31%.

**xiii) Housing-Led 1,150 Dwelling Growth Per Annum**

- 16.53 This scenario appears realistic in terms of average delivery, given the relatively long (5-year trend) in sustained high levels of delivery. The average over this period (1,176dpa) marginally exceeds the scenario inputs over the longer-term period.

16.54 The population growth under this scenario is dependent on assumptions for household formation (and thus average household size) occupying the growth in dwelling stock (+48,707 persons using the 2014-based formation rates and +38,221 persons using the 2014-Return position). Under the 2014-Return scenario population growth would exceed the 2018-SNPP scenario by around 40%.

**xiv) *Employment-led Experian***

16.55 This employment-led housing scenario projects a need for 560 dpa using the 2014-based formation rates and 735 dpa using the 2014-Return position-

**xv) *Employment-led OE***

16.56 This employment-led housing scenario projects a need for 131 dpa using the 2014-based formation rates and 274 dpa using the 2014-Return position.

**xvi) *Employment-led Cambridge***

16.57 This employment-led housing scenario projects a need for 551 dpa using the 2014-based formation rates and 726 using the 2014-Return position.

**xvii) *Employment-led Experian Growth***

16.58 This employment-led housing scenario uses the POPGROUP model adjusted so that growth aligns with the growth forecast developed by SPRU and would require some 665 dpa using the 2014-based formation rates and 848 dpa using the 2014-Return position.

## 17.0 CONCLUSIONS ON LOCAL HOUSING NEED ASSESSMENT SCENARIOS

- 17.1 The starting point for the consideration of the future housing requirement to be planned for is that produced by the Standard Method using the approach set out in PPG is **510dpa**. This is the minimum requirement and the Guidance sets out a number of additional considerations that should be taken into account in the determination of the future level of housing to be planned for.
- 17.2 A total of 17 scenarios have been considered on the basis of relevant and potentially justified inputs to inform the local housing needs assessment.
- 17.3 Assessment of the relevant scenarios does not indicate that exceptional circumstances exist to identify a figure for local housing need below the result of the standard method. All scenarios producing a lower result than 510dpa (using the 2014-based headship rates) have thus been discounted.
- 17.4 It has further been concluded that the demographic baseline provided by the most recent 2018-based subnational population projections (**2018-SNPP**) provides a more up-to-date basis upon which to assess expected future change. This correlates most closely with recent increases in the level of housebuilding and resulting impacts on net migration.
- 17.5 Variant scenarios considered show relatively similar impacts when individual components of net change through migration are adjusted to compare short-term and long-term trends. One exception to this is the 2018-SNPP High scenario that assumes never previously experienced levels of international migration. The 2018-SNPP Principal scenario is therefore preferred.
- 17.6 The **2018-SNPP** scenario using the 2014-based household formation rates generates a figure for local housing need of 797 dwellings per annum. The equivalent scenario for projected population growth using the **2014-Return** household formation rates generates a figure for local housing need of **964** dwellings per annum.
- 17.7 It is also worth noting that the direction of travel in terms of government guidance on the standard method (incorporating use of the 2018-based population *and* household projections together with an uplift for affordability) would also result in a much higher minimum housing requirement (**941 dpa**).
- 17.8 Analysis in this assessment reflects that use the 2014-based household projections remains supported in terms of national policy and guidance and overcomes a greater proportion of constraints to household formation captured in the new CLG methodology employed since 2016. However, this comparison with the government's direction of travel shows a closer fit between the **2018-SNPP 2014-Return** scenario and the standard method consultation proposals (964dpa vs 941dpa – less than a 3% difference). Use of the **2014-Return** household formation rates is therefore preferred in assessing outputs for all testing scenarios.
- 17.9 The Experian-led Economic Growth scenario takes account of future trends associated with achieving a balance between assumptions for labour demand and supply. For the reasons set out in Section 7 of this Report the Experian-led Economic Growth scenario is recommended in terms of reflecting market signals in the assessed of forecast future need for economic development<sup>21</sup>. In principle appears to correspond relatively closely with the 2018-SNPP scenario (using 2014-Return household formation rates) (848dpa vs 964dpa – a difference of -12%).
- 17.10 Planning Practice Guidance suggests that when alternative scenarios for local housing need

<sup>21</sup> PPG ID: 2a-027-20190220

are higher than the outcome generated by the standard method then the fact that the minimum starting point has been exceeded should be considered when assessing soundness. In principle this applies to both the **Experian-led Economic Growth** and **2018-SNPP 2014-Return** scenarios summarised above. However, the PPG also states that alternative approaches should adequately reflect current and future demographic trends and market signals.

- 17.11 The Experian-led Economic Growth scenario takes account of market signals, but the comparison of scenarios indicates that current demographic trends in the **2018-SNPP** scenario reflect higher levels of population growth.
- 17.12 This assessment has considered that the base-date for inputs to the 2018-based subnational population projections pre-dates sustained high levels of housing completions. Considering potential future levels of housing delivery, selection of the **1,150dpa housing-led** scenario appears realistic in terms of average delivery, given the relatively long (5-year trend) in sustained high levels of delivery. The average over this period (1,176dpa) marginally exceeds the scenario inputs over the longer-term period.
- 17.13 Implications for this scenario have been tested on the basis of applying the **2018-SNPP 2014 Return** household formation rates. The outputs of this housing-led scenario result in around 40% higher population growth than the **2018-SNPP (2014-Return)** scenario. This assessment is provided for the purposes of illustrating the potential implications for expected future change in terms of the associated level of housing delivery. It should be noted that any further increase in opportunities for household formation may result in a different, lower, level of population growth associated with the same level of development.
- 17.14 For comparison purposes it is relevant to note that projected population growth using the **2014-SNPP** scenario (with inputs that substantially pre-date increased rates of development) is over 60% lower than the principal **2018-SNPP** scenario. This indicates that it is realistic to further assess the potential future increase in expected demographic changes associated with the potential to sustain current levels of development.
- 17.15 On this basis it is reasonable to conclude that the **1150dpa Housing-Led Growth** scenario accords most closely with considerations for alternative approaches set out in the PPG<sup>22</sup>. This is based on recent completions and would reflect the most recent demographic trends, support future economic growth and respond to market signals as there is clearly a sustained demand for this level of provision based on a review of housing market evidence.
- 17.16 In considering any range of housing to be subject to consultation the guidance in PPG paragraph 10 is relevant insofar that previous levels of delivery are significantly higher than the Standard Method. As such it is appropriate for this figure to be included as part of the range. Furthermore, PPG paragraph 10 also states that it is appropriate to consider circumstances which would result in the need being higher than suggested by the past trends contained in the Standard Method. These circumstances include consideration of both the growth strategy of the Council and recent demographic projections, especially as the latter captures trends that are absent from the Standard Methodology. In these circumstances the appropriate options are as follows:
  - Past levels of housing delivery up to **1,150 dpa**
  - Up-to-date projections of need (2018 SNPP based) **964 dpa**
  - Economic growth up to **848 dpa**
- 17.17 The implications of these options should be considered further in terms of determining the most appropriate overall conclusions on the assessment of local housing need to be reflected

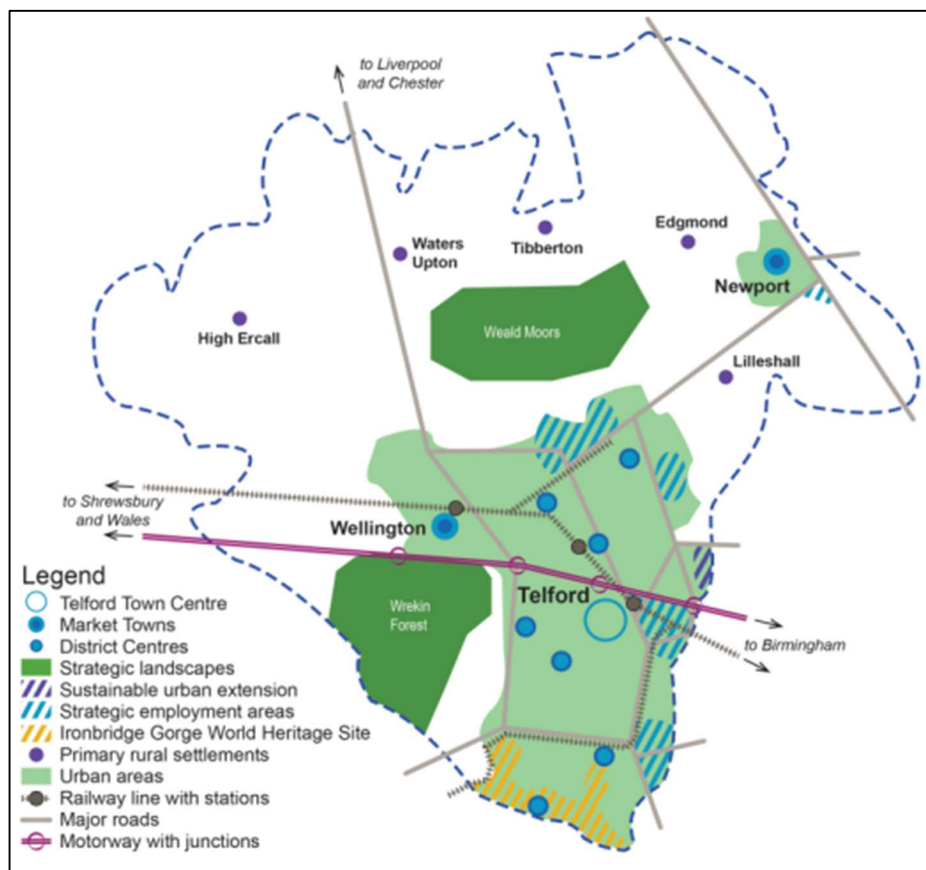
<sup>22</sup> PPG ID: 2a-015-20190220

in future plan-making. This includes more detailed analysis that will be provided in the Part 2 EHDNA, which will assess the relationship between current and future trends and population growth and household formation associated with these scenarios in terms of the housing needs of different groups, including meeting needs for affordable housing in the context of its likely delivery.

## 18.0 HOUSING MARKET SUB AREAS

- 18.1 The Telford & Wrekin Local Plan (2011-2031) identifies three strategy areas including Telford town, Newport and the rural area, as shown in Figure 94 below. For the purposes of this study it was necessary to define a series of finer grained sub-areas that enabled the assessment of housing affordability and housing needs for individual groups in the community at a more refined level; one that is capable of reflecting localised variances in the housing market. The sub-areas will also be used within the Economic Needs Assessment to undertake a baseline assessment of the characteristics of the local economy, as well as defining a spatial distribution of employment floorspace and employment land required within Telford & Wrekin at the sub-area level.

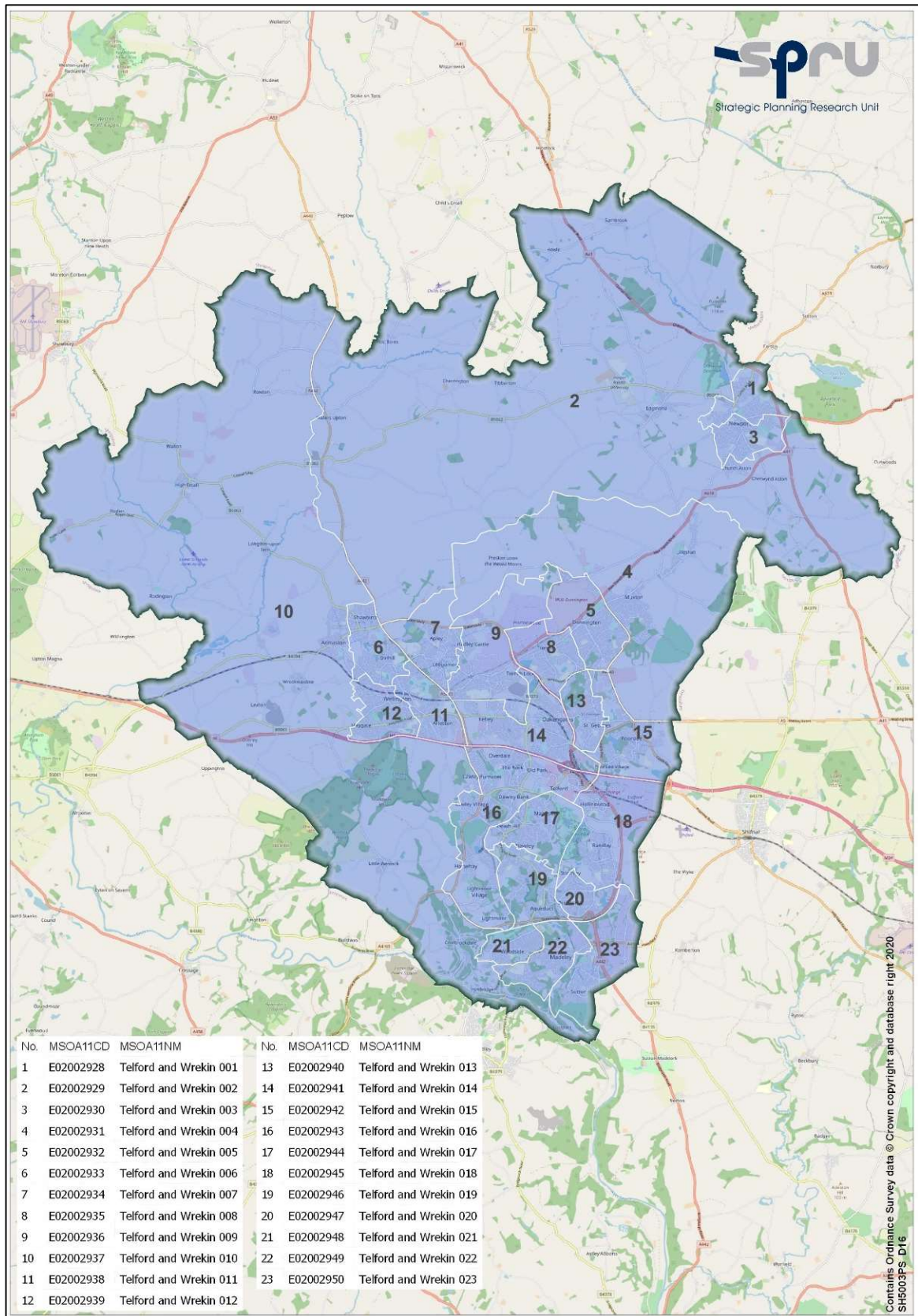
**Figure 94. Telford & Wrekin Local Plan (2011-2031) Key Diagram showing Local Plan strategy areas**



Source: Telford & Wrekin Local Plan (2011-2031), Figure 5, page 32

- 18.2 The definition of the sub-areas is to some degree determined by the geographies at which data is available. For the purposes of this study, the Middle Layer Super Output Areas (MSOAs) were found to be an appropriate scalar geography at which to review and identify clusters of similar characteristics across the Borough. Numerous datasets, including ONS census data and population/household projections, are readily available at the MSOA level and therefore this scalar geography is capable of supporting detailed demographic modelling. Other datasets such as Indices of Multiple Deprivation (IMDs), which are available at the Lower Layer Super Output Area (LSOA) level, can be combined to provide a comparative set of data at the MSOA level. Data available at a ward or parish level can also be mapped to MSOA level using the 'best-fit' approximation provided by ONS. Figure 95 identifies the MSOAs that were used as the basis for identifying the sub-areas.

**Figure 95. Middle Layer Super Output Areas (MSOAs) within Telford & Wrekin**



- 18.3 The MSOAs were established by the Office of National Statistics (ONS) and updated for the 2011 Census to ensure that they continued to represent areas containing similar populations and numbers of households. Each MSA in England and Wales has a population of between 5,000 and 15,000 and between 2,000 and 6,000 households. As the above figure shows, Telford & Wrekin comprises 23 MSAs that align with the Borough boundary, ranging in size from 143 hectares to 9,863 hectares. The smallest MSAs comprise the urban areas of Telford and Newport, whilst the larger MSAs extend across the rural areas around the main settlements.
- 18.4 The following sections 18(a) to 18(j) present the outputs from an initial analysis of localised characteristics by MSA, and section 18(k) draws this information together to identify a series of evidence-based and defensible sub-areas. These sub-areas also form the basis of defining the HMA.

**a) Approach to Defining the Sub-Areas**

- 18.5 The first step in defining the sub-areas was to undertake a comparative analysis of demographic and economic characteristics across Telford & Wrekin's MSAs in order to identify spatial clusters of similar characteristics within the borough. Contiguous MSAs that are consistently identified as sharing similar characteristics across the datasets may be grouped together to form the sub-areas. The data that were analysed across the MSAs include:
- Median price, all dwellings (year ending Sept 2019)
  - Net annual income (2018)
  - Housing Affordability Ratio (2019-based HP)
  - Indices of Multiple Deprivation (IMD), average score (2019)
  - Population density (2018 estimate)
  - Proportion of total population aged 16-64
  - Proportion of total MSA population aged 75+
  - Percentage population change (2001 to 2011)
  - Flats, maisonettes or apartments and mobile/temporary accommodation as proportion of total dwelling stock (2011) (this characteristic was included in order to discern whether there were any 'hotspots' with high percentages of non-traditional housing types across the Borough)
- 18.6 Of these characteristics, the first five in the list were found to be most useful in defining the sub-areas as more distinct spatial clusters within these characteristics could be identified.
- 18.7 The results of this analysis in spatial and numerical terms is presented in the following sections. This analysis highlights any spatial clusters within each of the above characteristics that will form the basis of the sub-areas presented in section 18(k).
- 18.8 As well as helping to define appropriate sub-areas within the borough, some of the above data has also been used in defining the HMA, as presented in subsequent sections.
- 18.9 Tables 81 and 82 provide an overview and ranking of the data for each MSA across the borough. This data is visually illustrated in Figures 96 to 105.

**Table 81. Summary of Data by MSOA**

MSOA code	MSOA Name	Median price, all dwellings by MSOA (year ending Sept 2019) (£)	Net annual income (2018) (£)	Affordability Ratio (2019-based HP)	Average IMD Score (2019)	Population density (2018 estimate) (people per ha)	Proportion of total population aged 16-64 (%)	Proportion of total population aged 75+ (%)	Percentage population change (2001 to 2011) (%)	Flats, maisonettes or apartments and mobile/temporary accommodation as proportion of total dwelling stock (2011) (%)
E02002928	Telford & Wrekin 001	202000	28700	7.04	11.10	27.06	61.19%	8.62%	6.66%	8.42%
E02002929	Telford & Wrekin 002	313725	33700	9.31	10.31	0.64	62.95%	10.08%	5.24%	2.72%
E02002930	Telford & Wrekin 003	210000	28300	7.42	12.28	32.43	59.54%	10.89%	2.71%	14.97%
E02002931	Telford & Wrekin 004	219250	32000	6.85	7.84	2.71	61.15%	8.33%	10.72%	6.63%
E02002932	Telford & Wrekin 005	125000	29800	4.19	32.06	24.74	63.07%	6.10%	13.23%	11.96%
E02002933	Telford & Wrekin 006	165000	33300	4.95	14.43	32.03	62.33%	10.11%	-4.63%	9.18%
E02002934	Telford & Wrekin 007	179995	36600	4.92	17.83	18.28	63.72%	6.18%	2.56%	5.73%
E02002935	Telford & Wrekin 008	135000	30400	4.44	22.51	25.06	60.05%	10.14%	-1.72%	6.91%
E02002936	Telford & Wrekin 009	128000	32400	3.95	30.53	16.02	65.43%	4.08%	20.49%	8.87%
E02002937	Telford & Wrekin 010	229950	34900	6.59	15.89	1.03	61.41%	9.22%	13.12%	6.73%
E02002938	Telford & Wrekin 011	139500	29000	4.81	31.72	29.07	63.29%	6.30%	7.62%	16.24%
E02002939	Telford & Wrekin 012	199950	31300	6.39	23.96	29.71	60.64%	10.81%	17.46%	19.69%
E02002940	Telford & Wrekin 013	134000	31300	4.28	23.85	32.26	63.71%	9.17%	7.78%	11.55%
E02002941	Telford & Wrekin 014	148000	30800	4.81	26.39	22.05	62.14%	8.13%	5.47%	11.76%
E02002942	Telford & Wrekin 015	234950	44900	5.23	7.11	16.42	63.82%	5.51%	-2.71%	2.46%
E02002943	Telford & Wrekin 016	199950	38800	5.15	16.58	16.89	65.32%	3.73%	27.94%	4.00%
E02002944	Telford & Wrekin 017	165000	28900	5.71	49.06	24.57	61.96%	5.61%	3.80%	17.10%
E02002945	Telford & Wrekin 018	127750	31400	4.07	27.84	15.13	64.45%	4.77%	-2.21%	13.37%
E02002946	Telford & Wrekin 019	136750	33600	4.07	23.98	25.45	64.89%	7.23%	-2.11%	11.35%
E02002947	Telford & Wrekin 020	100000	32000	3.13	39.49	47.02	60.22%	5.37%	-3.17%	12.53%
E02002948	Telford & Wrekin 021	96000	30300	3.17	55.40	52.40	60.74%	3.78%	-2.31%	4.98%
E02002949	Telford & Wrekin 022	145500	27100	5.37	29.84	20.12	61.11%	9.39%	0.95%	17.21%
E02002950	Telford & Wrekin 023	91500	27700	3.30	44.50	12.14	56.83%	8.68%	-4.32%	16.33%

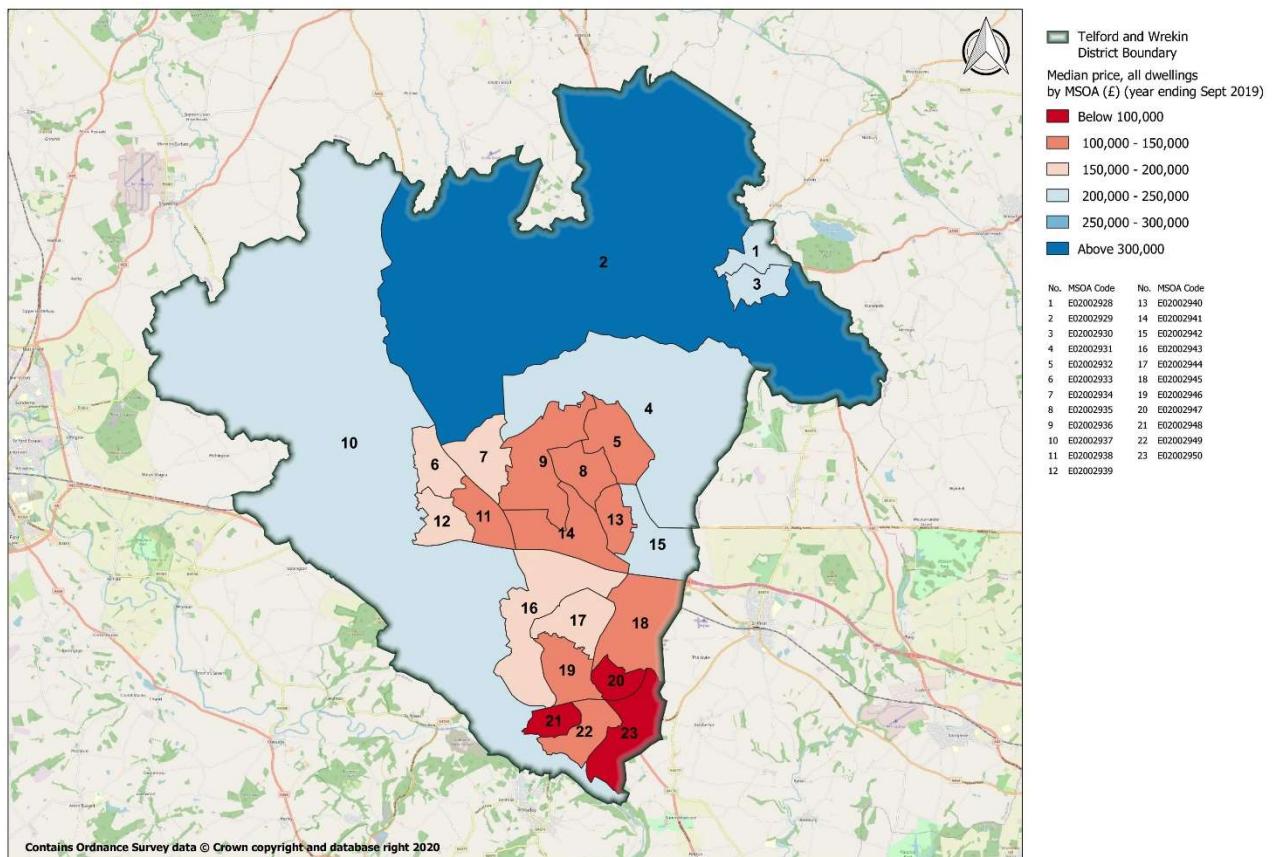
**Table 82. Data Rank by MSOA (where 1 is the highest value and 23 is the lowest value in each dataset)**

MSOA code	MSOA Name	Median price, all dwellings by MSOA (year ending Sept 2019) (£)	Net annual income (2018) (£)	Affordability Ratio (2019-based HP)	Average IMD Score (2019)	Population density (2018 estimate) (people per ha)	Proportion of total population aged 16-64 (%)	Proportion of total population aged 75+ (%)	Percentage population change (2001 to 2011) (%)	Flats, maisonettes or apartments and mobile/temporary accommodation as proportion of total dwelling stock (2011) (%)
E02002928	Telford & Wrekin 001	6	20	3	20	8	15	10	9	15
E02002929	Telford & Wrekin 002	1	5	1	21	23	10	5	11	22
E02002930	Telford & Wrekin 003	5	21	2	19	3	22	1	13	6
E02002931	Telford & Wrekin 004	4	9	4	22	21	16	11	6	18
E02002932	Telford & Wrekin 005	20	17	17	5	11	9	16	4	9
E02002933	Telford & Wrekin 006	10	7	11	18	5	11	4	23	13
E02002934	Telford & Wrekin 007	9	3	12	15	15	6	15	14	19
E02002935	Telford & Wrekin 008	16	15	15	14	10	21	3	16	16
E02002936	Telford & Wrekin 009	18	8	20	7	18	1	21	2	14
E02002937	Telford & Wrekin 010	3	4	5	17	22	14	7	5	17
E02002938	Telford & Wrekin 011	14	18	13	6	7	8	14	8	5
E02002939	Telford & Wrekin 012	7	12	6	12	6	19	2	3	1
E02002940	Telford & Wrekin 013	17	12	16	13	4	7	8	7	11
E02002941	Telford & Wrekin 014	12	14	14	10	13	12	12	10	10
E02002942	Telford & Wrekin 015	2	1	9	23	17	5	18	20	23
E02002943	Telford & Wrekin 016	7	2	10	16	16	2	23	1	21
E02002944	Telford & Wrekin 017	10	19	7	2	12	13	17	12	3
E02002945	Telford & Wrekin 018	19	11	19	9	19	4	20	18	7
E02002946	Telford & Wrekin 019	15	6	18	11	9	3	13	17	12
E02002947	Telford & Wrekin 020	21	9	23	4	2	20	19	21	8
E02002948	Telford & Wrekin 021	22	16	22	1	1	18	22	19	20
E02002949	Telford & Wrekin 022	13	23	8	8	14	17	6	15	2
E02002950	Telford & Wrekin 023	23	22	21	3	20	23	9	22	4

i) **Median House Prices**

- 18.10 As illustrated in Figure 96 below, median house prices in 2019 were lowest in the south eastern parts of the Borough (MSOAs E02002950, E02002948, E02002947, E02002945, E02002946 and E02002949), and in parts of Telford urban area north of the M54 (MSOAs, E02002932, E02002935, E02002936, E02002938, E02002940 and E02002941). The highest average house prices are found in the rural parts of the Borough, north of Telford and surrounding Newport. In MSOA E02002929 median house prices were £313,725 in the year ending September 2019. This is compared with the lowest median house price of £91,500 in MSOA E02002950. It is notable that Telford & Wrekin Borough is surrounded by areas of relatively high median house prices across the border in Staffordshire and Shropshire.

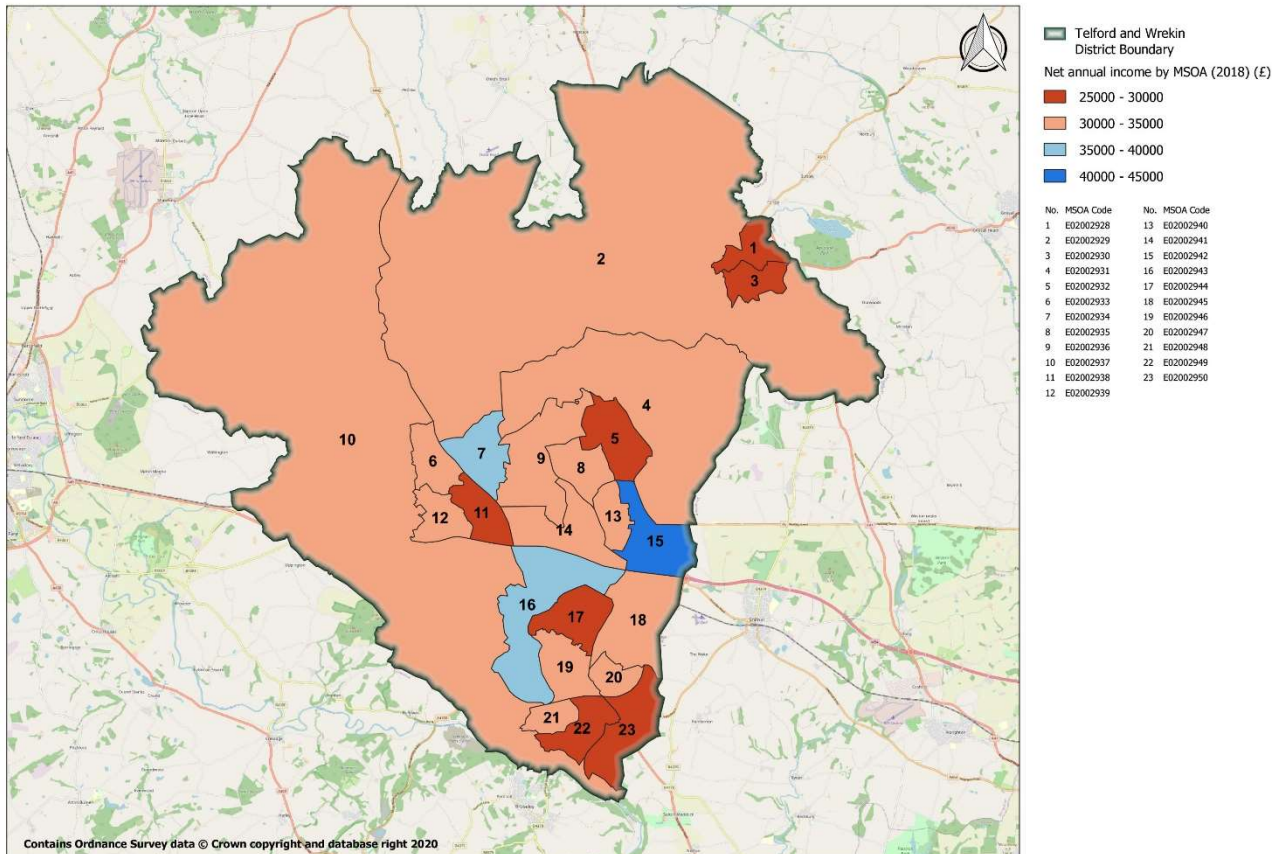
**Figure 96. Median price, all dwellings by MSOA (year ending Sept 2019) (£)**



ii) **Net Annual Income**

- 18.11 As shown in Figure 97 below, the lowest net annual incomes in Telford & Wrekin (of between £25,000 and £30,000) are distributed throughout the southern and central urban and north eastern parts of the Borough, including the town of Newport. The highest net annual incomes are found in the Priorslee area of Telford, to the east of the town centre (MSOA E02002942), in which the average income is £44,900.

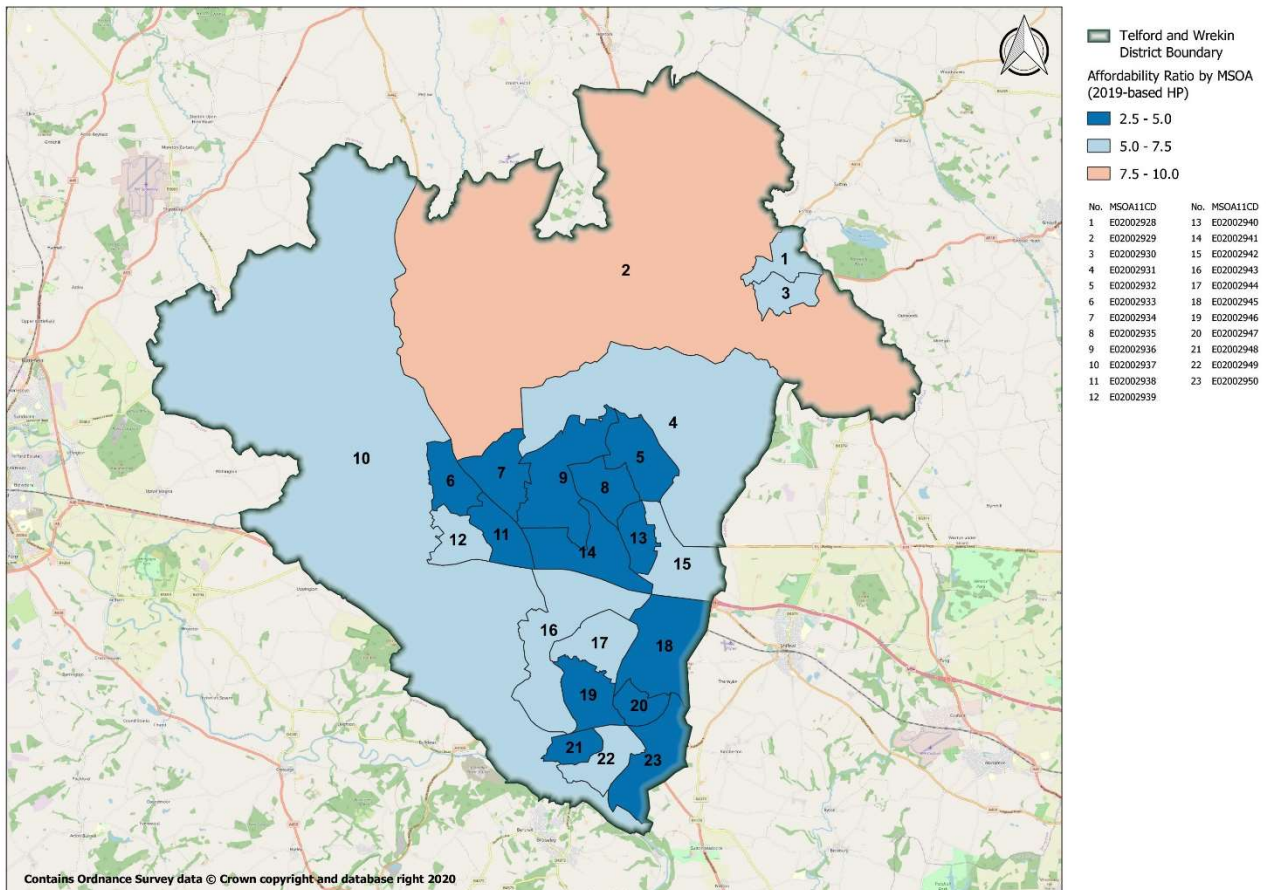
**Figure 97. Net annual income (2018) (£)**



iii) **Housing Affordability Ratio**

- 18.12 In order to calculate the housing affordability ratio for a particular area, the median price paid for residential property is divided by the median workplace-based gross annual income. The higher the ratio the less affordable housing in that area is to the current resident population. As shown in Figure 98, in Telford & Wrekin, the most affordable locations are the urban areas of Telford to the north west and south east of the M54. The least affordable area in the Borough is the rural area around Newport to the north of Telford (MSOA E02002929), which has an affordability ratio of 9.31. This is compared with the lowest affordability ratio in MSOA E02002947 (the Brookside area, south east of Telford town centre) where the average house price is just 3.13 times the average annual salary. The affordability ratio in the area of Shropshire that borders Telford & Wrekin to the south east (MSOA E02006013), which includes the town of Bridgnorth, is also notably high at 11.84.

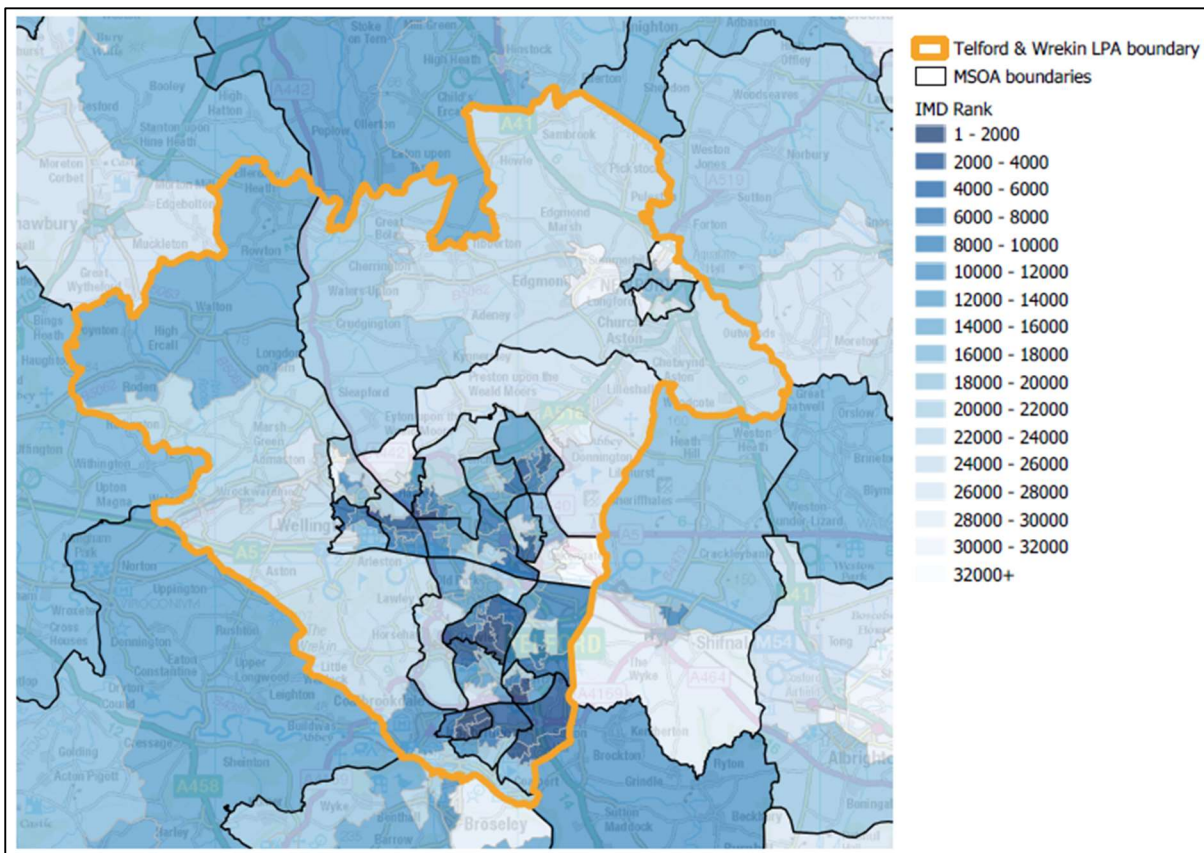
**Figure 98. Affordability Ratio (2019-based HP)**



**iv) *Indices of Multiple Deprivation (IMDs)***

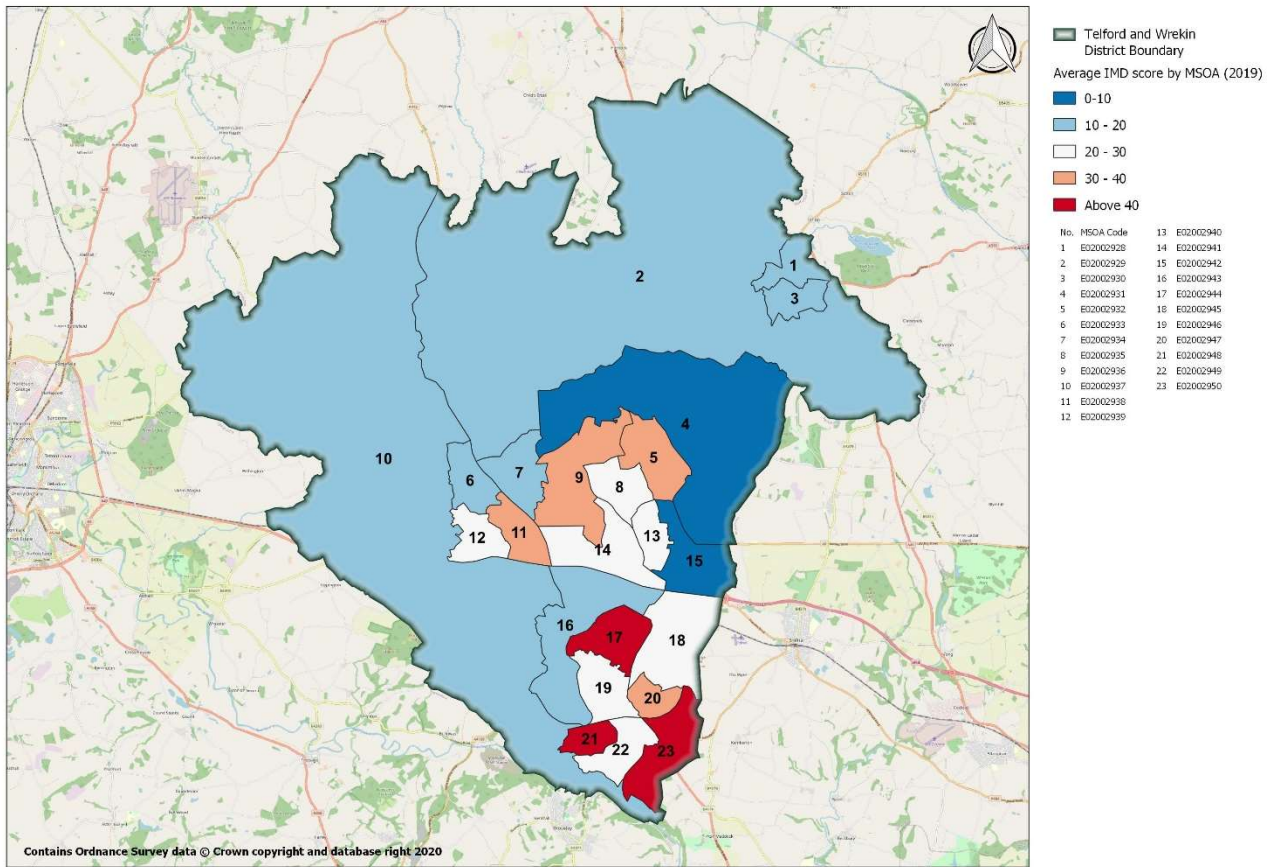
- 18.13 The latest Indices of Multiple Deprivation (IMDs) were published in 2019 and provide a measure of relative deprivation for small areas across England based on seven different domains of deprivation:
- Income deprivation
  - Employment deprivation
  - Education, skills and training deprivation
  - Health deprivation and disability
  - Crime
  - Barriers to housing and services
  - Living environment deprivation
- 18.14 Combining information from the seven domains produces an overall relative measure of deprivation, the Index of Multiple Deprivation, which is presented as both a ranking and overall score. The IMD is published at the lower layer super output area, as shown in Figure 99. The areas that are ranked highest (i.e. a number closest to 1) are comparatively more deprived than the areas with a lower ranking. Within Telford & Wrekin, the areas of highest deprivation can be found in the southernmost parts of the Borough, with some small pockets of deprivation also present in the north western and north eastern parts of Telford urban area. The lowest levels of deprivation are identified in the rural areas, particularly to the north and west of Newport, as well as some distinct pockets in the east of Telford urban area around Priorslee.

**Figure 99. IMD Rank by LSOA (2019)**



18.15 Whilst the IMD rankings are not published at an MSOA level, Figure 100 presents an approximate indication of relative levels of deprivation across the MSOAs of Telford & Wrekin. This figure shows the value of the LSOA IMD scores averaged across each MSOA, with the higher scores representing areas of higher deprivation. Whilst this presents a somewhat coarser view of the IMD data, it does allow for an easier comparison with the other datasets. Again, this shows the highest levels of deprivation in the parts of Telford urban area that fall south of the M54. The parts of Telford urban area that are located north of the M54 also contain some areas of relatively high deprivation with the exception of areas in the far north west and east of the town, which have low levels of deprivation.

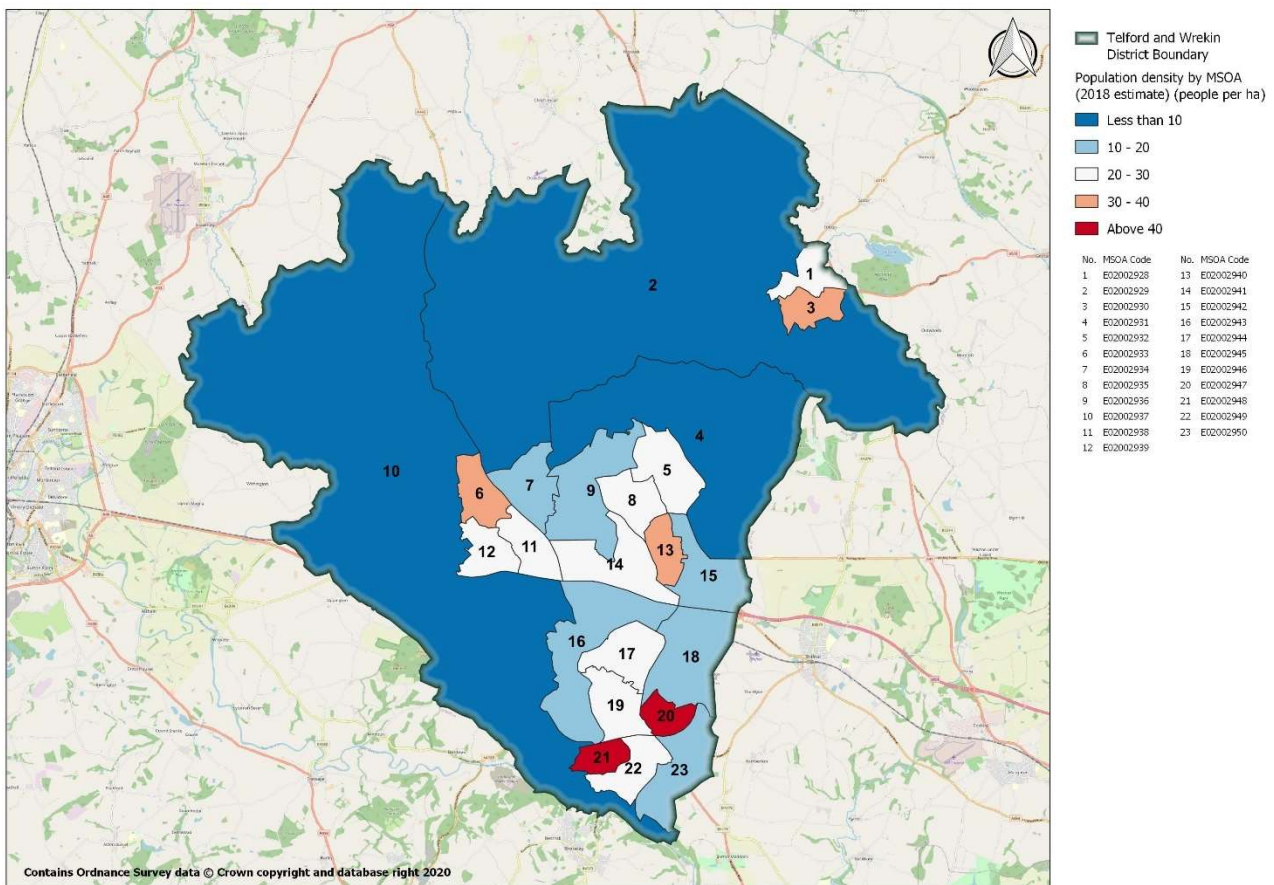
**Figure 100. Average IMD Score by MSOA (2019)**



**v) Population Density**

- 18.16 As shown in Figure 101, the lowest population densities are found in the largely rural areas in the northern and western parts of the Borough. The main urban areas of Telford and Newport unsurprisingly have higher population densities, with the highest densities being in the areas of Brookside and Woodside, to the south of Telford Town Centre. These areas have population densities of 47 and 52 people per hectare respectively. The lowest population density is in the rural area north of Telford that surrounds Newport, which has a population density of 0.64 people per hectare.

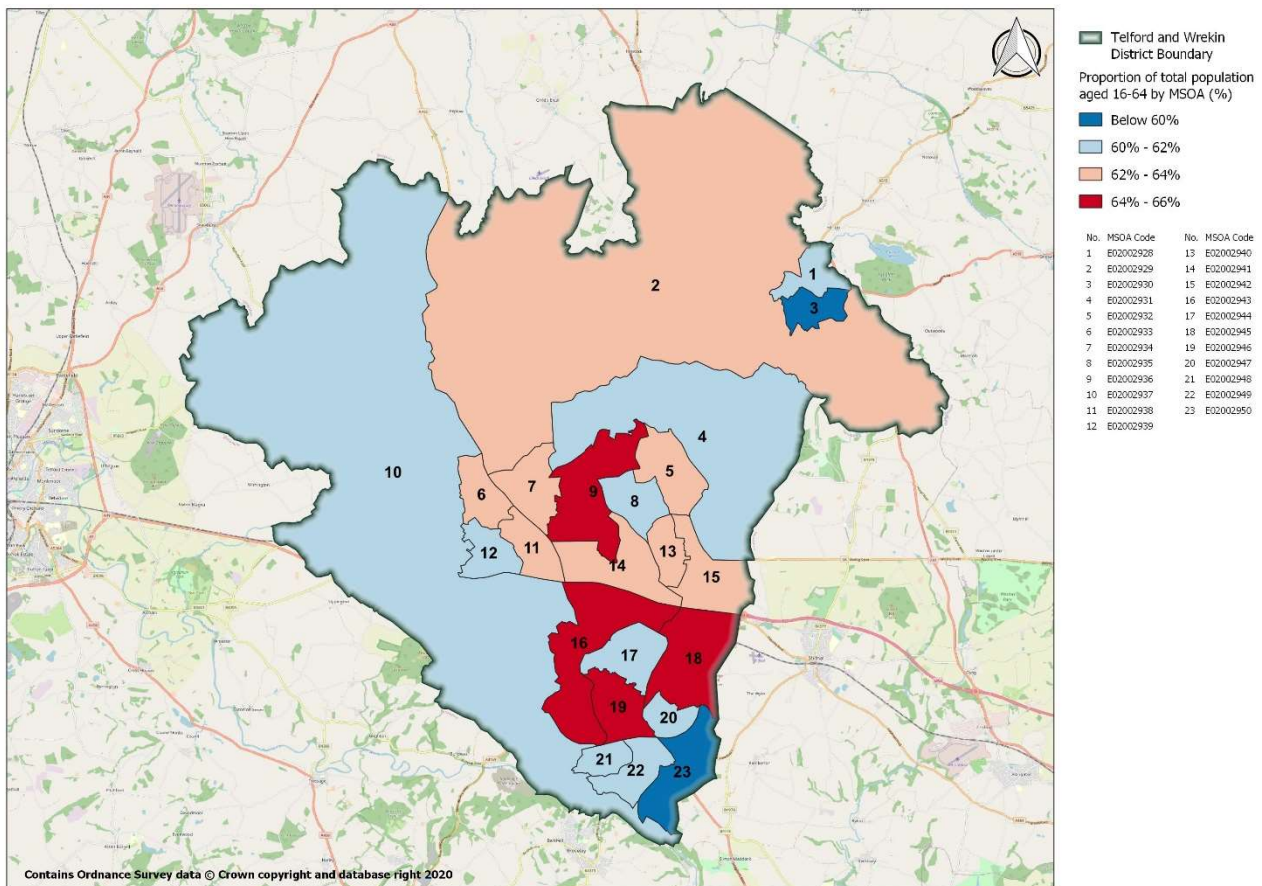
**Figure 101. Population density (2018 estimate) (people per ha)**



**vi) Economically Active Population**

- 18.17 Across England in 2018, 62.7% of the population was estimated to be aged between 16 and 64. Within Telford & Wrekin, 62.4% of the population was estimated to be between 16 and 64 years old, slightly less than the national average. There are some slight variations within the Borough, as illustrated in Figure 102. The areas with highest proportions of population of economically active age are located in the central northern and southern urban areas of Telford town, where over 64% of the population is aged between 16 and 64. Areas in the far south east of the Borough around Sutton Hill / Cuckoo Oak and south Newport have the lowest proportions of population aged between 16 and 64, at 56.8% and 59.5% respectively.

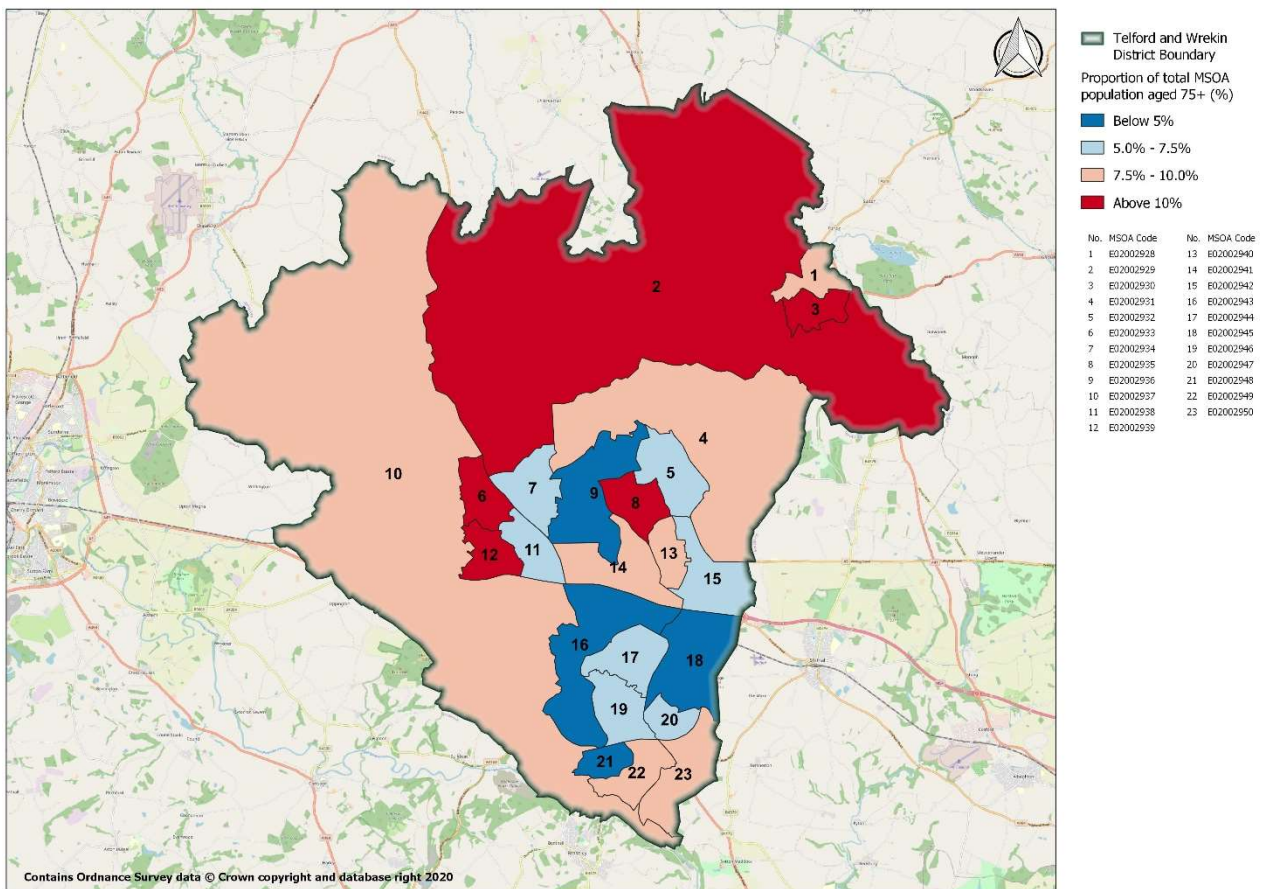
**Figure 102. Proportion of total population aged 16-64 (%)**



**vii) Older Population**

- 18.18 The ONS estimates that in 2018, 8.27% of England's population was aged 75 or over. In Telford & Wrekin the figure is slightly below the national average at 7.18%. As with the distribution of the economically active population discussed above, there are some significant localised differences in the distribution of the elderly population across the Borough, as shown in Figure 103 below. MSOA E02002943 (Area 16), which lies just to the south of the M54 has the lowest proportion of older people of all the Borough's MSOAs, at just 3.73%. The highest proportion of older people is found in the rural area to the north of Telford (MSOA E02002930, Area 3), in which 10.89% of the population is estimated to be aged 75 or over.

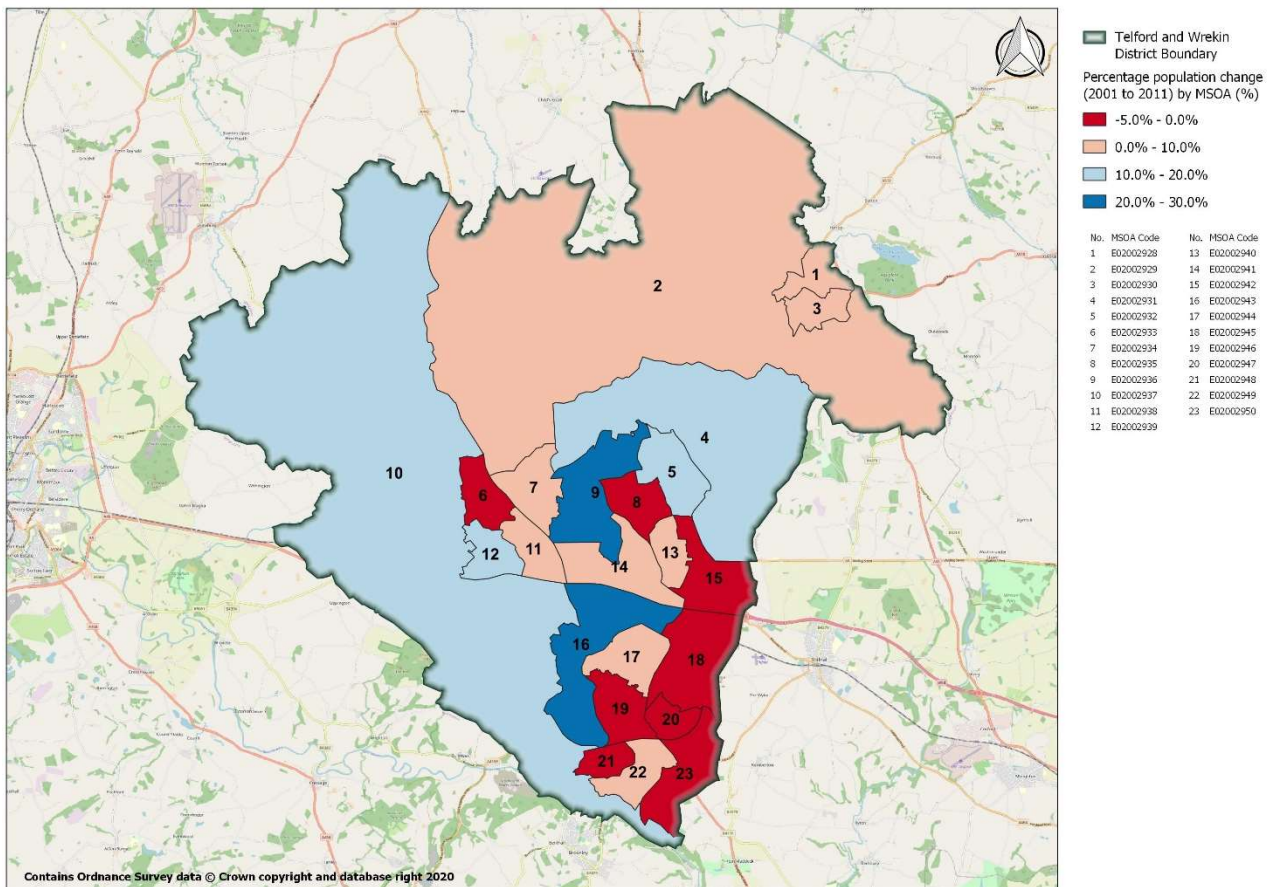
**Figure 103. Proportion of total population aged 75+ (%)**



**viii) Population Change**

- 18.19 In terms of population change across the Borough between the last two census years, the total population in Telford & Wrekin experienced an increase of 5.25% from 158,325 in 2001 to 166,641 in 2011. However, this change varied across the Borough with some areas experiencing a population increase of over 20%, whilst other areas experienced a decline in population of up to 5% as illustrated in Figure 104 below. The areas that showed a decline in population between 2001 and 2011 were primarily located in the eastern and southern parts of Telford urban area, together with the area around Park and Shawburch to the west (MSOA E02002933, Area 6). Area 6 experienced the greatest overall decline in population of 4.63%. The largest increases in population were experienced in MSOA E02002943 (Area 16) and MSOA E02002936 (Area 9), with increases of 27.94% and 20.49% respectively. These increases are reflective of recent residential developments that have been completed, such as those around Lawley.

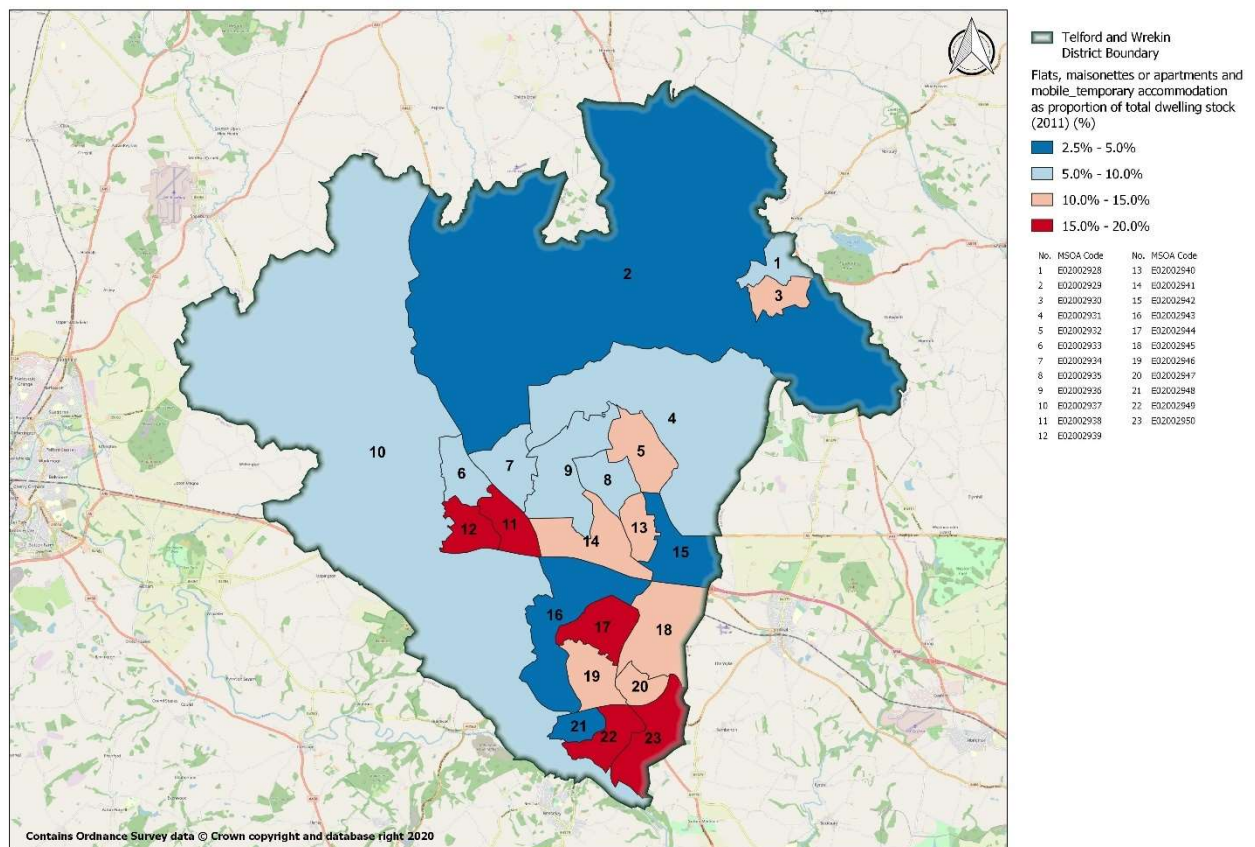
**Figure 104. Percentage population change (2001 to 2011) (%)**



ix) **Dwelling Stock**

- 18.20 Taken from 2011 ONS Census data, Figure 105 illustrates the proportion of dwellings within each MSOA that were classified as flats, maisonettes, apartments or mobile/temporary accommodation. As this figure shows, the proportion of 'non-house' dwellings are highest in the south east of Telford urban area and in the west of Telford urban area just north of the M54. The highest proportion of flats/apartments/mobile accommodation is found in MSOA E02002939 (Area 12) where these types of properties represent almost one fifth (19.69%) of the total dwelling stock. The lowest proportion of flats/apartments/mobile accommodation is in MSOA E02002942 (Area 15) with a figure of 2.46%.

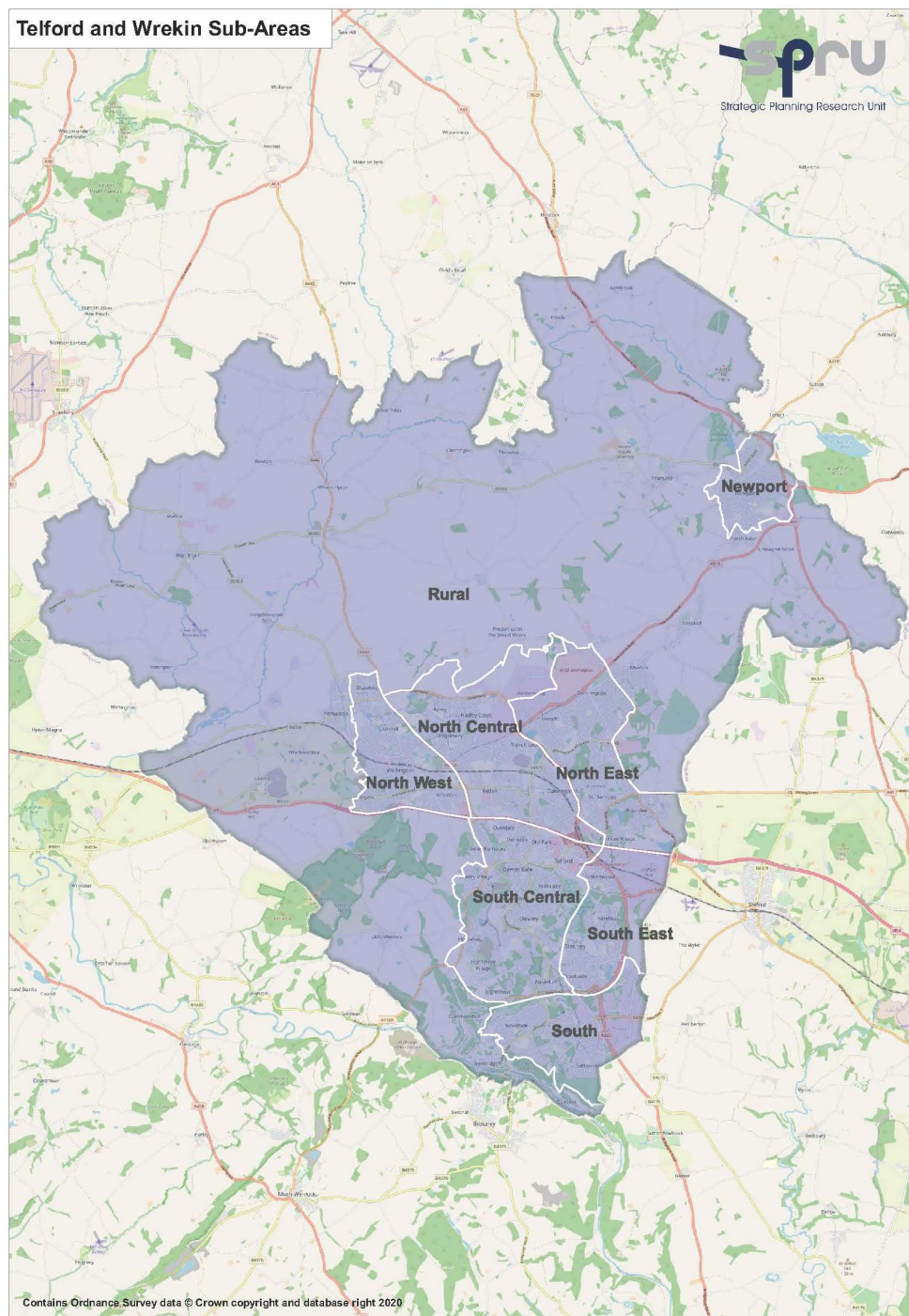
**Figure 105. Flats, maisonettes or apartments and mobile/temporary accommodation as proportion of total dwelling stock (2011) (%)**



**b) Defining the Sub-Areas**

- 18.21 By reviewing the findings of the above spatial analysis and comparing the characteristics in Tables 81 and 82, we have identified sub-areas by grouping MSOAs that (as far as possible) share broadly similar characteristics. This process has led to the definition of the **8 sub-areas** as illustrated in Figure 106 below. The composite MSOAs within each sub-area are set out in Table 83. It should be noted that the Council may wish final sub-areas to be adjusted so they align with the urban/rural boundary as opposed to following the strict MSOA boundaries in order to better reflect the difference between urban/rural contexts.

**Figure 106. Telford & Wrekin Sub-Areas Adopted for the Needs Assessment**



**Table 83. Telford & Wrekin Sub-Areas Adopted for the Needs Assessment**

Sub-Area Name	Composite MSOAs
Newport	E02002928 E02002930
North Central	E02002934 E02002936 E02002941
North East	E02002932 E02002935 E02002940 E02002942
North West	E02002933 E02002938 E02002939
Rural	E02002929 E02002931 E02002937
South	E02002948 E02002949 E02002950
South Central	E02002943 E02002944 E02002946
South East	E02002945 E02002947

- 18.22 The following characteristics were found to be most useful in defining the sub-areas as more distinct spatial clusters within these characteristics could be identified: median house price, net annual income, affordability ratio, average IMD score and population density. The data for each of these characteristics relating to each MSOA and defined sub-area is set out in Table 84.

**Table 84. Summary of MSOA characteristics by sub-area**

Sub area name	MSOA code	MSOA name	Median price, all dwellings by MSOA (year ending Sept 2019) (£)	Net annual income (2018) (£)	Affordability Ratio (2019-based HP)	Average IMD Score (2019)	Population density (2018 estimate) (people per ha)
Newport	E02002928	Telford & Wrekin 001	202000	28700	7.04	11.10	27.06
	E02002930	Telford & Wrekin 003	210000	28300	7.42	12.28	32.43
North Central	E02002934	Telford & Wrekin 007	179995	36600	4.92	17.83	18.28
	E02002936	Telford & Wrekin 009	128000	32400	3.95	30.53	16.02
	E02002941	Telford & Wrekin 014	148000	30800	4.81	26.39	22.05
North East	E02002932	Telford & Wrekin 005	125000	29800	4.19	32.06	24.74
	E02002935	Telford & Wrekin 008	135000	30400	4.44	22.51	25.06
	E02002940	Telford & Wrekin 013	134000	31300	4.28	23.85	32.26
	E02002942	Telford & Wrekin 015	234950	44900	5.23	7.11	16.42
North West	E02002933	Telford & Wrekin 006	165000	33300	4.95	14.43	32.03
	E02002938	Telford & Wrekin 011	139500	29000	4.81	31.72	29.07
	E02002939	Telford & Wrekin 012	199950	31300	6.39	23.96	29.71
Rural	E02002929	Telford & Wrekin 002	313725	33700	9.31	10.31	0.64
	E02002931	Telford & Wrekin 004	219250	32000	6.85	7.84	2.71
	E02002937	Telford & Wrekin 010	229950	34900	6.59	15.89	1.03
South	E02002948	Telford & Wrekin 021	96000	30300	3.17	55.40	52.40
	E02002949	Telford & Wrekin 022	145500	27100	5.37	29.84	20.12
	E02002950	Telford & Wrekin 023	91500	27700	3.30	44.50	12.14
South Central	E02002943	Telford & Wrekin 016	199950	38800	5.15	16.58	16.89
	E02002944	Telford & Wrekin 017	165000	28900	5.71	49.06	24.57
	E02002946	Telford & Wrekin 019	136750	33600	4.07	23.98	25.45
South East	E02002945	Telford & Wrekin 018	127750	31400	4.07	27.84	15.13
	E02002947	Telford & Wrekin 020	100000	32000	3.13	39.49	47.02

- 18.23 There is no single 'right' way of dividing up the Borough into sub-areas and the sub-area divisions that have been chosen to inform the EHDNA have also to some extent been informed by qualitative factors and a judgment on what feels appropriate, as well as the quantitative factors identified above. As such, the chosen sub-areas are based upon both quantitatively-informed judgments and further qualitative assessment, including discussions with Telford & Wrekin Council and a review of input from other stakeholders.
- 18.24 Newport is identified as a clearly distinct sub-area. The rural areas to the north and west of Telford also form a clearly defined sub-area. The urban area of Telford also presents a third clearly distinct geography within the Borough (similar to that identified in the Local Plan strategy), however within this urban area we have then identified six finer grained sub-areas which reflect the most appropriate division of the Telford urban area based upon the clustering of similar characteristics identified in the above spatial analysis and a localised understanding of differences between the sub-areas.
- 18.25 In terms of recent levels of development the more fine-grained definition of the Telford urban area also helps to differentiate recent trends, particularly in terms of the very high levels of housing delivery in the South Central sub-area, which contrasts sharply with the adjoining South and South-East sub-areas. The more tightly drawn boundaries concentrate the demographic and household characteristics of these sub-areas with the main centre of population in Telford.

## 19.0 CONCLUSIONS AND RECOMMENDATIONS

19.1 This Economic and Housing Development Needs Assessment has been prepared to identify future growth and local needs in the Borough for the period 2020 to 2040. This will provide robust and up to date evidence for the preparation of the Local Plan review.

19.2 The approach that has been taken is to identify future employment and housing requirements. This will ensure that employment land and housing provision meets local needs and wider growth requirements.

### a) Future Employment Needs

19.3 We undertook a detailed analysis of the employment land needs in the Borough, beginning with identifying the FEMA for Telford & Wrekin, establishing the current economic context and undertaking detailed stakeholder engagement. Through this work, we have identified two broad scenarios; labour demand and past trends.

19.4 The starting point for the labour demand scenarios is the econometric forecasts, which identifies the Experian forecast and the Growth forecast as the most appropriate basis for future planning. The labour demand scenarios take the following factors into account:

- Full time equivalent (FTE) jobs has been calculated for each sector.
- The proportion of jobs in each sector is divided by the type of employment (B Class) use class and non-employment use classes.
- Employment density to reflect the quantum of floorspace required for each job.
- Plot ratios to convert floorspace requirements to land requirements.
- This identifies a net need for employment land (i.e. to meet the net jobs growth). The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period.
- Account for the need for open storage. This reflects past trend data which shows that there is demand for employment developments for sites to be used for open storage.
- Account for changing working from home trends.
- For the final stage we have added a margin of flexibility.

19.5 This process identifies the gross employment land requirements for Telford & Wrekin over the period from 2020-40, as set out in the table below.

19.6 The second set our scenarios are those based on past completion trends based on monitoring data recorded by the Council for 2011-19. Development in Telford & Wrekin over this period has been relatively strong and has seen a significant amount of inward investment brought into the borough. The completions trend scenarios identify the gross employment land requirement assuming that past trends seen over this period were to continue to 2040. These scenarios also take account of the demand for open storage as shown in the completions data.

19.7 Two completions trend scenarios are shown – one including the development of 84,000 sqm of new floorspace at MOD Donnington delivered in 2016/17. This comprised one very large (875,000 sqft / 81,290 sqm) warehouse unit as well as 2,787 sqm of office space. This development is significantly larger than other completions in Telford & Wrekin during this period and make a significant impact on the overall requirement figures – 135.9 ha if this development is not included in the analysis, and 188.5 ha if it is included.

**Table 85. Total Employment Land Needs (ha) 2020-40 – Comparison of Scenarios**

	<b>B1a/b</b>	<b>B1c/B2</b>	<b>B8</b>	<b>Total</b>
Labour Demand – Experian	32.3	36.4	72.2	<b>140.9</b>
Labour Demand – Growth Scenario	32.3	62.2	72.2	<b>166.7</b>
Completions Trend – Excluding MOD Donnington	19.1	81.3	35.5	<b>135.9</b>
Completions Trend – Including MOD Donnington	20.9	81.3	86.3	<b>188.5</b>

- 19.8 COVID-19 restrictions have meant an increase in levels of home working, which is particularly applicable to office-based sectors. It is not yet clear the extent to which this change in working patterns is permanent or temporary and so the rates of remote working in future remain uncertain. However, this is likely to have an impact on the need for office floorspace in future. This is taken into account in the modelling via the increasing rate of homeworking in different sectors throughout the plan period which impacts more greatly on office-based sectors.
- 19.9 However, it also suggests that the Growth forecast is more aligned to the scale of delivery of industrial land seen in recent times. Planning for the lower level of provision for industrial land in the Experian labour demand scenario would risk underproviding for these types of uses – many of which align with the growth sectors in the LIS. This suggests that the Growth scenario provides the more reasonable of the labour demand scenarios.
- 19.10 The two completions trends scenarios show significantly different results based on whether the MOD Donnington site is included. This difference is almost totally due to B8 requirements: 25.5ha vs 86.3ha. However, while this development is particularly large, there is no evidence to suggest that including it within the analysis represents a more robust approach to estimating future needs. This does not mean that we expect a single development of this scale or for the MOD is likely to come forward during the plan period, but rather that the overall scale of development appears reasonable, for numerous reasons: The stakeholder consultation identified that Telford & Wrekin is a preferable location for inward investment from both within the UK and overseas and the Council has a strong track record of supporting these opportunities for growth. Similarly, there are a number of locational factors – such as agglomeration of existing businesses and support services, access to a skilled labour market, and access to the national motorway network – which are very attractive for large occupiers. This is reflected in the existing business demography and the new businesses who have moved into the Borough in recent years. Therefore, excluding this development from the calculation of future employment land requirements would risk restricting future development and job creation opportunities. This suggests that the 'Completions Trend – Including MOD Donnington' scenario is the more reasonable of the completions trend scenarios.
- 19.11 The two recommended scenarios are the Labour Demand Growth Scenario and the Completions Trend Including MOD Donnington. These scenarios show a need for 167 ha and 189 ha of employment land respectively – a difference of 22 ha. However, the Labour Demand Growth Scenario (167 ha) includes provision for increased levels of home working which accounts for a reduction of around 14 ha, which is not included in the Completions Trend scenario which assumes home working rates continue at current rates. Taking this into account, the two scenarios are only 8 ha (4%) apart.
- 19.12 Overall, this suggests that a range of 167-189ha provides the most reasonable range of future employment land needs for Telford & Wrekin for the period 2020-40. However, the 167 ha figure includes provision for increased levels of homeworking in future, which is considered to be more realistic.

## b) Future Housing Needs

- 19.13 The starting point for the consideration of the future housing requirement to be planned for is that produced by the Standard Method using the approach set out in PPG is **510dpa**. This is the minimum requirement and the Guidance sets out a number of additional considerations that should be taken into account in the determination of the future level of housing to be planned for.
- 19.14 Our assessment of the relevant scenarios does not indicate that exceptional circumstances exist to identify a figure for local housing need below the result of the standard method. All scenarios producing a lower result than 510dpa (using the 2014-based headship rates) have been discounted.
- 19.15 We have concluded that the demographic baseline provided by the most recent 2018-based subnational population projections (**2018-SNPP**) provides a more up-to-date basis upon which to assess expected future change. This correlates most closely with recent increases in the level of housebuilding and resulting impacts on net migration.
- 19.16 Variant scenarios considered show relatively similar impacts when individual components of net change through migration are adjusted to compare short-term and long-term trends. One exception to this is the 2018-SNPP High scenario that assumes never previously experienced levels of international migration. The 2018-SNPP Principal scenario is therefore preferred.
- 19.17 The **2018-SNPP** scenario using the 2014-based household formation rates generates a figure for local housing need of 797 dwellings per annum. The equivalent scenario for projected population growth using the **2014-Return** household formation rates generates a figure for local housing need of **964** dwellings per annum.
- 19.18 The Experian-led Economic Growth scenario takes account of future trends associated with achieving a balance between assumptions for labour demand and supply. For the reasons set out in Section 7 of this Report the Experian-led Economic Growth scenario is recommended in terms of reflecting market signals in the assessed of forecast future need for economic development<sup>23</sup>. In principle appears to correspond relatively closely with the 2018-SNPP scenario (using 2014-Return household formation rates) (848dpa vs 964dpa – a difference of -12%).
- 19.19 Planning Practice Guidance suggests that when alternative scenarios for local housing need are higher than the outcome generated by the standard method then the fact that the minimum starting point has been exceeded should be considered when assessing soundness. In principle this applies to both the **Experian-led Economic Growth** and **2018-SNPP 2014-Return** scenarios summarised above. However, the PPG also states that alternative approaches should adequately reflect current and future demographic trends and market signals.
- 19.20 The Experian-led Economic Growth scenario takes account of market signals, but the comparison of scenarios indicates that current demographic trends in the **2018-SNPP** scenario reflect higher levels of population growth.
- 19.21 This assessment has considered that the base-date for inputs to the 2018-based subnational population projections pre-dates sustained high levels of housing completions. Considering potential future levels of housing delivery, selection of the **1,150dpa housing-led** scenario appears realistic in terms of average delivery, given the relatively long (5-year trend) in sustained high levels of delivery. The average over this period (1,176dpa) marginally exceeds the scenario inputs over the longer-term period.
- 19.22 Implications for this scenario have been tested on the basis of applying the **2018-SNPP 2014**

<sup>23</sup> PPG ID: 2a-027-20190220

**Return** household formation rates. The outputs of this housing-led scenario result in around 40% higher population growth than the **2018-SNPP (2014-Return)** scenario. This assessment is provided for the purposes of illustrating the potential implications for expected future change in terms of the associated level of housing delivery. It should be noted that any further increase in opportunities for household formation may result in a different, lower, level of population growth associated with the same level of development.

- 19.23 On this basis it is reasonable to conclude that the **1150dpa Housing-Led Growth** scenario accords most closely with considerations for alternative approaches set out in the PPG<sup>24</sup>. This is based on recent completions and would reflect the most recent demographic trends, support future economic growth and respond to market signals as there is clearly a sustained demand for this level of provision based on a review of housing market evidence.
- 19.24 In summary, all of the additional considerations set out above suggest that the level of housing to meet local need should be substantially in excess of the Standard Method. In summary, the following scenario outputs are considered to represent appropriate options:
- Past levels of housing delivery up to **1,150 dpa**
  - Up-to-date projections of need (2018 SNPP based) **964 dpa**
  - Economic growth up to **848 dpa**
- 19.25 The implications of these options should be considered further in terms of determining the most appropriate overall conclusions on the assessment of local housing need to be reflected in future plan-making. This includes more detailed analysis on affordable housing and housing needs for different groups in the community that will be provided in Part 2 of the EHDNA.

---

<sup>24</sup> PPG ID: 2a-015-20190220

**BEDFORD / SDD / SPRU**

4 Abbey Court, Fraser Road  
Priory Business Park, Bedford. MK44 3WH  
bedford@dlpconsultants.co.uk  
01234 832 740

**BRISTOL / SDD / SPRU**

Broad Quay House (6th Floor)  
Prince Street, Bristol. BS1 4DJ  
bristol@dlpconsultants.co.uk  
01179 058 850

**EAST MIDLANDS / SDD**

1 East Circus Street, Nottingham  
NG1 5AF  
nottingham@dlpconsultants.co.uk  
01158 966 622

**LEEDS**

Princes Exchange  
Princes Square, Leeds. LS1 4HY  
leeds@dlpconsultants.co.uk  
01132 805 808

**LONDON**

108 Clerkenwell Workshops,  
31 Clerkenwell Close, London, EC1R 0AT  
london@dlpconsultants.co.uk  
020 3761 5390

**MILTON KEYNES**

Midsummer Court, 314 Midsummer Boulevard  
Milton Keynes. MK9 2UB  
miltonkeynes@dlpconsultants.co.uk  
01908 440 015

**SHEFFIELD / SDD / SPRU**

Ground Floor, V1 Velocity Village  
Tenter Street, Sheffield. S1 4BY  
sheffield@dlpconsultants.co.uk  
0114 228 9190

**RUGBY / SDD**

18 Regent Place, Rugby, Warwickshire  
CV21 2PN  
rugby.enquiries@dlpconsultants.co.uk  
01788 562 233

**RTPI**

Chartered Town Planner

