



Report

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Worcestershire SHMA – Redditch Updated Household Projections Annex

Redditch Borough Council

May 2012

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For and on behalf of GVA Grimley Ltd

1. Introduction

- 1.1 This report should be read alongside the 2012 GVA Worcestershire SHMA – Main Report. It provides updated analysis of household projection scenarios integrating data that was not available at the time of publication of the Strategic Housing Market Assessment (SHMA). Primarily this includes the 2010 Sub-national Population Projections (SNPP) released by the ONS in March 2012.
- 1.2 The analysis in this report does not constitute a full update of all stages of the analysis included within section 6 of the SHMA main report. It is principally aimed at understanding the implications of the new population projections on the projected levels of households within Redditch, which in turn impacts on the setting of housing policies by the authority in the emerging Core Strategy.
- 1.3 The report includes information highlighting the drivers behind the changing levels of population and therefore household growth, linking these back to the data published within the Worcestershire SHMA.

2. The 2010 Sub-national Population Projections

- 2.1 On the 21st March 2012 the Office of National Statistics (ONS) released the latest set of sub-national population projections (SNPP). These have a 2010 base and replace the 2008 base SNPP which were presented within the 2012 SHMA.
- 2.2 The ONS notes within an accompanying 'methodology document'¹ the detailed data sources and methodology used to generate the population projections. These are however, summarised based on the accompanying 'frequently asked questions'² note:

"Registrations of births and deaths collected by the civil registration system at the General Register Office are used to calculate fertility and mortality rates. Internal migration estimates and cross-border migration estimates are based on administrative data. International migration estimates are based on data from the International

¹ ONS, (2012) Methodology: 2010 Sub-National Population Projections, 21st March 2012
<http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2010-based-projections/rpt-snpp-2010-based-methodology-report.html>

² ONS, (2012) Frequently Asked Questions: 2010-based Sub-National Population Projections, 21st March 2012
<http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2010-based-projections/rpt-snpp-2010-based-faq.html>

Passenger Survey, together with asylum seeker data from the Home Office and National Asylum Support Service.” (ONS, SNPP 2010 – Frequently Asked Questions)

- 2.3 A number of methodological changes have been integrated in the latest projections which have an impact both at a national and a sub-national level. These changes are primarily related to the treatment of projections of international migration flows and changes to fertility rates reflecting recent national trends. These are explored in more detail below with reference to the scenario development undertaken within the 2012 SHMA which anticipated a number of the methodological refinements in its identification of a preferred range of scenarios of projected population change.

Projecting International Migration

- 2.4 ONS has an ongoing programme of ‘improvement’ to its estimation methodologies to ensure the most accurate data on immigration and emigration is used in its Mid Year Estimates (MYE). In 2010, ONS released a set of ‘revised’ MYE for 2001-2009 and a revised 2008-based population projection, which took account of a number of such improvements; specifically, the improved handling of onward student moves and the integration of administrative data sources to better estimate the local impact of international migration.
- 2.5 In November 2011, ONS released further revisions to MYE for 2006-2010, using a revised methodology for international migration estimates based upon an approach developed by Dr Peter Boden and Professor Phil Rees working at the University of Leeds³.
- 2.6 These latest MYE revisions, although yet to be made ‘official statistics’, have been used as the basis for ONS’ latest 2010-based SNPP, released in March 2012.
- 2.7 The 2012 SHMA anticipated the release of this updated dataset. Using data available to Dr Peter Boden and Edge Analytics at the time of analysis (summer 2011) Sensitivity Scenario 1 was run⁴. This used pre-released data using the improved methodology noted above to refine the sub-national population projection data for Redditch. Due to the partial release of data however, this did not take account of all the changes to input assumptions included within the 2010 SNPP.

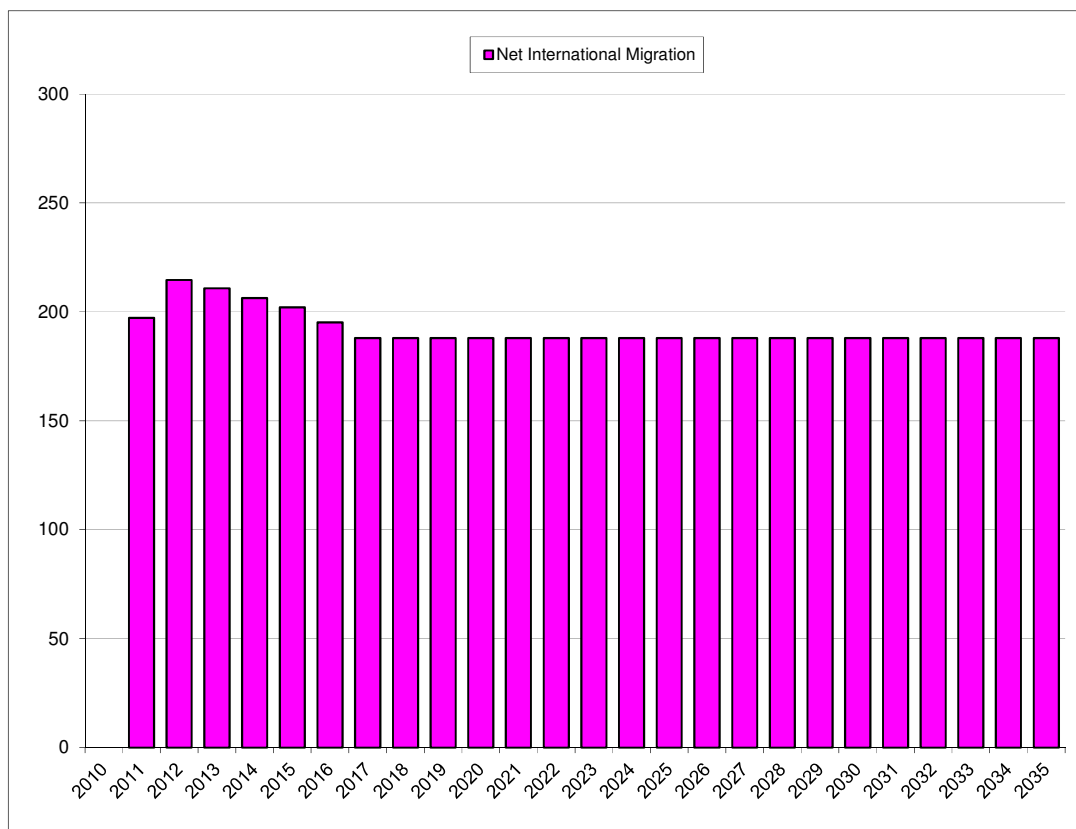
³ Boden P and Rees P (2010) Using administrative data to improve the estimation of immigration to local areas in England, Statistics in Society – Series A, Volume 173 Issue 4m, p707-731, October 2010
<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-985X.2009.00637.x/abstract>

ONS (2011) Improved Immigration Estimates to Local Authorities in England and Wales: Overview of Methodology
<http://www.ons.gov.uk/ons/guide-method/method-quality/imps/improvements-to-local-authority-immigration-estimates/index.html>

⁴ A full description of the analysis and findings is presented on page 149 of the 2012 SHMA

2.8 The 2010 base SNPP include within their long-term estimates of projected international migration trends a substantial increase in net flows at a national level. Whilst there is a short term assumed spike the annual level assumed still averages out at almost 200,000 net additional international migrants per annum. This represents a very high level of assumed increase in population related to international migration i.e. over next five years approximately an additional 1,000,000 people all requiring housing. This assumed trend is illustrated within the following chart, with this impacting on the allocation of this inflow at local authority level, an issue considered in greater detail later in this Annex.

Figure 2.1: ONS SNPP – Long-term international migration assumptions, net change in population (000s)



Source: ONS SNPP, 2012

Fertility Rates

- 2.9 The new projections also include updated assumptions around fertility rates. Nationally recent evidence suggests a rise in fertility rates,⁵, this is explained by the ONS below:

"While numbers of deaths and migration have increased slightly between the 2008-based and 2010-based national projections, numbers of births have increased more significantly in the short term. As a result of a national change, sub-nationally births must, on average, increase to match." (ONS, SNPP 2010 – Frequently Asked Questions)

- 2.10 This change to the assumptions around fertility again impacts on local level projections, an issue now illustrated for Redditch.

Considering the Implications for Redditch – a new Population Projection

- 2.11 As recognised within the 2012 SHMA the ONS recognises the uses and limitations of demographic projections. However, as per the NPPF⁶ they continue to represent an important consideration in developing planning policies setting requirements for future housing provision.

"SNPPs are projections, not forecasts, and, as such, do not attempt to predict the impact that government policies, development aims, changing economic circumstances nor other factors might have on demographic behaviour. The projections do not consider the capacity of an area to accommodate changes in its population, nor do they attempt to predict how any local-level information may affect the projections. They simply indicate the population levels and age structure that would result if the assumptions and trends based on observed estimates were to be realised." (ONS, SNPP 2010 – Frequently Asked Questions)

- 2.12 The 2012 SHMA acknowledged the importance of considering a wider range of factors in assessing the implications of trend-based demographic projections and utilised the GVA PHASE model to explore the links with economic and supply factors⁷. This resulted in the presentation of a number of other population and household scenarios which applied constraints to forecast employment numbers and the

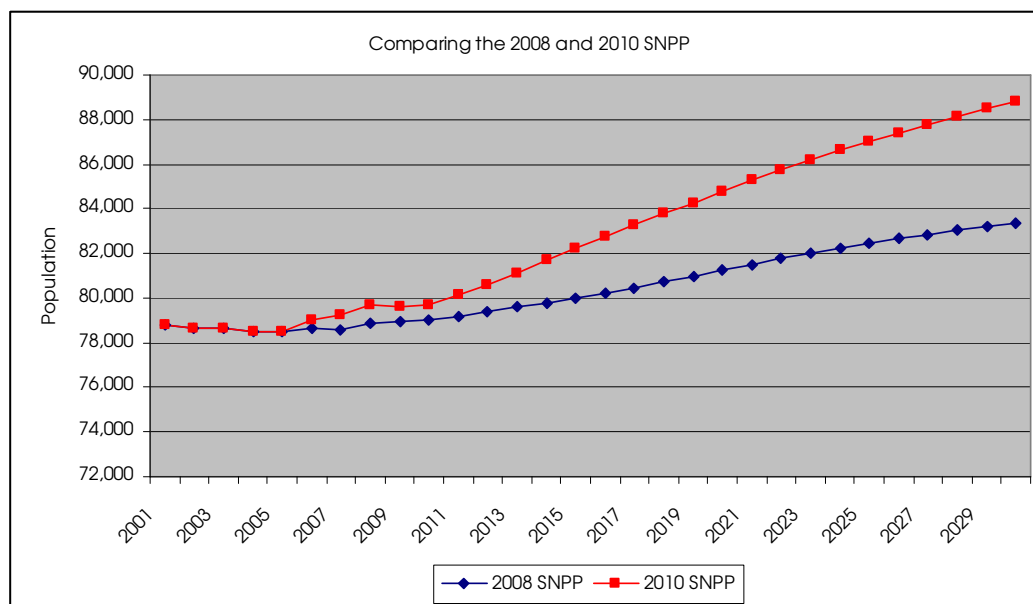
⁵ Note: Further information on the national assumptions can be found at the following link:
<http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2010-based-projections/rep-2010-based-npp-fertility-assumptions.html#tab-Principal-assumptions>

⁶ Paragraph 159 states that: Local planning authorities should have a clear understanding of housing needs in their area. They should: prepare a Strategic Housing Market Assessment to assess their full housing needs... which: meets household and population projections, taking account of migration and demographic change (NPPF)

delivery of a prescribed number of dwellings. These constraints are not re-considered in this report although they would have a similar affect if they were applied to the updated demographic projection data. This report solely focuses on the implications of adapting these new population projections into household projections, considering the alignment, in particular, with sensitivity scenario 1 as presented in the 2012 SHMA.

- 2.13 The following chart illustrates the differing projected trend in population growth under the 2010 dataset compared to the 2008 dataset. It is important to recognise that the projections also include a 'correction' of historical data between 2006 and 2010 as noted above. This correction was partially factored in within the SHMA research within the Sensitivity Scenario 1 which altered historical migration assumptions within Redditch based on analysis undertaken by Edge Analytics⁸.
- 2.14 The 2010 population projections show a higher growth in population in Redditch than the 2008 dataset. The pace of growth is projected to reflect that seen over the period 2006 to 2009 under the revised mid-year estimates datasets. Interestingly the corrected dataset shows a stabilising of population between 2009 and 2011, however, based on the modelling assumptions made by the ONS this is not projected to continue within the authority.

Figure 2.2: Contrasting the 2010 and 2008 ONS Sub-national Population Projections



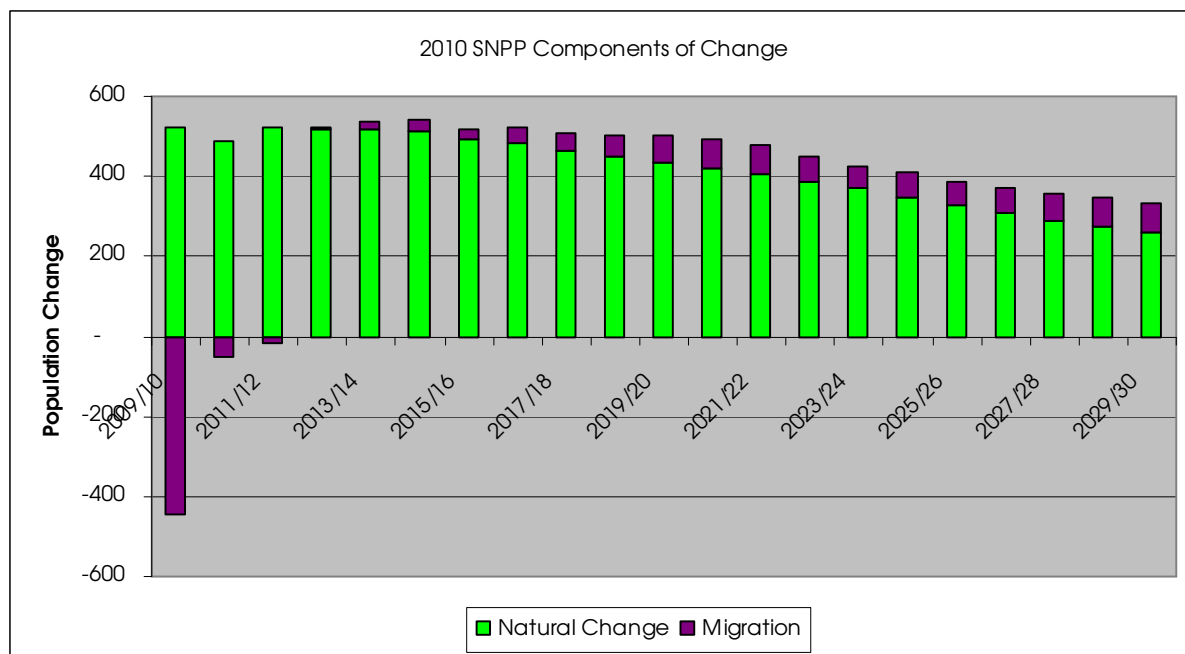
Source: Edge Analytics, 2012, ONS, 2010 & 2012

⁷ Further detail can be found from page 129 of the Main 2012 SHMA Report

⁸ see pg 149 of the SHMA Main Report for a full description of the scenario

- 2.15 The following chart shows the assumed net population change attributed to the two main demographic components, migration and natural change.

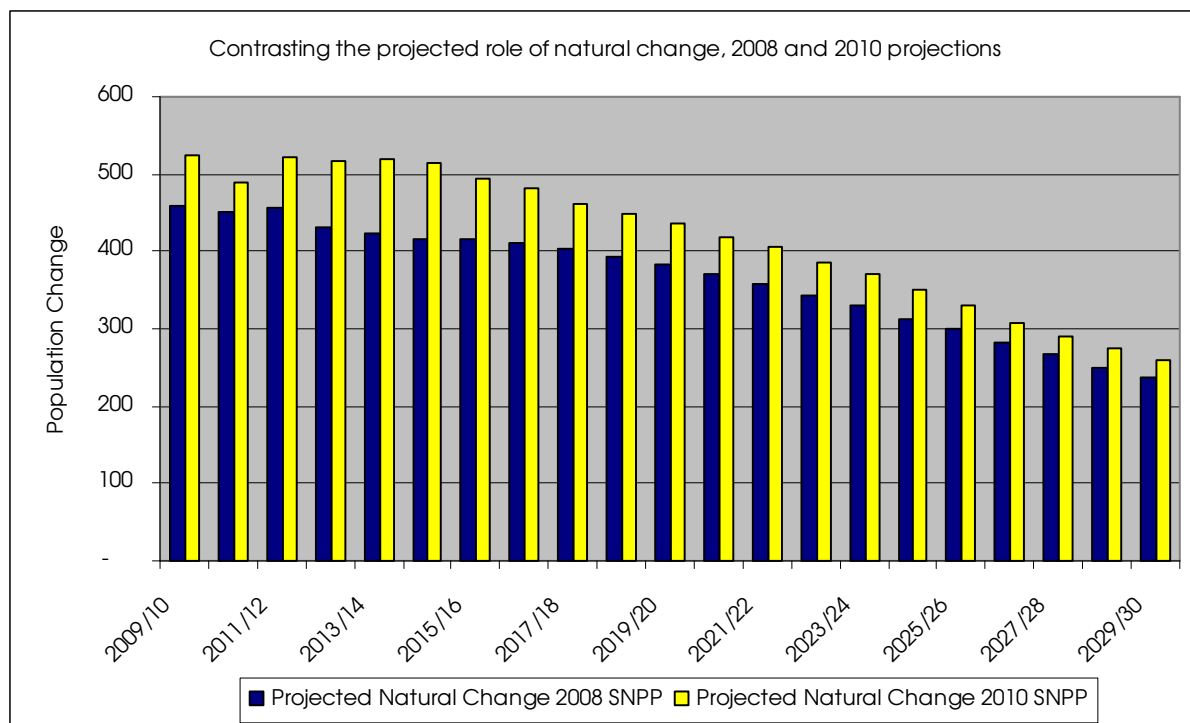
Figure 2.3: Components of Change – SNPP (2010)



Source: Edge Analytics, 2012, ONS, 2012

- 2.16 It is evident from the chart that natural change represents by far the greatest contributor to the increase in Redditch's population year on year. Migration by comparison plays a relatively small role in increasing the population in net terms year on year within the authority.
- 2.17 The projected high annual effect of natural change relates to the changing population age profile of Redditch. Whilst the projections do not show a significant increase in younger persons the current population is projected to live considerably longer (illustrated in figure 2.7). This has a marked effect in Redditch with the generations of people who relocated into the new town developments between 1964 and 1985 all moving towards older age at a similar time. This was explored in greater detail within the 2012 SHMA with this natural change component projected to remain relatively similar under all of the scenarios presented within the SHMA research.
- 2.18 Interestingly the year on year forecast increase linked to natural change is slightly higher under the 2010 projections than the 2008 projections as shown in figure 2.4 over the page. This is likely to reflect the national uplifting in the fertility rate as noted on paragraph 2.9.

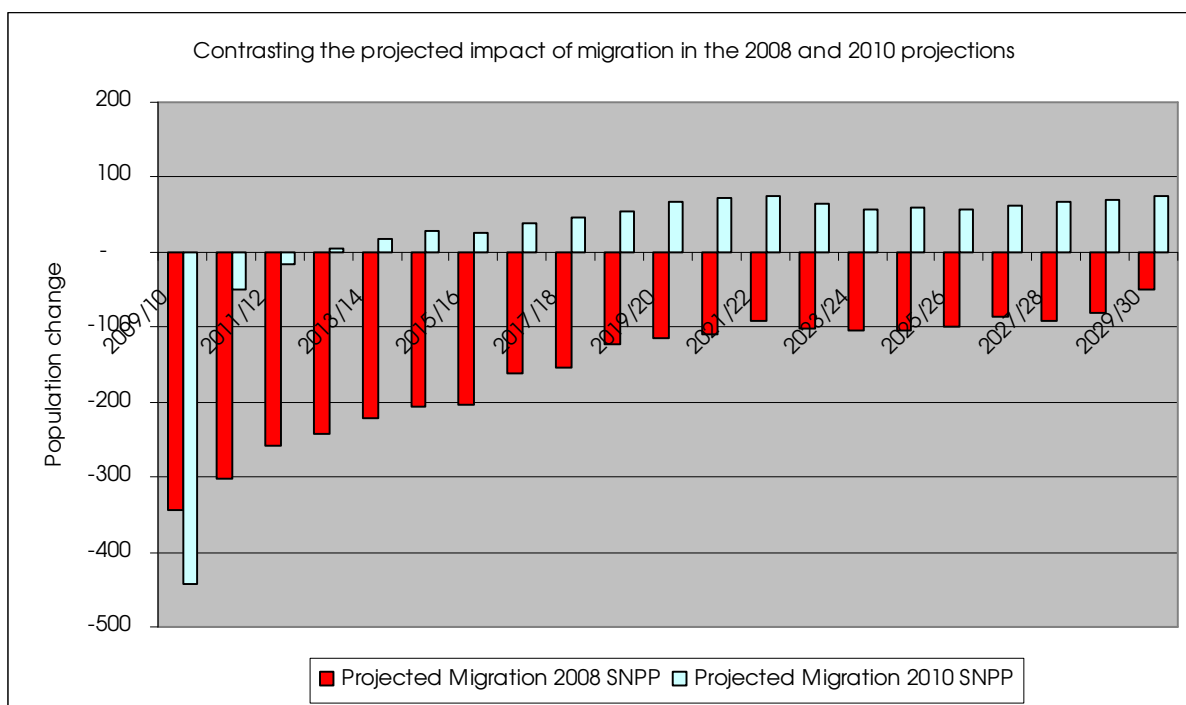
Figure 2.4: Contrasting the projected impact of natural change on population change between the 2008 and 2010 projections



Source: Edge, Analytics, 2012, ONS, 2010 & 2012

- 2.19 With the exception of the period 2009/10 – 2011/12 migration (internal and international migration) is projected to have a small combined positive net effect on population growth (figure 2.3). The negative trend evidenced between 2009/10 and 2011/12 is likely to have been driven by the effects of the recession, with the reduction in employment opportunities serving to result in a larger flow of migrants out of the authority to seek work opportunities elsewhere. The longer-term projections evidently do not see this net outflow of migrants continuing in the future, although it is important to recognise that the population projections do not build in assumptions around the relative health of the economy.
- 2.20 The following chart compares the assumed net annual change in population attributed to migration under both the 2010 and 2008 SNPP⁹. This illustrates the impact of the changes to the methodology adopted in the latest projection dataset as noted in paragraph 2.4.

Figure 2.5: Comparing the assumed annual net change in population attributed to migration



Source: Edge Analytics, 2012, ONS, 2012

- 2.21 The 2010 projection shows a net increase year on year in migration post 2012/2013. This contrasts directly with the 2008 dataset which showed a net decrease linked to migration. The projected change in net international migration represents the biggest

⁹ Note: the chart shows 2008 SNPP data. This is not presented in graphical form within the 2012 SHMA.

driving force behind this change. This is likely to be linked to the uplifting of the net international migration assumption nationally as described in paragraph 2.8 and illustrated in Figure 2.1.

- 2.22 The improved ONS methodology for estimating migration, noted at paragraph 2.4, suggested that the net levels of international migrants into Redditch between 2006 and 2010 were considerably higher than the previous iterations of the ONS mid-year estimates suggested. The 2010 projections sustain this higher level of net international migration over the plan period balanced against a considerably lower projected trend of net outflow of internal migrants (i.e. people moving out of Redditch to other parts of the UK, minus those moving into the authority from others parts of the UK).
- 2.23 Arguably this continued projection of an annual in-flow of international migrants could be questioned. The continuation of this flow will be linked to the availability of employment opportunities within the authority as well as the availability of housing stock. New international migrants into the authority have an important role to play in ensuring that there is a sufficient labour-force to match job opportunities, particularly when considering the general ageing of the current population of Redditch as explored in detail within the 2012 SHMA. However, their residence within the authority will be linked as well to their ability to gain access to housing which will be linked both to the operation of the housing market as well as the amount of available housing. Whilst this is not considered in more detail within this report this does have an important potential bearing on the setting of policy.

Understanding the Projected Age Profile

- 2.24 The Worcestershire SHMA examined the implication of the demographic driven population scenarios in terms of its breakdown by age and in particular the labour force it produces.
- 2.25 The NPPF places a significant emphasis on the commitment to secure economic growth in order to create jobs and prosperity. The inherent link between housing and the economy is indicated through one of the 12 core planning principles:

"proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities" (NPPF, DCLG, pg 5)

- 2.26 This section therefore considers the impact of the demographic projection on the population age profile of the authority including specific consideration of the size of the economically active labour-force. No alignment is made with any economic forecast data as was undertaken under scenario 4 and sensitivity scenario 2 within the 2012 SHMA.
- 2.27 The following table shows the breakdown of the population into key age groups, including the working age population projected between 2011 and 2028.

Figure 2.6: Projected change in age groups 2011 - 2028

Age Category	2011 Population	2028 Population	Change in Population 2011 - 2028
0-4	5,537	5,249	-288
5-10	5,640	6,301	661
11-15	4,615	5,202	587
16-17	1,880	2,026	146
18-59Female, 64Male	47,661	47,106	-555
60/65 -74	9,575	12,069	2,494
75-84	3,707	7,387	3,680
85+	1,499	2,807	1,308

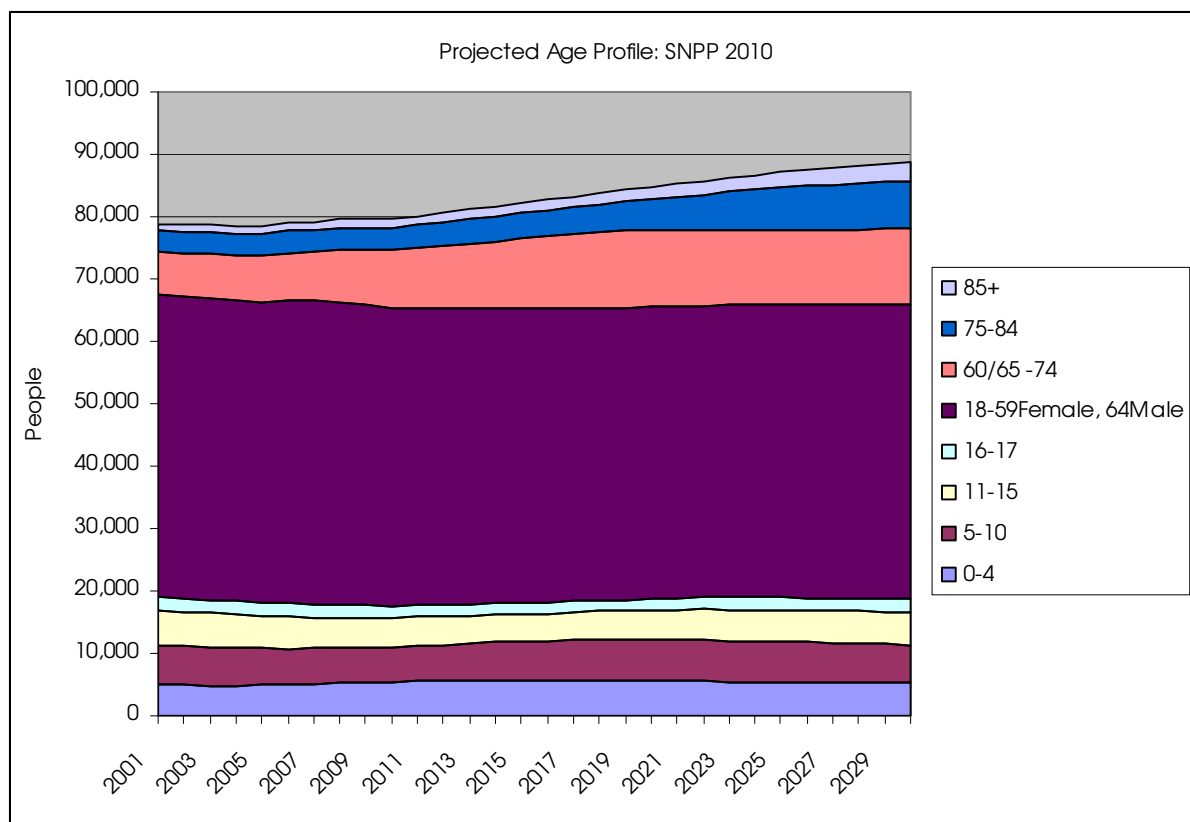
Source: Edge Analytics, 2012, ONS, 2012

- 2.28 The projections show a slight decrease in the traditionally defined working age population¹⁰ and the age category 0 – 4 years. All other age categories are projected to see a population uplift. The projected increase of older persons is particularly pronounced.
- 2.29 The substantial projected increase in older persons has the potential to affect future housing requirements specifically. The 2012 SHMA includes a review of the specific needs of older person households in section 8. This clearly identified that whilst the preference for many older persons is to remain within their own home that the result of a substantial growth in older person households, in particular of households aged 85+, will be likely to lead to a significant increase in the demand for different forms of supported housing.

¹⁰ Note: These age categories are consistent with the 2001 Census definition of the working age population and do not factor in changes to the retirement age of men and women.

2.30 These trends are further illustrated through the following chart which illustrates the changing size of the individual age groups on an annual basis through to 2030.

Figure 2.7: Projected change in age groups – annual trend



Source: Edge Analytics, 2012, ONS, 2012

An Economically Active Population – Links to the Economy

2.31 Whilst the analysis in this report does not revisit the analysis in the 2012 SHMA which aligned demographic projections with the levels of job forecast to be created through the Advantage West Midlands economic forecasts this section does consider the associated size of the economically active labour force implied through the demographic projections. In order to do this a number of assumptions are made around the economic activity rates of the population:

- Average economic activity rates for Worcestershire have been applied. These have been sourced from the Annual Population Survey (APS) with an average created over the period 2004 – 2010¹¹; and
- These rates have then been modified to take into account changes to the retirement age, i.e. from 2011 onwards rates for 50-64 year olds have been modified to increase year-on-year by 10% and for 65+ year olds by 50%.

2.32 The table below shows projected change in the economically active population of Redditch over the time period 2011 - 2028¹².

Figure 2.8: Projected economically active labour-force: 2010 SNPP

	2011	Projected Change 2011 - 2028
Labour Force	42,986	2,034

Source: Edge Analytics, 2012, GVA, 2012

2.33 This highlights that under the 2010 SNPP the economically active labour force of Redditch is projected to increase linked to the demographic projections and the assumptions around the raising of economic activity rates linked to the changing of retirement ages. This level of growth would allow the employment base of the authority to increase over both time periods.

2.34 It is important to note that this projected increase does not factor in any further improvements to the general economic activity rate of the population beyond the average calculated over the period 2004 – 2010. Should activity rates rise further this would increase the economically active labour force in the authority.

¹¹ Note: Worcestershire figures have been used due to the incompleteness of the dataset for Redditch within the Annual Population Survey (APS). The period 2004 – 2010 has been used to create an average as this encompasses a period of economic growth as well as recession and subsequent stabilisation.

¹² Note: This time period is used to cover potential plan period, assuming adoption in 2013 and a minimum of a 15 year period.

3. A Derived Household Projection

- 3.1 Whilst the ONS have released a 2010 base SNPP the DCLG have not yet released a sister Household Projection dataset (Sub-National Household Projection). Edge Analytics have converted the 2010 SNPP into a household projection scenario utilising the headship rate assumptions included within the 2008 DCLG projections¹³.
- 3.2 The methodology for translating a population projection into a household projection requires the application of projected household membership rates¹⁴ to a projection of the private household population¹⁵ disaggregated by age, sex and relationship status. The resulting projections of household representatives (i.e. heads of households) are then added together to produce a projection of the number of households annually.
- 3.3 The following table shows the projected increase in households between 2011 and 2028.

Figure 3.1: Projected Household Change

	2011	Projected Change 2011 - 2028	Projected Annual Change (17 years)
Households	34,065	5,564	327

Source: Edge Analytics, 2012, GVA, 2012

- 3.4 This suggests an increase in the number of households between 2011 and 2028 of just over 5,550 households, equating to 327 per annum. As noted within Section 1 of this report this takes no account of the availability of housing land within the authority or other environmental constraints and solely represents an extrapolated demographic trend.

¹³ The methodology note published by the DCLG to accompany the 2008 base household projections can be viewed at the following link - <http://www.communities.gov.uk/documents/statistics/pdf/1780350>

¹⁴ The household representative rate is the probability of anyone in a particular demographic group being classified as being a household representative and can take any value between 0 and 1. A household representative is a person chosen for statistical reasons by virtue of age and/or sex as the representative of a household. 'Updating the DCLG's household projections to a 2008 base – Methodology', DCLG, November 2010

¹⁵ The household projections are based on the projected household population rather than the total population. The difference between the two is the population in communal establishments, also termed the 'institutional' population. This population comprises all people not living in private households. These include people living in nursing homes, halls of residence, military barracks and prisons. For the household projections, the assumption is made that the institutional population stays constant at 2001 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2001 levels by age, sex and marital status for the over 75s. 'Updating the DCLG's household projections to a 2008 base – Methodology', DCLG, November 2010

Considering a re-alignment of household estimates

- 3.5 The Worcestershire SHMA included a re-alignment of the household assumptions based upon the use of locally available Council Tax data as a proxy for occupied households. This is particularly important given the absence of an updated 2010 household projection dataset by the DCLG¹⁶.
- 3.6 The following table shows the 2011 and 2012 estimates of occupied properties using Council Tax data contrasted with the corresponding years of projected households for the authority under the projection presented above in figure 3.1.

Figure 3.2: Current Household estimates contrasted with DCLG projected figures

	2011	2012
Occupied Dwellings (Council Tax)	34,325	34,490
Projected Households	34,065	34,381

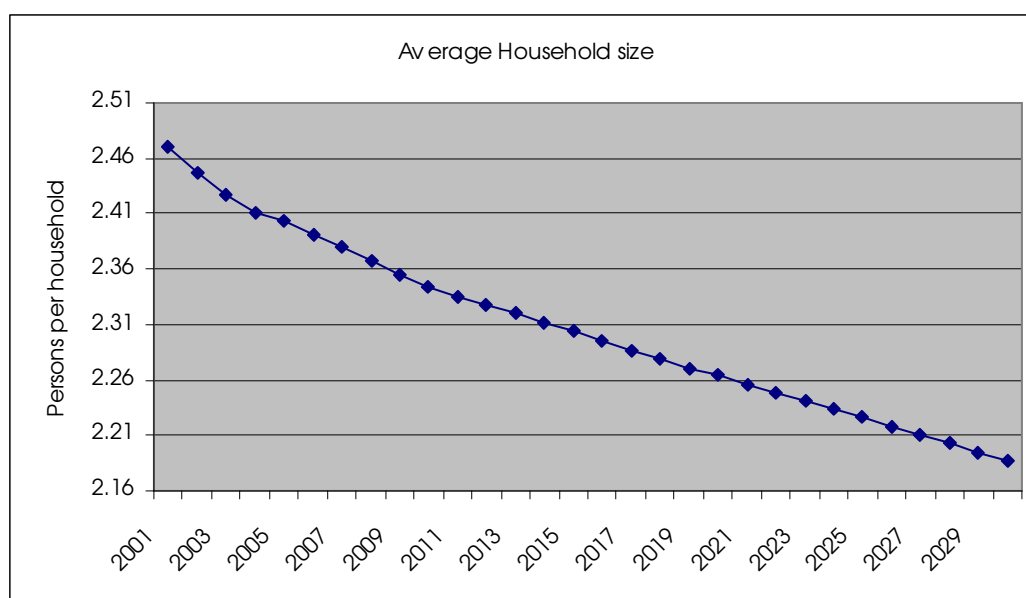
Source: GVA, 2012, Redditch Council Tax data, 2011 and 2012

- 3.7 This shows a strong alignment between the two datasets suggesting that the application of the headship rate assumptions produced by the DCLG to the 2010 SNPP provides a relatively good approximation. It is, however, evident that this calculation leads to a slight under count of households, i.e. the household size assumption is slightly too big.
- 3.8 The projections have been realigned to take account of the latest 2012 Council Tax data, inputting the number of occupied households to create a new household size estimate. This suggests that the average household size has remained constant at 2.32 over both 2011 and 2012 rather than falling as projected under the DCLG 2008 SNHP projection.
- 3.9 The projected level of household change presented in figure 3.1 is based on the DCLG assumption that household sizes will fall in the future, with this driven presumably, at least in significant part, by assumptions around a continuing ageing population tending to live in single and/or couple households. This is of course dependant on the sufficient number of dwellings coming forward to enable this increase in households driven by a falling household size.

¹⁶ Note: as referenced at paragraph 3.1

- 3.10 Figure 3.3 shows the assumed fall in average household size assumed within the projection displayed in figure 3.1

Figure 3.3: Assumed fall in household size



Source: DCLG 2008 SNHP, Edge Analytics, GVA, 2012

- 3.11 In order to highlight the sensitivity of the projections to varying assumptions the private household population projected under the 2010 SNPP has been divided by a constant 2.32 rather than using the DCLG projected fall in household size.
- 3.12 The impact on the number of households in 2028 is shown in figure 3.4.

Figure 3.4: Projecting the number of households in 2028 – applying different household size assumptions

	Projected private household population 2028 (a)	Assumed household size 2028 (b)	Number of households (a/b)
DCLG Derived projected household size	87,281	2.20	39,629
Frozen household size (2.32)	87,281	2.32	37,609
Difference	0	-0.12	2,020

Source: Edge Analytics, GVA, 2012

- 3.13 The status of the housing market currently suggests a sustained constraint on new households forming (e.g. children moving out to live outside of the family home),

which will continue to impact on household size, pushing it up rather than leading it to fall. Indeed this is referenced in a recent research report¹⁷ into the housing market published by Savills:

"The scarcity of housing in the UK is a well established theme that has underpinned market performance and Government policy. Past household formation in England has fallen short of projections, limited by the availability and affordability of housing." (Savills, 2012)

- 3.14 This sensitivity therefore represents a constrained scenario intended to illustrate the impact of continued affordability and availability of housing challenges experienced currently¹⁸.
- 3.15 Figure 3.5 illustrates the impact of 'freezing' the average household size to 2.32 rather than letting it fall as projected under the DCLG projection¹⁹.
- 3.16 The result of applying this assumption is a significant reduction in the number of households projected to form if this household size is maintained. This highlights the sensitivity of the household projections to this factor in particular. **Note: This only represents a sensitivity it is not possible to accurately project that the average household size will not fall as a result of continued affordability challenges. One of the drivers behind a projected fall in household size is the continuing ageing of the population and the move towards higher numbers of single and couple older person households.**

Figure 3.5: Illustrating the Impact of 'freezing' the average household size

	2011 Households (a)	2028 Households (see figure 3.4) (b)	Projected Change 2011 - 2028 (a-b)	Projected Annual Change (17 years)
Households	34,325	37,609	3,284	193

Source: Edge Analytics, 2012

¹⁷ Source: Savills Research report 'Spotlight: Where Best to Develop and Invest in Residential Property' (Spring 2012), pg 4

¹⁸ Note: The impact of affordability and the economic recession on the rate of household formation was considered within the portfolio of evidence used for the WMRSS Phase Two Revision. This showed the impact of lowering projected increases in households under the 2006 DCLG Household Projections over the period 2006 – 2011 and for 2006 – 2016. Further information can be found within the report titled 'Housing demand and need in the West Midlands: 2009 revision to regional estimates for 2006 – to 2026' (April 2009) Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge – paragraphs 10 – 12 and Annex B.

¹⁹ Note: When the 2008 DCLG SNHP are aligned with the 2010 SNPP the average household size falls to 2.19 by 2030 (2.20 in 2028).

4. Dwelling Projections

- 4.1 The 2012 SHMA included theoretical projections around the numbers of dwellings required to accommodate the levels of household growth projected. This section provides an updated set of numbers taking account of the new household projections analysed in the preceding section and an updated assessment of the amount of vacant stock²⁰.
- 4.2 The dwelling requirement estimate factors in a future vacancy allowance of 3%²¹ recognising that there will be a level of churn in the market at any given point in time.
- 4.3 Figure 4.1 presents this theoretical dwelling requirement based upon the change in the number of households projected based upon the 2010 SNPP and the application of the 2008 DCLG SNHP headship rates as presented in figure 3.1.

Figure 4.1: Theoretical dwelling requirement – Updated Household Projection

Authority	Projected Household Growth 2011 - 2028 (SNPP 2010)	Theoretical Dwelling Requirement 2011/12 - 2027/28	
		Factoring in vacancy allowance of 3%	Annual Average Dwelling Requirement (rounded)
Redditch	5,564	5,731	340

Source: GVA, 2012

- 4.4 Importantly, the revocation of the RSS is likely to result in the removal of the need to factor in historic performance in relation to completions against former regional planning policy targets.
- 4.5 If, however, consideration is given to a dwelling requirement which starts in 2006 this would need to factor in the net annual requirement stipulated through the West Midlands Regional Spatial Strategy (WMRSS). The RSS Phase 2 was subjected to an Examination in Public in 2009 and the housing proposals within this document represent an update to the adopted WMRSS. The RSS 2 revision set out a housing

²⁰ Note: In terms of a demand based dwelling requirement this is broadly consistent with the approach adopted in developing the WMRSS (Phase 2 Revision). This used the latest household projections available at the time (the 2004 DCLG Household Projections) and in converting this into dwellings made an allowance for a proportion of vacant properties. This was then redistributed to individual authorities taking account of a number of other supply and policy factors. A full description of the process is available in the 'Housing Background Paper Supplement – March 2009' <http://www.wmra.gov.uk/documents/CD224%20Housing%20Background%20Paper%20Supplement%20March%202009.pdf>

²¹ An assumed vacancy rate of 3% was assumed within the WMRSS evidence as set out in the 'Housing Background Paper Supplement'. As of 4th April 2012 Redditch had a vacancy rate of 2.37% with only 0.9% of properties in the authority classified as being vacant for more than 6 months. A lower proportion could therefore be justified based upon the current level of vacancy within the existing stock.

proposal for Redditch of 6,600 dwellings between 2006 and 2026. Importantly this included an assumption that 3,300 of these would be provided adjacent to Redditch town in Bromsgrove and/or Stratford upon Avon districts. An annual proposal of 330 represented the target against which monitoring of supply has been assessed.

- 4.6 Figure 4.2 shows the total resultant net requirement for housing taking account of the RSS 2 revision proposal for 2006/7 – 2010/11 and the theoretical dwelling requirement for the period 2011/12 – 2027/28 set out in figure 4.1.

Figure 4.2: Total housing requirement 2006/07 – 2027/28

	RSS2 Revision Phase 2 Preferred Option (2007) Target 2006/07 - 2010/11 (5 years)	Theoretical Dwelling Requirement 2011/12 - 2027/28	Total Requirement 2006/07 - 2027/28	Annual Average Dwelling Requirement
Redditch	1,650	5,731	7,381	335

Source: WMRSS 2 Revision, 2007, GVA, 2012

- 4.7 The total resultant dwelling requirement for the period 2006/07 – 2027/28 is approximately 7,380 dwellings or 335 per annum.
- 4.8 Between the 1st April 2006 and the 31st March 2012 there have been 1,148 net completions²² within the authority. Figure 4.3 shows the residual requirement for housing once these completions are subtracted.

Figure 4.3: Remaining requirement subtracting historic completions

	Total Requirement 2006/07 - 2027/28	Net completions 2006/07 - 2011/12	Residual requirement 2012/13 - 2027/28
Redditch	7,381	1,148	6,233

Source: Redditch BC, 2012, GVA, 2012

²² Net completions figure supplied by Redditch BC in May 2012

5. Conclusions and Implications

- 5.1 The data represented within this report represents an update to that presented within the 2012 SHMA. Focus has been placed on understanding the implication of the release of the 2010 sub-national population projections by the ONS in March 2012.
- 5.2 The 2012 SHMA anticipated the release of new datasets by the ONS and factored in changes to migration assumptions for the authority within the Sensitivity Scenario 1 presented in section 6 of the Main SHMA Report.
- 5.3 The 2010 SNPP dataset shows a higher level of population growth than Sensitivity Scenario 1. Whilst the migration assumptions are roughly aligned, the new ONS projections include a higher fertility rate which has increased the impact of natural change within the authority.
- 5.4 The latest SNPP show a projected increase in the population of Redditch by approximately 8,030 people between 2011 and 2028. The application of headship rate and average household size assumptions derived from the 2008 DCLG sub-national household projections results in a projected increase in the number of households by approximately 5,560 over this same time period²³.
- 5.5 This has been translated into an annual dwelling requirement of 340 homes per year. This takes account of an allowance for vacancy in the future to allow for market churn.
- 5.6 Whilst the revocation of the WMRSS is likely to negate the need to factor in historical housing requirements set through the regional planning tier a total requirement for the period 2006/07 – 2027/28 has been calculated using the RSS proposals up to 2010/11 and the theoretical requirement calculated in section 4 from 2010/11 onwards. This shows a total requirement for approximately 7,380 dwellings over this 22 year period.
- 5.7 A total of 1,148 net housing completions have been recorded between 1st April 2006 and the 31st March 2012 within Redditch. If this figure is subtracted from the total requirement above a residual requirement of 6,233 is produced (2012 – 2028).
- 5.8 The level of population growth noted above results in a growth in the economically active labour force within the authority based on assumptions around economic

²³ Note: as per the analysis in section 3 the calculation from population to households is based on the division of the private household population (excluding people in institutional housing) by an assumed average household size for a given year. The change in households is based upon a private household population of 79,544 in 2011 and an average household size of 2.34 creating an estimate of 34,065 households compared against 2028 figures of a private household population of 87,281, average household size of 2.20 equating to 39,629 households.

activity rates. This represents a potential capacity for the economy of Redditch to grow, with businesses able to access this expanded labour force²⁴. It is important to recognise that the population projections presented within this Annex have not, however, been constrained or aligned to any economic projections²⁵.

- 5.9 The National Planning Policy Framework (NPPF) suggests that local planning authorities should “*plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community*” (NPPF para 50). This report has considered the latest demographic data and highlighted the level of need likely to be generated through these extrapolated trends. The report has also highlighted a number of potential issues with these official datasets which suggest that the projected level of growth is potentially over-stated, these include:
- The way in which international migration is modelled within the 2010 SNPP. The projections assume a net annual inflow of international migrants of approximately 290 per annum. This reflects levels of migration over the last five years but the sustaining of this trend will be heavily dependant on the availability of employment opportunities and available housing stock within the authority. It is important to note that this inflow of international migrants offsets a projected continuous net outflow of parts of the current population in Redditch to other parts of the UK. Collectively this balancing serves to ensure that the authority has a labour-force which is projected to grow, an important point linked to the ability of the authority to sustain a balance between jobs and its population as noted above; and
 - The assumption within the 2008 DCLG household projections that average household sizes will continue to fall. The operation of the market over recent years linked to a limited supply of housing and affordability issues has shown that household sizes have not fallen as projected. It is possible that if these market conditions are sustained for a period of time that larger household sizes will result. This report has included a sensitivity analysis which takes an extreme position showing a ‘freezing’ of household sizes from the current year through until 2028. This markedly reduces the projected growth in households over this period and highlights the sensitivity of projections to this assumption in particular.
- 5.10 Finally, it is important to recognise that the projected change in households presented within this report takes no account of the availability of land within the authority. They do, however, represent the latest official statistics which are likely to be referenced by

²⁴ This assumes that commuting rates remain constant.

²⁵ The 2012 SHMA included an employment-led scenario (Sensitivity Scenario 2) which constrained population growth to a set of economic forecasts produced by Advantage West Midlands in July 2009.

landowners and housebuilders promoting sites through the plan making process. It is important therefore that the authority gives due consideration to these factors in evidencing housing policies. The NPPF recognises the importance of joint working²⁶ and a 'duty-to cooperate'²⁷ between authorities in order to ensure that housing needs are met within a housing market area. This has implications for Redditch given its relationships with surrounding authorities.

- 5.11 In the event that land supply is insufficient to meet the identified level of demand as profiled within this report then consideration should be given to collaborative approaches with neighbouring authorities.

²⁶ First bullet point Paragraph 17 'Plans should be kept up-to-date, and be based on joint working and co-operation to address larger than local issues' (NPPF, 2012)

²⁷ Paragraph 178 (NPPF, 2012)
