Housing and Economic Development Need Assessment

Lichfield District Council and Tamworth Borough Council

September 2019

Prepared by

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Contents

Section		Page

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This document must only be treated as a draft unless it is has been signed by the Originators and approved by a Business or Associate Director.

DATE	ORIGINATORS	APPROVED
September 2019	David Leyden Strategic Planner	Paul McColgan Director

Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1   INTRODUCTION

1.1   The purpose of the Housing and Economic Development Need Assessment Study is to assess future development needs for housing (both market and affordable) and employment across Lichfield and Tamworth. The Study considers housing and employment need to inform the preparation of the emerging Local Plans. Unless otherwise stated (such as in addressing towns and industrial estates within Lichfield District), "Lichfield" and "Tamworth" refer to the entirety of the local authorities.

1.2   This study forms part of the evidence base which Lichfield District Council and Tamworth Borough Council (the Councils) will use in preparing and updating their development plan and will inform emerging planning policies. The document does not set the housing target for the Councils but provides the evidence to inform their starting position.

1.3   Lichfield adopted its Local Plan Strategy in February 2015 and an allocations document in 2019. Lichfield Council are committed to undertaking a full Local Plan review and plan to submit to the Secretary of State for Examination by December 2021. They are currently at the Preferred Options stage which has informed this report.

1.4   Tamworth adopted a Local Plan in February 2016. The Plan contained a number of triggers for a potential early review, and this review is underway at the time of writing. The outcome of the review will inform any potential changes to the Plan going forward.

NPPF (2019) and PPG

1.5   The methodology used in this report responds to the NPPF (2018 and update 2019) which sets out the Government's objective to significantly boost housing supply, and the current Planning Practice Guidance (PPG) on Housing and Economic Needs Assessments.

1.6   Chapter 5 of the NPPF (2019) relates to delivering a sufficient supply of homes with Paragraph 60 setting out that "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard methodology", which is addressed in this report. However, in exceptional circumstances, an alternative approach could be justified.

1.7   Paragraph 61 of the NPPF (2019) sets out that "Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed". It adds these specific groups include but are not limited to:

"those who require affordable housing, 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".

1.8   It is clear from the NPPF (2019) and the PPG that the OAN derived from the standard methodology is to act as a minimum and there is ample scope and indeed it is encouraged for local authorities to provide housing in excess of this.

1.9   Paragraph 10 of the PPG[1] sets out the circumstances when a higher figure than the standard method needs to be considered include but are not limited to:

> *"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;*
>
> *There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests."*

1.10   It should be emphasised that this report does not set housing targets. It provides an assessment of housing need, based on Government guidance at the time of writing, which is intended to provide an input to plan-making alongside wider evidence including on land availability, environmental and other development constraints and infrastructure.

Report Structure

1.11   Following this introductory section, the remainder of the report is structured as follows:

- Section 2:   Demographic and Economic Baseline
- Section 3:   Housing need and population growth
- Section 4:   Employment Forecasts
- Section 5:   Economic growth and housing need
- Section 6:   Market signals
- Section 7:   Affordable housing need
- Section 8:   Housing Mix
- Section 9:   Needs of specific groups
- Section 10:   Commercial market assessment
- Section 11:   Employment land requirements
- Section 12:   Summary and conclusions

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[1] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/687239/Draft_planning_practice_guidance.pdf

2   DEMOGRAPHIC AND ECONOMIC BASELINE

Introduction

2.1   This section of the report outlines the baseline demographic, employment and economic position of Lichfield and Tamworth and how they compare to the West Midlands region. The analysis in this section looks at the employment and Gross Value Added (GVA) trends, location quotient and profiles the labour market.

Population

2.2   As of 2017 Lichfield had a population of 103,500 and Tamworth had a population of 76,500. The 2016-based household projections translated the 2016 population into 42,560 and 32,158 households respectively. This results in an average household size in Lichfield of 2.43 and in Tamworth of 2.37.

2.3   The figure below considers historic population growth in the period from 1981 to 2017. Tamworth showed population growth that is some way above the national average until 2016 when it slowed and reduced. Lichfield somewhat outpaced national growth until 1998.For the most part growth has been consistently higher in the two local authorities than in Staffordshire and the West Midlands.

**Figure 1:   Indexed population growth (1991-2017)**
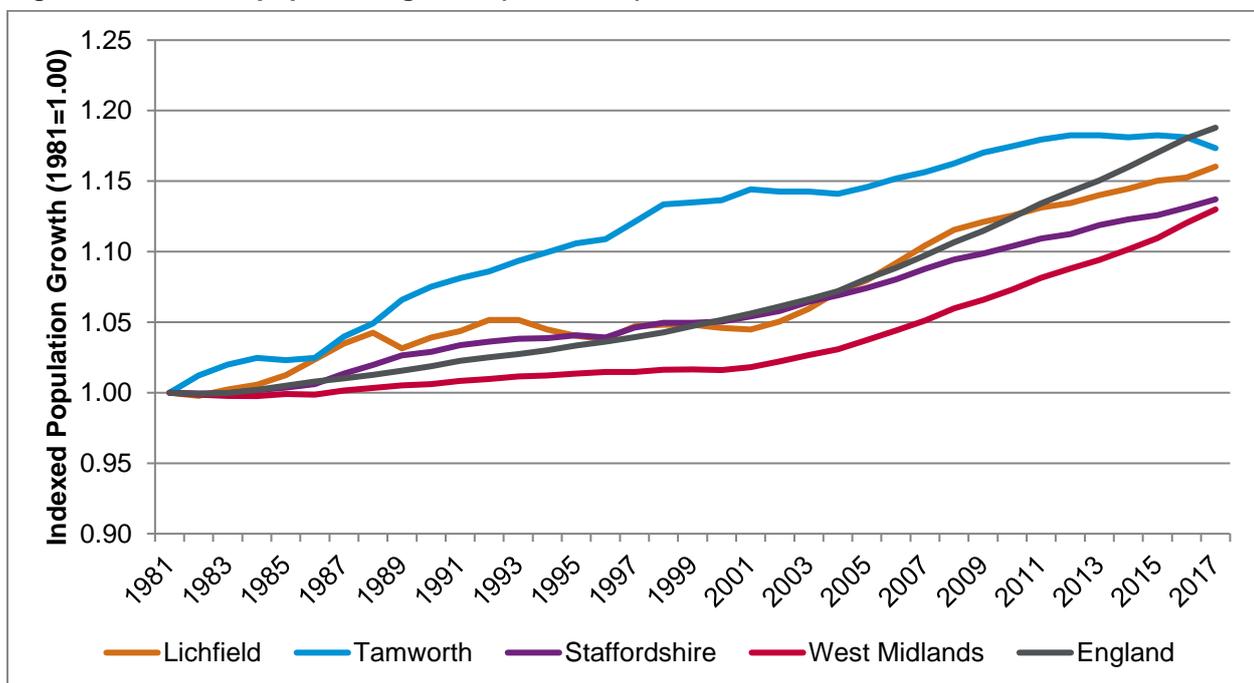
Source: ONS (mid-year population estimates)

Components of Change

2.4   The drivers of growth in each district are also notably different as the following two figures illustrate. Lichfield has seen considerable growth from people moving from elsewhere in the UK and to a lesser extent internationally.

Figure 2:   Components of Change in Lichfield (2001-2017)
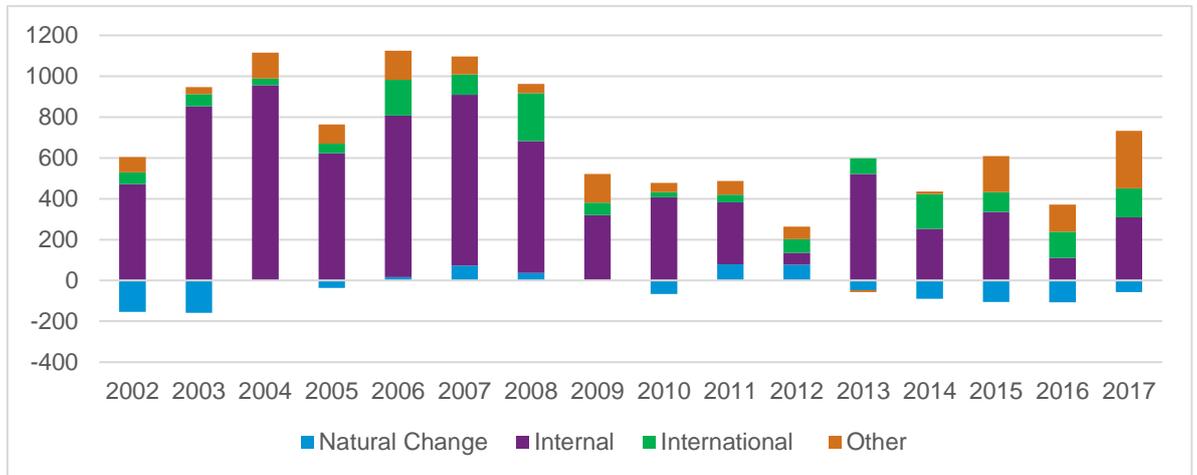
Source: ONS, 2018

2.5   However there has been a notable reduction in net internal in-migration post-recession which was also seen in areas around London. This is linked to younger people no longer having the job security and also access to mortgages to make the move from inner city to suburbs/commuting belt.

Figure 3:   Components of Change in Tamworth (2001-2017)
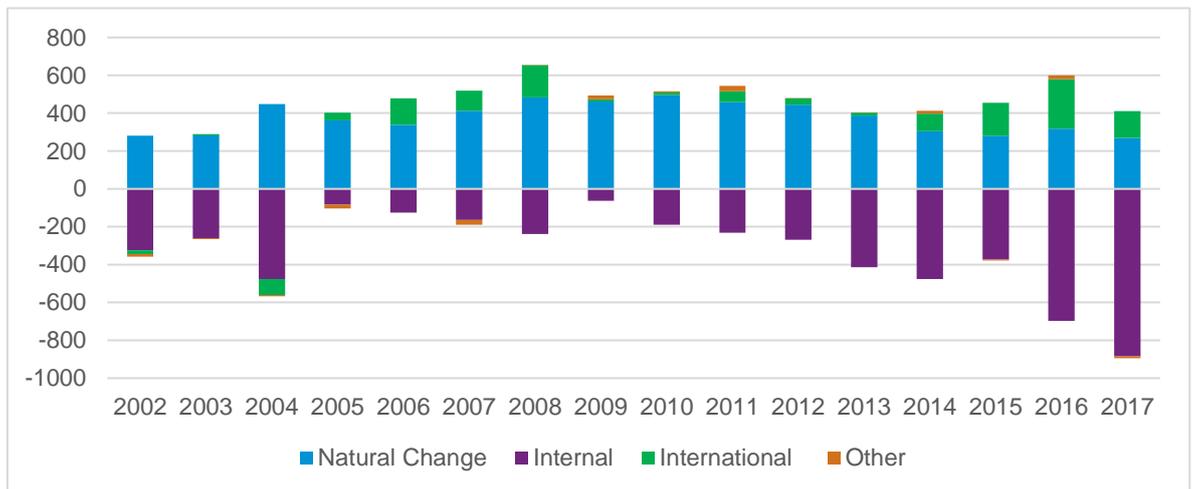
Source: ONS, 2018

2.6   A different pattern appears in Tamworth as net internal out-migration has increased almost every year since the recession. However, this is countered with a positive natural change. In contrast natural change in Lichfield (Births minus deaths) has largely been negative.

2.7   In both Tamworth and to a lesser extent Lichfield net International in-migration has increased over time. Although perhaps linked to Brexit international migration fell considerably in the 2016-17 period in Tamworth.

Age Profile

2.8   Both Lichfield and to a lesser extent Tamworth have an older population than either the West Midlands region or England and Wales. The percentage of each age group in the study area is compared to the regional and national figures in the figure below.

2.9   Lichfield has a particularly older population with a higher percentage of population in every age category of 50 and over compared to the wider comparators. In contrast it has a particularly low percentage of population aged 25-39. Tamworth also has a slightly higher number of people aged 5-10.

Figure 4:   Age Profile (2017)
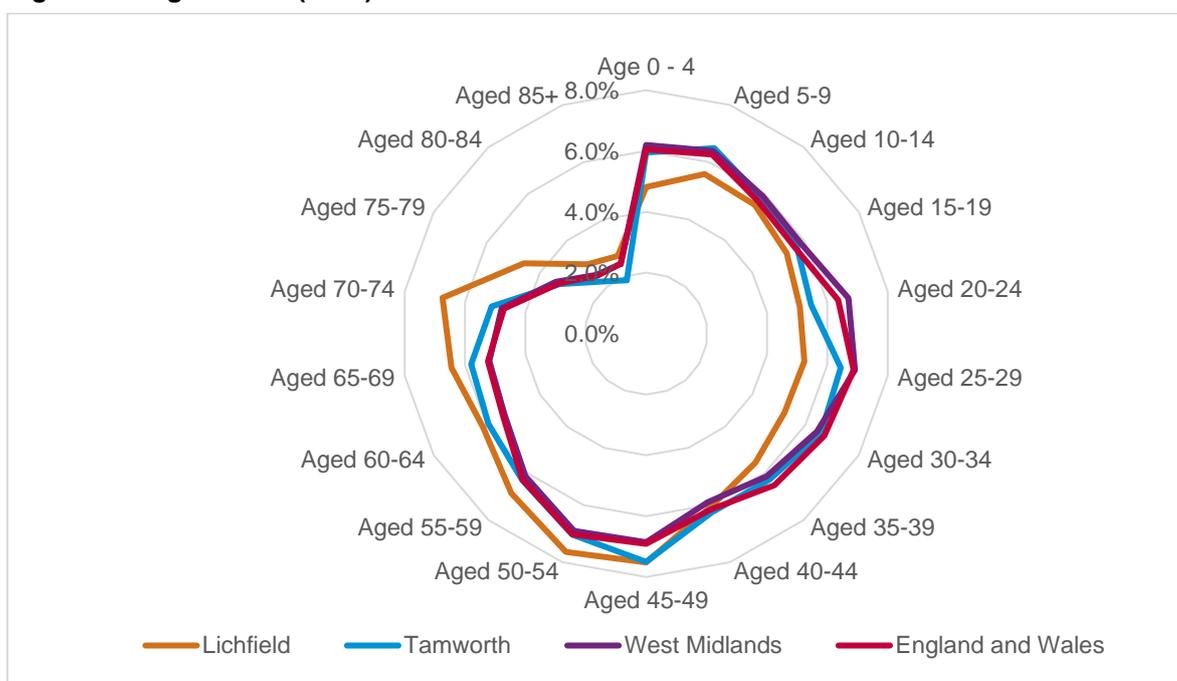
Source: ONS (mid-year population estimates)

2.10   As of 2017 Lichfield had around 62,700 people in the working age category of 15-64 year olds equating to around 60% of the population. A slightly higher percentage is calculated in Tamworth (63%) based on a working age population of around 48,500 persons.

Labour Market

2.11   The figure below shows employment and unemployment as a percentage of the working age population (defined by ONS to be the population aged 16-64 years). The figure also shows economic activity as a percentage of those aged over 16.

Figure 5: Economic Activity Rates (2018)
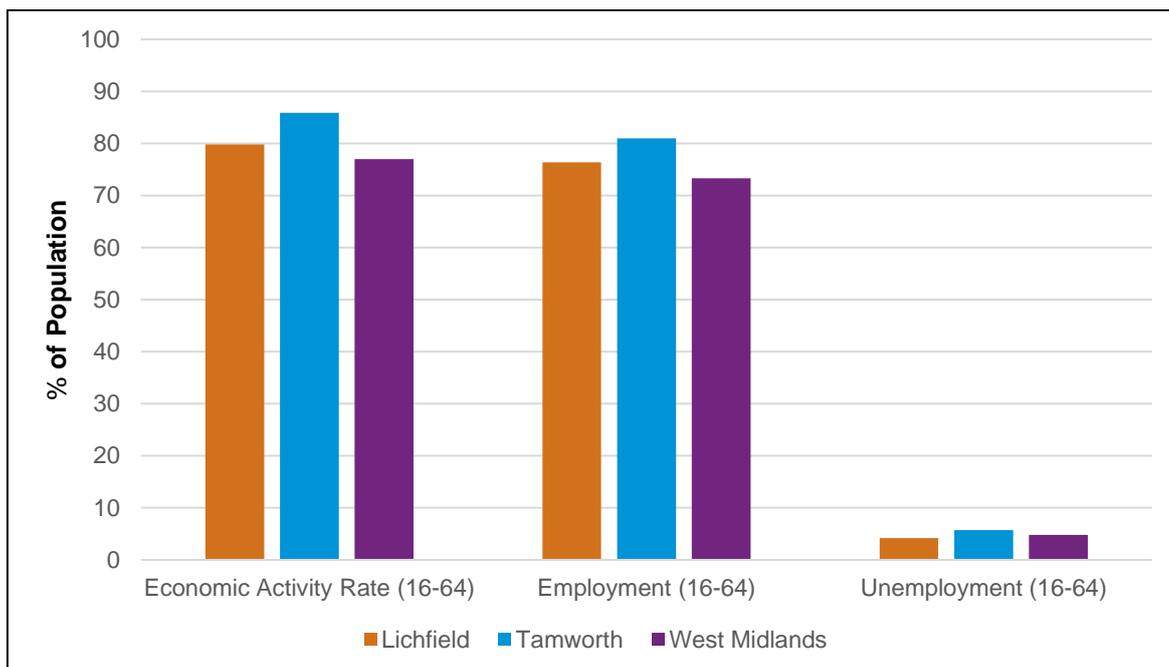
Source: Annual Population Survey, 2018

2.12 The economic activity rate describes the percentage of working-age adults (16+) who are working or looking for work. The economic activity rates in Lichfield (80%) and Tamworth (86%) are slightly higher than the West Midlands (77%) region which may reflect the older age structure of the region.

2.13 In terms of employment (those aged 16-64), the figure below shows that Lichfield's employment rate is 76% which is slightly lower than Tamworth at 81%. However, the employment rate in both Lichfield and Tamworth is greater than the West Midlands region employment rate (73%).

2.14 In contrast, unemployment in Lichfield is at 4% which is lower than the West Midlands rate of 5%. The unemployment rate of Tamworth is above both Lichfield and the regional rate at 6%.

2.15 The analysis below looks at the percentage of the employed population in Lichfield, Tamworth and the West Midlands region by occupation type.

Figure 6: Occupation Rates (2018)
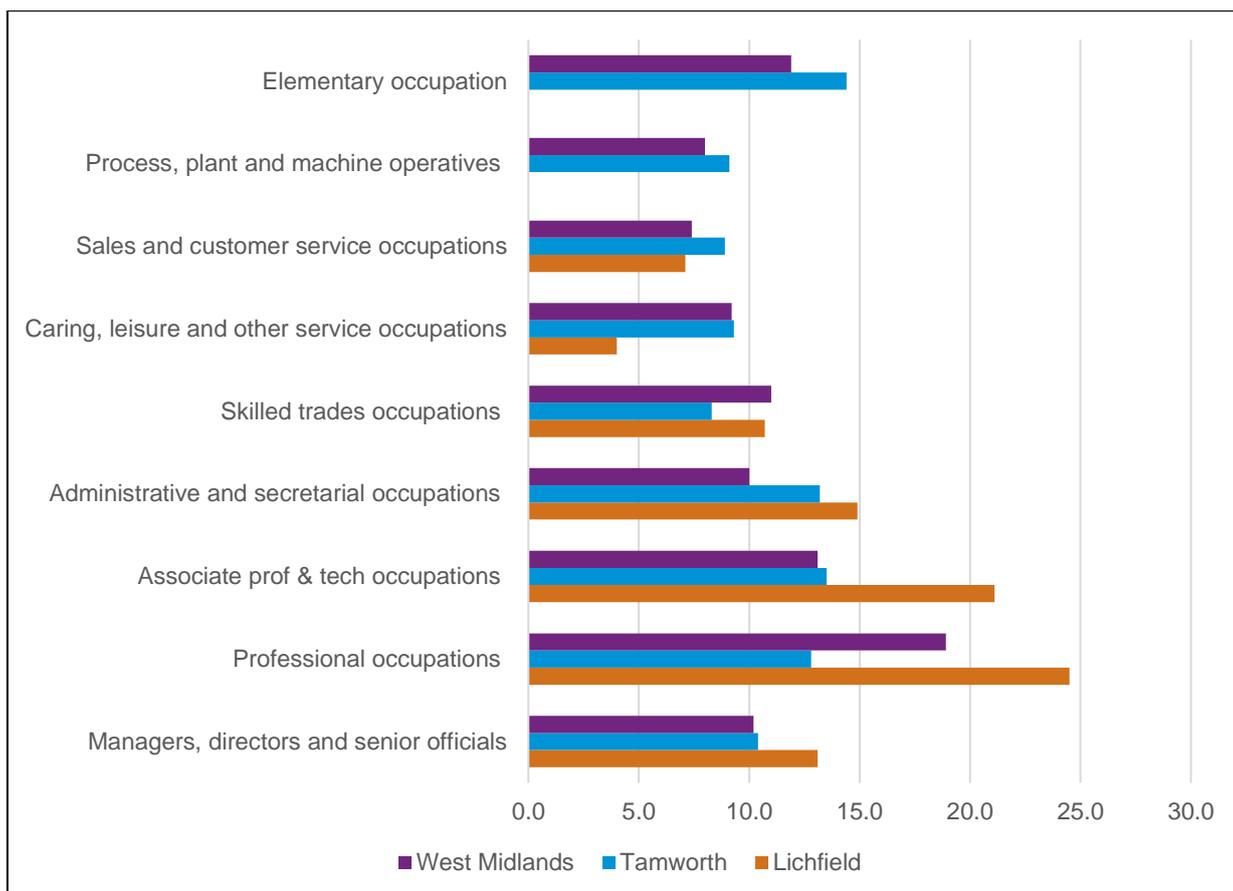
Source: Annual Population Survey, 2018

2.16   In Lichfield, professionals make up a large proportion (25%) of those with an occupation which is followed by associate professors and technical occupations at 21%. This is aligned with the regional trend whereby professionals (19%) and associate professors and technical occupations (13%) are the top occupations. However, the relative proportions are higher in Lichfield.

2.17   Like the West Midlands, there is a high percentage of associate professors and technical occupations (14%) in Tamworth. Similarly, to Lichfield, Tamworth also has a strong presence of administrative and secretarial occupations (13%). Tamworth also has a high percentage of those in the elementary occupation (14%) which is significantly higher than Lichfield (0%) and slightly higher than the region (10%).

Employment and Economic Growth

2.18   The figure below illustrates the growth in GVA and employment in Lichfield between 1991 and 2017. GVA in Lichfield was strong in the years leading to 2009, however GVA flatlined then decreased following the economic downturn of the global financial crisis.

2.19   GVA in Lichfield has grown since 2015 and at 2017, the economy produced goods and services valued at just over £2.1bn GVA and supported 57,800 jobs. This equates to around 2.0% of total jobs in the West Midlands region (2.9m) and 1.7% of the regional GVA (£13bn).

Figure 7:   Employment and GVA Trend (1991-2017) – Lichfield
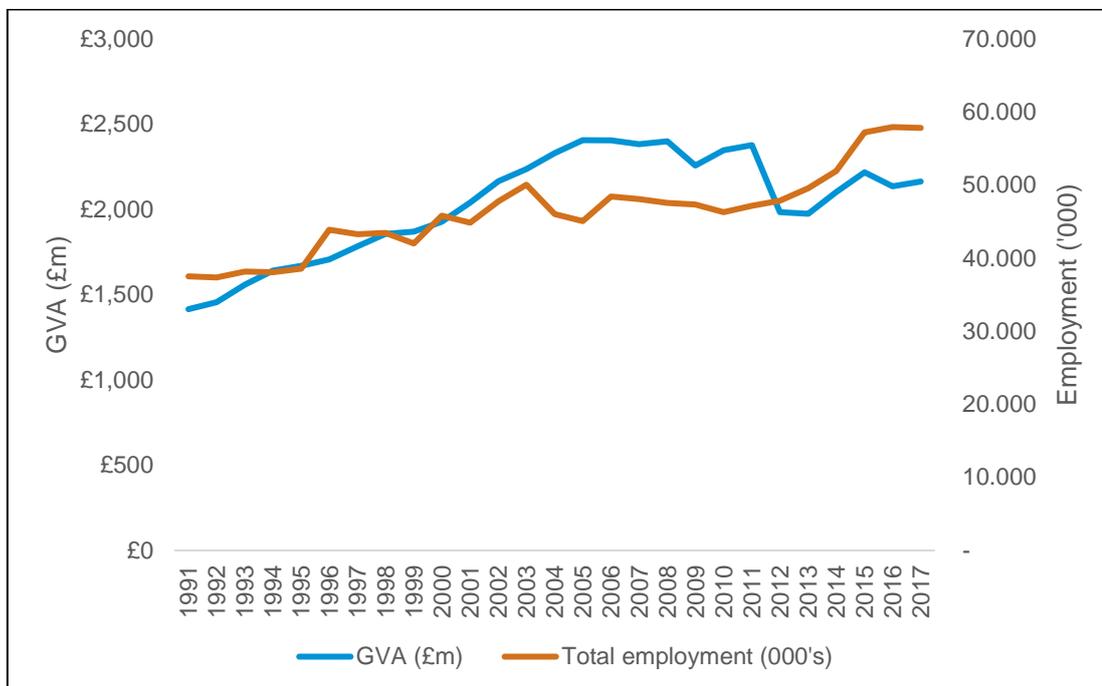
Source: Oxford Economics, 2019

2.20   The figure below shows the employment and GVA growth trend in Tamworth over the same period. Historic GVA trends in Tamworth followed a similar pattern, however increased sharply at 2013 through to 2017.

2.21   At 2017, the value of goods and services produced by the Tamworth economy was less than Lichfield at just over £1.7bn, equating to 1.3% of the regional GVA. The Tamworth economy supported 32,300 jobs at 2017, accounting for 1.1% of total regional jobs.

Figure 8:   Employment and GVA Trend (1991-2017) – Tamworth
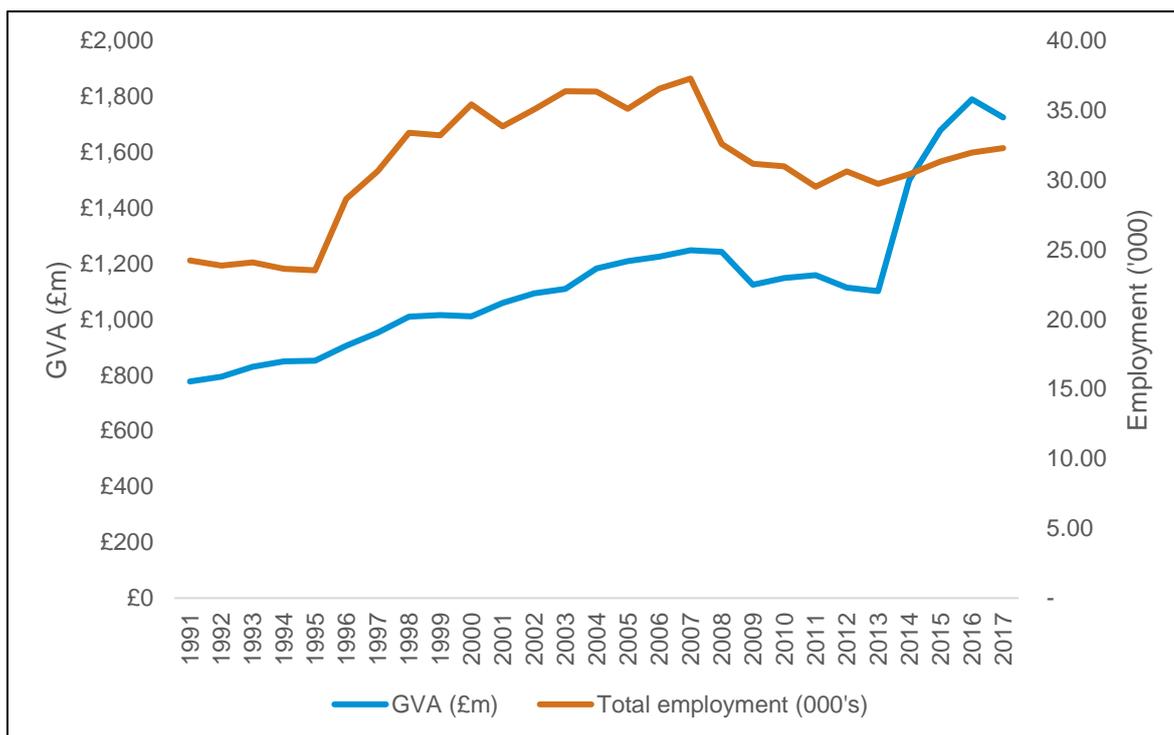
Source: Oxford Economics, 2019

GVA Growth by Sector

2.22   The figure below shows the breakdown of GVA in Lichfield by sector. It compares growth in GVA from 1991 to 2017 indicating strong growth in GVA across most sectors. Real Estate and Wholesale and Retail Trade sectors experienced the greatest growth in GVA over the 1991 to 2017 period, increasing by 79% to £333m and 137% to £207m respectively.

2.23   A notable decline in GVA over the period was in the Accommodation and Food Services sector. This sector made a relatively strong GVA contribution to the local economy in 1991, however was shown to have decreased by -67% to reach £92m at 2017. The sector saw a 90% GVA fall 2011 to 2012 however as this does not relate to specific changes in the local economy there may be a data correction – there is no corresponding fall in employment change. The Financial and Insurance Activities sector also decreased in GVA by -58% to £15m at 2017.

Figure 9: GVA by Sector (1991-2017) – Lichfield
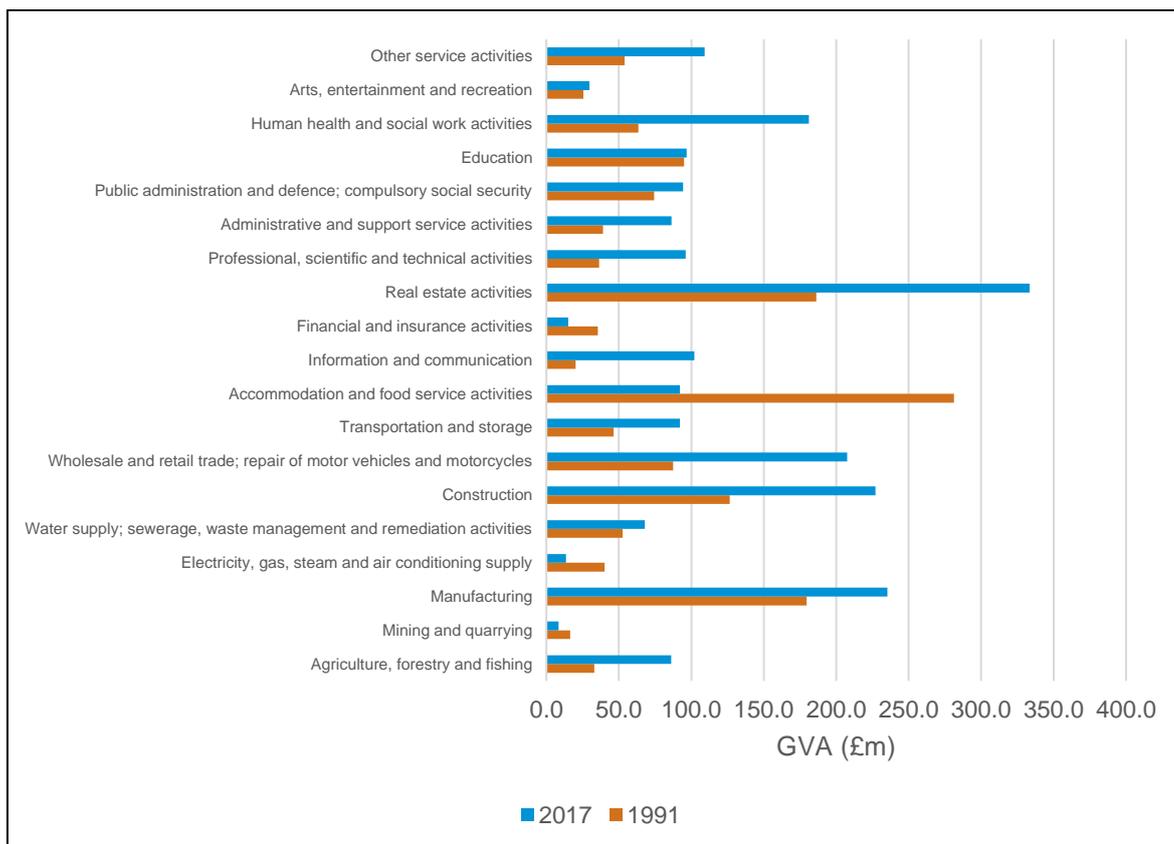
Source: Oxford Economics, 2019

2.24   The figure below shows the breakdown of GVA in Tamworth by sector. Since 1991, GVA has increased across most sectors in the local economy with the Transportation and Storage and Wholesale and Retail Trade sectors demonstrating significant growth.

2.25   GVA in the Transportation and Storage sector grew by £376m over the period to account for the greatest value in GVA across all sectors in the local economy at 2017. The Wholesale and Retail Trade sector increased in GVA by 211% to reach £303m at 2017. Real Estate Activities sector also grew in GVA, increasing by 81% to £195m at 2017.

2.26   Sectors with a declining GVA over the period were Education (-5%) and Professional, Scientific and Technical Activities (-5.1%).

2.27   Notably, sectors with low employment such as Mining and Quarrying, Agriculture, Forestry and Fishing and Electricity, Gas, Steam and Air Conditioning Supply make a very low contribution to Tamworth's GVA with each producing values below £1m.

Figure 10: GVA by Sector (1991-2017) – Tamworth
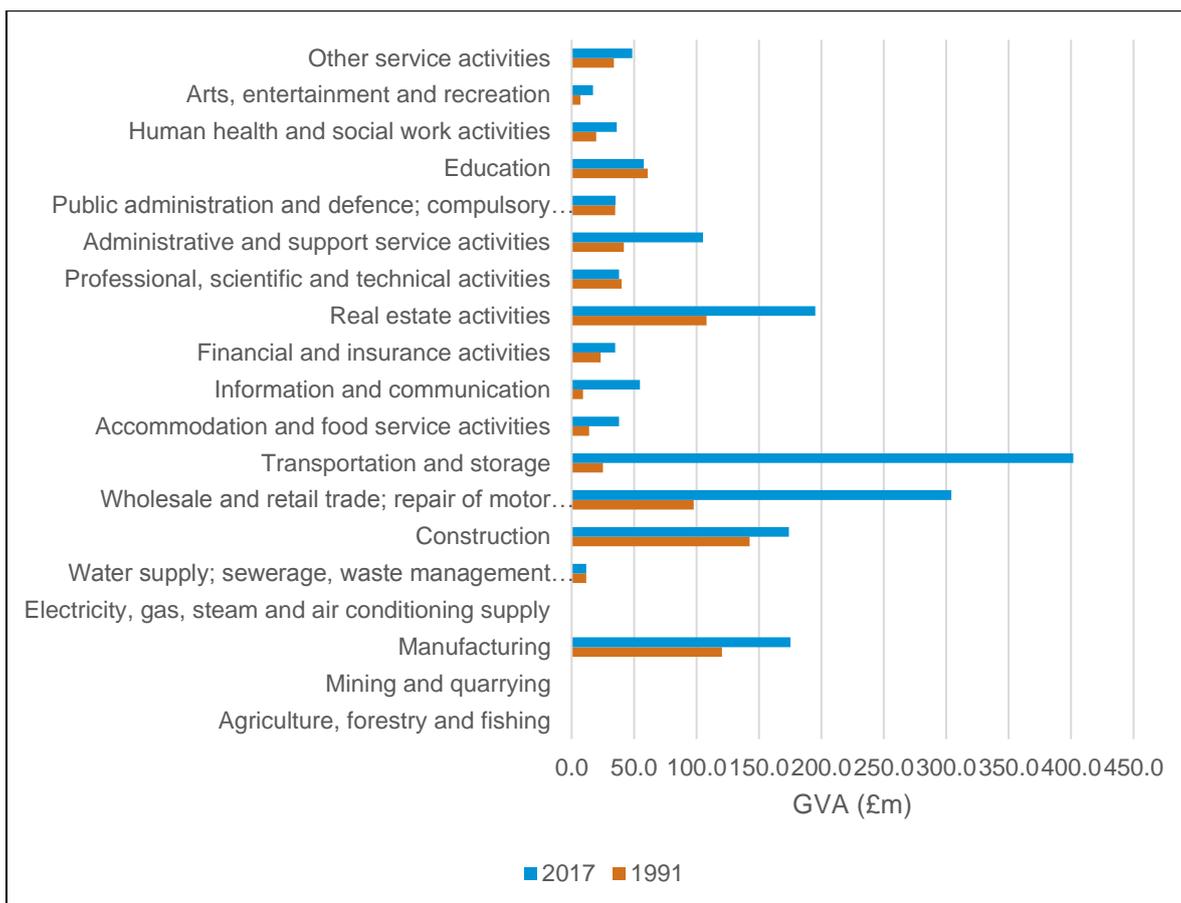
Source: Oxford Economics, 2019

Location Quotient

2.28   A location quotient analysis has been undertaken to quantify the concentration of a particular industrial sector in Lichfield and Tamworth compared to the West Midlands region. The purpose of the analysis is to identify sectors with particular strengths or specialisations.

2.29   The figure below shows the location quotient analysis of Lichfield's employment structure compared to the regional structure of the West Midlands and of Tamworth's employment structure compared to the West Midlands. The data represents employment at 2017.

Figure 11: Location Quotient – Lichfield v West Midlands and Tamworth v West Midlands (2017)
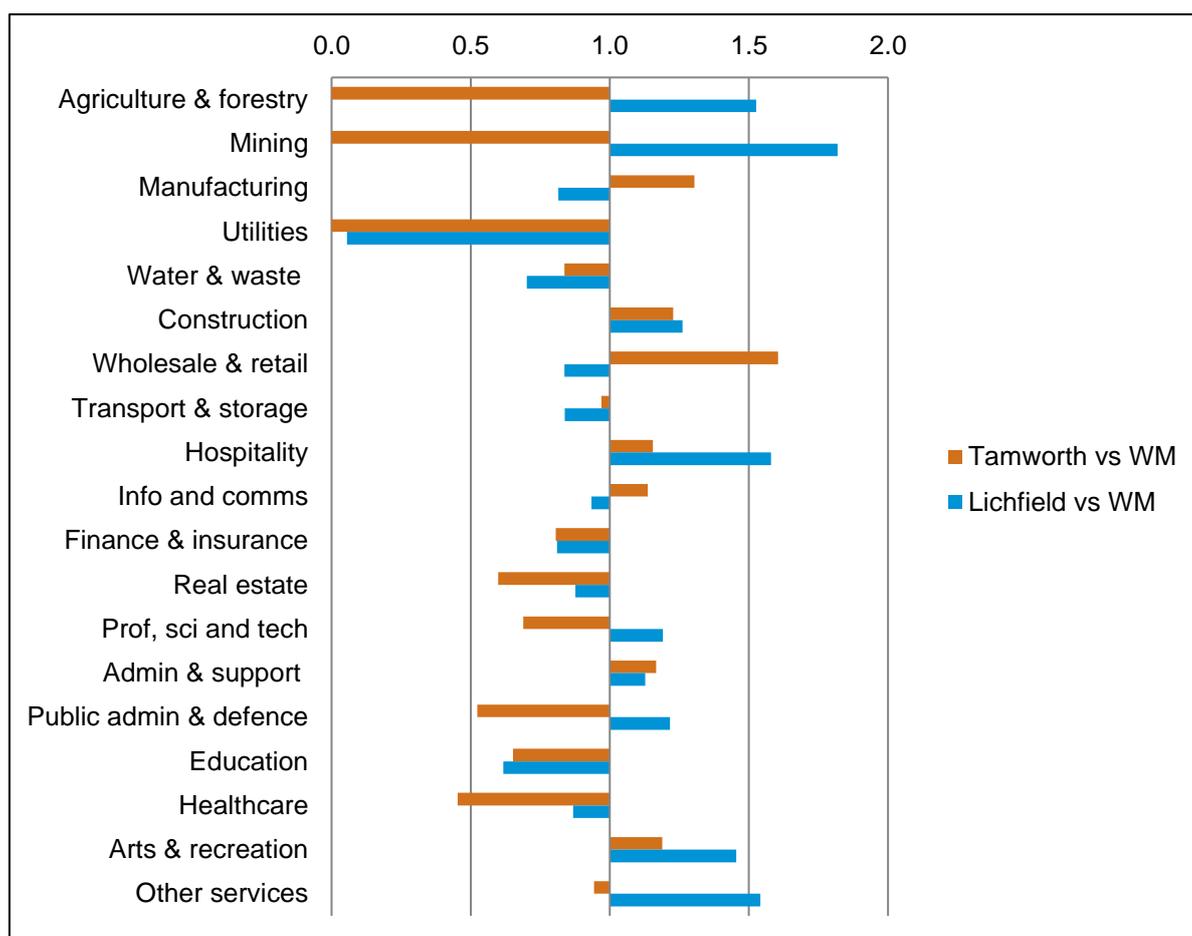
Source: Oxford Economics, 2019

2.30   In relative terms, key sector strengths in the Lichfield local economy are Mining, Agriculture and Forestry (although these sectors have a low number of jobs), Hospitality and Arts & Recreation. These sectors are all stronger than the West Midlands region.

2.31   Population serving sectors such as Education and Healthcare are less specialised in the Lichfield economy compared to the region and in fact Education jobs in Lichfield are forecast to decline in the years to 2036.

2.32   In terms of the Tamworth local economy, the Wholesale and Retail sector has a strong specialisation over the regional trend. Manufacturing is also a key sector in the economy against the West Midlands region representation.

2.33   There are a number of sectors in Tamworth that are relatively weak in comparison to the regional representation. Of particular note are the Utilities, Public Administration and Defence, Education and Healthcare sectors. The weakness of these sectors is aligned with the representation of sectors in the Lichfield economy against the region. Unlike Lichfield, the

Mining, Agriculture and Forestry sectors in Tamworth are relatively weak compared to the regional representation, however the number of jobs in these sectors is low.

Implications

2.34   This section of the report establishes the baseline demographic, employment and economic position of Lichfield and Tamworth and makes comparisons to the trends occurring at a regional level in the West Midlands.

2.35   Both Lichfield and to a lesser extent Tamworth have an older population than either the West Midlands region or England and Wales. Growth in Lichfield's population has been driven by internal migration whereas in Tamworth the driver has been a positive natural change. With a working-age population of 62,700, Lichfield has a larger workforce than Tamworth (48,500).

2.36   In terms of the labour market, Lichfield's employment rate is 76% which is slightly lower than Tamworth (81%), yet both have a higher employment rate than the region (73%). In contrast, the unemployment rate in Lichfield is 4% which is lower than the West Midlands rate (5%). Tamworth's unemployment rate (6%) is above Lichfield and the region.

2.37   GVA in Lichfield was strong in the years leading to 2009, however decreased following the economic downturn of the global financial crisis. GVA in Lichfield has grown since 2015 and at 2017, Lichfield's economy produced goods and services valued at just over £2.1bn GVA and supported 57,800 jobs. Lichfield's GVA at 2017 equated to around 1.7% of the regional GVA.

2.38   In Tamworth, historic trends in GVA followed a similar pattern to Lichfield, however increased sharply at 2013 to reach just over £1.3bn at 2017. This equated to 1.3% of regional GVA. At the same point in time, Tamworth supported 32,300 jobs.

2.39   Over the 1991 to 2017 period, the Real Estate Activities and Wholesale and Retail Trade sectors in Lichfield experienced the greatest growth in GVA, increasing by 79% to £333m and 137% to £207m. Importantly, the Accommodation and Food Service Activities sector decreased in GVA by -58% between 1991 and 2017. During the same period, Tamworth experienced the greatest growth in the Transportation and Storage sector and at 2017, this sector accounted for the greatest value in GVA across all sectors in the local economy.

2.40   Population serving sectors such as Education and Healthcare are less specialised in the Lichfield economy whereas Agriculture and Forestry (although, this sector has a low number of jobs), Hospitality and Arts and Recreation are key sector strengths. In Tamworth, sectors that occupy employment land are more represented with Wholesale and Retail Trade having a strong specialisation in the region.

Demographic and Economic Baseline: Summary Points

- Lichfield has a working-age population of 62,700 and Tamworth 48,500.

- Growth in Lichfield's population has been driven by internal migration whereas in Tamworth growth comes from natural change.

- Lichfield's employment rate is 76% while Tamworth's is 81%. Tamworth's unemployment is at 6% which is above Lichfield (4%) and the greater West Midlands (5%).

- Between 1997 and 2017, Real Estate Activities along with Wholesale and Retail Trade sectors experienced the most GVA growth in Lichfield, while Accommodation and Food Services saw the greatest relative decline in GVA.

- In Tamworth, Transportation and Storage experienced the most growth and has the greatest overall representation compared to other sectors.

3   HOUSING NEED AND POPULATION GROWTH

Housing Need

3.1   Paragraph 214 of the revised NPPF (2019) states that any plans submitted after the 24th of January 2019 should be based on the 2019 version of the NPPF including the standard methodology. As such the revised framework applies for Lichfield District Council and Tamworth Borough Council.

3.2   In assessing housing need and deriving a housing target that means adopting the three-stage standard methodology. This is set out in the Planning Practice Guidance (PPG) in relation to Housing and Economic Needs Assessments which was revised in July 2018, again in September 2018 and most recently in February 2019.

3.3   Our approach below sets out the three-stage standard method for assessing housing need as applied to Lichfield and Tamworth. Although we have calculated the need over the 2019-29 period paragraph 12 of the PPG sets out that "The method provides authorities with an annual number, based on a 10-year base line, which can be applied to the whole plan period."

Step 1 - Setting the baseline

3.4   The baseline is set using the 2014-based national household growth projections. The PPG advises that "the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being the first year)" should be used.

Table 1:   **Step 1 - Setting the Baseline based on household projections**

2014-based projections	Lichfield	Tamworth
Households 2019	43,783	32,866
Households 2029	46,315	34,084
Change in households	2,532	1,218
Per annum change	253	122

3.5   This is a total of 2,532 new households in Lichfield and 1,218 new households in Tamworth over the 10-year period. This equates to an average annual household growth of 253 and 122 respectively. This annual average housing need is the core output of step 1.

Step 2 - An adjustment to take account of affordability

3.6   The second step of calculating housing need is an adjustment to the outputs of step one taking into account local affordability pressure. Affordability pressures are adjudged on "the most recent median workplace-based affordability ratios", published by ONS[2].

3.7   The exact calculation states that "for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent". The formula for the adjustment is calculated as below:

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ -4}{4}\right) x\ 0.25$$

3.8   The most recent median workplace-based affordability ratio in Lichfield is 8.89 and Tamworth's is 7.71.   The adjustment factor is therefore 0.31 for Lichfield and 0.23 for Tamworth. As the table below calculates a need for 331 homes per annum for Lichfield and 150 homes per annum in Tamworth.

Table 2:   Step 2 - Housing Need Derived from Baseline and Affordability Adjustment

	Lichfield	Tamworth
Per annum change (Step 1)	253	122
Affordability ratio (2018)	8.89	7.71
Uplift to household growth (adjustment factor)	31%	23%
Adjusted OAN (Step 2)	331	150

Source: GL Hearn based on MHCLG data

3.9   This step also ensures that there is no backlog need prior to the assessment date. As Paragraph 11 of the PPG states "The affordability adjustment is applied to take account of past under-delivery. The standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately."

Step 3 - Capping the level of any increase

3.10   The final step caps the level of increase to ensure the adjustment is realistic. In practice this only effects local authorities who have an adjustment greater than 0.4. This is the equivalent of an affordability ratio of 10.4.

3.11   Where the cap applies then depends on the current age and status of relevant strategic policies for housing. The Lichfield Local Plan was adopted in 2015 making it less than 5 years old for the purposes of the standard method. In addition, the Tamworth Local Plan was adopted in 2016 and thus is less than 5 years old.

2

https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian

3.12   Where the relevant strategic policies for housing were adopted less than 5 years ago (such as in Lichfield and Tamworth). Then the 40% is applied to above the average annual housing requirement figure set out in the existing policies.

3.13   The average annual housing requirement figure set out in the most recently adopted strategic policies in Lichfield is 478 and in Tamworth is 177 units per annum. A 40% cap in these areas would cap the need at 669 and 248 respectively however as set out in the table above the calculated need is much lower than this.

3.14   **Therefore, there is no cap applied and the need for the two local authorities remains at 331 dpa for Lichfield and 150 dpa for Tamworth.**

Population Growth

3.15   It is clear from the guidance that housing need is 331 dwellings per annum in Lichfield and 150 per annum in Tamworth. However, the guidance does not provide any indication of how this then translates into population growth.

3.16   While the population projections give us an indication of the population output for step 1, how the additional 78 dpa for Lichfield and 28 dpa for Tamworth (from step 2) translate into population growth is unclear.

3.17   An indication of how this should be tackled is set out in Paragraph 6 of the PPG which relates to the affordability adjustment:

> *"An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:*
>
> - *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
> - *people may want to live in an area in which they do not reside currently, for example, to be near to work, but be unable to find appropriate accommodation that they can afford."*

3.18   In other words, if the additional homes are to be filled and to address the issues set out above then a combination of reasonable improvements to household formation and increases to migration have to occur.

3.19   To allow for additional modelling to be undertaken in this report, a scenario has been developed which increases migration to the local authorities and builds in an improvement to the household formation of younger people such that there are sufficient households for 331 and 150 additional homes each year.

3.20   To be clear, the view taken in this report is that in moving from household growth in the official projections to the household growth likely to be associated with the Standard Method, increases in both migration and household formation can be expected.

Household Formation Rates

3.21   We have first sought to establish what a reasonable improvement to household formation rates entails. The latest Household Representative Rates (HRR) are contained in the ONS 2016-based sub-national household projections (SNHP) published in September 2018.

3.22   The 2016-based SNHP have come under some heavy criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The criticism of the 2016-Based HRR resulted in the consultation methodology employed in this report.

3.23   The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle. However, as the figure below shows while the 2014- based projections in Lichfield are marginally more positive than the 2016-based projections for those aged 25-34 there is still a clear and considerable deterioration in the ability to form a household since 2001 which is projected to continue.

Figure 12: Projected Household Representative Rates by age of head of household (selected age groups) – Lichfield
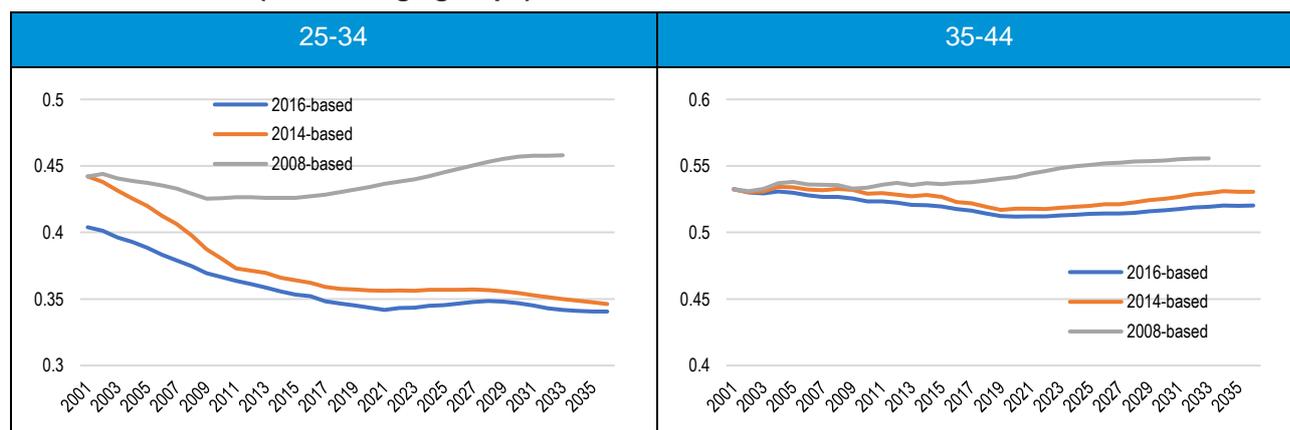
Source: Derived from ONS and CLG data

In Tamworth there is a greater similarity between the 2014-based and 2016-based projections however there is still a clear and considerable deterioration in the ability of those aged 25-34 to form a household since 2001 which is projected to continue.
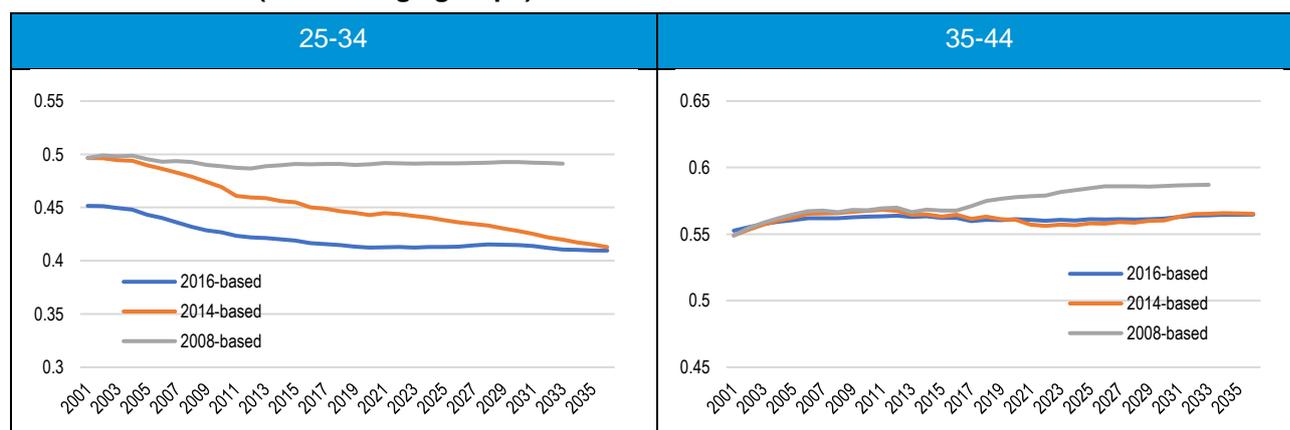
Figure 13: Projected Household Representative Rates by age of head of household (selected age groups) – Tamworth

Source: Derived from ONS and CLG data

3.24   The reduction in household formation rates in the 2014-based projection between 2001 and 2011 is likely to have increased the number of non-dependent children living with their parents and households sharing accommodation and concealed households.

3.25   In addition, when compared to the pre-recession 2008-based HRRs both the 25-34 and 35-44 age groups are much lower. These were based on pre-recession trends and are therefore reflective of a more positive housing environment.

3.26   If either the 2014-based or 2016-based HRR figures are used it would be clear that the objective of the affordability adjustment would not be met as households in these age groups would still not be able to form in the way that they once did and arguably should.

3.27   In such circumstances, it would be reasonable to consider a further adjustment to HRR, as otherwise, residents in these younger age groups would not be able to form households in the way in which they would perhaps like to or had done so historically.

3.28   A sensitivity test has thus been developed to model an increase in the household formation rates of the population aged 25-44. This links back to the 2014-based SNHP and can be termed a 'part-return-to-trend', where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was suggested by the Local Plans Expert Group (LPEG).

3.29   However, this amended HRR applied to the population projections is still well short of the Standard Method figure of 331 dwellings per annum in Lichfield and 150 per annum in Tamworth. On this basis, the (second stage) migration assumptions have been changed so that across the Borough the increase in households matches the Standard Method housing need (including a vacancy allowance).

Migration

3.30   The analysis draws on the most recent projections available, those being 2016-based sub-national population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which updates to mid-2017.

3.31   While this could be perceived as being contrary to the guidance in relation to housing need the PPG is silent on the population outputs for the standard methodology. We believe that the use of the 2016-based SNPP and 2017 MYE represent the most up to date and robust assessment of population growth to which to build on.

3.32   The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

3.33   In summary, the method includes the following assumptions:

- Base population in 2017 from the latest mid-year population estimates;
- Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
- The migration profile (by age and sex) in the same proportions as the 2016-based SNPP

3.34   In developing this projection, a notably higher level of population growth is derived for Lichfield (9,772 additional people compared with 3,900 in the 2016-based SNPP (as published)). A more apparent difference occurs in Tamworth, where the projected increase is 2,351 versus a decline of 1,200 in the 2016-based SNPP.

3.35   The age structure of the two projections is also somewhat different, with the projection linked to the Standard Method showing much stronger growth in what might be considered as 'working-age' groups. This arises because ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

3.36   The tables below show the age structure of the population projected to be consistent with the delivery of 331 dpa in Lichfield and 150 dpa per annum over the 2016 to 2036 period.

Table 3:   Population change 2016 to 2036 by five-year age bands – Lichfield (linked to the delivery of 331 dwellings per annum)

Projected population change in Lichfield (2016-36)				
	Population 2016	Population 2036	Change in population	% change
0-4	5,079	5,132	53	1.1%
5-9	5,684	5,661	-23	-0.4%
10-14	5,564	5,905	341	6.1%
15-19	5,612	5,670	58	1.0%
20-24	5,046	4,761	-285	-5.6%
25-29	5,284	5,660	376	7.1%
30-34	5,329	5,515	186	3.5%
35-39	5,719	6,486	767	13.4%
40-44	6,648	7,068	420	6.3%
45-49	7,721	7,127	-594	-7.7%
50-54	7,977	6,978	-999	-12.5%
55-59	6,893	6,680	-213	-3.1%
60-64	6,295	6,990	695	11.0%
65-69	7,261	7,884	623	8.6%
70-74	6,562	7,589	1,027	15.6%
75-79	4,550	6,127	1,577	34.7%
80-84	2,933	4,865	1,932	65.9%
85 & over	2,674	6,505	3,831	143.3%
Total	102,831	112,603	9,772	9.5%

Source: Demographic projections

3.37   There is projected to be a large increase in those over 60 and to a lesser extent those ages 25-44 and 10-19. There are notable declines in ages 45-59. In percentage terms the largest growth is in those aged over 85 – consistent with national trends.

3.38   In Tamworth there is expected to be growth only in age categories above 65. There is a particularly large increase in those 85 & over and those aged 80-84. There are notable declines between ages 0-34 and again 40-64. In percentage terms the largest growth is in those aged over 85 – again consistent with national trends. The largest decline in percentage terms is ages 45-49.

Table 4:   Population change 2016 to 2036 by five-year age bands – Tamworth (linked to the delivery of 150 dwellings per annum)

	Population 2016	Population 2036	Change in population	% change
Projected population change in Tamworth (2016-36)				
0-4	4,680	4,231	-449	-9.6%
5-9	4,974	4,346	-628	-12.6%
10-14	4,411	4,399	-12	-0.3%
15-19	4,543	4,347	-196	-4.3%
20-24	4,215	4,169	-46	-1.1%
25-29	5,035	4,888	-147	-2.9%
30-34	5,086	4,599	-487	-9.6%
35-39	4,701	4,908	207	4.4%
40-44	5,161	5,020	-141	-2.7%
45-49	5,749	5,095	-654	-11.4%
50-54	5,396	4,811	-585	-10.8%
55-59	4,809	4,363	-446	-9.3%
60-64	4,569	4,519	-50	-1.1%
65-69	4,578	4,884	306	6.7%
70-74	3,577	4,473	896	25.0%
75-79	2,427	3,708	1,281	52.8%
80-84	1,684	3,050	1,366	81.1%
85 & over	1,415	3,550	2,135	150.9%
Total	77,010	79,361	2,351	3.1%

Source: Demographic projections

3.39   The decline in those aged under 35 is indicative of the cliff-edge effect of demographics in Tamworth. It also indicates the difficulty that some employers may have in recruiting a suitable workforce without additional housing and population growth above the standard method.

Alternative Scenarios

3.40   We have also been asked to understand the implications of other levels of growth on the mix of housing within Lichfield and Tamworth. These scenarios are based on targets set out in the issues and options paper in Lichfield and within the adopted Tamworth Local Plan. These are:

- Lichfield
  - Scenario 1 – 9,660 dwellings (2016-36) – 483 dpa
  - Scenario 2 – 11,160 dwellings (2016-36) – 558 dpa
  - Scenario 3 – 25,660 dwellings (2016-36) – 1,283 dpa
- Tamworth
  - Scenario 1 – 5,000 dwellings (2016-36) – 250 dpa
  - Scenario 2 – 3,540 dwellings (2016-36) – 177 dpa

Housing Need and Population Growth: Summary Points

- The Standard Method housing need for Lichfield results in 331 dpa based on the 2014-based household projections. For Tamworth, the housing need is 150 dpa.

- Using our modelled approach to population growth we have ensured that household formation rates are improved and population growth through migration is increased. Our modelling shows a growth of 9,772 or 9.5% in Lichfield and 2,351 in Tamworth over the 2016-2036 period.

- However, the standard methodology only calculates the minimum need and there may be reasons for the Council to adopt a housing requirement in excess of this number.

4   EMPLOYMENT FORECASTS

4.1   Oxford Economics (OE) was commissioned by GL Hearn to provide baseline demand-based forecasts for the HEDNA. The OE forecast is dated May 2019.

4.2   The baseline model is the lowest hierarchical level of the OE framework of forecasting models. Such a modelling framework ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at local authority level. This framework ensures that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in the OE global, national and sectoral forecasts have an impact on the local area forecasts alongside the sectoral structure and past sector performance locally.

Figure 14: Hierarchal structure of Oxford Economics' suite of models
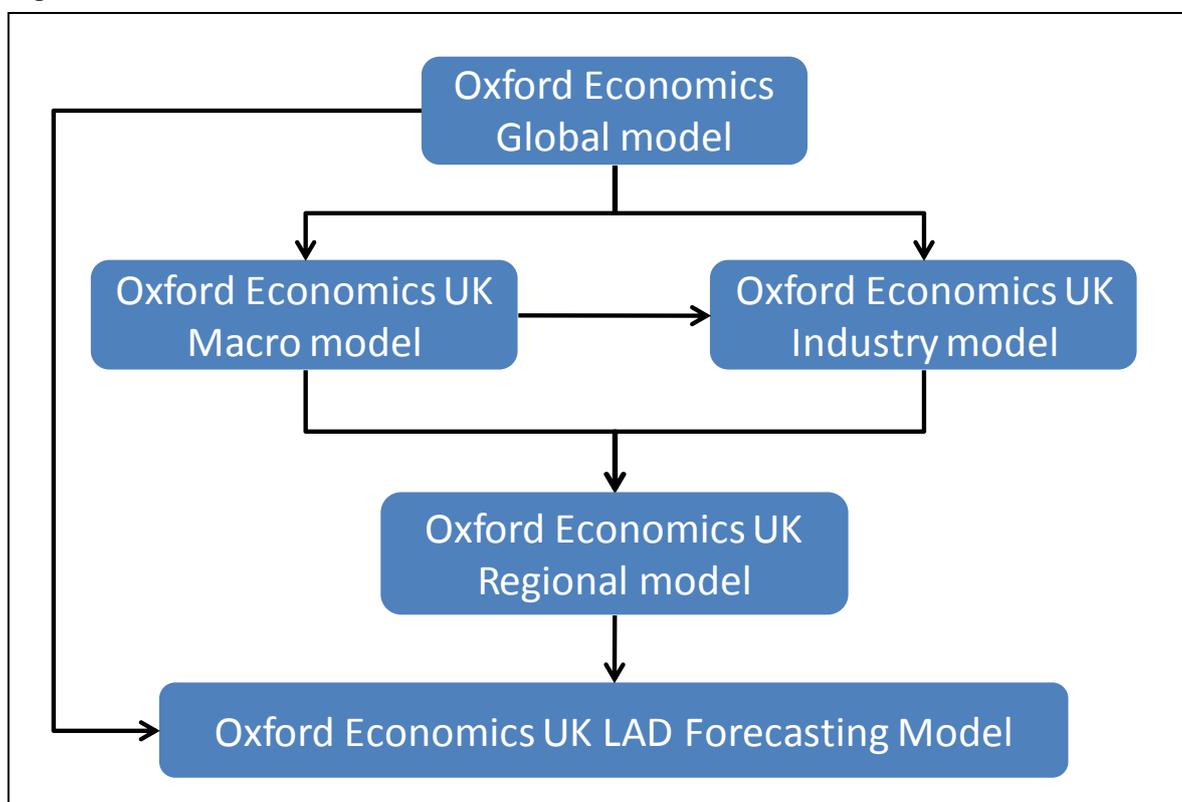
Source: Oxford Economics, 2016

4.3   The baseline forecasts for the HEDNA are essentially shaped by three factors:

- International, national and regional outlooks - all the local area forecasts produced by OE are fully consistent with broader regional, national and international models and forecasts. This ensures global events that impact on the performance of UK local economies, such as the strength of global trade are fully captured in the forecasts for a local area. So too are national level growth and policies, whether that be the impact of monetary policy on consumer spending or government spending on locally provided public services;

- Historical trends in an area, which implicitly factor in supply side factors affecting demand, combined with the OE and GLH knowledge of local areas and the patterns of local economic development. This ensures for example, that we recognise and factor in to the forecasts any evidence of particularly high/low levels of competitiveness that local

economies have in particular activities. It also means national policy programmes that have a particular local impact and that are very likely to happen; and

- Fundamental economic relationships which interlink the various elements of the outlook. OE's models ensure full consistency between variables in a local area. For example, employment, commuting, migration and population are all affected by one another.

4.4 The forecasts are produced within a fully-integrated system, which makes assumptions about migration, commuting and activity rates when producing employment and population forecasts. Note that these are different assumptions from those set out earlier in this report and therefore different from the demographic growth assessment. The main internal relationships between variables are summarised in the Figure below.

Figure 15: Employment Forecasting Main Relationships
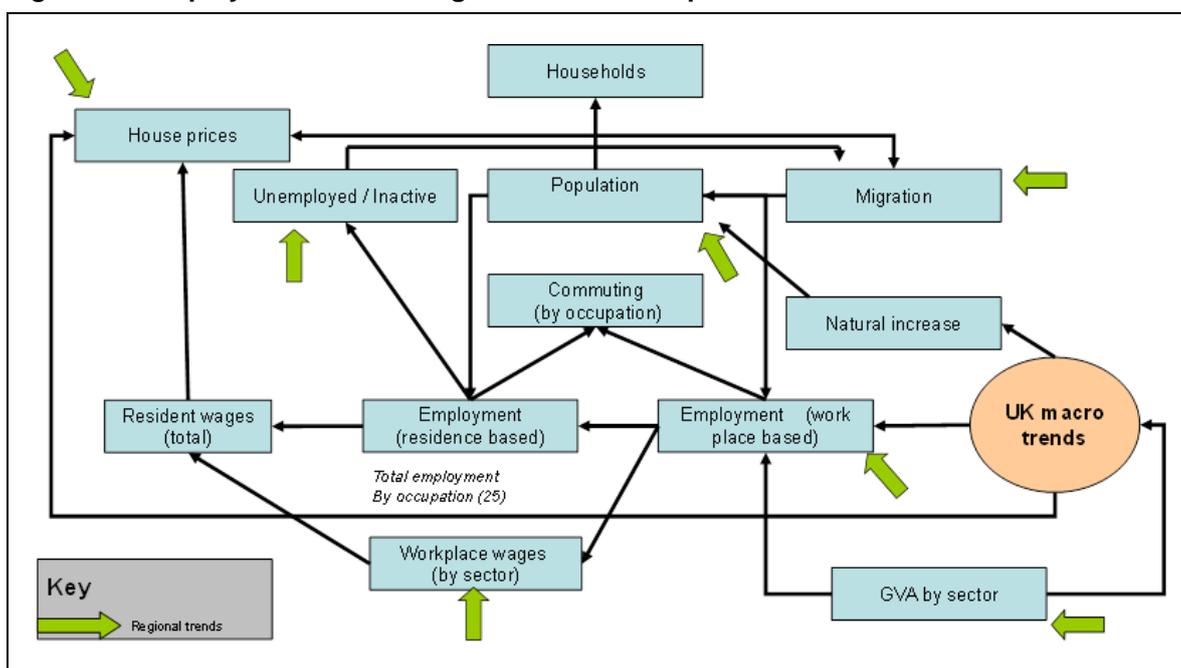
Source: Oxford Economics, 2016

4.5 The starting point for producing employment forecasts for a local authority is the determination of workplace-based employees in employment in each broad sector. There are two key sources for this – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES). The WFJ series is reported on a quarterly basis, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent government office regions. The BRES Survey is an annual survey of businesses which is used to estimate the employment levels by different sectors.

4.6 Within the OE model migration is expected to grow or decline in parallel with the employment total. If the employment total within an area is falling too fast, migration also falls as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This ensures that the relationship between the labour market outlook and the population outputs are inter-linked.

Disaggregating Growth

4.7　The Oxford Economics forecasts are based on a global view of growth which is translated to the UK, then the West Midlands region and then each local authority within the region. Within the hierarchy the growth in the lower level in the hierarchy must add up to that of the level above within the baseline forecast. How the national level of growth is translated to a regional and local authority level differs from sector to sector. Some of the sectors are driven predominantly by population estimates, others by total employment in the area and the remainder by the sector's performance relative to the regional performance (largely exporting sectors).

4.8　The methods of sectoral projection are as follows, each of which are forecast based upon recent trends:

- Agriculture - share of the regional employment
- Mining and quarrying - share of the regional employment
- Manufacturing - share of the regional employment
- Electricity, gas, and steam - share of the regional employment
- Water supply; sewerage, waste management - share of the regional employment
- Construction - location quotient (LQ) based upon total employment
- Wholesale and retail trade - LQ based upon consumer spending
- Transportation and storage - LQ based upon consumer spending
- Accommodation and food service activities - LQ based upon consumer spending
- Information and communication - share of the regional employment
- Financial and insurance activities - share of the regional employment
- Real estate activities - LQ based upon total employment
- Professional, scientific and technical activities - LQ based upon total employment
- Administrative and support service activities - LQ based upon total employment
- Public administration and defence - LQ based upon sectoral employment per population
- Education - LQ based upon sectoral employment per population
- Human-health and social-work activities- LQ based upon sectoral employment per population
- Arts, entertainment and recreation - LQ based upon consumer spending
- Other service activities LQ based upon consumer spending

4.9　Because of the way national forecasts are disaggregated the baseline growth in any given local authority largely reflects the relative strength of the sectors expected to grow nationally. In practice this means that local authorities with a particular strength in their professional, scientific and technical sector and/or the administrative and support sectors (as the drivers of growth nationally) will see notable growth.

Baseline Forecast

4.10　In this section we have provided the baseline forecast up to 2036 with historic data up to 2017. Oxford Economics indicate the Lichfield economy is expected to grow by 1.1% per annum

(GVA) going forwards, compared with last positive economic cycle being 2.9% (1997-2007) reduced to 1.0% taking into account the downturn period (1997- 2017).

4.11   Tamworth's GVA growth is forecast 0.8% whereas historically 2.7% was achieved 1997 to 2007, and 3.0% 1997 to 2017 due to a correction between 2013 and 2016 (GVA growth was 0.9% 1997-2013 only).

4.12   In terms of employment, the Lichfield economy is expected to grow by 0.1% per annum to 2036, which is considerably slower than the growth achieved over the previous long-term average of 1.5% (1997- 2017). Lichfield experienced a strong positive correction after the last recession (see fig below).

4.13   Tamworth's historic employment performance was 0.3% over the 1997-2017 period, forecast forwards this is expected to by -0.3%. Tamworth has not experienced a positive employment correction after the last downturn. At the regional level, the West Midlands grew at 0.6% per annum over the same historic period and is forecast to grow at 0.2% to 2036.

Figure 16: Baseline Employment Forecast (1991-2036)
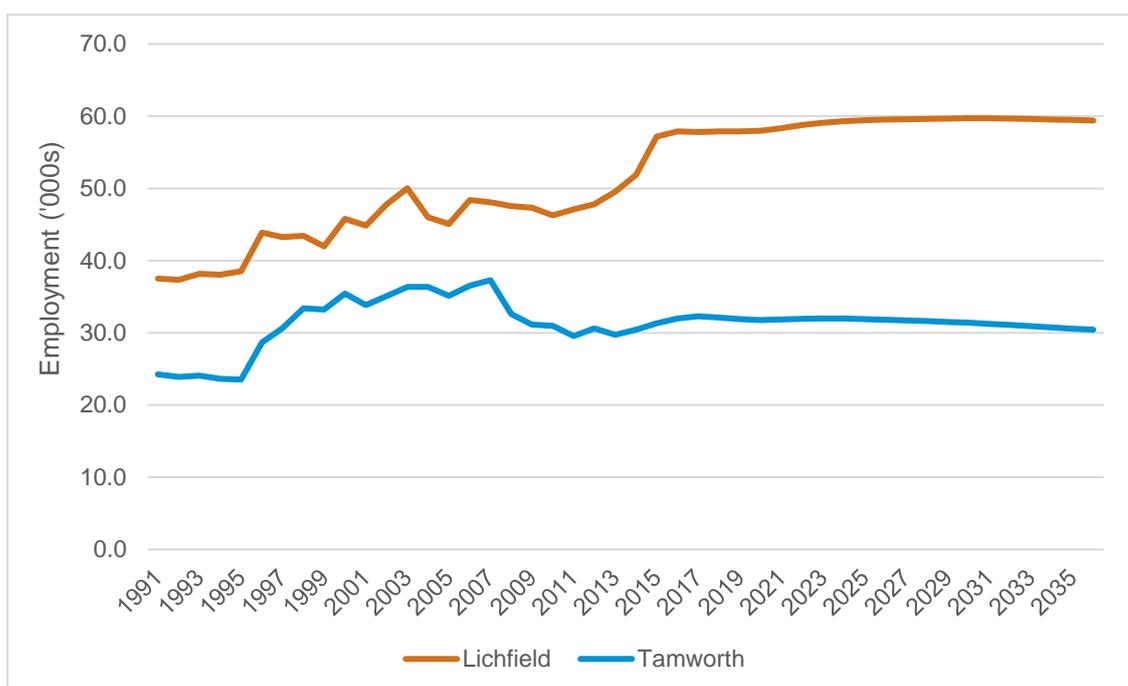
Source: Oxford Economics 2019

4.14   The sectoral change in Lichfield jobs between 2017 and 2036 is set out below. For Lichfield baseline jobs growth forecast identifies key change in:

- Professional services + 1,120
- Admin & support + 960
- Healthcare + 600
- Arts & entertainment + 540

- Construction + 530
- Finance and insurance - 120
- Education - 180
- Public administration - 230
- Wholesale / retail – 320
- Manufacturing – 1,260

Figure 17: Lichfield Employment 2017 2036 ('000s)
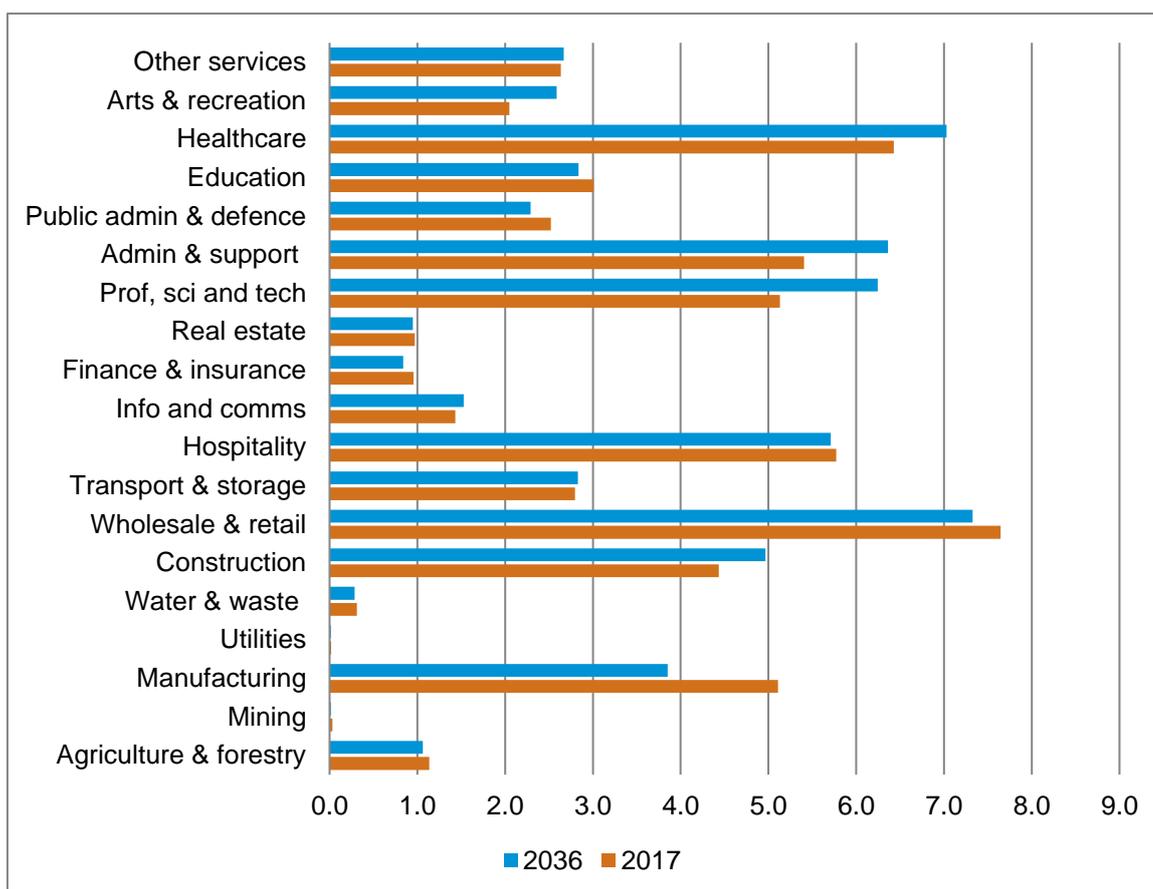
Source: Oxford Economics 2019

4.15   The sectoral change in Tamworth jobs between 2017 and 2036 is set out below. For Tamworth
baseline jobs growth forecast identifies key change in:

- Arts & entertainment + 250
- Admin & support + 230
- Professional services + 220
- Construction + 110
- Public administration - 110
- Hospitality - 130
- Transport – 160
- Education - 250
- Wholesale / retail – 890
- Manufacturing – 1,130

Figure 18: Tamworth Employment 2017 2036 ('000s)
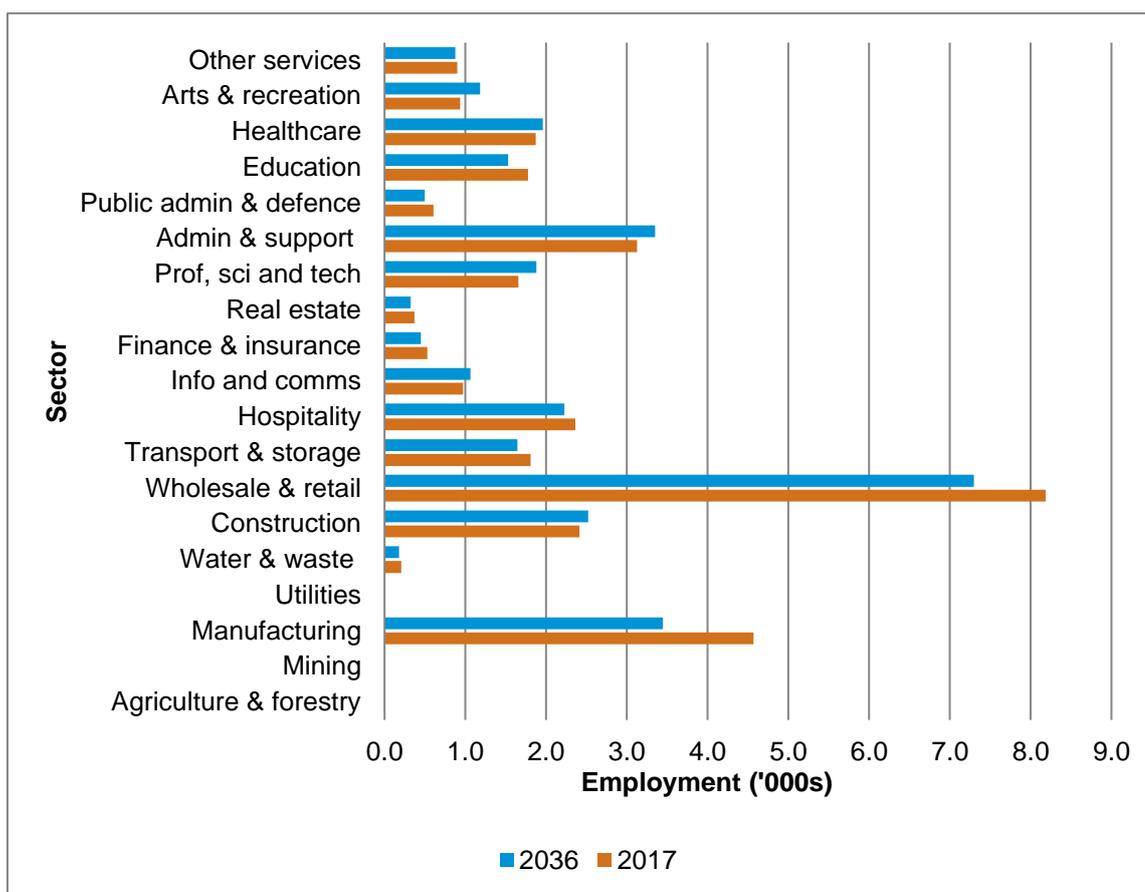
Source: Oxford Economics 2019

4.16   The trends indicated above for the two areas broadly reflect those at the regional and national level, with gains in office-based service sector employment and declines in manufacturing, retail and some public services.

4.17   The table below sets out the change in compound annual growth rate for both GVA and employment.

4.18   This demonstrates that manufacturing is forecast to see productivity gains and growth despite a decline in employment, anticipated to be driven by mechanisation and automation. The ICT sector is forecast for growth in GVA but limited employment whereas professional services and admin and support are forecast for both GVA and employment growth (to a lesser degree in Tamworth). The arts & recreation sector is anticipated for employment growth but lesser change in GVA.

Table 5: **Regional and local CAGR in GVA and employment 2017-2036**

Sector	West Midlands		Lichfield		Tamworth	
	GVA	Employ.	GVA	Employ.	GVA	Employ.
Manufacturing	0.4%	-1.6%	0.4%	-1.5%	0.6%	-1.5%
Construction	0.3%	0.8%	0.3%	0.6%	0.0%	0.2%
Wholesale & retail	0.8%	-0.2%	0.8%	-0.6%	0.6%	-0.6%
Transport & storage	0.7%	0.1%	0.7%	0.1%	0.3%	-0.5%
Hospitality	0.6%	0.1%	0.6%	-0.1%	0.5%	-0.3%
Info and comms	2.1%	0.3%	2.1%	0.3%	2.6%	0.5%
Finance & insurance	0.8%	-0.7%	0.8%	-0.7%	0.9%	-0.8%
Real estate	0.9%	0.1%	0.9%	-0.1%	0.5%	-0.7%
Prof, sci and tech	2.0%	1.3%	2.0%	1.0%	1.9%	0.7%
Admin & support	1.3%	1.2%	1.3%	0.9%	1.0%	0.4%
Public admin & defence	-0.4%	-0.5%	-0.4%	-0.5%	-1.1%	-1.0%
Education	-0.3%	0.0%	-0.3%	-0.3%	-0.9%	-0.8%
Healthcare	1.3%	0.6%	1.3%	0.5%	1.2%	0.2%
Arts & recreation	0.3%	1.4%	0.3%	1.2%	0.5%	1.2%
Other services	0.1%	0.2%	0.1%	0.1%	0.0%	-0.2%
Total	1.1%	0.2%	1.1%	0.1%	0.9%	-0.3%

Source: Oxford Economics 2019 / GL Hearn analysis

Alternative Growth Scenarios

4.19 While the baseline forecast provides a good indication of the direction of growth it does not necessarily reflect the progression of some specific sectors locally. We have considered the Baseline Forecast for these sectors and reviewed the historic and future trends for the areas in each and compared this to regional trends in particular. The earlier location quotient analysis presents these sectors. We have also undertaken discussion with economic development officers at the local authorities in order to identify business closures, investments or programmes that may influence the local economic performance.

4.20 For Lichfield, key matters for consideration include:

- Strength in the tourism and hospitality sector
- Above average employment in B Class sectors of construction and to a lesser extent professional services and administration
- Arts & recreation strong local sectors
- Planned developments at (i) Lichfield South of c12,500 sqm offices and (ii) c44,000 sqm industrial warehousing at Liberty Park.

4.21 For Tamworth:

- Above average employment in B Class sectors of manufacturing and construction and to a lesser extent ICT and administration
- Wholesale / retail as a strong local sector
- Planned expansions and business support in the hospitality sector including a new hotel

- Consideration of resilience and recent growth in the manufacturing sector

4.22   Growth plans identified by Local Enterprise Partnership (LEPs) of Greater Birmingham and Solihull and Stoke-on-Trent and Staffordshire identified a number of sectors which are expected to see high levels of jobs growth in both districts:

- Advanced manufacturing and engineering – particularly for transport technologies
- Life sciences;
- Opportunities linked to HS2;
- Cultural and creative assets;
- Business, professional and financial services;
- Tourism and leisure; and
- Disruptive and emerging technologies (including digital and open data, intelligent and smart systems, advanced materials and low carbon energy).

4.23   The 2019 Business Data Analysis Study for Lichfield and Tamworth concludes that Lichfield is well placed to build on its current base of advanced manufacturing businesses, and is also well-placed to continue developing its tourism and leisure sector. For Tamworth it notes that the Borough has recorded strong growth of its established manufacturing sector and the continued expansion of its logistics sector in terms of new enterprises and jobs created. These sectors (alongside others such as transport and communication and information technology) could provide the basis for driving further economic growth.

4.24   Notwithstanding the above, the long term outlook for aggregate manufacturing employment in the UK / West Midlands as well as the historic performance since the 90s in both the study areas suggests a pattern of long-term decline in employment. In both area manufacturing employment decline stabilised in 2007-08 with some recent growth in Tamworth albeit forecast to decline by Oxford Economics.

4.25   Taking into account the above, some limited adjustments are considered appropriate as set out in the table below.

Table 6:   Jobs Growth by Sector, Baseline and Growth Scenario, 2017-2036

Sector	Authority	Baseline Scenario	Growth Scenario	Justification
Agriculture, Mining, Utilities	Lichfield	-110	-110	
	Tamworth	-	-	
Manufacturing	Lichfield	-1,260	-180	Lower quartile of OE forecast and 2009-17 performance for key sub sectors
	Tamworth	-1,130	-310	Lower quartile of OE forecast and 2009-17 performance
Construction	Lichfield	530	530	
	Tamworth	110	110	
Wholesale Retail	Lichfield	-320	-320	
	Tamworth	-890	-890	
Transport Storage	Lichfield	30	530	Adjusted upwards reflecting Liberty Park development
	Tamworth	-160	-160	
Accommodation and Food and Beverage	Lichfield	-60	-60	
	Tamworth	-130	130	Lower quartile of OE forecast CAGR and 2009-17 performance reflecting local investment
Professional and Scientific Services inc ICT, Real Estate, Finance	Lichfield	1,070	1,070	
	Tamworth	180	180	
Business Support Services	Lichfield	960	960	
	Tamworth	230	230	
Public Administration and Defence	Lichfield	-230	-230	
	Tamworth	110	110	
Education	Lichfield	-180	-180	
	Tamworth	-250	-250	
Health	Lichfield	600	600	
	Tamworth	90	90	
Creative and Recreation	Lichfield	540	540	
	Tamworth	250	250	
Other	Lichfield	30	30	
	Tamworth	-30	-30	
Total	Lichfield	**1,610**	**3,180**	
	Tamworth	**-1,870**	**-790**	

Source: Oxford Economics and GL Hearn (numbers may not sum due to rounding)

4.26   Manufacturing losses are reduced in Tamworth to 2036 taking into account ongoing short run recent growth followed by a more gradual future decline. A minor adjustment is made to the Tamworth local hospitality sector given historic performance and local investment. Lichfield's transport sector is adjusted upwards albeit at a slightly reduced rate than the total potential

jobs at Liberty Park taking into account wider changes in the distribution sector in terms of automation and lower employment densities - uplift occurs between 2021-25 at 100 jobs p.a.

4.27   No office related uplift is applied to Lichfield as strong growth is already forecast. In Lichfield manufacturing sub sectors of chemicals, minerals, electrics and motor vehicles have seen recent growth potential for advanced manufacturing have had their forecast growth rate halved, leading to a reduced overall decline in the sector.

4.28   The Growth Scenario has considered the sectors which, given the local economic drivers, would be expected to see stronger future performance. A summary of the position is reported below. Whilst future performance is reported as below past trends it does reflect the wider regional position.

Table 7:   Employment Growth Scenarios Comparison

	1997-2017	2009-2017	2017	2036	2017-36	2017-36
	Growth Per Annum	Growth Per Annum	Jobs	Jobs	Jobs Growth	Growth Rate Per Annum
Lichfield Baseline	1.5%	2.5%	57,800	59,400	1,600	0.1%
Lichfield Adjusted	1.5%	2.5%	57,800	60,980	3,180	0.3%
Tamworth Baseline	0.3%	0.4%	32,300	30,400	-1,900	-0.3%
Tamworth Adjusted	0.3%	0.4%	32,300	31,500	-790	-0.1%
West Midlands*	0.6%	1.3%	2,926,000	3,034,000	108,000	0.2%

Source: Oxford Economics and GL Hearn (numbers may not sum due to rounding)

* Regional numbers unadjusted for local change in growth

4.29   Considering the above factors as a whole, we consider the Growth Scenario to be a reasonable forecast of economic growth for the purposes of assessing future employment and housing needs taking account of local drivers and historic trends.

Employment Forecasts: Summary Points

- The baseline forecast produced by Oxford Economics indicates that the Lichfield economy is expected to grow by 1.1% per annum (GVA growth pa) between 2017 and 2036. The total number of jobs growth forecast is 1,600 which equates to an annual growth rate of 0.2%.

- For Tamworth the economy is expected to grow by 0.8% per annum (GVA growth pa) between 2017 and 2036. The total number of jobs growth forecast is -1,900 which equates to an annual growth rate of -0.3%.

- As with the national forecasts this is a slower level of growth compared to the previous business cycle. However, this is justified as both consumer and public sector expenditure is expected to fall alongside a downside short term effect of Brexit.

- However, these baseline forecasts are largely trend based and do not reflect local investment or planned growth. We therefore considered adjustments to the forecasts to reflect this.

- The adjusted growth scenario results for Lichfield in an additional employment growth from the Baseline Scenario (2017-36) taking the total jobs growth to around 3,180 representing growth of 0.3% pa, slightly above the regional performance.

- The adjusted scenario for Tamworth reduces the position of decline to a lower loss of -790 jobs.

- Professional services and admin & support sectors account for the greatest employment growth in Lichfield at c1,000 jobs each. In Tamworth the sectors of arts & entertainment, admin & support and professional services are the strongest growth sectors at around 200 jobs each.

- Losses are forecast in manufacturing, wholesale and retail in both areas whereas manufacturing losses are restricted in both areas under the growth scenario.

5   ECONOMIC GROWTH AND HOUSING NEED

5.1   In this section, consideration is given to economic growth and how this may influence the level of housing need and also what level of jobs could be supported through the standard methodology and the alternative levels of growth.

5.2   While the standard methodology removes any consideration of economic growth within the OAN, there is still a requirement for local authorities to align their economic and housing strategies. By failing to do so Local Authorities would either struggle to meet their economic growth aspirations or draw a greater level of workforce from outside the borough thus creating unsustainable commuting patterns.

5.3   The PPG is also clear that the standard methodology is also a minimum and that where growth strategies are in place this might entail the actual housing requirement being higher than the figure identified by the standard method.

5.4   This section of the report seeks to understand the employment level generated by the standard methodology and compares this to the most recent economic forecasts supporting the Council's strategy.

Number of Jobs Supported by the Standard Method

5.5   As set out in the previous chapter the three-stage approach to circulating housing need results in a total need for 331 dpa and a population growth of 9,772 in Lichfield along with a total need for 150 dpa and a population growth of 2,351 in Tamworth. However, to translate this into a labour force growth and jobs growth a series of assumptions need to be made.

5.6   The first step is to understand how economic activity might change and therefore what the resident labour force would be. There are several factors in relation to the economic activity rates including age profile, unemployment and the changing pensionable age.

5.7   Unemployment in Lichfield and Tamworth was also analysed to reveal changes over time. As the figure below shows the rates are somewhat in line with broader economic cycles. The level of unemployment in each area has remained similar relative to each other.

5.8   Unemployment in both Lichfield and Tamworth was at its highest during the Global Financial Crisis from 2008/9. In the years following this, unemployment started to decrease. In both Tamworth and Lichfield unemployment continued to fall to 2015. In the period since unemployment in Tamworth has risen, while in Lichfield there have been no notable signs of an increase.

Figure 19: Number of people unemployed (2004-2018)
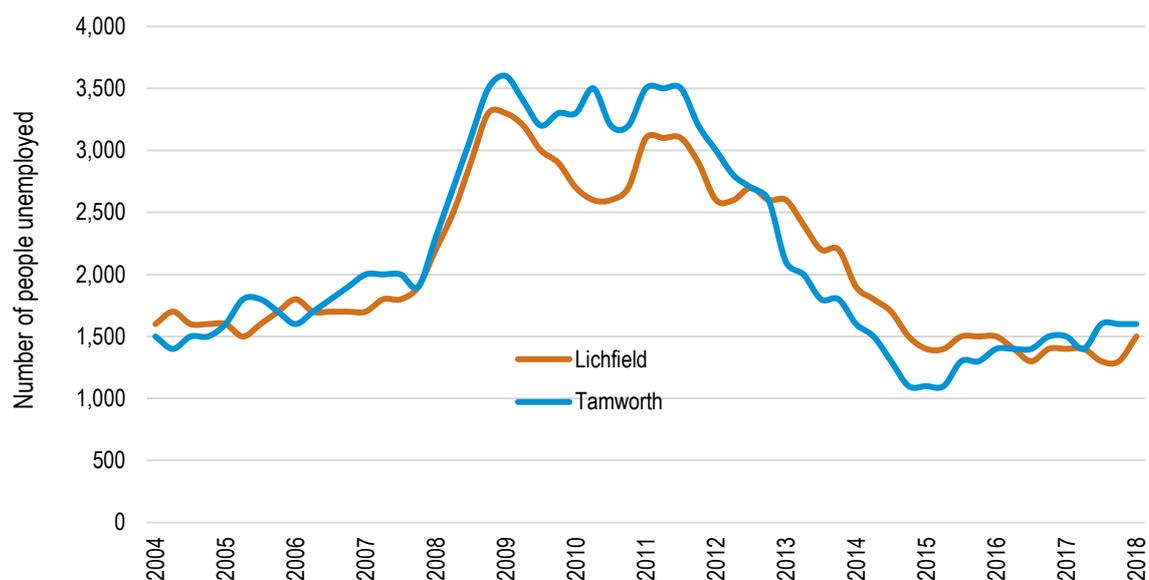
Source: Annual Population Survey

5.9   There were 1,600 people unemployed in Tamworth and 1,500 in Lichfield in 2018. It is to be noted, however, that because Tamworth has a lower overall population, their unemployment rate is considerably higher. The model assumes no further changes moving forward as current rates are low.

5.10   We next considered how economic activity may change between 2016 and 2036.   For this, we drew on the Office of Budget Responsibility (OBR) Fiscal Sustainability Report (July 2018) but adjusted to reflect the start point and age structure in both Lichfield and Tamworth.   The figures below illustrate the predicted changes to economic activity rates for both males and females.

Figure 20: Changes to the economically active population, Lichfield (2016-36) – linked to 331 dpa
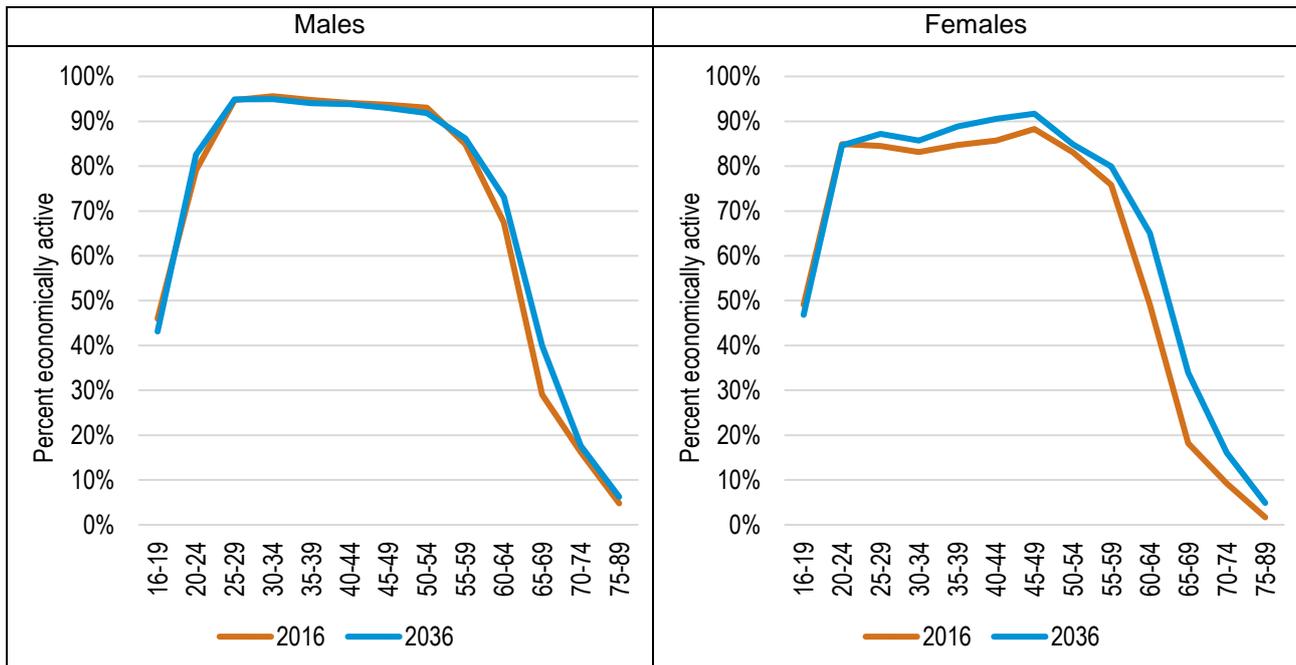
Source: Demographic projections

Figure 21: Changes to the economically active population, Tamworth (2016-36)– linked to 150 dpa
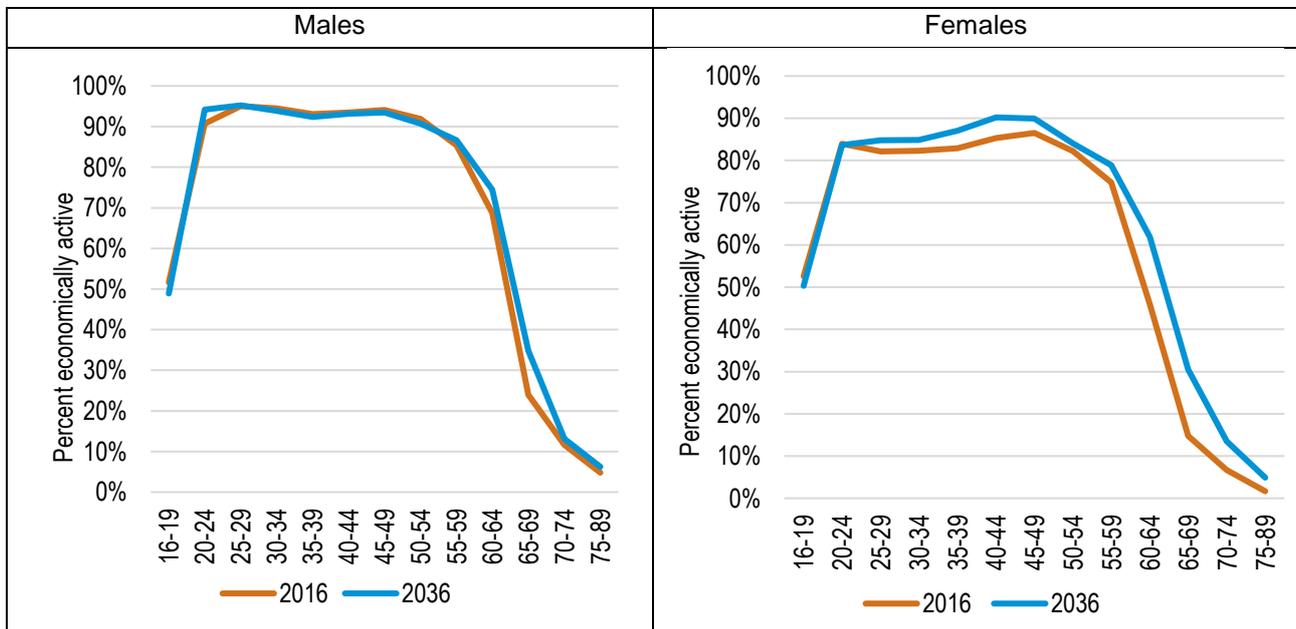
Source: Demographic projections

5.11   The percentage of economically active males (left charts) is forecast to broadly continue the same trend to 2035 albeit with a slightly higher percentage being economically active over the age of 60. For females (right charts), the change is slightly more apparent. It is projected that a higher percentage of the economically active female population will be working from the 20

to 49 age group and older. In both cases this is linked to both improving longevity and also changes to the pensionable age.

5.12   Applying these assumptions to the population growth emanating from the standard methodology and the other scenarios it is possible to assess the growth in the economically active population in the two local authorities.

5.13   As the table below shows an additional 3,807 economically active persons would be created in Lichfield under the standard method. This increases to 32,777 economically active persons under Scenario 3.

Table 8:   Jobs supported by growth in the economically active population - Lichfield (2016-36)

	Economically active (2016)	Economically active (2036)	Total change in economically active
Standard Method	52,898	56,705	3,807
Scenario 1	52,898	61,330	8,432
Scenario 2	52,898	63,612	10,714
Scenario 3	52,898	85,675	32,777

Source: Range of sources

5.14   In Tamworth an additional 227 economically active persons would be created under the standard method. This increase to an additional 3,119 economically active based on Scenario 1.

Table 9:   Jobs supported by growth in the economically active population – Tamworth (2016-36)

	Economically active (2016)	Economically active (2036)	Total change in economically active
Standard Method	40,938	41,166	227
Scenario 1	40,938	44,058	3,119
Scenario 2	40,938	41,947	1,009

Source: Range of sources

5.15   The final step is to translate this growth to jobs taking account of those with more than one job and those who are likely to commute in to and out of the borough for work.

Commuting Patterns

5.16   The table below shows the commuting ratio for Tamworth and Lichfield and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

5.17   As the table shows both Lichfield and Tamworth are net out-commuter towns. The number of people in employment who live in Lichfield is 9% higher than the total number of people who work in the area. The number increases to 26% in Tamworth reflecting both areas links to Birmingham, with Tamworth having slightly better links.

Table 10:   Commuting Patterns (2011)

	Lichfield	Tamworth
Live and work in Local Authority (LA)	14,663	13,681
Home workers	6,262	2,809
No fixed workplace	3,722	2,634
In-commute	20,417	11,339
Out-commute	24,692	19,268
Total working in LA	45,064	30,463
Total living in LA (and working)	49,339	38,392
Commuting ratio	1.09	1.26

Source: 2011 Census

5.18   This means that for every 1,000 jobs created in Lichfield and Tamworth then the Local Authorities needs an additional 1,090 and 1,260 residents respectively. The proportion of people commuting to and from the two local authorities isn't assumed to change even if the number of jobs does.

5.19   This is an important consideration to assume otherwise would see local authorities planning their labour force growth on a population which is no longer commuting to an area or housing growth which under or over-estimates the demand.

5.20   It is also not unreasonable to assume that commuting patterns will change in future however such changes should be agreed under the duty to cooperate. It will be for the local authorities to decide the merits of different policy approaches to changing commuting patterns.

Double-Jobbing

5.21   We also need to consider that some people will hold down more than one job. Where data is available, double jobbing has been analysed to show the percentage of people with multiple jobs at once. This is drawn from the Annual Population Survey.

5.22   Since 2004, the proportion of residents with a second job has fluctuated, however it has constantly remained below 7%. The long-term averages are 3.8% in Lichfield and 3.0% in Tamworth, which will be used in the modelling.

Figure 22: Percentage of all people in employment who have a second job (2004-2018)
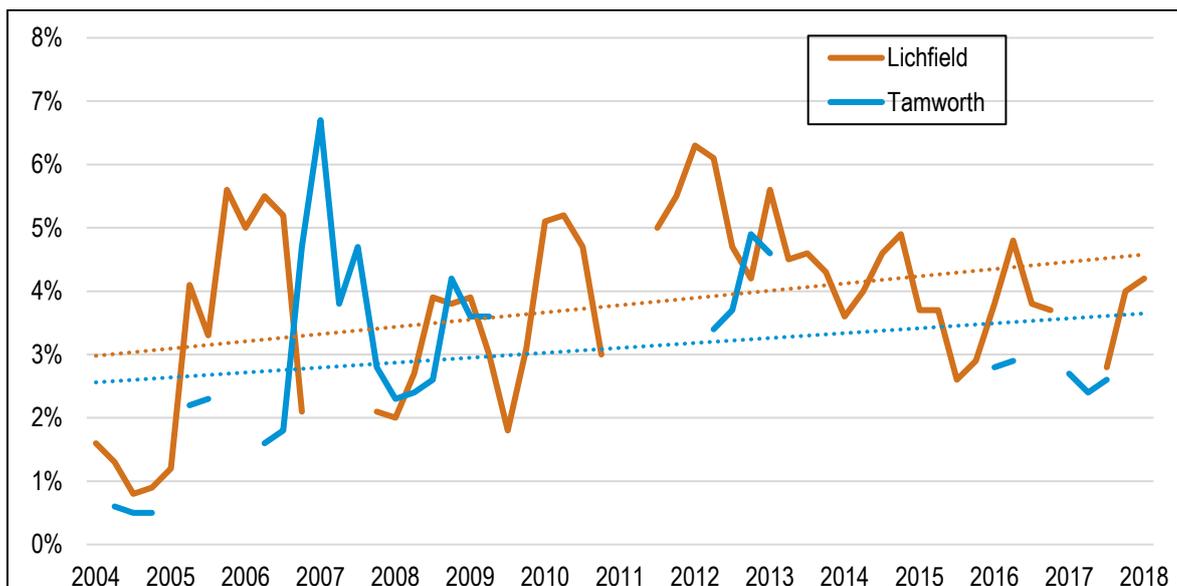
Source: Annual Population Survey

5.23   To translate the number of economically active residents into the number of jobs supported the commuting ratio is multiplied by the double-jobbing rate to get to an adjustment factor relevant to each area.

5.24   As the table below shows this calculation results in 3,614 jobs being supported over the 2016-36 period in Lichfield. This equates to 181 jobs per annum using the standard method. Other scenarios generate higher growth in the economically active population.

Table 11:   Jobs supported by growth in the economically active population - Lichfield (2016-36)

	Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)	Jobs Supported Per Annum
Standard Method	3,807	3,477	3,614	181
Scenario 1	8,432	7,701	8,004	400
Scenario 2	10,714	9,786	10,170	509
Scenario 3	32,776	29,936	31,111	1,556

Source: GLH Modelling

5.25   As the table below shows 186 jobs will be supported over the 2016-36 period in Tamworth. This equates to 9 jobs per annum using the standard method. Other scenarios generate higher growth in the economically active population.

Table 12: Jobs supported by growth in the economically active population - Tamworth (2016-36)

	Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)	Jobs Supported Per Annum
Standard Method	227	180	186	9
Scenario 1	3,119	2,475	2,551	128
Scenario 2	1,009	801	825	41

Source: GLH Modelling

Comparison to Employment Forecasts

5.26 To ensure that the two local authorities have enough workforce to meet their economic ambitions we have compared the above outputs with economic forecasts produced by Oxford Economic Forecasts in April 2018 and the growth scenario. In addition, we have also calculated the number of homes required to meet the baseline and growth scenario

5.27 As the previous chapter set out the Oxford Economic forecasts show a growth of around 1,494 for Lichfield and a decline of 1,539 in Tamworth over the 2016-36 period. The growth scenario revised these upwards to 3,075 and a decline of 465 per annum. These scenarios are summarised below.

Table 13: Oxford Economic forecasts for Lichfield and Tamworth

	OE Baseline				Growth Scenario			
	2016	2036	Change	Change Per Annum	2016	2036	Change	Change Per Annum
Lichfield	57,905	59,399	1,494	75	57,905	60,979	3,075	154
Tamworth	31,967	30,429	-1,539	-77	31,967	31,502	-465	-23

Source: Oxford Economics and GLH, 2019

5.28 As demonstrated even the most optimistic scenarios results in a considerably smaller number of jobs than that supported by the standard methodology in the case of Lichfield, and a very large difference compared to the standard methodology of Tamworth. We can therefore conclude that both local authorities do not require any additional homes above the standard method in order to support economic growth.

5.29 However, it is also worthwhile understanding how many homes would be required to support the forecasted economic growth. To achieve this calculation the above steps are undertaken in reverse.

5.30 When double jobbing and commuting adjustments are made to the total jobs calculated, the increase in the number of economically active residents increases by 1,574 in Lichfield and

decreases by 1,881 in Tamworth. These results reflect the fact that many more people commute out of Tamworth for employment than from Lichfield.

Table 14:   Change in economically active population needed to meet job forecasts (2016-36)

	Forecast job change	Allowance for net commuting	Allowance for double jobbing (=change in economically active)
Lichfield	1,494	1,636	1,574
Tamworth	-1,539	-1,940	-1,881

Source: GLH and Oxford Economics, 2019

5.31   Again, we need to translate this into population using the above economic activity rates and then into households and to do this we have used the "part return to trend" household formation rates. It is also necessary to include a vacancy rate to translate households into dwellings. We have used a standard 3% vacancy rate for this step.

5.32   For the baseline scenario this results in a housing need of 258 dwellings per annum for Lichfield and 77 dwellings per annum for Tamworth, and for the growth scenario this results in a housing need of 323 dwellings per annum for Lichfield and 94 dwellings per annum for Tamworth.

Table 15:   Household and dwelling projections from baseline (2016-36)

		HHs 2016	HHs 2036	Change in HHs	Change per Annum	Dwellings
Baseline Forecasts	Lichfield	42,813	47,181	5,153	250	258
	Tamworth	32,351	33,846	1,541	75	77
Growth Scenario	Lichfield	42,813	49,083	6,270	313	323
	Tamworth	32,351	34,174	1,823	91	94

Source: GLH modelling, 2019

5.33   While this is the number of homes required to support the local economy, it should be stressed that this is not a robust definition of housing need. The OAN should remain those set out by the standard methodology.

Economic Growth and Housing Need: Summary Points

- We have examined the link between housing and employment in Lichfield and Tamworth drawing on several assumptions.

- Linked to population growth and age profile in each area, commuting patterns, double jobbing and economic activity rates, the standard method (331 dpa) housing need in Lichfield would support an increase of 32,776 jobs over the 2016-36 period (1,639 jobs per annum).

- In Tamworth, the standard method of 150 dpa would support an increase of 227 jobs over the planning period, or roughly 11 jobs per annum, whereas Scenario 1 supports 156 jobs per annum and Scenario 2 supports 50 jobs per annum.

- We have also reviewed the number of homes required to support the jobs growth based on Oxford Economics forecasts and the growth scenario. The baseline scenario requires approximately 258 dpa in Lichfield and 77 dpa in Tamworth, a considerable reduction from the standard method.

- The growth scenario requires approximately 323 dpa in Lichfield and 94 dpa in Tamworth, again a considerable reduction from the standard method.

- There is therefore no need for additional homes above the standard methodology to support local economic growth potential in the area.

6   MARKET SIGNALS

6.1   In this section we assess key market signals in Lichfield and Tamworth. Where possible we have benchmarked the local authority figures against the regional (West Midlands) and national equivalents.

House Price

6.2   The median price of homes sold in the Housing Market Area (HMA) in 2018 was £212,236 which is somewhat lower than the national equivalent. The median house price in Lichfield was £236,973 in 2018 an increase of 19.7% compared to 2014.

6.3   In Tamworth house prices have increased by a more muted 5.3% since 2014 reaching £187,500 in 2018. The HMA median figure is 8% below the national average (£232,000) and 14% above the West Midlands region equivalent.

6.4   The table below shows house prices across the HMA together with the wider comparators at different price points. The housing values in the HMA are above the county and greater region, but below the national median house prices for all types. Within the HMA, Lichfield has considerably higher prices than Tamworth across the different calculations.

Table 16:   House Prices, 2018

Geography	Median	Mean	Lower Quartile
Lichfield	£236,973	£300,650	£172,500
Tamworth	£187,500	£217,857	£147,000
HMA	**£212,236**	**£259,253**	**£159,750**
Staffordshire	£184,950	£242,927	£135,000
West Midlands	£185,000	£268,217	£135,000
England and Wales	£230,000	£347,892	£145,000

Source: Land Registry 2018

6.5   The table below presents house price changes over the last 1, 5, 10, 15 and 20 years. Over the last year, Lichfield has seen a change of -3.0% while Tamworth has seen a change of -6.8%. In total the HMA has seen a change of -4.7%. All the wider comparators have also experienced a decline in prices over the past year, with prices changing by -2.2% nationally.

Table 17:   House Price Growth 1998-2018

|	2018	1 Year Change	5-year annual change %	10-year annual change %	15-year annual change %	20-year annual change %
Lichfield	£236,973	-3.0%	3.7%	2.7%	3.9%	6.6%
Tamworth	£187,500	-6.8%	5.3%	3.3%	4.1%	6.4%
HMA	**£212,236**	**-4.7%**	**4.4%**	**2.9%**	**3.9%**	**6.5%**
Staffordshire	**£184,950**	-7.0%	3.9%	2.5%	4.0%	6.3%
West Midlands	£185,000	-5.4%	3.9%	2.8%	3.9%	6.3%
England	£230,000	-2.2%	3.4%	2.9%	3.9%	6.6%

Source: ONS Median house price by local authority district

6.6   Over the last 5 years, the HMA has seen its median house price increase by 23.8% (4.4% per annum (pa)) compared to 17.9% (3.4% pa) nationally; 20.9% (3.9% pa) regionally and 21.3% (3.9% pa) in Staffordshire.

6.7   During the last 10 years house price values in the HMA have grown by 33.5% (2.9% pa). This is above national (2.9%) and regional (2.8%) equivalents.   However, this masks the fact that Tamworth had higher growth than the national and regional equivalents, but Lichfield was below it.

6.8   Over the longer term, house prices have been increased by 78.8% over the last 15 years and 220.4% over the last 20 years. These are compared to 78.3% and 226.2% on a national level respectively. For the same period the West Midlands has seen an increase of 76.3% and 213.6% while Staffordshire's equivalents are 79.6% and 218.9%.

6.9   This illustrates that over the longer period house price growth has typically been above the wider comparators but has somewhat slowed in comparison to national and regional trend particularly over the last 4 years and declined in the past year.

6.10   At a local level house price growth over the longer term (and the last year) has been stronger in Lichfield but in the short and medium terms Tamworth has seen a stronger growth. This includes the period post-recession.

Prices by Type

6.11   The figure below shows median house prices by type of property across the HMA and the wider comparators. Across all typologies, house prices in the HMA are on par with the wider comparators, but Lichfield has higher values than the national average whereas Tamworth's prices are below.

6.12   The median house price for detached properties in the HMA is £322,725; for semi-detached, £199,750, for Terraced properties, £165,000 and for flats, £126,250.

Figure 23: Median House Price by type 2018
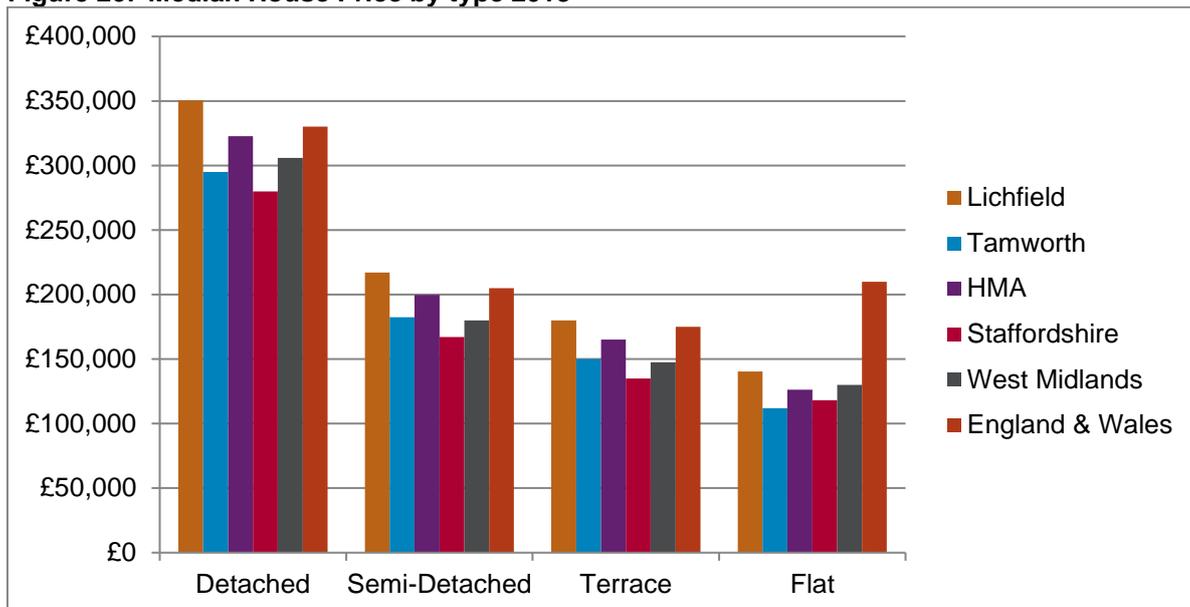
Source: Land Registry 2018

6.13   In all cases the house prices in Lichfield exceed those in Tamworth. This is particularly the case for detached and to a lesser extent terraced properties. Lichfield's housing values across types are higher than the national average with the exception of flats, which could be due to the high number of higher value flats in London skewing the overall data.

Rental Values

6.14   The average median rental values in the HMA is £650 per calendar month[3] (pcm) for the year ending to September 2018. This was achieved through 1,500 transactions recorded by the Valuation Office Agency.

6.15   Median rents have increased by 16% since 2011 which is above Staffordshire, but below the growth in the West Midlands and England. Rents grew faster than both the Consumer Price Index (CPI) and the Housing CPI indices of inflation. This means that rents have increased somewhat in real terms.

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[3] average of the HMA authorities

Figure 24: Rental Growth (indexed to 2011)
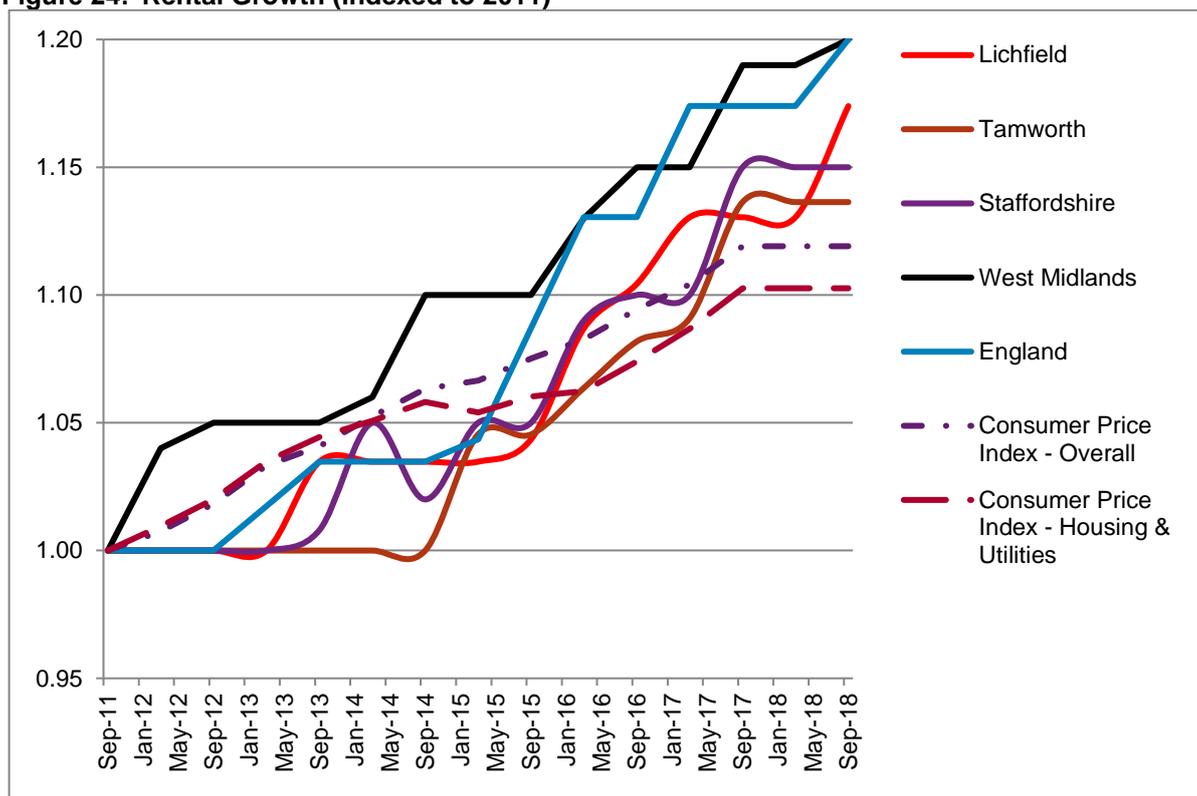
Source: VOA 2017

6.16   Lichfield has seen a 17% growth in rental values whereas Tamworth has experienced a more muted 14% growth. The West Midlands had experienced the highest rental growth until 2016 when overall growth in England began to outpace the region.

Affordability Ratio

6.17   The average ratio of median house price to median gross annual workplace-based earnings for the HMA was 8.30[4] in 2018. As set out earlier in this report this ranges from 8.89 in Lichfield and 7.71 in Tamworth.

6.18   Over the last 20 years affordability has deteriorated by 122.5%, compared to a national equivalent of 126%, regional of 99.4% and Staffordshire's 97.7%. The figure below shows the deteriorating affordability since 1997.

6.19   There was a deterioration between 2003 and 2007 reaching the peak of 4.86. This was then followed by a recessionary improvement and since 2009 the trend was comparably flat until 2015, when all areas considered experienced a notable increase in the affordability ratios.

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[4] average of the HMA authorities

Figure 25: Affordability ratio – median house price to median gross annual workplace-based earnings,1997-2018
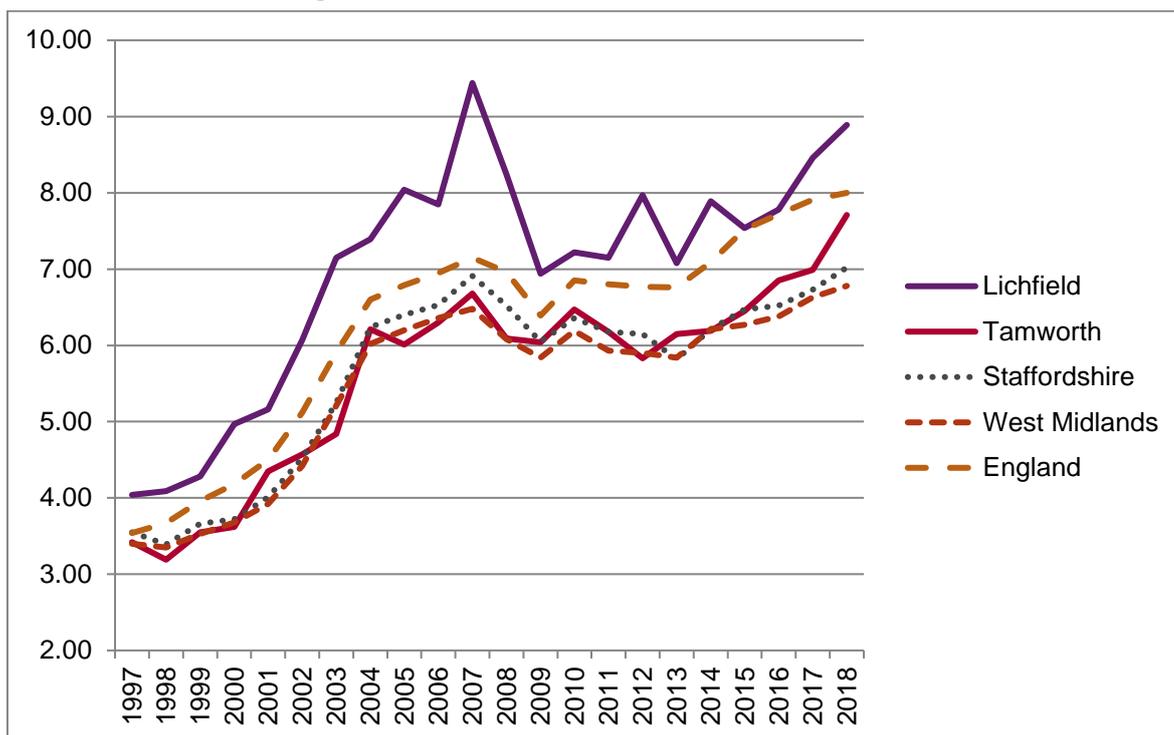
Source: ONS 2018

6.20   We sought also to assess the lower quartile affordability ratio which is the ratio of lower quartile house price to lower quartile gross annual workplace-based earnings. In 2018 the average ratio across the HMA was 8.48. This reflected an increase of 106.6% over the last 20 years. However, England's equivalent at 7.29 has increased by 104.2%.

6.21   Thus, homes for lower quartile households (entry-level) have remained somewhat more affordable than median households in the HMA when compared to national figures.

6.22   In terms of the residence-based affordability ratio a similar conclusion can be drawn. In particular, the ratio of median house price to median gross annual residence-based earnings across the HMA is 7.12. This is below the national equivalent of 8.00 and above the West Midlands' equivalent of 6.80.

Completions

6.23   Data has been drawn from the Councils' most recent Annual Monitoring Reports and Five-Year Housing Land Supply publications. It is evident that since the recession the house building market has not recovered within the HMA.

6.24   When compared to the annual housing target delivery in Lichfield has only approached the target once and that was in the past year (2017/18). This occurred when Lichfield completed 577 dwellings compared to a target of 478 per annum.

Figure 26: Lichfield District Council Cumulative Net Completions 2011-18
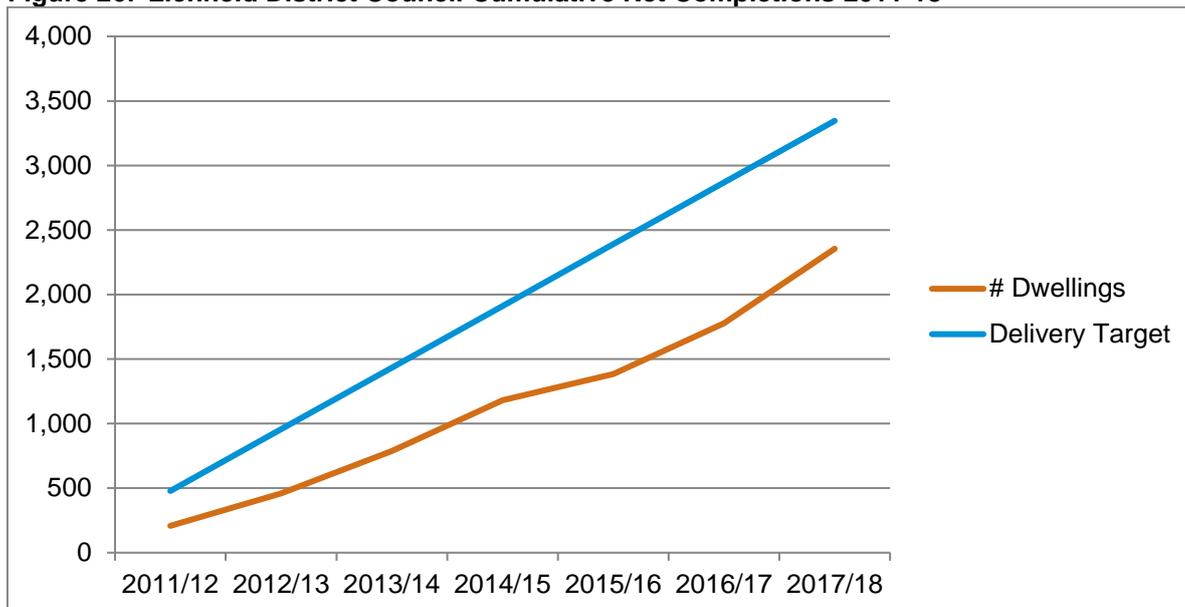
Source: Council Monitoring Data

6.25   As noted in the figure above, cumulative housing delivery has failed to keep up with the projected delivery targets. Progress since 2011 was being made to close the gap, albeit with a reduction in housing completions in 2015/16. As of 2018, Lichfield has only completed 70% of its cumulative housing delivery target.

Table 18:   Lichfield District Council Cumulative Net Completions 2011-18

Year	# Dwellings	Delivery Target	Dwellings Delivered / Target
2011/12	208	478	44%
2012/13	460	956	48%
2013/14	789	1,434	55%
2014/15	1,180	1,912	62%
2015/16	1,384	2,390	58%
2016/17	1,778	2,868	62%
2017/18	2,355	3,346	70%

Source: Council Monitoring Data

6.26   In Tamworth annual housing deliver has only approached the target once and again this was only in the past year (2017/18). This occurred when Tamworth completed 224 dwellings compared to a target of 177 per annum.

Figure 27: Tamworth Borough Council Cumulative Net Completions 2011-18
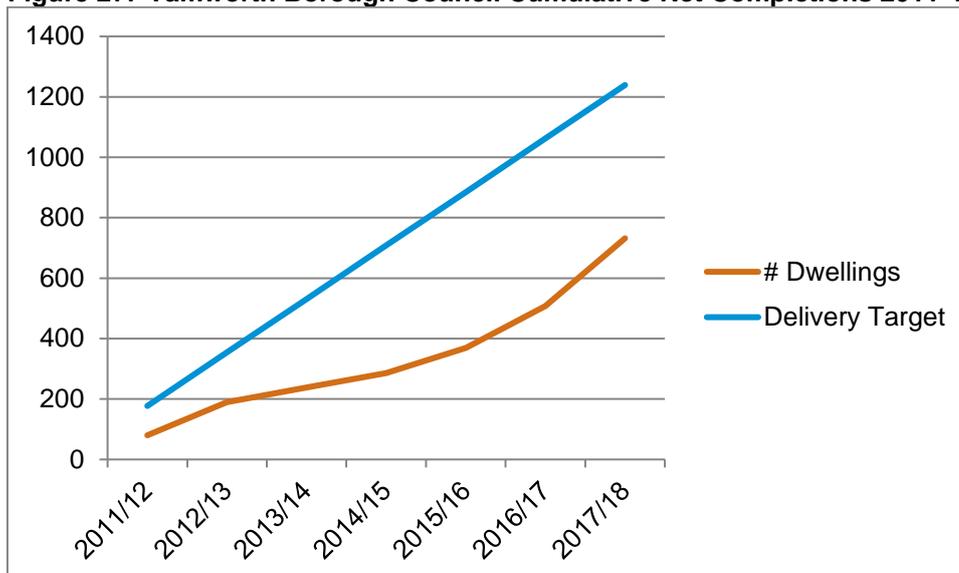
Source: Council Monitoring Data

6.27   As noted in the figure above, cumulative housing delivery has failed to keep up with the projected delivery targets. Progress since 2017 has been made to close the gap, as a result in a drop in housing completions from 2014 to 2016. As of 2018, Tamworth has only completed 59% of its cumulative housing delivery target.

Table 19:   Tamworth Borough Council Cumulative Net Completions 2011-18

Year	# Dwellings	Delivery Target	Dwellings Delivered / Target
2011/12	80	177	45%
2012/13	190	354	54%
2013/14	238	531	45%
2014/15	286	708	40%
2015/16	369	885	42%
2016/17	508	1,062	48%
2017/18	732	1,239	59%

Source: Council Monitoring Data

6.28   Cumulatively since 2011 a total of just over 3,000 new homes have been built in the HMA at an average rate of 441 per annum. The building rate has also accelerated in the past two years, and should that continue the gap between target completions and actual dwellings delivered will be diminished.

Market Signals: Summary Points

- Median house prices across the HMA authorities were on par with national and Staffordshire averages at £212,236. House Prices in 2018 were £236,973 in Lichfield and £187,500 in Tamworth.

- Median rents in 2018 were £431 across the HMA having increased by 16% since 2011 which is somewhat above the rate of inflation.

- The ratio of median house price to median gross annual workplace-based earnings for the HMA was 8.3 in 2018. Over the last 20 years this has been increased by 122.5%, compared to 126% nationally.

- Since 2011 a total of 3,000 new homes have been built in the HMA at an average of 441 per annum. In each of the local authorities, however, actual completions have failed to reach targets with the exception of 2018. The gap, assuming actual completions continue to accelarate, should be closing in the future.

- Overall, the evidence does not support a further uplift on the demographic needs as a result of market signals particualarly in Tamworth.

7   AFFORDABLE HOUSING NEED

Introduction

7.1   Affordable housing is defined in Annex 2 of the NPPF (2019). The new definition is slightly wider than the previous NPPF (2012) definition; in particular, a series of 'affordable home ownership' options are considered to be affordable housing.

7.2   The Planning Practice Guidance relating to the measurement of affordable housing need was updated in February 2019, although it is similar to that set out in draft in March 2018. The PPG describes the calculation of affordable housing need as relating to *'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'*.

7.3   A methodology is set out in the PPG to look at affordable need, this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition other than to identify "the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own, where that is their aspiration".

7.4   Due to the lack of any detailed guidance the analysis below is therefore split between the current definition of affordable need and the additional widened definition. This section of the report below deals with the existing definition of affordable need with the following section considering the revised/expanded NPPF definition.

Affordable Housing Need (established definition)

7.5   The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:

- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information) – Analysis in line with Reference ID: 2a-020-20190220;
- Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market)) – Analysis in line with Reference ID: 2a-021-20190220;
- Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on studying past lettings data)) – Analysis in line with Reference ID: 2a-021-20190220;
- These three bullet points added together provide an indication of the gross need (the current need is divided by 20 so as to meet the need over the 2020 to 2035 period);

- Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe[5])) – Analysis in line with Reference ID: 2a-022-20190220; and

- Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing) – Analysis in line with Reference ID: 2a-024-20190220

7.6   Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections, therefore, look at different aspects of the analysis.

Local Prices and Rents

7.7   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.

7.8   For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). Later in the report, this information is expanded on in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.

7.9   The analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.

7.10   Data from the Land Registry for the year to September 2018 shows estimated lower quartile property prices in the local authorities by dwelling type. This is taken as a proxy for entry level costs for home purchases.

7.11   The data shows that entry-level costs to buy in Lichfield are estimated to start from about £118,000 for a flat and rising to over £270,000 for a detached home. The lower quartile price across all dwelling types is £172,500. In Tamworth, the lower quartile cost to buy a flat is £95,000 and £242,000 for a detached home. Across dwelling types, the cost is £146,000.

Table 20:   Lower quartile cost of housing to buy – year to September 2018

	Lichfield	Tamworth

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[5] The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

Flat/maisonette	£118,000	£95,000
Terraced	£146,000	£126,000
Semi-detached	£171,000	£158,000
Detached	£270,000	£242,000
All dwellings	£170,000	£146,000

Source: Land Registry

7.12 The same analysis can be undertaken for properties of different sizes. The table below shows that entry-level costs to buy in Lichfield are estimated to start from about £84,000 for one-bedroom homes (£80,000 in Tamworth) and rising to over £266,000 for a 4-bedroom (£241,000 in Tamworth).

Table 21: Lower quartile cost of housing to buy – year to September 2018 – by size (estimated)

	Lichfield	**Tamworth**
1-bedroom	£84,000	£80,000
2-bedrooms	£117,000	£116,000
3-bedrooms	£173,000	£160,000
4-bedrooms	£266,000	£241,000
All dwellings	£170,000	£146,000

Source: Land Registry

7.13 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to September 2018. For rental data, information about dwelling sizes is provided by number of bedrooms (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £575 per month in Lichfield and £570 per month in Tamworth.

Table 22: Lower Quartile Market Rents, year to September 2018

	Lichfield	**Tamworth**
Room only	£395	£325
Studio	£350	
1-bedroom	£465	£475
2-bedrooms	£585	£575
3-bedrooms	£650	£650
4-bedrooms	£995	£813
All properties	£575	£570

Source: Valuation Office Agency

7.14 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used.

7.15   Furthermore, analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

7.16   The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income.

7.17   Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively, an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can't afford market housing.

7.18   Rent levels in both authorities are somewhat higher in comparison to those seen nationally (a lower quartile rent of £500 per month across England). This would suggest that a proportion of income to be spent on housing would be at around the middle of the range. This report has assumed 29% of income spent on rental housing, along with a 10% deposit and 4 times income multiple.

Income Levels and Affordability

7.19   Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy).

Table 23:   Estimated household income (2018)

	Mean	Median	Lower quartile
Lichfield	£43,200	£32,900	£19,000
Tamworth	£40,800	£31,100	£18,000

Source: Derived from a range of sources

7.20   Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

Net Affordable Housing Need

7.21   In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish

numbers. The PPG also includes a category where households cannot afford to own despite it bring their aspiration – this category is considered separately in this report (under the title of the expanded definition of affordable housing need).

Table 24:   Main sources for assessing the current unmet need for affordable housing

	Source	Notes
Homeless households (and those in temporary accommodation	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

7.22   It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

7.23   The table below shows the initial estimate of the number of households within the HMA with a current housing need. These figures are before any consideration of affordability has been made and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently some 4,300 households living in unsuitable housing (or without housing).

Figure 28: Estimated number of households living in unsuitable housing

Category of 'need'	Lichfield	Tamworth	Total
Households in overcrowded housing	997	874	1,871
Concealed/homeless households	421	344	765
Existing affordable housing tenants in need	122	137	260
Households from other tenures in need	792	621	1,412
Total	2,332	1,976	4,308

Source: CLG Live Tables, Census (2011) and data modelling

7.24   In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the

assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

7.25 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

7.26 The table below shows it is estimated that there were around 2,000 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

Table 25: Unsuitable housing by tenure and numbers to take forward into affordability modelling (Lichfield & Tamworth)

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	1,261	126
Affordable housing	1,153	0
Private rented	1,130	1,129
No housing (homeless/concealed)	765	765
Total	4,308	2,020

Source: CLG Live Tables, Census (2011) and data modelling

7.27 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

7.28 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.

7.29 Overall, just under half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to around 1,100 households in the HMA.

Table 26: Estimated Current Affordable Housing Need

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Lichfield	1,076	55.0%	592
Tamworth	944	56.3%	532
Total	2,020	55.6%	1,123

Source: CLG Live Tables, Census (2011), data modelling and affordability analysis

7.30   The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the net housing need set out in the report. The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

7.31   The analysis has been based on meeting affordable housing need over the period from 2016 to 2036. Whilst most of the data in the model are annual figures the current need has been divided by 20 to make an equivalent annual figure. This is lower than the previous study requirement which sought to meet the net backlog over a 5 year period.

Table 27:   Estimated Annual Level of Affordable Housing Need (2016-2036) (Social/Affordable Rented)

	Lichfield	Tamworth
Current need (annual figure)	30	27
Newly forming households	346	250
Existing households falling into need	139	95
Total Gross Need	515	372
Re-let Supply	295	201
Net Need	220	170

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

7.32   As the table sets out, the analysis calculates an overall net need for affordable housing of 220 units per annum in Lichfield and 170 units per annum in Tamworth over the years 2016-36. This demonstrates a significant need for affordable homes in both areas in comparison to the overall housing need.

7.33   This would suggest that when setting a Local Plan target both authorities should seek the maximum amount of affordable housing contributions from new developments subject to viability. The current policy basis of 40% on qualifying sites in Lichfield and 25% on sites in Tamworth would seem like a reasonable starting point for viability testing.

7.34   We have not sought to identify whether this need is for social or affordable rental properties and to some extent these are used interchangeably within this report. It is also difficult to robustly differentiate what proportion of homes should be in each of the different tenures as the overlap in terms of the potential target group is substantial.

7.35   Making some assessment would also arguably work in a counter-intuitive manner. To give a worked example, a household that is entirely benefit dependent (i.e. very low income) could well be allocated to affordable rent as long as the rent is entirely covered by the Local Housing Allowance (LHA) and this would be as affordable to them as social rent.

7.36   In contrast, a working household not able to claim benefits with a low/middle income might find an affordable rent to be quite expensive but a social rent would be affordable. Hence such a household would be better with a social rent as this would allow them to remain in work without any additional financial stress.

7.37   Overall the situation is that a higher rent could be charged to a lower income household and the lower rent to a higher income household and be a suitable outcome for both households. For these reason, it is not really possible to split out the two types of rental product in any logical way.

7.38   That said, it is true that any affordable rent should be no higher than the relevant LHA, even if this means a discount higher than 20% from Open Market Value. There is certainly a case for there to be a mix of social and affordable rented housing and the proportions could be informed by the viability of providing housing as well as any political decisions balancing the quantum of housing to be delivered and the affordability of the housing.

Affordable Housing Need and the Link to the Housing Requirement

7.39   Paragraph 24 of the PPG states:

"The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes."

7.40   There is a clear distinction between the plan and the Local Housing Need at this point. So, while the Local Housing Need should not be impacted by the need for affordable housing the local authority could **consider** a higher housing requirement when developing a Local Plan.

7.41   However, it should be recognised that this is just a calculated number based on the series of steps above and does not directly correlate to the housing need. For example, the calculation doesn't reflect the fact that some of the identified households in affordable housing need already occupy property which would be released for other households should they vacate it. In such circumstances, there would be no need for a net additional property.

7.42   Nor is it a dynamic calculation which responds to future improvements to affordability resulting from the intended consequence of step 2 of the standard methodology i.e. to make housing more affordable.

7.43   The calculation also does not take into account the additional future provision of affordable housing from developer contributions in line with the Local Plan Policy. These additional homes would also increase the supply through re-lets, thus addressing the need further.

7.44   That said the Council could be justified in increasing overall housing delivery to ensure the affordable housing need is met as best as possible. Indeed, any number above the standard methodology will also be delivering more affordable housing through developer contributions thus addressing this need sooner.

Widened Definition of Affordable Housing

7.45   As set out above, it was estimated that there is a need for around 220 units per annum in Lichfield and 170 units per annum in Tamworth over the years 2016-36– this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.

7.46   The NPPF (2018) introduced a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF (2018 and 2019) – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.

7.47   This section considers the level of need for these types of dwellings in Lichfield and Tamworth. The NPPF (2019) states *"Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups."* (NPPF (2019), paragraph 64).

Establishing a Need for Affordable Home Ownership

7.48   The Planning Policy Guidance of February 2019 confirms a widening definition of those to be considered as in affordable need; now including *'households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration'*. However, there is no further guidance about how the number of such households should be measured.

7.49   The methodology used in this report, therefore, draws on the current method and includes an assessment of current needs, and projected needs (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

7.50   The first part of the analysis seeks to understand what the gap between renting and buying means in both Lichfield and Tamworth – establishing the typical incomes that might be required.

7.51   Just by looking at the relative costs of housing to buy and to rent there will be households in both authorities who can currently rent but who may be unable to buy. In the year to September 2018, the 'average' lower quartile private rent is shown by VOA to be £575 a month in Lichfield and £570 per month in Tamworth, assuming a household spends no more than 29% of income on housing, this would equate to an income requirement of about £23,800 in Lichfield and £23,600 in Tamworth.

7.52   For the same period, Land Registry data records a lower quartile price in Lichfield of about £170,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of approaching £38,250. Under the same assumptions, Tamworth's lower quartile price for a dwelling of £146,000 would equate to an income requirement of £32,850.

7.53   Therefore, based on these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £23,800 (i.e. able to afford to privately rent) and £38,250 (the figure above which a household might reasonably be able to buy). In Tamworth, the range should be pitched between £23,600 and £32,850.

7.54   Using the income distributions chart below, it is estimated that around 40% of people would able to buy in Lichfield, and 54.6% are able to privately rent. As the gap between the threshold for rent and buying is so small, nearly 50% of the population would be able to buy and rent in Tamworth. Thus, there is only a small gap in both authorities for products such as affordable home purchase.

Figure 29: Distribution of Household Income (mid-2018 estimate)
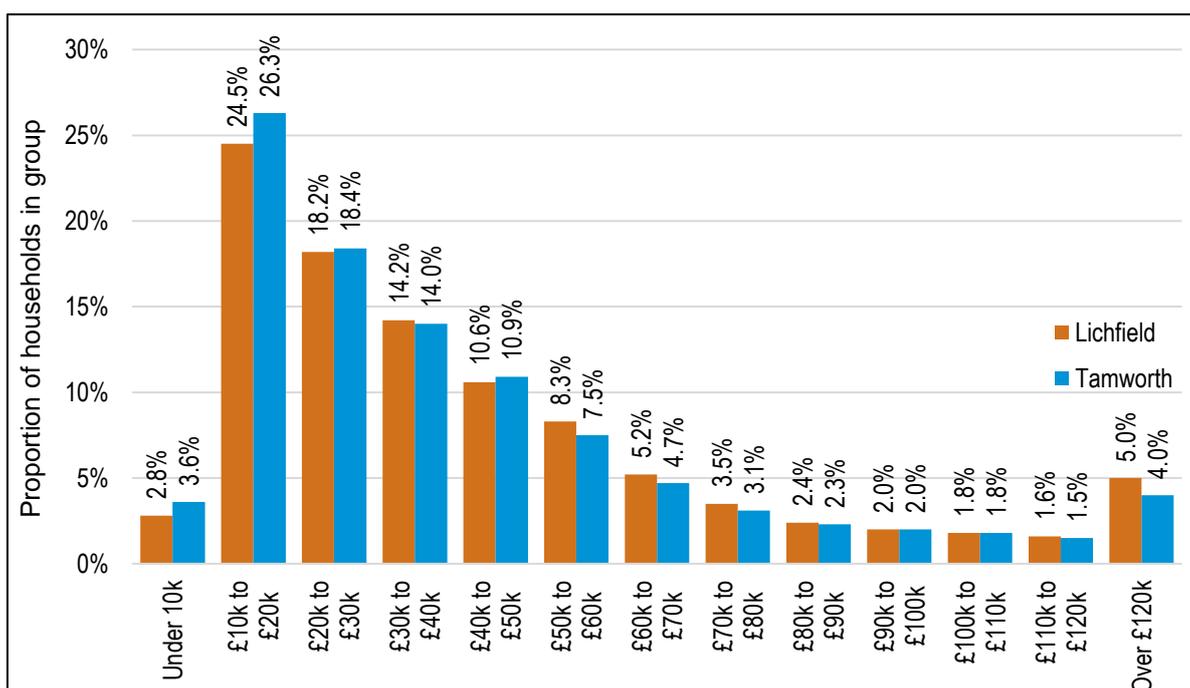
Source: EHS and ONS Data

7.55   As noted above, based on income it is estimated that a nominal percentage of the private rented sector sit in the gap between renting and buying; applying this proportion to the 331 figure for Lichfield and 150 for Tamworth would suggest a current need for 8 and 5 homeownership products respectively.

7.56   In projecting forward, the analysis can consider newly forming households and the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 231 dwellings in Lichfield (179 from newly forming households and 25 from existing households in the private rented sector) and 105 dwellings in Tamworth (85 from newly forming households and 15 from existing households in the private rented sector).

Table 28:   Estimated gross need for affordable home ownership – per annum

	Lichfield	Tamworth
Current need	8	5
Newly forming households	179	85
Existing households falling into need	25	15
Total Gross Need	213	105

Source: Census (2011)/Projection Modelling and affordability analysis

Potential Supply of Housing to Meet the Affordable Home Ownership Need

7.57   As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below therefore provides a general discussion.

7.58   One way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £105,778 (calculated as ((23,800) ×4) ÷0.9) in Lichfield and £104,889 in Tamworth ((23,600) ×4) ÷0.9).

7.59   Any home sold at a price at or below £105,778 in Lichfield and £104,889 in Tamworth would (in income terms) be available to all households currently in the rent/buy gap. In the year to September 2018 there were 83 sales in Lichfield and 66 in Tamworth at or below those figures, a figure which is somewhat lower than the estimated level of need.

7.60   In addition, we can examine supply by reference to the number of lower quartile cost homes. As noted earlier the lower quartile cost of a home to buy in Lichfield is £170,000 and £146,000 in Tamworth. A quarter of all homes sold (noting that the data is for the year to September 2018) will be priced at or below these levels.

7.61   According to the Land Registry source, there were a total of 3,176 sales in this period and therefore around 149 would be priced below the lower quartile. This is 794 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is around the level of gross need calculated. This is broken down to 491 in Lichfield and 303 in Tamworth.

7.62   Some of these homes will be age restricted while others will not be in a good condition and thus sold at a discounted price. We can still assume that around half would be in a reasonable condition and available for general occupation rather than age restriction.

7.63   Such an assumption (50% of lower quartile sales) would equate to a supply of 246 in Lichfield and 152 in Tamworth. Combined these figures can be used to calculate the new need for low cost home ownership products in Lichfield and Tamworth.

7.64   As shown, there is potentially a net annual surplus of up to -33 low cost home ownership dwellings in Lichfield and -46 in Tamworth based on 50% of the LQ supply. This could increase to a net need for 130 low cost home ownership dwellings if those houses priced at an equivalent cost of renting.

Table 29:   Estimated net need for affordable home ownership per annum

	Lichfield	Tamworth

Total Gross Need	213	105
Supply (rental equivalent)	83	66
Supply (LQ Supply)	491	303
Supply (50% LQ Supply)	246	152
Net need (rental equivalent)	130	39
Net need (50% LQ supply)	-33	-46

Source: Derived from Census (2011)/Projection Modelling/Land Registry and affordability analysis

7.65   These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all the sales could go to households who could afford a more expensive home or potentially to investment buyers).

7.66   Overall this analysis suggests a surplus of AHO, which is due to there being some cheaper stock available in the existing market. However, there are also clearly a number of households with an income between renting and buying (see Total Gross Need).

7.67   There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

Implications of the Analysis

7.68   Given the analysis above, it would be reasonable to conclude that there is potential need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some households in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can contribute to this need.

7.69   However, it does seem that there are many households in Lichfield and Tamworth who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 105% in Lichfield and 214% in Tamworth from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by around 10%) in both local authorities.

7.70   On this basis, and as previously noted, it seems likely in Lichfield and Tamworth that access to owner-occupation is being restricted somewhat by moderately high house prices, however access to owner occupation will also be restricted by other issues such as capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary).

7.71   As part of a package of low-cost home ownership products the Councils should focus on those offering a straight discount on open market value (OMV). The Councils should also seek a

percentage of low-cost home ownership housing to be made available with some initial upfront capital payment (such as a deposit contribution).

7.72   Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity).

7.73   Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.

7.74   If the Councils do seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).

7.75   In promoting shared ownership, the Councils should consider the equity share and the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).

7.76   It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.

7.76   Overall, the evidence suggests there is no significant basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

7.76   Thus, it is recommended that 10% of housing provided should be affordable home ownership, and that the remainder of affordable homes be a mixture of social and affordable rental products.

7.77   Overall therefore, it seems reasonable to suggest that the Councils could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits).

7.78   However, given that the main analysis of affordable need also showed a notably higher level of need (particularly when compared to the bottom end of the low-cost homeownership range), and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is a strong basis to increase the provision of affordable home ownership above the 10% figure.

7.79   It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

7.80   The analysis and discussion above suggest that there are several households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Councils will need to seek 10% of additional homes on larger sites as some form of home ownership.

7.81   This report recommends shared ownership as the most appropriate form of affordable home ownership and encourages consideration of other packages such as providing support for deposits. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.

7.82   On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV).

7.83   The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.

7.84   The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an 'affordable' option.

7.85   The table below therefore sets out a suggested purchase price for affordable home ownership in the local authorities. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market.

7.86   This shows a one-bedroom home 'affordable' price in Lichfield of about £84,000 rising to £266,000 for homes with 4 or more bedrooms. In Tamworth, the figures go from £80,000 for a 1-bedroom to as much as £241,000 for a home with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data.

Table 30:   Affordable home ownership prices – 2018 base

		1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Lichfield	Lower limit	-	£109,000	£121,000	£185,000
	Upper limit	£84,000	£117,000	£173,000	£266,000
Tamworth	Lower limit	-	£107,000	£121,000	£152,000
	Upper limit	£80,000	£116,000	£160,000	£241,000

Source: derived from VOA data

7.87   If the Councils do seek for some additional housing to be in the affordable home ownership sector, it is additionally recommended that they set up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be 'allocated' to households whose circumstances best meet the property on offer.

Affordable Housing Need: Summary Points

- Analysis has been undertaken to estimate the need for affordable housing in the 2016-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who cannot afford to buy a home).

- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, consideration is given to household projections and estimates of the supply of social/affordable rented housing through relets.

- Using the traditional method, the analysis suggests a net social/affordable housing need for 220 homes per annum in Lichfield and 170 in Tamworth to be provided over the period to 2036.

- Overall, the analysis identifies a notable need for affordable housing, and the provision of new affordable housing continues to be an important and pressing issue in the two authorities This justifies the Councils seeking to secure as much affordable housing as viably possible.

- When looking at the widened definition of affordable homes the analysis identifies a surplus supply of low-cost home ownership products. However, the analysis also suggests the total gross need of 213 dpa in Lichfield and 105 in Tamworth. It is therefore difficult to robustly identify an overall need for affordable home ownership products beyond the minimum 10% target.

- It is recommended that if the Councils do seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option.

- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Councils consider setting prices at the level below (in income terms) the levels needed to access private rented housing.

		1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Lichfield	Lower limit	-	£109,000	£121,000	£185,000
	Upper limit	£84,000	£117,000	£173,000	£266,000
Tamworth	Lower limit	-	£107,000	£121,000	£152,000
	Upper limit	£80,000	£116,000	£160,000	£241,000

- This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.

- Overall, the evidence does not show any strong basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.

- It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to that which can be viably provided.

8   HOUSING MIX

Introduction

8.1   There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures, and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

8.2   This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.

8.3   The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future.

8.4   The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

Figure 30: Stages in the Housing Market Model
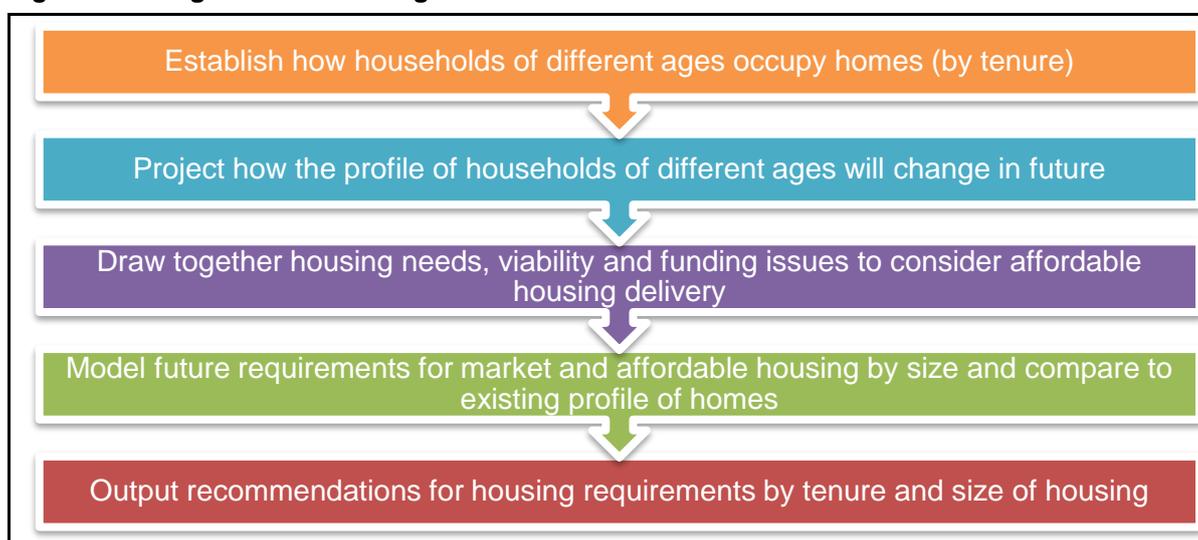
8.5   It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups.

Table 31:   Number of bedrooms by tenure and a range of areas

		Lichfield	Tamworth	West Midlands	England
	1-bedroom	2%	2%	2%	4%

Owner-occupied	2-bedrooms	17%	17%	20%	23%
	3-bedrooms	48%	57%	54%	48%
	4+-bedrooms	32%	24%	24%	25%
	Total	**100%**	**100%**	**100%**	**100%**
Social rented	1-bedroom	27%	27%	29%	31%
	2-bedrooms	37%	30%	34%	34%
	3-bedrooms	34%	39%	33%	31%
	4+-bedrooms	2%	4%	4%	4%
	Total	**100%**	**100%**	**100%**	**100%**
Private rented	1-bedroom	13%	16%	18%	23%
	2-bedrooms	41%	38%	37%	39%
	3-bedrooms	35%	38%	36%	28%
	4+-bedrooms	10%	8%	10%	10%
	Total	**100%**	**100%**	**100%**	**100%**

Source: Census 2011

8.6 The table identifies that the profile of housing in Lichfield and Tamworth are broadly like that seen in other areas. Arguably the main difference is in the private rented sector where Lichfield has a higher percentage of 2-bedroom properties, and a lower percentage of 1-bedroom properties than typical.

8.7 Additionally, the role and function of different areas are considered; for example, the higher proportion of 1-bedroom private rented homes nationally is influenced by the housing market in London and so differences between that and Lichfield are given less weight.

Understanding how Households Occupy Homes

8.8 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided.

8.9 The main reason for this is that in the market sector households can buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

8.10 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home if they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.

8.11 This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward regarding older persons and working households who may be able to under-occupy housing.

8.12   The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

8.13   The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector, the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes and an earlier 'peak') is seen in the social and private rented sectors. After this peak, the average dwelling size decreases – as typically some households downsize as they get older. It is also notable that the average size for rented dwellings is lower than those for owner-occupied housing for all age groups.
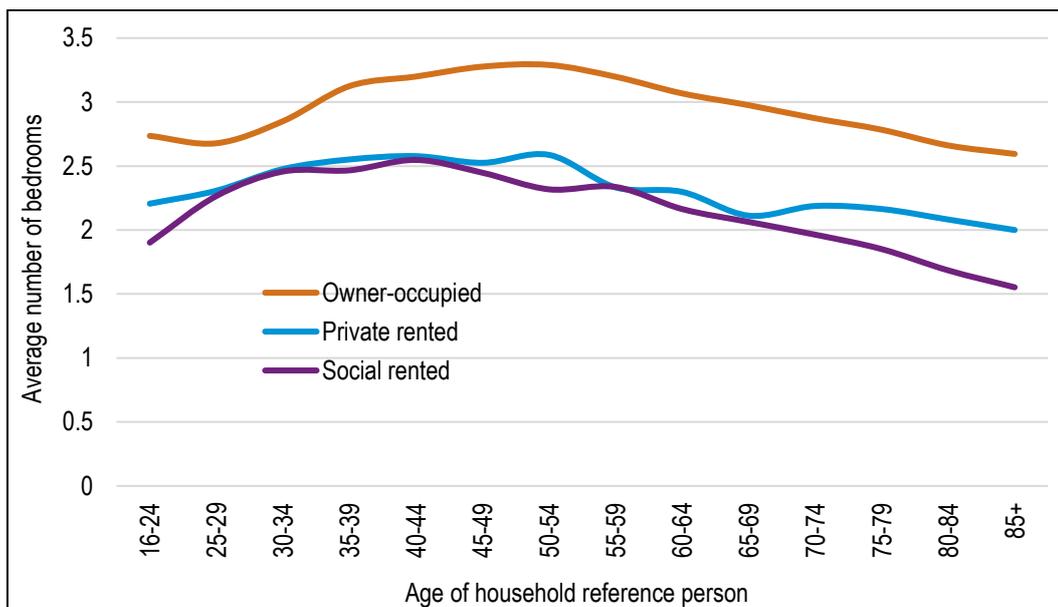
Figure 31: Average Bedrooms by Age and Tenure – Lichfield
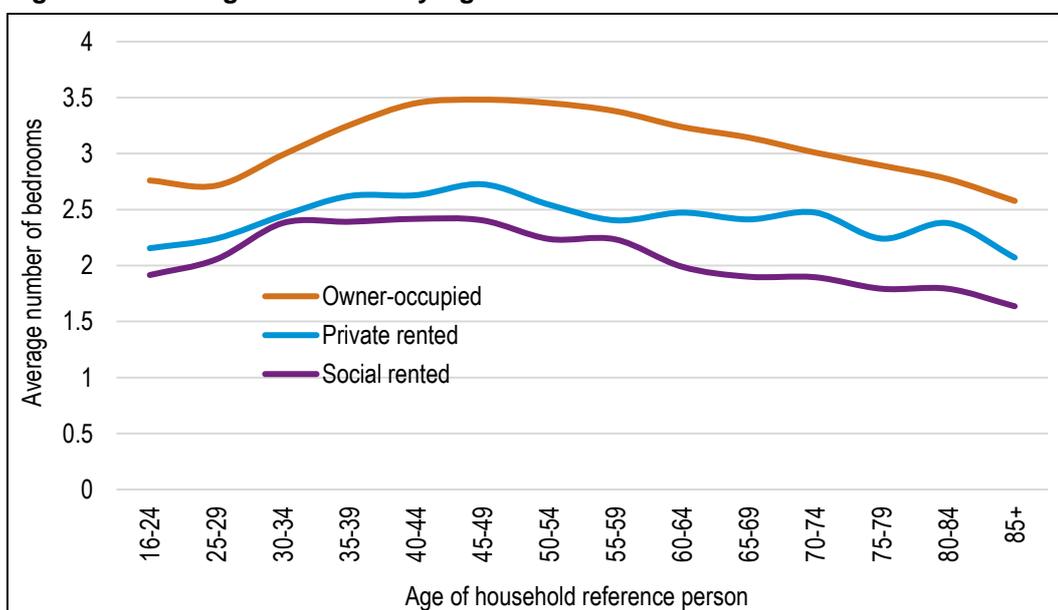
Source: Derived from ONS Commissioned Table CT0621

8.14   The only notable difference between local authorities is the spike in number of bedrooms for the 80-84 age band in Lichfield compared to Tamworth's private rented sector.

Figure 32: Average Bedrooms by Age and Tenure – Tamworth

Source: Derived from ONS Commissioned Table CT0621

8.15   In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

8.16   They are applied to the following projected change in age groups in Lichfield, with most of the absolute growth in households headed by someone in the older age groups (aged 60 and over).   Although those in the younger age categories are expected to see the stronger percentage growth.

Table 32:   Projected change in households by age of household reference person - Lichfield

	Households 2016	Households 2036	Change in households	% change
16-24	714	721	7	1.0%
25-29	1,746	1,958	212	12.1%
30-34	2,092	2,506	414	19.8%
35-39	2,802	3,373	571	20.4%
40-44	3,681	4,029	348	9.4%
45-49	4,261	3,956	-305	-7.2%
50-54	4,521	3,891	-631	-13.9%
55-59	3,995	3,856	-139	-3.5%
60-64	3,550	4,001	450	12.7%

65-69	4,285	4,665	380	8.9%
70-74	4,172	4,852	680	16.3%
75-79	3,065	3,888	823	26.8%
80-84	2,119	3,240	1,121	52.9%
85 & over	1,808	4,304	2,496	138.1%
Total	42,813	49,240	6,427	15.0%

Source: GLH demographic projections

8.17   A similar projection is made in Tamworth, showing more decline across younger age categories compared to Lichfield, but with even more amplified increases in older populations above age 70.

Table 33:   Projected change in households by age of household reference person - Tamworth

	Households 2016	Households 2036	Change in households	% change
16-24	888	864	-24	-2.7%
25-29	2,097	2,092	-5	-0.2%
30-34	2,475	2,150	-325	-13.1%
35-39	2,598	2,846	247	9.5%
40-44	2,935	2,855	-80	-2.7%
45-49	3,332	2,993	-339	-10.2%
50-54	3,180	2,802	-378	-11.9%
55-59	2,751	2,495	-256	-9.3%
60-64	2,735	2,633	-102	-3.7%
65-69	2,854	3,105	251	8.8%
70-74	2,398	2,946	547	22.8%
75-79	1,722	2,542	820	47.6%
80-84	1,320	2,292	972	73.7%
85 & over	1,066	2,647	1,582	148.4%
Total	32,351	35,263	2,912	9.0%

Source: GLH demographic projections

8.18   The analysis below also looks at projected changes to households by household type. Most of the analysis in this report has been based on Stage 1 household representative rates in the 2014-based household projections (with or without a part-return to trend HRR analysis); Stage 1 figures are used as these are the main figures driving the projections. The projections do also contain Stage 2 figures which provide an indication of household types.

8.19   The analysis below therefore looks at applying the Stage 2 figures to projections developed. Because Stage 1 and 2 projections are to some extent independent from each other it will be noted that projected household growth does differ slightly (albeit by a pretty modest amount).

8.20   Based on this we have also examined growth in a range of household typologies with three categories for dependent children depending on the number of children – these figures can give an indication of the number of family households. Unfortunately, the CLG projections no longer look at projecting lone parent households separately from couples.

8.21   The table below looks at a change to the number of households based on the 2016-based SNPP. This shows that the number of households with dependent children in Lichfield is projected to increase by about 1,368 (11.8%) – this includes a 19.7% increase in households with one dependent child and a 7.3% increase in households with two dependent children.

Table 34:   Change in household types 2019-35 – Lichfield

	2016	2036	Change	% change
One-person household (aged 65 and over)	5,545	6,127	582	10.5%
One-person household (aged under 65)	4,911	5,525	614	12.5%

Couple (aged 65 and over)	7,825	11,778	3,953	50.5%
Couple (aged under 65)	6,760	5,583	-1,177	-17.4%
A couple and one or more other adults: No dependent children	3,887	4,191	304	7.8%
Households with one dependent child	5,313	6,361	1,048	19.7%
Households with two dependent children	4,639	4,978	339	7.3%
Households with three dependent children	1,633	1,613	-19	-1.2%
Other households	2,299	3,082	783	34.1%
Total	42,813	49,240	6,427	15.0%
Total households with dependent children	11,585	12,953	1,368	11.8%

Source: 2016-based SNPP and 2014-based CLG household projections

8.22   Under the same calculations, Tamworth is expected to experience more muted growth. The number of households with dependent children in Tamworth is projected to increase by about 414 (4.1%) – this includes an 11.7% increase in households with one dependent child and a 0.3% increase in households with two dependent children.

Table 35:   Change in household types 2019-35 – Tamworth

	2016	**2036**	**Change**	**% change**
One-person household (aged 65 and over)	4,004	5,178	1,174	29.3%
One-person household (aged under 65)	4,752	5,236	484	10.2%
Couple (aged 65 and over)	3,950	5,849	1,899	48.1%
Couple (aged under 65)	4,949	3,582	-1,367	-27.6%
A couple and one or more other adults: No dependent children	2,896	3,068	172	5.9%
Households with one dependent child	4,808	5,369	561	11.7%
Households with two dependent children	3,771	3,781	10	0.3%
Households with three dependent children	1,460	1,304	-157	-10.7%
Other households	1,761	1,897	136	7.7%
Total	32,351	35,263	2,912	9.0%
Total households with dependent children	10,039	10,453	414	4.1%

Source: 2016-based SNPP and 2014-based CLG household projections

8.23   The change in the number of households with dependent children in Lichfield is projected to be less than the change in all households (15.0%), which is also true in Tamworth (9.0%). In terms of households with no dependent children, couple (aged 65 and over) households are projected to increase by 50.5% in Lichfield and yet couples (aged under 65) households are projected to decrease by -17.4%. In terms of households with no dependent children, couple (aged 65 and over) households are projected to increase by 48.1% in Tamworth and yet couples (aged under 65) households are projected to decrease by -27.6%.

8.24   Notably, other households are projected to experience significant change, increasing by almost 34.1% in Lichfield and 7.7% in Tamworth by 2036. This would include shared households such as HMOs. However, the changes to household formation rates because of Step 2 of the standard method would likely change this again.
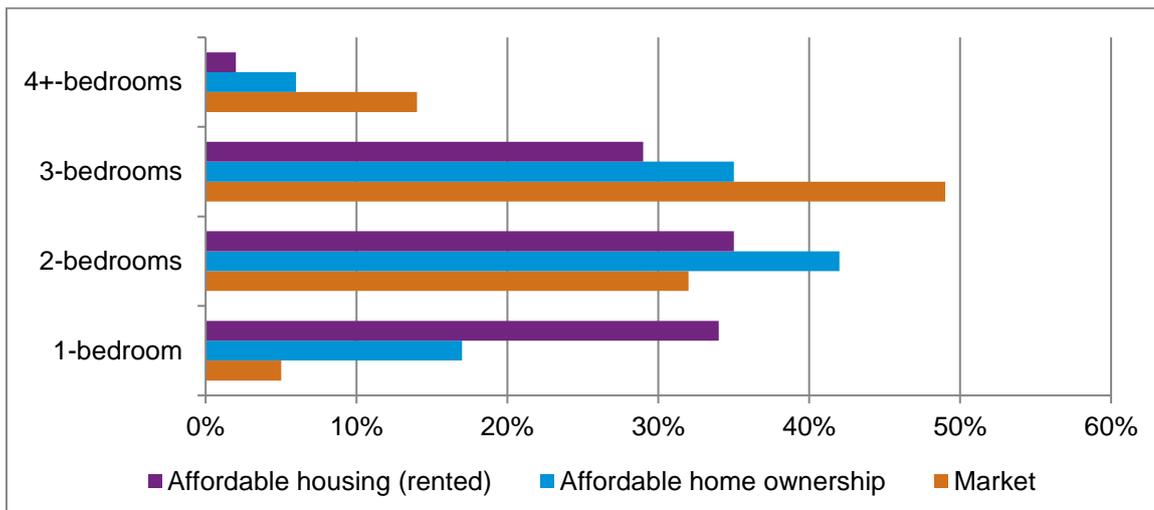
Mix of housing

8.25   This is linked to the Standard Method Housing Need of 331 dpa or 6,427 dwellings across 20 years, along with 150 dpa or 2,912 dwellings in Tamworth across the 20-year plan period. It should be noted that these projections will not necessarily be translated into policy but have been used to indicate the likely need for different sizes of homes moving forward.

8.26   No mix of tenures has been assumed. The Affordable (rented) need based on the need shown in the need assessment model has the AHO nationally set at 10% and market housing at 70%.

8.27   It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this, but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds.

8.28   Equally, some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. **The figures used are not a policy position and has been applied simply for the purposes of providing outputs from the modelling process**.

8.29   To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- 70% market
- 10% affordable home ownership
- 20% social/affordable rented

8.30   There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period to 2036.

Key Findings and Recommended Mix

8.31   The figure below provides the output of the modelling by size of home by tenure. In both the market and affordable sectors. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 33: Size of housing required 2016 to 2036 - Lichfield

Source: Housing Market Model

Figure 34: Size of housing required 2016 to 2036 - Tamworth
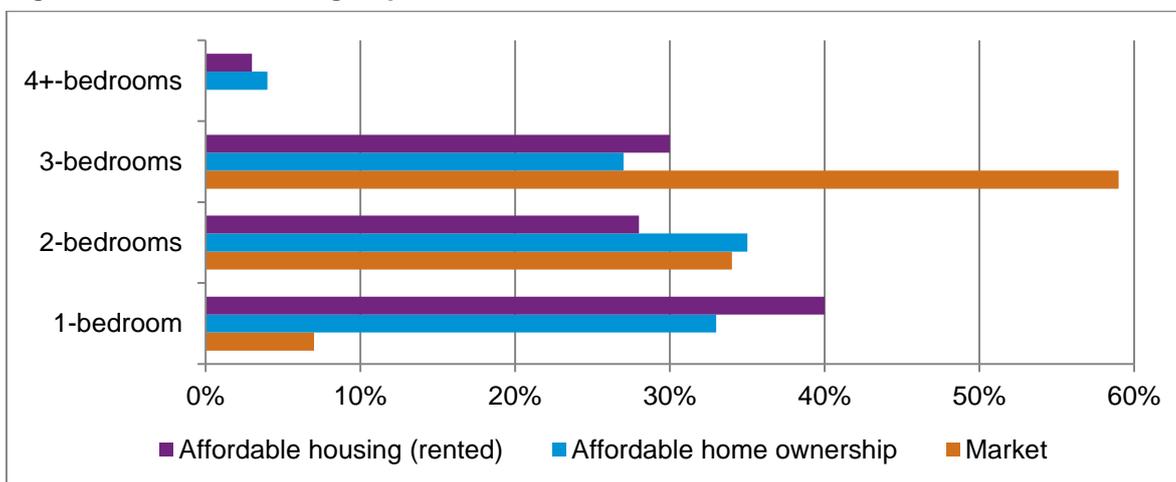
Source: Housing Market Model

8.32   Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be considered in setting policies for provision.

8.33   This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.

8.34   At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more-bedroom homes is typically quite small

the ability for these needs to be met is even more limited. There are also localised issues about the stock of different sizes of homes which need to be considered in conclusions (the relative lack of 2-bedroom affordable accommodation).

8.35   For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one-bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more-bedroom homes also being appropriate.

8.36   There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. The analysis would support policies for the mix of <u>affordable housing (rented)</u> of:

Lichfield
- 1-Bedroom - 20-30%
- 2-Bedrooms – 25%-35%
- 3-Bedrooms- 35%-40%
- 4-Bedrooms – 5% - 10%

Tamworth
- 1-Bedroom - 30-40%
- 2-Bedrooms – 15%-25%
- 3-Bedrooms- 35%-40%
- 4-Bedrooms – 5% - 10%

8.37   The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.38   The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

8.39   In the affordable home ownership and market sectors, a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.

8.40   Based on these factors, it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of <u>affordable home ownership</u> is suggested:

Lichfield
- 1-Bedroom – 10-20%
- 2-Bedrooms – 40%-45%
- 3-Bedrooms- 30%-40%
- 4-Bedrooms – 5% - 15%

Tamworth
- 1-Bedroom – 10-20%
- 2-Bedrooms – 35%-45%
- 3-Bedrooms- 30%-40%
- 4-Bedrooms – 5% - 15%

8.41   Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

Lichfield
- 1-Bedroom – 5-10%
- 2-Bedrooms – 30% - 35%
- 3-Bedrooms- 45% - 55%
- 4-Bedrooms – 5% - 15%

Tamworth
- 1-Bedroom – 5-10%
- 2-Bedrooms – 30% - 35%
- 3-Bedrooms- 50% - 60%
- 4-Bedrooms – 1% - 10%

8.42   To reiterate this mix may not be suitable for each and every site but should be used as a monitoring tool. It may well be the case that collectively these sites and their respective constraints dictate a slightly different mix.

Housing Mix: Summary Points

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the HMA (by tenure).

Lichfield	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-35%	45-55%	5-15%
Affordable home ownership	10-20%	40-45%	30-40%	5-15%
Affordable housing (rented)	20-30%	25-35%	35-40%	5-10%
Tamworth	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-35%	50-60%	1-10%
Affordable home ownership	10-20%	35-45%	30-40%	5-15%
Affordable housing (rented)	30-40%	15-25%	35-40%	5-10%

- The mix identified above should alongside other contextual evidence should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

9   NEEDS OF SPECIFIC GROUPS

9.1   This Chapter of the report examines the housing needs for specific groups in Lichfield and Tamworth. It focusses on the need for older persons and directly linked to this those with disabilities.

9.2   The PPG sets out that the reason for the approach to setting standards is designed to *'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes'* (56-001) and that *'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area'* (56-002).

9.3   The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
- the accessibility and adaptability of existing housing stock;
- how needs vary across different housing tenures; and
- the overall impact on viability.

9.4   This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in the analysis to follow. The discussion below begins by looking at older persons' needs.

9.5   Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.

9.6   Additionally, for some analysis, it is necessary to project the population forward. Reference for this is made to the demographic projections developed in this study (linking to an OAN of 331 dwellings in Lichfield and 150 dwellings in Tamworth per annum based on the standard method).

Current and Future Population of Older People

9.7   The table below provides baseline population data about older persons and compares this with other areas. The data for this has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above.

Table 36:   Older Person Population (2017)

	Lichfield		Tamworth		W. Midlands	England
	Population	% of Population	Population	% of Population	% of Population	% of Population
Under 65	79,200	76.5%	62,500	81.7%	81.6%	82.0%
65-74	13,700	13.2%	8,300	10.8%	10.0%	9.9%
75-84	7,900	7.6%	4,200	5.5%	5.9%	5.7%
85+	2,800	2.7%	1,400	1.8%	2.4%	2.4%
Total	103,500	100.0%	76,500	100.0%	100.0%	100.0%
Total 65+	24,300	23.5%	14,000	18.3%	18.4%	18.0%

Source: ONS 2017 Mid-Year Population Estimates

9.8   The data shows that Lichfield has a higher proportion of people over 65 compared to the rest of England (23.5% compared to 18.0%). Tamworth is similar in proportion to its wider comparators (18.0%). In particular, the age band 75-84 seems to be over-represented (13.2%) in Lichfield compared to Tamworth (10.8%), West Midlands (10.0%) and England (9.9%).

9.9   As well as providing a baseline position for the proportion of older persons in the local authorities, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the population projection linked to the housing need of 331 dpa in Lichfield and 150 dpa in Tamworth.

9.10   The population projections for Lichfield show an increase in those aged 65 and over of 8,990 people between 2016 and 2036. This compares to an overall increase of 9,772 and an increase in the population aged under 65 of just 782.

Table 37:   Projected Change in Population of Older Persons - Lichfield (2016 to 2036)

	Population 2016	Population 2036	Change in population	% change
Under 65	78,851	79,633	782	20%
65-74	13,823	15,473	1,650	24%
75-85	7,483	10,992	3,509	101%
85+	2,674	6,505	3,831	143%
Total	102,831	112,603	9,772	10%
Total 65+	23,980	32,970	8,990	37%

Source: GLH Demographic Projections

9.11   In Tamworth, the projections show an increase in the population aged 65 and over of 5,984 people. This compares to an overall increase of 2,351 and a decrease in the population aged under 65 of around 3,600.

Table 38:   Projected Change in Population of Older Persons - Tamworth (2016 to 2036)

	Population 2016	Population 2036	Change in population	% change
Under 65	63,329	59,695	-3,634	-71%
65-74	8,155	9,357	1,202	32%
75-84	4,111	6,758	2,647	134%
85+	1,415	3,550	2,135	151%
Total	77,010	79,361	2,351	3%
Total 65+	13,681	19,665	5,984	44%

Source: GLH Demographic Projections

Housing for Older People and Need for Specialist Accommodation

9.12   Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

9.13   The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health.

9.14   This database includes the need across the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:
A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus, on-site supportive management. A regularly visiting scheme manager if s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:
Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically, there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided along with additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:
Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically, all meals will be provided and there will be additional shared facilities. Some schemes specialise in dementia care or may have a dementia unit.

Care beds:
Care homes: Residential settings where a number of older people live, usually in single rooms, and have access to personal care services (such as help with washing and eating).
Care homes with nursing: These homes are similar to standard care homes, but they also have registered nurses to provide care for more complex health needs.

Source: HOPSR

9.15   As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation (essentially public vs. private provision), this varies depending on an area's level of deprivation.

9.16   In Lichfield and Tamworth data from the 2015 Index of Multiple Deprivation has been used. The formulations suggest that 30% of supply should be rented accommodation and 70% leasehold in Lichfield (there is no tenure split for care beds). The balance in Tamworth is 22% rented with 88% leasehold. Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average in both authorities, a small upwards adjustment has been made.

9.17   In the table below three categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing), b) Housing with Care (which includes the enhanced sheltered and extra-care housing) and c) care bedspaces.

9.18   In terms of the built form both Housing with support and housing with care are similar and are akin to typical sheltered accommodation. In contrast care bedspaces are closer to institutional accommodation such as a hospital or hospice.

9.19   The analysis suggests that there may currently be an oversupply of rented housing with support in both Lichfield and Tamworth (public/affordable) but a notable shortfall of other types/tenures. However overall the data also suggests a current deficit of housing with support and care of 1,076 units.

9.20   At HMA wide level there is a current shortfall of around 890 bedspaces. As the two tables below suggest this is primarily driven by need in Tamworth (650 bedspaces). This deficit is expected to increase to 1,753 by 2036 however this is driven by an increase in Lichfield.

Table 39:   Older Person Housing Requirements - Lichfield (2016 to 2036)

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	44	516	443	(-73)	320	247
	Leasehold	75	224	758	534	548	1,082
Housing with care	Rented	19	0	192	192	139	331
	Leasehold	24	135	240	105	174	279
Care bedspaces		104	820	1,057	237	764	1,000

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

9.21   In total there will be a need for an additional 1,939 homes with either support or Care in Lichfield by 2036 and 1,187 in Tamworth. In both cases this is a significant uplift in demand linked to the ageing population.

Table 40:   Older Person Housing Requirements - Tamworth (2016 to 2036)

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	57	451	314	(-137)	272	135
	Leasehold	77	94	425	331	367	698
Housing with care	Rented	24	117	133	16	115	131
	Leasehold	24	25	133	108	115	223
Care bedspaces		104	118	460	650	190	753

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

9.22 Most of the demand for specialist accommodation in both authorities is for housing with support (around 73%) compared to around 27% for housing with care. Retirement housing with no specific care would be included in the 'housing with support' figures as these are schemes with limited support but not necessarily living on site.

9.23 The data shows a similar split of demand by tenure in Lichfield for leasehold housing with care and support expected to account for 61% of demand with rental making up 39%. In Tamworth, rental makes us 45% whereas leasehold housing accounts for 55%.

People with Disabilities

9.24 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

9.25 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Lichfield some 25.3% of households contain someone with a LTHPD. This figure is lower than seen across the region and broadly in-line with the national average. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 18.1% of the population of the local authority have a LTHPD).

9.26 In Tamworth, 26.0% of households contain someone with a LTHPD, slightly higher than the national proportion but slightly lower than the West Midlands percentage. The percentage of the population with a health problem in Lichfield is slightly lower than in Tamworth (at 17.9%) but broadly in line with the national percentage.

Table 41: Households and people with Long-Term Health Problem or Disability (2011)

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Lichfield	10,448	25.3%	18,265	18.1%
Tamworth	8,220	26.0%	13,745	17.9%
West Midlands	622,565	27.1%	1,062,064	19.0%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

9.27 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people

with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD.

Figure 35: Population with Long-Term Health Problem or Disability in each Age Band
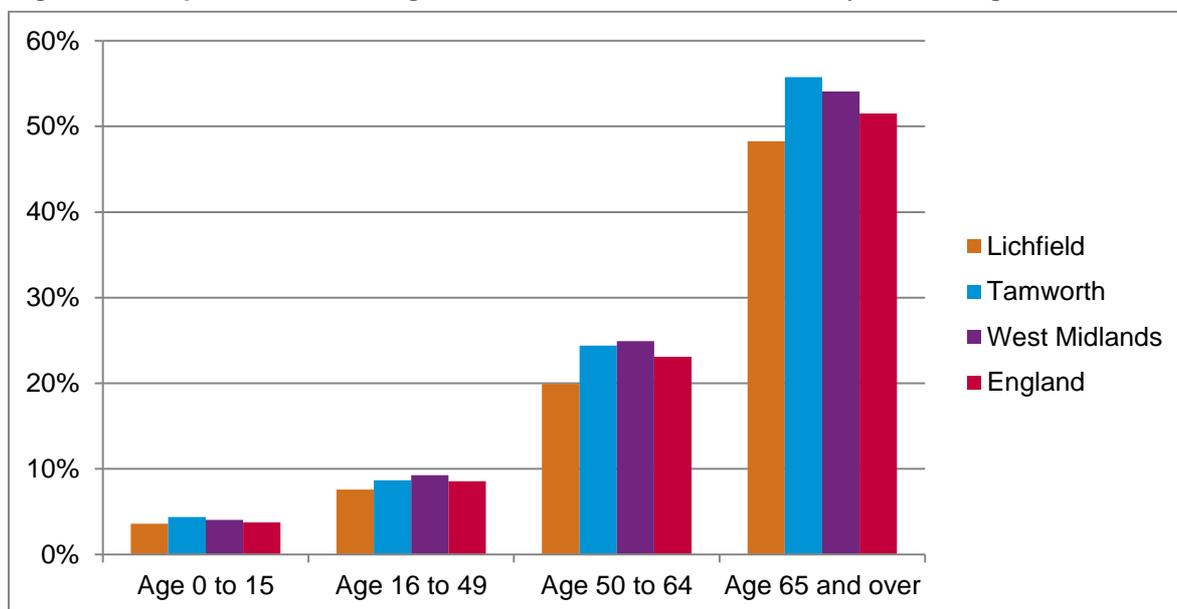
Source: 2011 Census

9.28   The age-specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 8,313 in Lichfield and 5,189 in Tamworth.

9.29   When looking at the local authorities, an increase of 80% is expected to be in age groups aged 65 and over in Lichfield and 65% in Tamworth respectively. The population increase of people with a LTHPD represents at least 42.6% of the total increase in the population in Lichfield and 41.3% in Tamworth as estimated by the projections.

Table 42:   Estimated change in population with LTHPD (2016-2036) - Lichfield

	Population with LTHPD		Change	% change
	2016	2036	(2016-36)	from 2016
Lichfield Based on 331 dpa	19,513	27,826	8,313	42.6%
Tamworth Based on 150 dpa	12,553	17,742	5,189	41.3%

Source: Derived from demographic modelling and Census (2011)

9.30   The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for the population living in households rather than households. The analysis clearly shows that people

with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability).
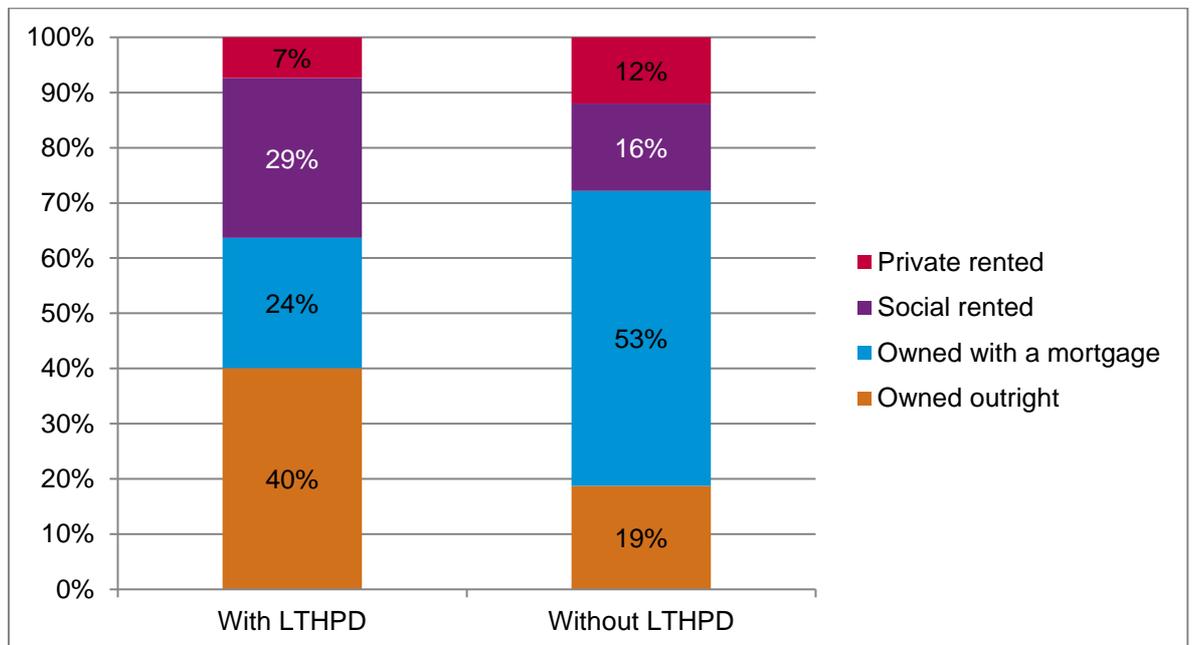
Figure 36: Tenure of people with LTHPD- Licfhield
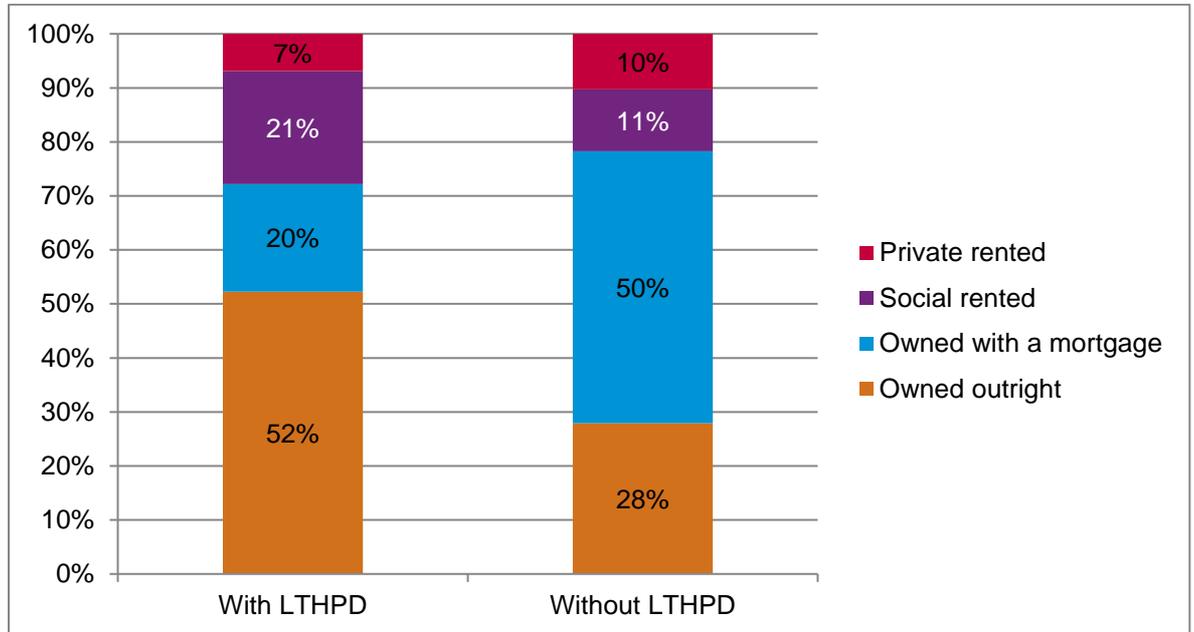
Source: 2011 Census

Figure 37: Tenure of people with LTHPD- Tamworth

Source: 2011 Census

9.31   Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners, the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

9.32   The table below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are about twice as likely to have a LTHPD than those in other tenures, and to a somewhat greater extent in Tamworth.

Table 43:   Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
Lichfield	27.9%	13.8%
Tamworth	28.0%	12.5%

Source: Derived from demographic modelling and Census (2011)

Private Rented Sector

9.33   This section looks at a range of statistics in relation to the private rented sector (PRS) in Lichfield and Tamworth. Where possible, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rented housing in the local authorities.

9.34   The table below shows the tenure split of housing in 2011 in Lichfield, Tamworth, the West Midlands region and England. The data identifies approximately 3,475 households in Lichfield and 3,157 households in Tamworth living in private rented housing – 8% and 10% of all households respectively. This proportion is notably lower than the West Midlands region and nationally.

Table 44:   Households by Tenure (2011)

Tenure	Lichfield	Tamworth	West Midlands	England
Owns outright	15,948	8,790	740,899	6,745,584
Owns with a mortgage/loan	15,449	12,943	763,425	7,403,200
Social rented	5,446	6,108	435,170	3,903,550
Private rented	3,475	3,157	293,988	3,401,675
Other	457	319	27,682	314,249
Total	41,224	31,617	2,294,909	22,063,368
% private rented	8%	10%	13%	15%

Source: Census (2011)

9.35   There are approximately 457 households in Lichfield and 319 households in Tamworth recorded as living in 'other' PRS accommodation which is likely to be housing linked to employment.

9.36   As well as looking at the current tenure profile, it is of interest to consider how this has changed over time. The table below shows change in tenure for the two local authorities between 2001 and 2011 Census.

9.37   There has been significant growth in the number of households living in privately rented accommodation (105% in Lichfield and 214% in Tamworth) as well as a notable increase in outright owners (24% for both local authorities). This increase will be due to mortgages being paid off, which may have been assisted by a period of low-interest rates.

9.38   There has been a decline in the number of owners with a mortgage, linked to access to mortgage restrictions and a decrease in the number of other households.

Table 45:   Change in tenure (2001-11) – Lichfield

	2001 households	2011 households	Change	% change
Owns outright	12,811	15,948	3,137	24%
Owns with mortgage/loan	16,922	15,449	-1,473	-9%
Social rented	5,059	5,446	387	8%
Private rented	1,695	3,475	1,780	105%
Other	1,013	457	-556	-55%
Total	37,500	41,224	3,724	10%

Source: 2001 and 2011 Census

Table 46:   Change in tenure (2001-11) – Tamworth

	2001 households	2011 households	Change	% change
Owns outright	7,098	8,790	1,692	24%
Owns with mortgage/loan	14,395	12,943	-1,452	-10%
Social rented	6,234	6,108	-126	-2%
Private rented	1,007	3,157	2,150	214%
Other	646	319	-327	-51%
Total	29,380	31,617	2,237	8%

Source: 2001 and 2011 Census

9.39   The PRS has clearly been growing rapidly over time, in the local authorities, the West Midlands region and the rest of the nation. It is also worth considering what further changes may have occurred since 2011.

9.40   Unfortunately, robust local data on this topic is not available, however, a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2016. The figure below shows changes in three main tenures back to 1980.

Figure 38: Trends in tenure, 1980 to 2015-16 – England
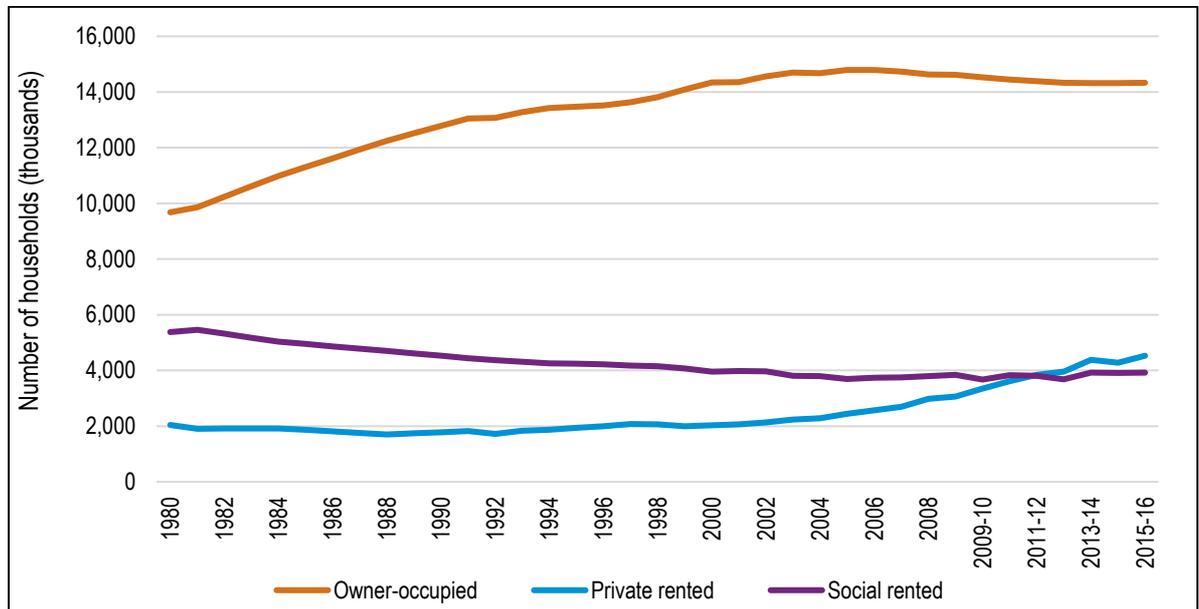
Source: English Housing Survey

9.41 This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 25%.

Self- and Custom-build

9.42 Housing Needs Assessments should investigate the contribution that self-build makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

9.43 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

9.44   Lichfield District Council and Tamworth Borough Council, as all local authorities are required to do, manage a register for those interested in Self and Custom Build Housing in the local authorities. At present (May 2019) there are 3 people on the register in Lichfield.

9.45   Lichfield's Self-Build and Custom Housebuilding Register records interest primarily in detached homes, either 2 or 3 bedrooms.

9.46   As of July 2019 there are 29 people on Tamworth's Self-Build and Custom Housebuilding Register with an interest in a variety of different types and sizes of homes in the local authority area.

Gypsies and Travellers

9.47   This assessment does not deal with the needs of Gypsies and Travellers. Lichfield District Council monitors the number of Gypsy sites and caravans in the local authority. Currently, there are no authorised pitches. There are 27 unauthorised caravans and 7 unauthorised campsites.

9.48   There is no information in the Tamworth Borough Council Monitoring Report 2017/18 regarding Gypsies and Travelers.

9.49   The previous "Gypsy, Traveller and Travelling Showpeople Accommodation Assessment: Lichfield and Tamworth" (2012) identified a need for 5 additional pitches in Lichfield and 1 additional pitch in Tamworth over the 2012-28 period.

9.50   A Gypsy Traveller Accommodation Assessment has been jointly commissioned by Lichfield District Council, Tamworth Borough Council and North Warwickshire Borough Council to inform their emerging local plans.

Service Families

9.51   As of April 2018, there were 1,110 military personnel in Lichfield. The MOD statistics do not report the number of military personnel in Tamworth. It can therefore be assumed that there are none in the local authority. As of April 2018 there were a total of 2,600 military personnel in Staffordshire.

Needs of Specific Groups: Summary Points

- PPG note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues, this study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.

- The data shows that in general, Lichfield and Tamworth have similar levels of disability when compared with the national position and that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:

  ➢ 37% increase in the population aged 65+ in Lichfield and 44% increase in Tamworth;
  ➢ 41% increase in the number of people with a long-term health problem or disability (LTHPD) in Lichfield and 41.3% in Tamworth;
  ➢ concentrations of LTHPD in the social rented sector;
  ➢ a need for specialist housing for older persons in all sectors/tenures; and

- This would suggest that there is a clear need to increase the supply of specialist accommodation for older persons.

- The assessment identifies a need for 1,939 additional homes with care or support in Lichfield by 2036 and 1,187 in Tamworth over the same period.   Most of the need is for leasehold properties with care.

- The additional demand to 2036 in Lichfield will be 764 bedspaces resulting in an ending shortfall of 1,000 beds-spaces. In Tamworth, the additional demand to 2036 of 190 bed-spaces will result in a shortfall of 753 bed-spaces.

- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on several factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit.

- There is limited evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). However, given the current Government push for such schemes, the Councils should consider any proposals on their merit, taking account of any affordable housing offer. At present there are only 3 people currently on the register in Lichfield and 29 in Tamworth.

10   COMMERICAL MARKET ASSESSMENT

10.1   The analysis in this section reports on the commercial market position in Lichfield and Tamworth along with the neighbouring local authorities including Birmingham, North West Leicestershire, East Staffordshire, Stafford, Cannock Chase and North Warwickshire. This analysis does not imply a single commercial market area but rather aims to assess the Lichfield and Tamworth market within its geographical context.

Office

10.2   The latest data from the Valuation Office Agency (VOA) show that Lichfield has 91,000 sqm of office floorspace and Tamworth 65,000 sqm. This represents a relatively low quantum of office stock, when compared to neighbouring areas such as Birmingham. This largely reflects the relative size of the settlements within each local authority – Birmingham has by far the largest quantum of office stock (1,979,000 sqm), with Cannock Chase, East Staffordshire, Stafford, North Warwickshire and North West Leicestershire all having between 50,000 – 150,000 sqm of office floorspace.

Figure 39: Office Stock, Lichfield, Tamworth and Surrounding Areas, 2015-16
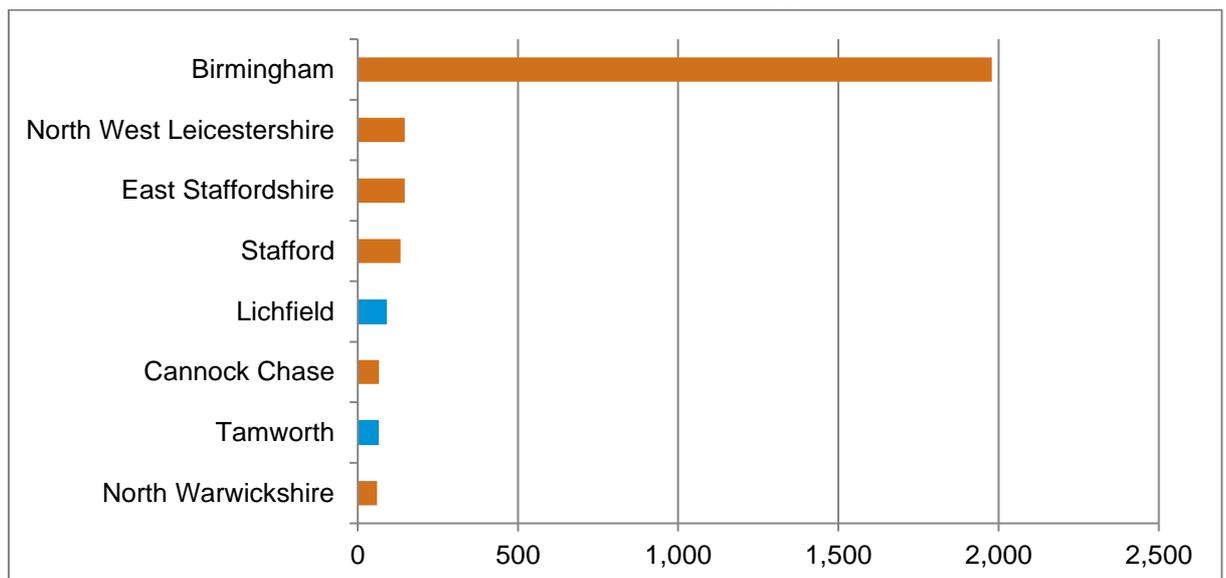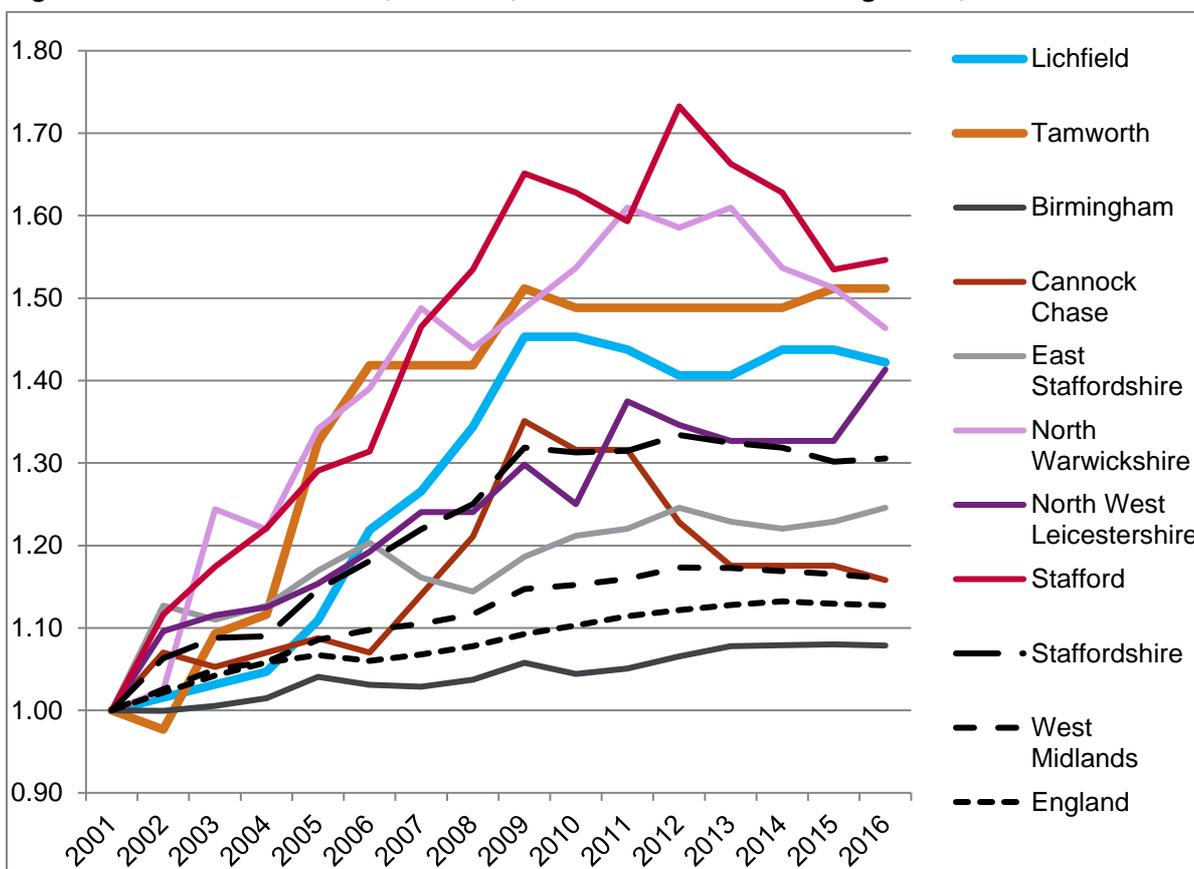

Source: GLH analysis of VOA data

10.3   Over the past 15 years, Lichfield's office stock has seen steady growth from 64,000 sqm in 2000-01 to 91,000 sqm in 2015-16. This represents a 42% growth over this period and an annual growth rate of 2.8% per annum. In the same period of time, Tamworth's office stock has increased from 43,000 sqm to 65,000 sqm, a 51% increase.

10.4   The figure below shows the relative growth of the office stock in Lichfield and Tamworth compared to
        wider geographical areas. This shows that the local authorities of Cannock Chase, East Staffordshire,
        Stafford, North Warwickshire and North West Leicestershire have seen growth in office stock higher
        than the national and regional averages. In terms of growth rate, Lichfield and Tamworth sit toward
        the higher end of their comparators – with a similar growth rate to Stafford and North Warwickshire -
        but also has seen a growth rate above the West Midlands (1.1% per annum) and England and Wales
        (0.8% per annum). Birmingham has the lowest growth rate of 0.52% per annum.

Figure 40: Office Stock Trend, Lichfield, Tamworth and Surrounding Areas, 2000-16

Source: GLH analysis of VOA data

10.5   The figure below shows the take-up of office space in Lichfield, Tamworth and limited surrounding
        areas since 2012, being the volume of deals as reported by CoStar database. There has been a
        steady rate of take-up from 2012 to 2017, with a peak occurring in 2018 driven by Lichfield. Lichfield
        generally performs slightly above the local comparators averaging c5,000 sqm per annum.

Figure 41: Office Take-Up, Lichfield, Tamworth and Surrounding Areas, 2012-19
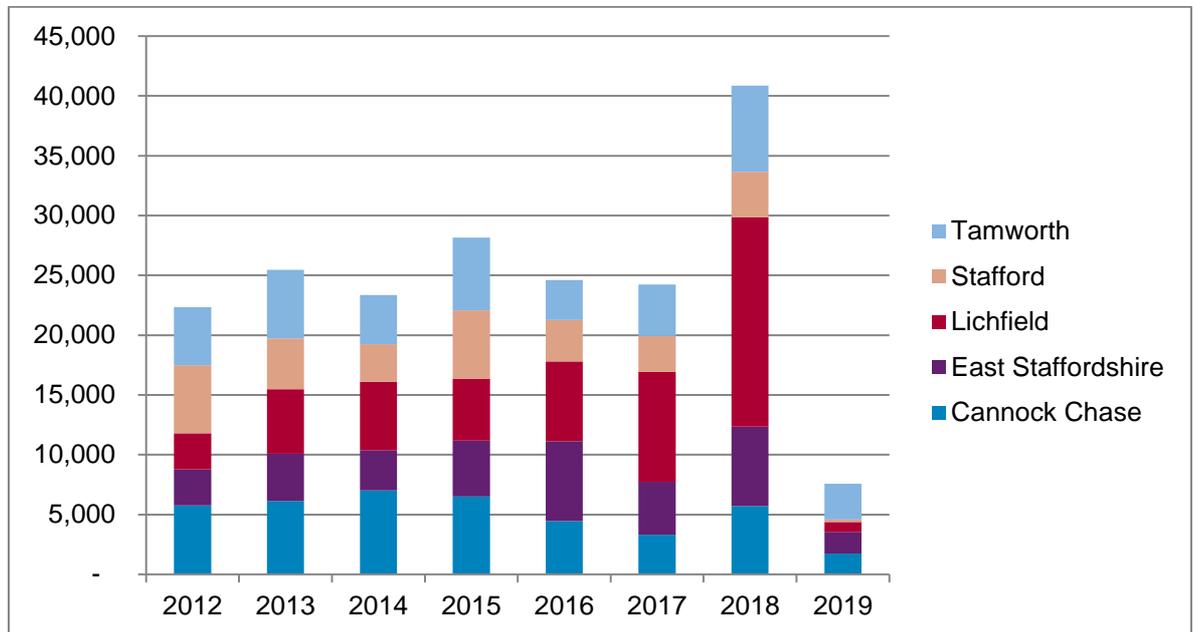
Source: GLH analysis of CoStar data

10.6   The data below shows the take up data sorted by number of individual deals. This shows the number of deals is typically around 20 for each area with Tamworth having the weakest market at around 10 deals per annum.
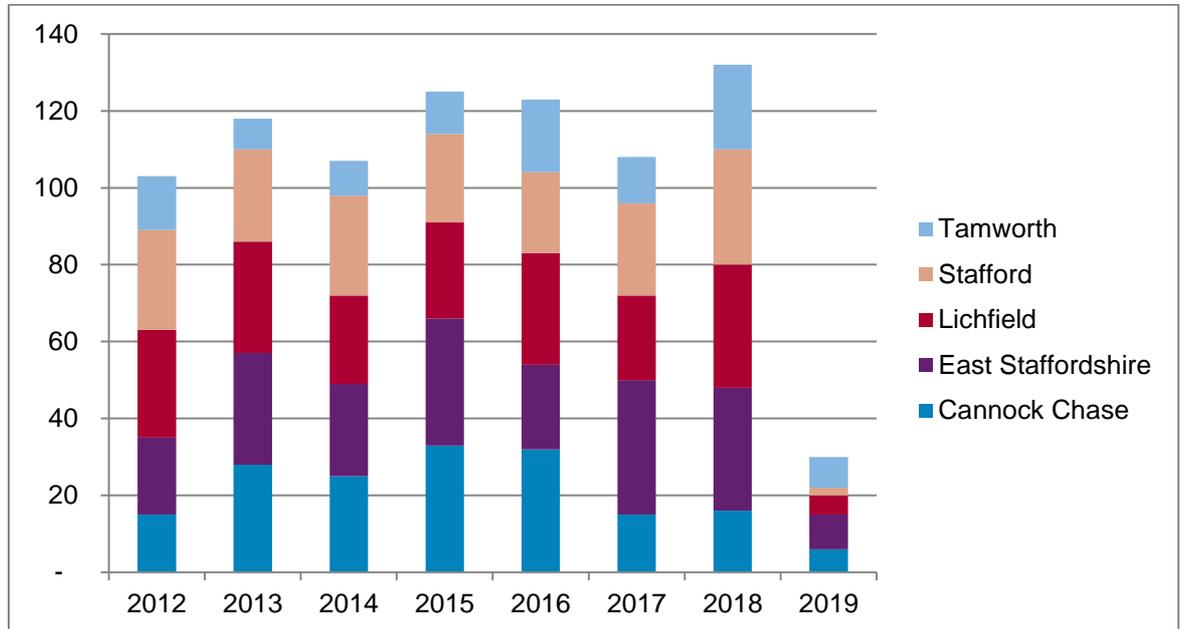
Figure 42: Office Take-Up by Number of Deals, Lichfield, Tamworth and Surrounding Areas 2012-19

Source: GLH analysis of CoStar data

10.7 The figure below shows the office take-up across Lichfield and Tamworth and surrounding areas mapped according to their respective post codes. The size of circles (with a larger circle indicating a greater total quantum of floorspace) depicts the total space taken on that site. Sometimes multiple circles will appear in the same spot, with larger circles given greater visibility to better represent areas of interest.

10.8 The map shows the areas of greatest activity for office uses across the area and clearly shows the focus of activity in Birmingham, and also shows relatively low levels of activity in Stafford, Cannock Chase, East Staffordshire, North Warwickshire and North West Leicestershire. Within Lichfield and Tamworth there has been relatively little office activity over this period. This reflects the low quantum of office stock in the districts compared to areas like Birmingham.
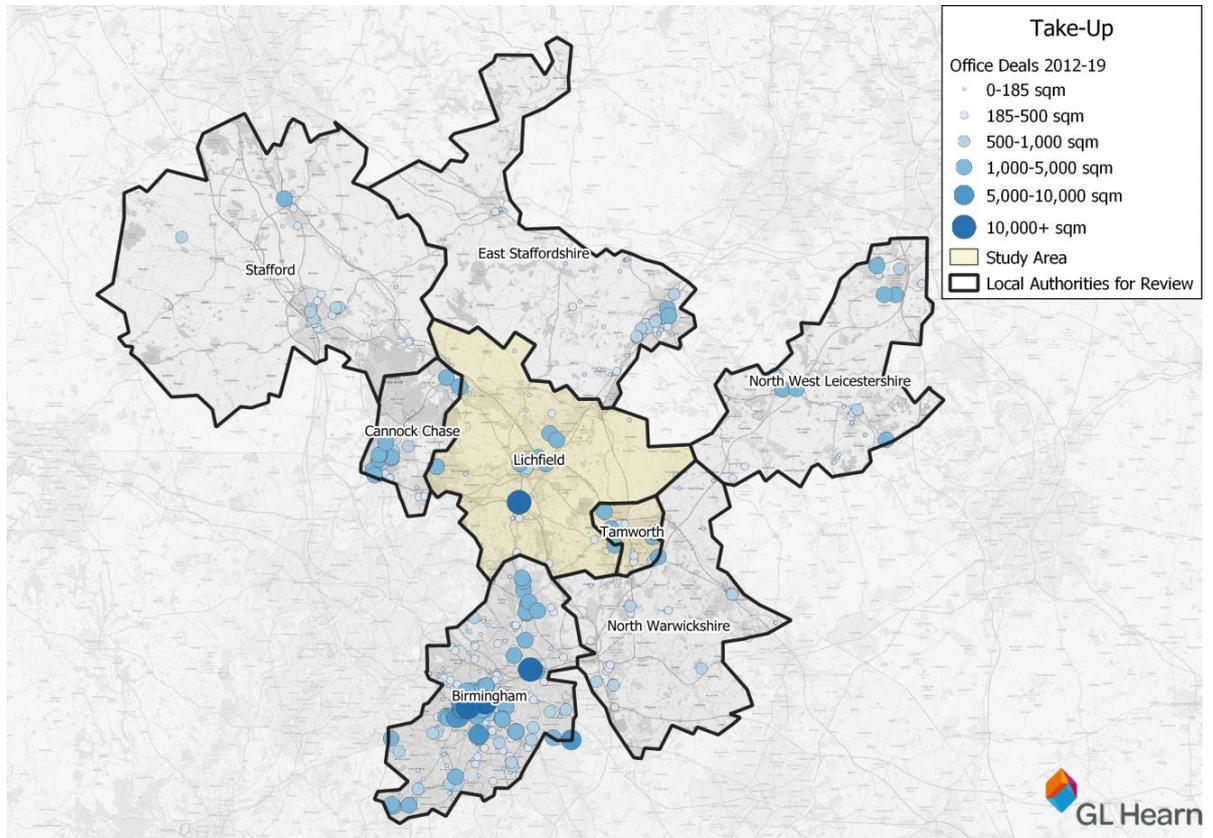
Figure 43: Office Deals, Lichfield, Tamworth and Surrounding Areas, 2012-19

Source: GLH analysis of CoStar data

10.9   The figure below concentrates on Lichfield and Tamworth. The cluster of small blue dots are concentrated within Lichfield City Centre, but rarely surpass 1,000 sqm in size. One notable exception occurs in Lichfield South (on the corner of the A5 and Birmingham Road). In 2018, Ground Direct leased 125,000 sqft (11,613 sqm) of speculative office space as part of Phase 3 of the Lichfield South development. Other clusters of small deals under 5,000 sqm occur at Burntwood Business Park and Fradley Park.

10.10   Tamworth has a several medium sized clusters of take-up activity. Larger deals of between 500-5,000 sqm occur within the Lichfield Road Industrial Estate, Amington Industrial Estate and near Ventura Park. There is a small cluster of very small deals (0-185 sqm) occurring in Tamworth City Centre.

Figure 44: Office Deals, Lichfield and Tamworth Local Authorities, 2012-19
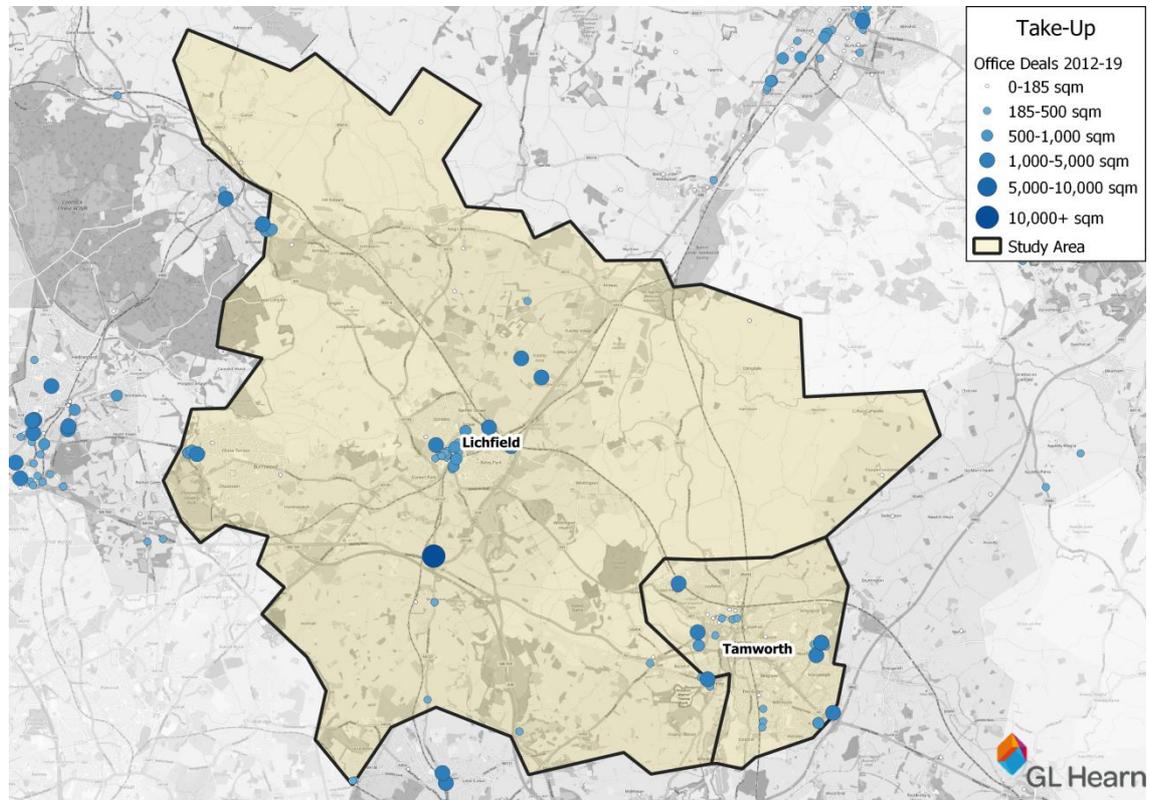
Source: GLH analysis of CoStar data

10.11   The table below sets out the breakdown of take-up by size band. This shows that deals in Lichfield and Tamworth are concentrated in the low-mid range of the market: 90% of deals were for units under 500 sqm in Lichfield and 81% of deals were sub 500 sqm in Tamworth. While not overly significant in difference, Tamworth has a greater proportion of stock between 500-5,000 sqm (19% of all stock) compared to other local authorities - 83% of deals in Birmingham were under 500 sqm and 16% between 500-5,000 sqm. Only Lichfield and Birmingham had any deals above 10,000 sqm.

Table 47:   Office Take-Up by Size Band, 2012-19

Size Band (rounded to nearest %)	Birmingham	Cannock Chase	East Staffordshire	Lichfield	North Warwickshire	North West Leicestershire	Stafford	Tamworth
0-185 sqm	58%	72%	75%	69%	70%	63%	71%	44%
185-500 sqm	25%	19%	20%	20%	26%	22%	24%	37%
500-1,000 sqm	8%	5%	4%	4%	4%	9%	3%	12%
1,000-5,000 sqm	8%	5%	1%	6%	0%	6%	1%	8%
5,000-10,000 sqm	1%	0%	0%	0%	0%	0%	0%	0%
10,000+ sqm	0%	0%	0%	1%	0%	0%	0%	0%

Source: GLH analysis of CoStar data

10.12   Office take-up data reports that since 2012 there has been 53,000 sqm of office space taken up in Lichfield – equivalent to 7,635 sqm per annum. By way of comparison, Tamworth has seen a total take up of 38,622 sqm during this same period, equivalent to 5,517 sqm per annum.

10.12   The figure below provides data for the total existing office space which is currently being advertised as available on the CoStar database. This provides an indicative 'point in time' snapshot of availability across the area. The greatest quantum of available space is in East Staffordshire (26,938 sqm) and Birmingham (13,003 sqm).

10.12   In Lichfield there is a total of 1,788 sqm of available office floorspace which indicates a tight market. By way of comparison, Tamworth has a greater quantum of availability with 3,789 sqm which is also limited.

10.13   The figure also includes the average annual take-up figure for each authority. By combining these we are able to estimate an indicative notional supply which shows the number of years' worth of available supply in each local authority area. In Lichfield the available office supply is equivalent to 0.2 years' worth of take-up. This reflects a very low level of office supply compared to take-up trends. By comparison, the average notional supply figure for Tamworth is equivalent to 0.8 years' worth of take-up which is also low. Birmingham has the lowest availability of all the local authorities with only 0.1 years of notional supply. East Staffordshire has the highest with 5.8 years of notional supply. Low supply indicates pressure on the market for usable floorspace.
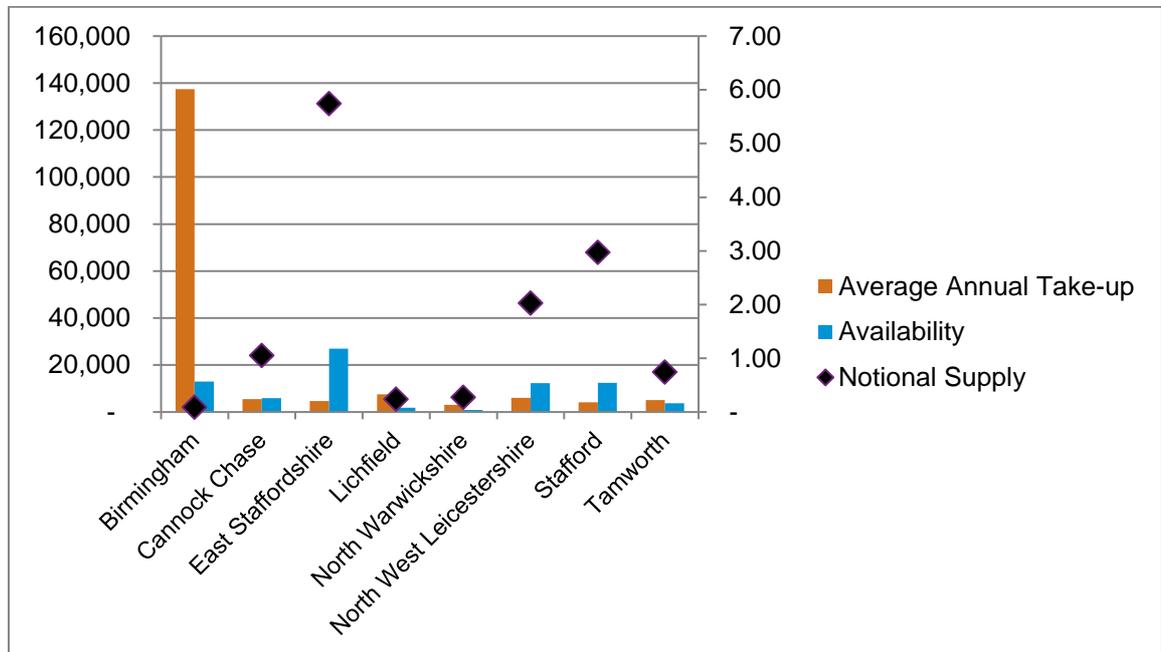
Figure 45: Availability vs Take-Up, Lichfield, Tamworth and Surrounding Authorities

Source: GLH analysis of CoStar data

Industrial

10.14   The total industrial (including manufacturing and warehouse) floorspace in Lichfield and Tamworth and the surrounding authorities is shown in the figure below. The most recent VOA data shows that there is approximately 852,000 sqm of industrial floorspace in Lichfield and 670,000 sqm of industrial floorspace in Tamworth. Compared to their office floorspace, both authorities have a greater number of industrial floorspace in absolute terms. Compared to other local authorities, however, Lichfield and Tamworth have the lowest amount of industrial floorspace.

Figure 46: Industrial Stock, Lichfield, Tamworth and Surrounding Areas, 2015-16
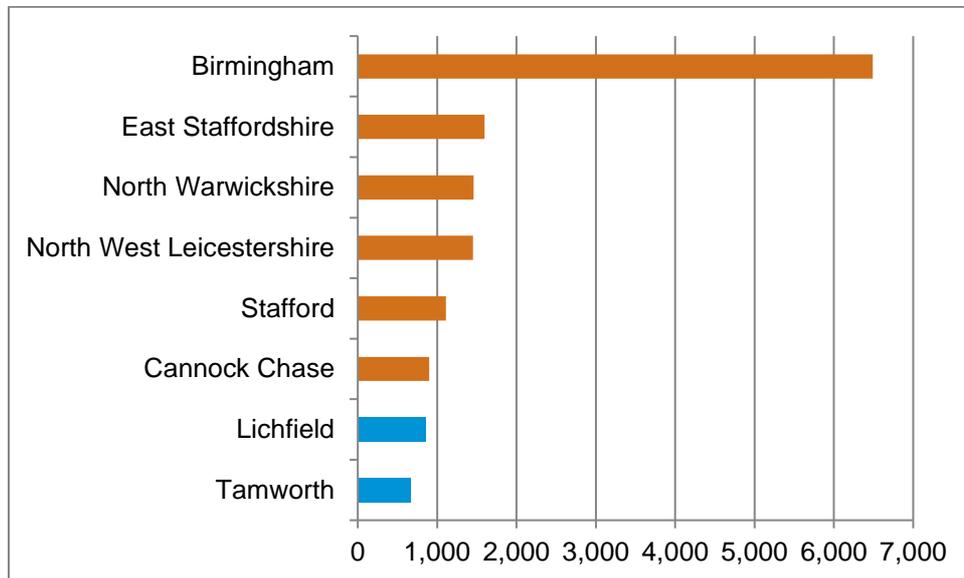
Source: GLH analysis of VOA data

10.15   The figure below shows the relative growth of industrial stock in Lichfield, Tamworth and the surrounding authorities since 2000. In Lichfield, industrial floorspace has grown from 815,000 sqm in 2000/01 to 852,000 sqm by 2015/16. This represents a growth of 5% over this period and an average annual growth rate of 0.3% per annum. Over the same period of time in Tamworth, industrial stock actually declined by 8% with a growth rate of -0.5% per annum.

10.16   Growth in industrial stock in Lichfield and Tamworth has not been as strong as some local authorities. Tamworth's slight decline has been on par with England's floorspace since 2008, whereas Lichfield has typically experienced increases above the West Midlands rate until 2016 when it dipped just below. To provide context, across England industrial stock has seen a decline of 5% over this period. In North Warwickshire, adjacent to Tamworth, gains were achieved of 78% more industrial stock (increasing from 821,000 sqm to 1,460,000 sqm). This points to the strength of the artery motorway links driving industrial floorspace.

Figure 47: Industrial Stock, Lichfield, Tamworth and Surrounding Areas, 2000-16
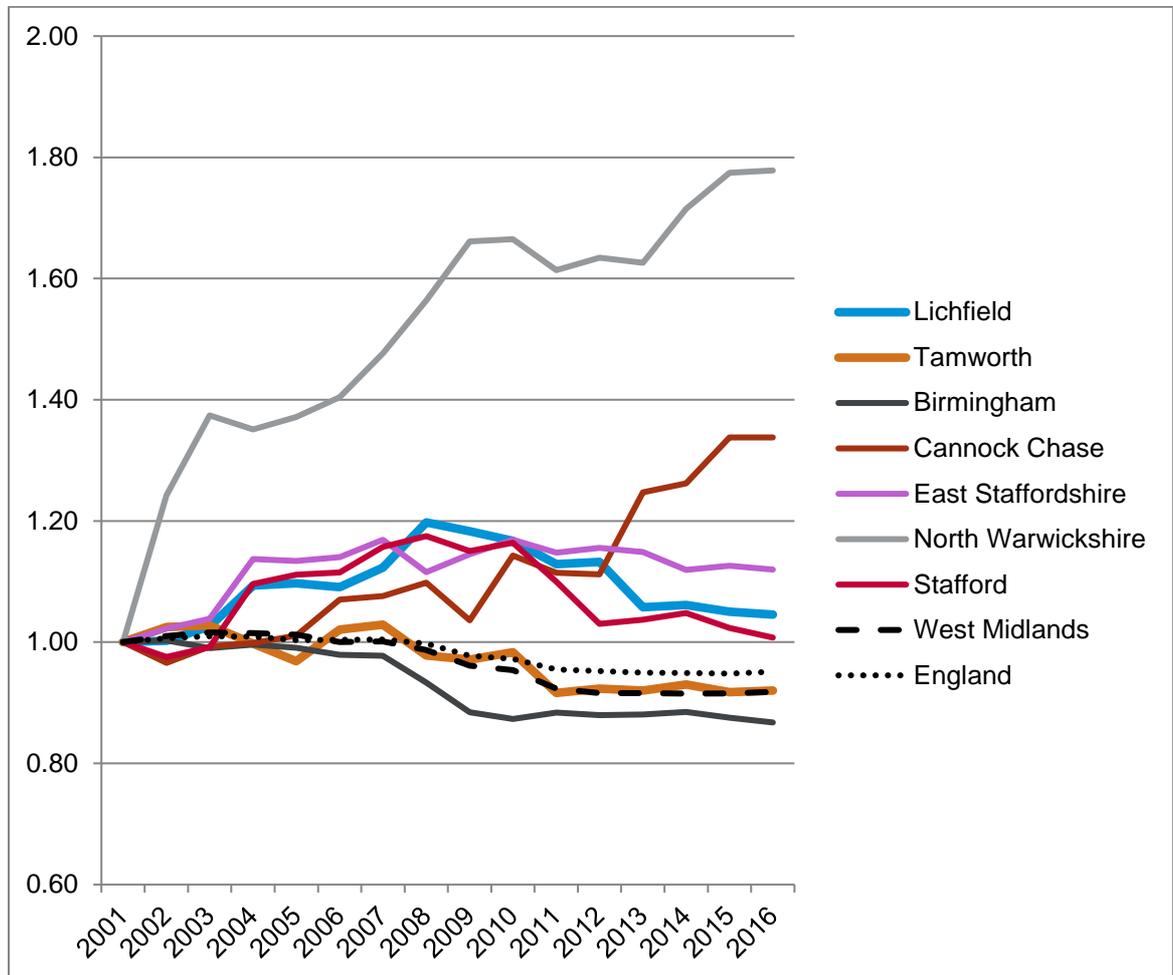
Source: GLH analysis of VOA data

10.17   The figure below reports on the take up of industrial floorspace as reported by CoStar database for a selection of authorities. North Warwickshire's position on the network drives strong take up as does take up around Burton on Trent in East Staffordshire both frequently exceeding 100,000 sqm per annum. Lichfield sits in a mid-market position with Fradley Park being the main driver of deals. Tamworth is a smaller and more constrained market.

Figure 48: Industrial Take-Up, Lichfield and Tamworth and Surrounding Areas, 2012-19 sqm
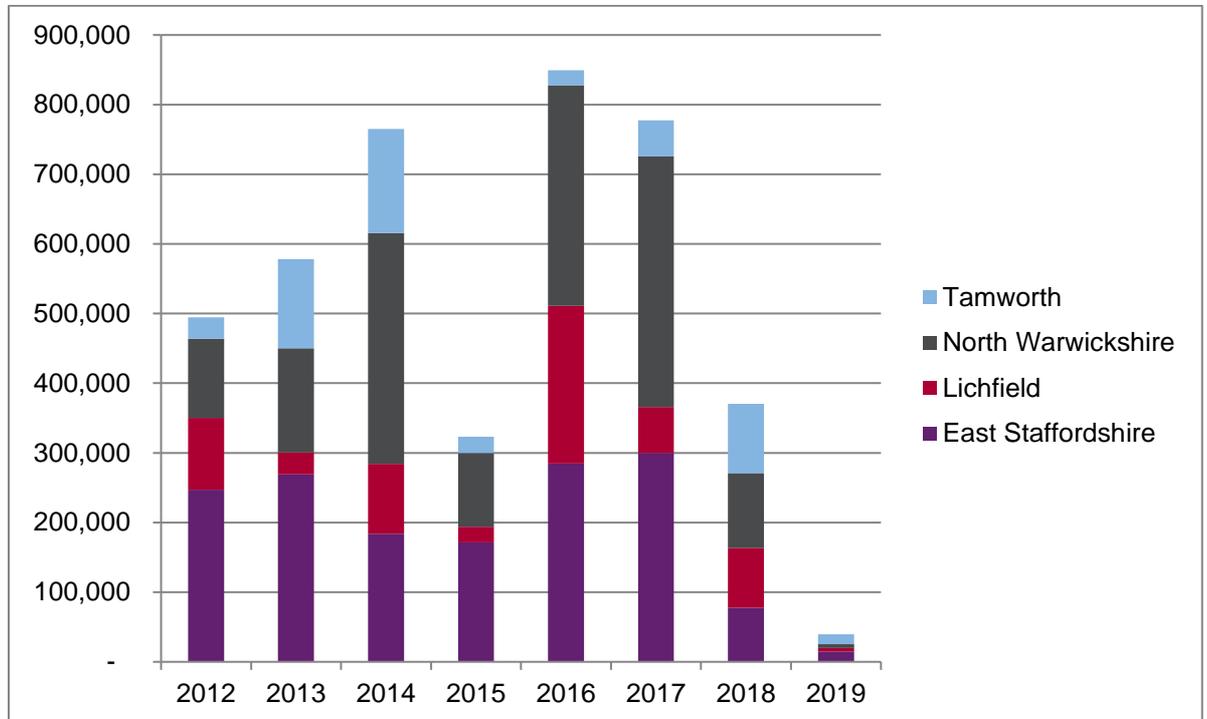
Source: GLH analysis of CoStar data

10.18   The data below shows the same data sorted by number of individual deals. The local markets are comparable at around 40-50 deals per annum albeit with Tamworth at the slower end nearer to 30 deals.

Figure 49: Industrial Take-Up by Number of Deals, 2012-19
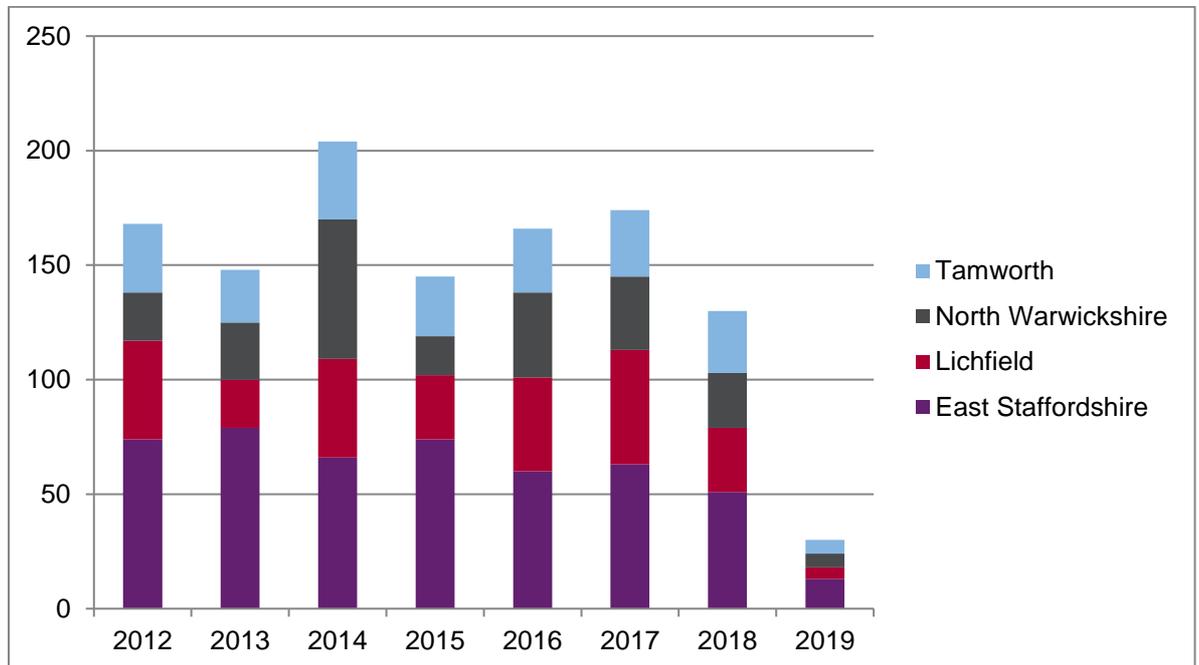
Source: GLH analysis of CoStar data

10.19   The map below shows the industrial deals in Lichfield, Tamworth and surrounding areas since 2012 aggregated according to postcode. As with the similar map for office deals, each circle represents a transaction, often overlapping in the same post code. The larger circles represent a greater quantum of total floorspace taken.

10.20   The figure highlights the much higher level of industrial activity along key transport corridors and in industrial estates. As Lichfield and Tamworth sit at the edge of the "golden triangle" of distribution, they benefit from access to the rest of the UK via the road network. The highest concentration appears in Birmingham, while North Warwickshire has a relatively large proportion of dark red dots representing deals above 10,000 sqm. Burton on Trent in East Staffordshire also had a large cluster of large deals above 10,000 sqm, almost entirely in Centrum Park and along the A38.

Figure 50: Industrial Deals, Lichfield, Tamworth and Surrounding Authorities, 2012-19
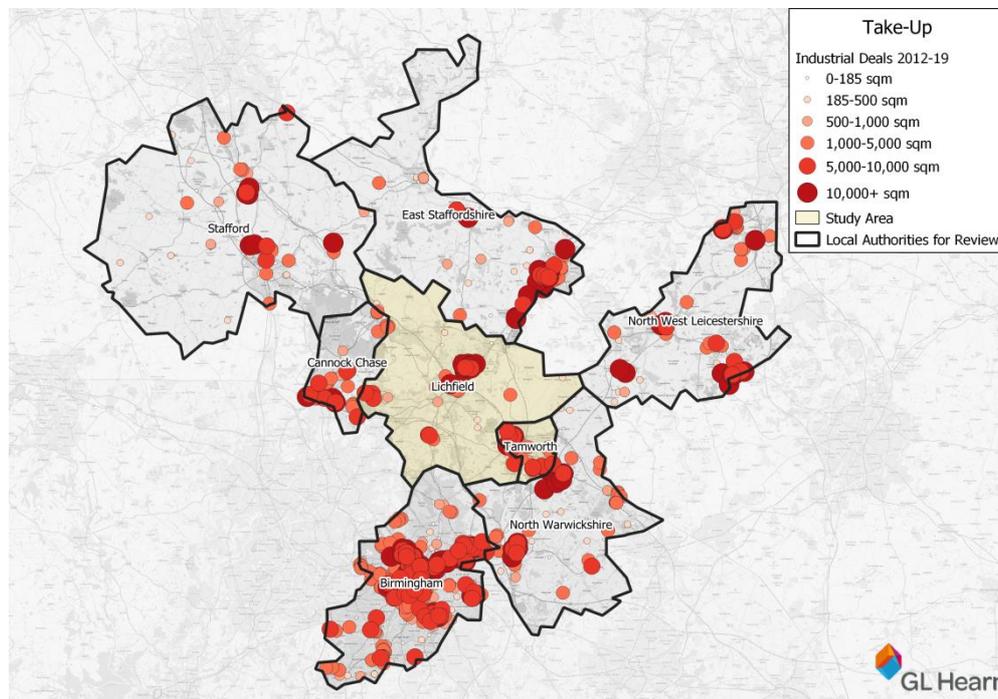
Source: GLH analysis of CoStar data

10.21   Over the 2012-19 period, Lichfield has seen a total take-up of 640,000 sqm of industrial floorspace – equivalent to an annual average take-up of 91,500 sqm per annum. Tamworth has seen a total of 518,000 sqm– equivalent to an annual average take-up of 74,106 sqm per annum.

10.22   The most recent high-profile industrial deals in Lichfield all occurred in Fradley Park.

- In Jan 2018, Anixter leased 213,526 sqft (19,837 sqm) at DC3 Wood End Ln.
- In May 2017, Geodis Wilson UK Ltd. leased 126,580 sqft (11,760 sqm) on Dove Close.
- Super Smart Services Limited leased 108,429 sqft (10,073 sqm) in Apr 2018 on Common Lane.

10.23   In Tamworth there were several key deals, the largest of which often go to occupiers within the distribution sector. As these were the most recent large transactions recorded, they help to indicate the needs of high-profile tenants.

- 2018 along Bonehill Road saw 560,000 sqft (52,000 sqm) leased to XPO Logistics.
- October 2018 in Lichfield Road Industrial Estate where 191,981 sqft (17,836 sqm) for a large distribution centre was leased at the former Gist site.
- December 2018, Pirelli Tyres occupied 153,418 sqft (14,253 sqm) in Centurion Park.

10.24   The dark cluster of red dots within Lichfield in the figure below is primarily within Fradley Industrial Estate, along with several large deals sitting on the A5192 near to Lichfield Trent Valley Station.

Medium sized dots, representing deals between 500-5,000 sqm, appear in the western portion of Lichfield in Burntwood Business Park.

10.25   Tamworth, despite its smaller area, has a several dense clusters of take-up activity. Large deals concentrate within the Lichfield Road Industrial Estate and Tame Valley Industrial Estate. It also includes Centurion Park and borders nearby Birch Coppice Business park in North Warwickshire.

Figure 51: Industrial Deals, Lichfield and Tamworth Local Authorities, 2012-19
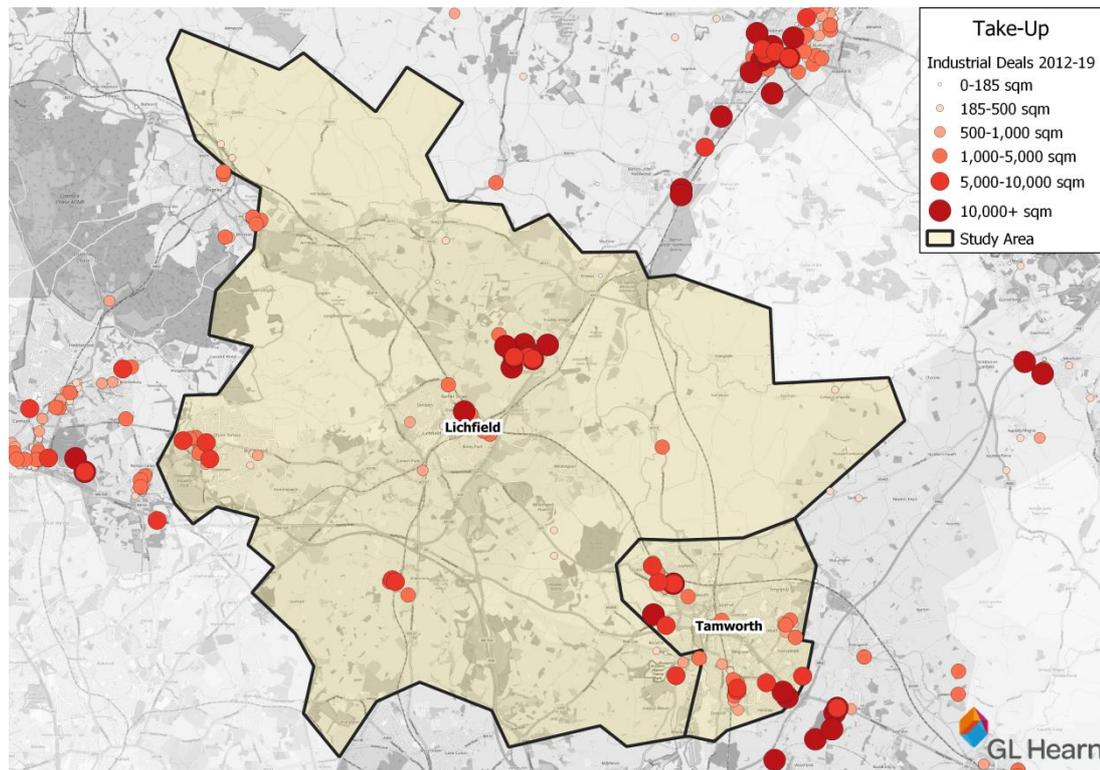
Source: GLH analysis of CoStar data

10.26   The table below sets out the breakdown of take-up by size band. This shows that deals in Lichfield and Tamworth were more evenly distributed, with high concentrations in the middle size bands from 500-5,000 sqm. 51% of deals were for units under 500 sqm in Lichfield while 59% of deals were sub 500 sqm in Tamworth. Lichfield has a greater proportion of deals from 500-5,000 sqm (39%) compared to Birmingham, where 61% of deals were under 500 sqm and 33% between 500-5,000 sqm. All local authorities had at least some deals above 10,000 sqm, but North Warwickshire had the highest proportion (20% of all deals) represented relative to other size bands.

Table 48: Industrial Take-Up by Size Band, 2012-19

Size Band	Birmingham	Cannock Chase	East Staffordshire	Lichfield	North Warwickshire	North West Leicestershire	Stafford	Tamworth
0-185 sqm	35%	26%	32%	27%	6%	26%	31%	27%
185-500 sqm	26%	39%	31%	23%	27%	19%	31%	33%
500-1,000 sqm	15%	16%	12%	18%	16%	18%	14%	14%
1,000-5,000 sqm	18%	12%	11%	21%	26%	22%	18%	15%
5,000-10,000 sqm	4%	4%	8%	5%	5%	5%	2%	5%
10,000+ sqm	2%	3%	6%	5%	20%	9%	5%	6%

Source: GLH analysis of CoStar data

10.26 The figure below provides data for the total existing industrial space which is currently being advertised as available on the CoStar database (Q2 2019). This provides an indicative 'point in time' snapshot of availability across the area. Across all of the authorities there is 1,479,671 sqm of available office space, with the greatest quantum of available space in North West Leicestershire (499,489) and Lichfield (236,754 sqm). By way of comparison, Tamworth has a much lower quantum of availability with 68,430 sqm.

10.27 The figure also includes the average annual take-up figure for each authority. By combining these we are able to estimate an indicative notional supply which shows the number of years' worth of available supply in each local authority area. In Lichfield the available industrial supply is equivalent to 2.7 years' worth of take-up. By comparison, the average notional supply figure for Tamworth is equivalent to 1.0 years' worth of take-up, indicating possible pressure on available space and high demand. Stafford has the lowest availability of all the local authorities with only 0.3 years' of notional supply. Low supply indicates pressure on the market for usable floorspace.

Figure 52: Availability vs Take-Up, Lichfield, Tamworth and Surrounding Authorities
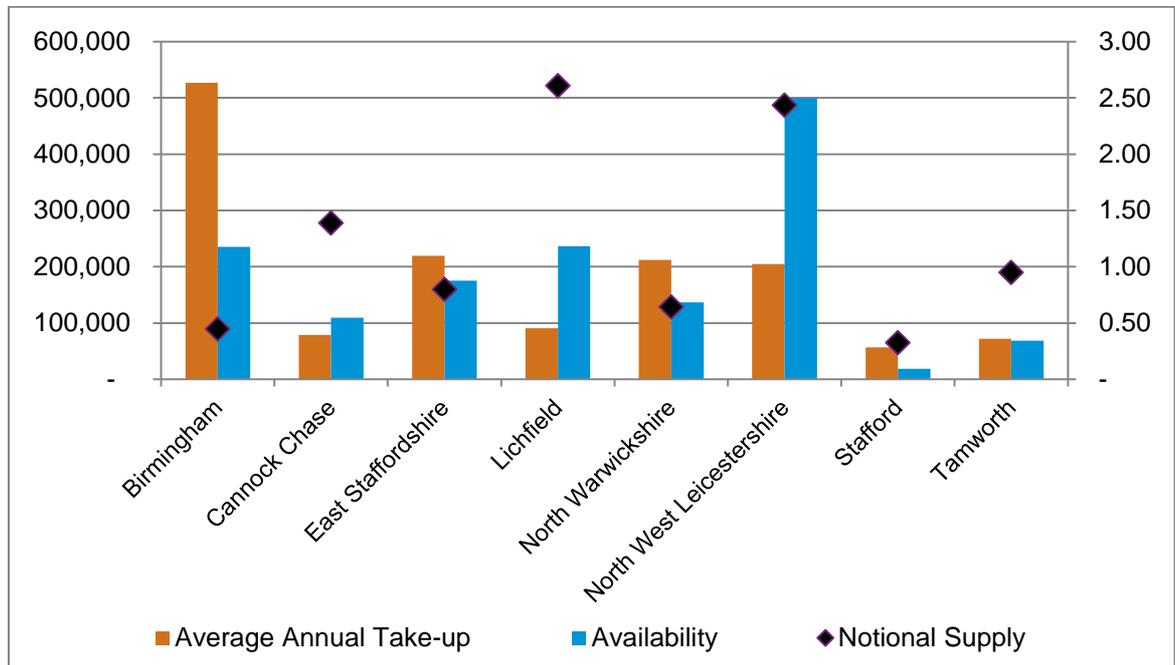
Source: GLH analysis of CoStar data

10.28   There is strong demand for logistics and distribution related industries in Tamworth and surrounding areas. Key locations include Birch Coppice Business Park and Centurion Park. Typically, occupiers require floorplates of over 100,000 sqft (9,290 sqm). Recent notable tenants include ALDI Distribution, preferring newer developments.

Commercial Market Assessment: Summary Points

- Largest concentrations of office stock in the city centre, with notable exception of Lichfield South and Fradley Park having stock above 10,000 sqm.

- In Lichfield, office stock has increased by 58% since 2001. 90% of deals below 500sqm. Availability is very low, with less than half a year of notional supply compared to average annual take-up.

- In Tamworth, office stock has increased by 42% since 2001. 81% of deals below 500 sqm. Availability is low, with only a year worth of notional supply compared to average annual take-up.

- More significant industrial markets for the two authorities in comparison to their office market, but still lag behind their competitors. Largest concentrations of industrial stock near key motorway junctions.

- In Lichfield, industrial stock has increased by 5% since 2001. 50% of deals are above 500 sqm. Availability is high at two and a half years of notional supply relative to average annual take-up

- In Tamworth, industrial stock has decreased by 8% since 2001. 62% of deals are above 500 sqm. Availability sits at one year of notional supply relative to average annual take-up.

11 EMPLOYMENT LAND REQUIREMENTS

11.1 In this section we consider demand for employment land and floorspace over the period from 2016-36. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments.

11.2 As completions data is available for the 2016-2018 period the forecast need considers the 2018-36 period drawing on the Oxford Economics labour demand forecasts.

11.3 When considering the scale of future needs the Planning Practice Guidance (PPG, 2019) requires consideration of:

- sectoral and employment forecasts and projections (labour demand)
- demographically derived assessments of future employment needs (labour supply techniques)
- analysis based on the past take-up of employment land and property and/or future property market requirements

11.4 There are relative benefits of each approach. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall with regard to the sectoral composition of growth. However, a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

11.5 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

11.6 The quantitative evidence is supplemented by the wider analysis of market and economic dynamics.

Labour Demand Scenarios

11.7 This section takes forward the economic growth forecasts. This includes a scenario based on the baseline Oxford Economics forecast and a second scenario based on the adjusted Growth forecast.

Baseline Scenario

11.8 The Baseline Scenario considers the quantum of employment land required to support the growth of 1,520 jobs (2018-36) in Lichfield and decline in Tamworth of -1,680 jobs as shown in the Oxford Economics baseline forecast (adjusted for 2017-18).

11.9   GLH has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in the two areas on a sector by sector basis.

11.10   The table below shows the percentage of full-time workers for each sector. This is used in relating the forecasts for total employment to expected growth in Full-Time Equivalent (FTE) employment which is used in calculating employment floorspace and land requirements.

Table 49:   Percentage of full-time jobs per sector in Lichfield and Tamworth

Industrial Sector	% of Full Time Workers (Lichfield)	% of Full Time Workers (Tamworth)
Agriculture and Mining	95%	100%
Manufacturing	94%	93%
Utilities	90%	94%
Construction	89%	89%
Wholesale and retail trade	82%	86%
Transport and Warehouse	96%	107%
Accommodation and F&B Service	63%	64%
Media and IT	87%	95%
Professional Services	89%	89%
Business support services	78%	93%
Public Administration & Defence	93%	85%
Education	71%	66%
Health and Social Care	79%	74%
Arts, Recreation, and Other Services	89%	77%

Source: GL Hearn analysis of 2017 BRES data

11.11   This provides a figure for net change in the number of FTE jobs in each sector over the plan period. The baseline OE forecasts show a net jobs growth of 1,265 FTE jobs over the period 2018-36 in Lichfield and -1,360 in Tamworth.

11.12   GL Hearn has considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8). To do this we have calibrated our standard model which relates sectors and use classes for the Lichfield and Tamworth economies through interrogation of the current composition of employment in key sectors at 4-digit SIC level. This provides an estimate of the proportion of FTE

jobs in each sub-sector which are currently located on each type of employment land (or other use class) in Lichfield and Tamworth. The modelling assumes that this proportion will hold true moving forwards. This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period:

Table 50:   Baseline Scenario – FTE Job Growth by B-Class Sector, 2018-36 Lichfield

	2018-21	2021-26	2026-31	2031-36	Total 2018-36
B1a/b	310	500	260	190	1,250
B1c/B2	-140	-310	-370	-350	-1,110
B8	20	100	20	-30	110
Total B-Class	210	290	-80	-190	230

Source: Oxford Economics / GL Hearn

Table 51:   Baseline Scenario – FTE Job Growth by B-Class Sector, 2018-36 Tamworth

	2018-21	2021-26	2026-31	2031-36	Total 2018-36
B1a/b	50	120	10	-30	150
B1c/B2	-140	-280	-360	-340	-1,120
B8	-50	20	-50	-100	-180
Total B-Class	-140	-150	-400	-470	-1,160

Source: Oxford Economics / GL Hearn

11.13   To these figures we have applied employment densities taking account of the *HCA Employment Densities Guide: 3rd Edition* (Drivers Jonas Deloitte, 2015). We have converted figures to provide employment densities for gross external floor areas (GEA) on the following basis:

- Office / R&D[6] (B1a/b): an average of 14 sqm GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial (B1c): an average of 49 sqm GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial (B2): an average of 38 sqm GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution (B8): an average of 80 sqm GEA per employee. This is the middle of the range of employment densities for B8 activities, reflecting the range of warehousing in the authorities.

11.14   Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of -17,600 sqm in Lichfield and -55,200 sqm in Tamworth. The breakdown by use class is shown below.

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[6] Drawing on the past ELRs and local consultation there is limited R&D space in the local economies that might otherwise derive a lower density

Table 52: Baseline Scenario – Net Floorspace Growth by B-Class Use, 2018-36 (sqm)

	Lichfield	Tamworth
B1a/b	16,185	2,100
B1c/B2	-42,300	-42,600
B8	8,500	-14,600
Total B Class	**-17,600**	**-55,200**

Source: GL Hearn based on Oxford Economics data

11.15 Floorspace is converted to land area by using the following plot ratios which draw on the 2012 Lichfield ELR and Tamworth 2013 ELR and updated for local circumstances: for B1a/b office space a plot ratio of 0.5 is used (i.e. it is assumed that total floorspace will comprise 50% of the site area); for B1c/B2 industrial space a plot ratio of 0.4 is used; for B8 warehouse/distribution space a plot ratio of 0.4 is used.

11.16 These are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace.

11.17 In identifying how much land to allocate for development, we consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market;
- To provide flexibility to allow for any delays in individual sites coming forward.

11.18 We consider that it would be appropriate to make provision for a 5-year 'margin' based on the five-year completions trend data. This is equivalent to 40.2 ha per annum in Lichfield and 1.7 ha per annum in Tamworth. Including such a margin results in a need for 34.8 ha of employment land to meet development needs in Lichfield District and -12.2 ha in Tamworth.

Table 53: Gross Employment Land Need – Baseline Labour Demand 2018-2036 (Ha)

	Tamworth	Tamworth + margin	Lichfield	Lichfield + margin
B1a/b	0.4	0.7	3.2	7.4
B1c/B2	-10.7	-9.9	-10.6	-3.9
B8	-3.7	-3.0	2.1	31.3
Total B Class	**-13.9**	**-12.2**	**-5.2**	**34.8**

Source: GL Hearn based on Oxford Economics data

Growth Scenario

11.19   The Growth Scenario considers the quantum of employment land required to support the growth of 3,050 jobs (2018-36) shown in the adjusted growth forecast for Lichfield and -680 jobs in Tamworth.

11.20   Using the same modelling assumptions as for the Baseline Scenario, GLH has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector. This provides a figure for net change in the number of FTE jobs in each sector over the plan period.

11.21   Using the same modelling assumptions as the Baseline scenario, the Growth Scenario results in the following forecasts of net growth in FTE employment by use class over the period 2018-2036:

Table 54:   Growth Scenario – FTE Job Growth by B-Class Sector, 2018-36 Lichfield

	2018-21	2021-26	2026-31	2031-36	Total 2018-36
B1a/b	310	510	260	190	1,270
B1c/B2	10	-20	-60	-40	-110
B8	110	450	20	-30	550
Total B-Class	**310**	**740**	**10**	**-10**	**1,700**

Source: Oxford Economics / GL Hearn

Table 55:   Growth Scenario – FTE Job Growth by B-Class Sector, 2018-36 Tamworth

	2018-21	2021-26	2026-31	2031-36	Total 2018-36
B1a/b	50	120	10	-30	150
B1c/B2	-70	-50	-90	-100	-320
B8	-50	20	-50	-100	-180
Total B-Class	**-70**	**80**	**-130**	**-220**	**-340**

Source: Oxford Economics / GL Hearn

11.22   Applying the employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for additional B-Class floorspace of 56,000 sqm in Lichfield and -24,400 sqm in Tamworth as below.

Table 56:   Growth Scenario – Net Floorspace Growth by B-Class Use (sqm), 2018-36

	Lichfield	Tamworth
B1a/b	16,500	2,100
B1c/B2	-4,070	-11,800
B8	43,600	-14,600
Total B Class	**56,030**	**-24,400**

Source: GL Hearn based on Oxford Economics data

11.23   Converting to land requirements and including the same margin of flexibility as in the baseline scenario results in a need for 53.3 ha of employment land to meet development needs in the Lichfield and -4.5 ha in Tamworth.

Table 57:   Gross Employment Land Need – Growth Labour Demand Scenario 2018-2036 (Ha)

	Tamworth	Tamworth + margin	Lichfield	Lichfield + margin
B1a/b	0.4	0.7	3.3	7.5
B1c/B2	-3.0	-2.2	-1.0	5.7
B8	-3.7	-3.0	10.9	40.1
Total B Class	**-6.2**	**-4.5**	**13.2**	**53.3**

Source: GL Hearn based on Oxford Economics data

11.24   For Lichfield the Growth Scenario forecasts an employment land requirement which is 18.5 ha greater than the Baseline Scenario (34.8 ha). For Tamworth the Growth Scenario forecasts an employment land requirement of -4.5.2 ha compared to the Baseline Scenario -12.2 ha.

Labour Supply Scenarios

11.25   Labour supply scenarios consider the effects of an increased labour supply on the generation of employment and employment land needs.

11.26   The labour supply scenarios considered are derived from the standard methodology requirements for the authorities being:

- Lichfield: 181 jobs per annum or 3,620 jobs over the Plan period
- Tamworth: 9 jobs per annum or 180 jobs over the Plan period

11.27   Of note these jobs growth figures are higher than the baseline labour demand forecasts as well as the growth scenarios developed for labour demand.

11.28   As the Oxford Economics forecasts are partly constrained by population projections, an increase in labour supply may enable growth in employment across a range of sectors. However, it is not logical to assume that sectors forecast to decline would do so at a greater rate with increased labour supply and in fact a number of these such as education, retail and accommodation / food the rate of decline is estimated to be reduced, as these sectors relate to the size of population. Therefore, the approach undertaken has been to distribute the increase in employment across the range of sectors with the exception of those declining in manufacturing and agriculture, mining and utilities. The table below reports on the resulting position.

Table 58:   Jobs Growth by Sector, Baseline and Labour Supply Scenario, 2017-2036

Sector	Authority	Baseline Labour Demand	Labour Supply
Agriculture, Mining, Utilities	Lichfield	-110	-110
	Tamworth	-	-
Manufacturing	Lichfield	-1,260	-1,260
	Tamworth	-1,130	-1,130
Construction	Lichfield	530	710
	Tamworth	110	300
Wholesale Retail	Lichfield	-320	-50
	Tamworth	-890	-330
Transport Storage	Lichfield	30	140
	Tamworth	-160	-40
Accommodation and Food and Beverage	Lichfield	-60	150
	Tamworth	-130	40
Professional and Scientific Services inc ICT, Real Estate, Finance	Lichfield	1,070	1,430
	Tamworth	180	300
Business Support Services	Lichfield	960	1,190
	Tamworth	230	480
Public Administration and Defence	Lichfield	-230	-150
	Tamworth	-110	-70
Education	Lichfield	-180	-70
	Tamworth	-250	-130
Health	Lichfield	600	870
	Tamworth	90	240
Creative and Recreation	Lichfield	540	640
	Tamworth	250	340
Other	Lichfield	30	130
	Tamworth	-30	40
Total	Lichfield	**1,610**	**3,620**
	Tamworth	**-1,870**	**180**

Source: Oxford Economics and GL Hearn (numbers may not sum due to rounding)

11.29   Applying the same assumptions as for the labour demand modelling, additional B-Class floorspace requirements are for -9,700 sqm in Lichfield and -36,100 sqm in Tamworth. Adding a 5-year margin to a land requirement equivalent equates to -5.9 ha in Tamworth and 36.4 ha in Lichfield.

Table 59:   Labour Supply Scenario –Floorspace Growth by B-Class Use (sqm), 2018-36

	Lichfield	Tamworth
B1a/b	23,100	8,500
B1c/B2	-41,400	-38,100
B8	8,500	-6,500
Total B Class	**-9,700**	**-36,100**

Source: GL Hearn based on Oxford Economics data

**Table 60:   Gross Employment Land Need –Labour Supply Scenario 2018-2036 (Ha)**

	Tamworth	Tamworth + margin	Lichfield	Lichfield + margin
B1a/b	1.7	2.0	4.6	8.8
B1c/B2	-9.6	-8.8	-10.4	-3.7
B8	-1.6	-0.9	2.1	31.3
Total B Class	**-9.4**	**-5.9**	**3.6**	**36.4**

Source: GL Hearn based on Oxford Economics data

Past Completions Trend - Lichfield

11.30   GL Hearn has considered data for completions of B class floorspace for Lichfield over the period from 2008 to 2018 based on the authority development monitoring data.

11.31   Over the period 2008-2018 there has been a total of 257,570 sqm of employment floorspace (gross) completed in Lichfield District. This is equivalent to an annual completion rate of 25,800 sqm per annum.

11.32   The employment completions figures per year are shown in the figure below. The year with the largest total completions was 2008 which saw just under 90,000 sqm of employment space completed. A large proportion of this was due to the 80,000 sqm B8 Tesco 540 distribution centre at Fradley. 2018 also saw a major development of c60,000 sqm of B8 at Fradley.

11.33   As shown in the figure, these can be considered as outliers, as results in the figure for 2008 and 2018 being considerably higher than the other years. Aggregating this figure forward over the forecasting period results in a higher annual need figure arising from the completions trend.

Figure 53: Gross Completions by Employment Use, 2008-18 – Lichfield District (sqm)
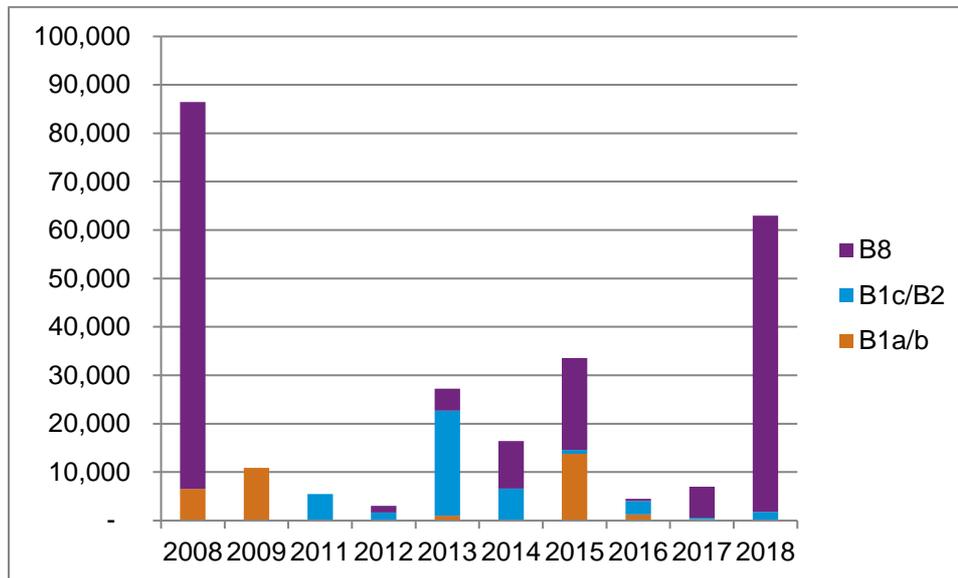
Source: Lichfield District Council

Table 61: Past Floorspace Completions, 2008-18

	Total 2008-2018		Annual Average 2008-2018	
	Sqm	Ha.	Sqm	Ha.
B1a/b	33,800	8.5	3,380	0.9
B1c/B2	40,100	13.5	4,010	1.4
B8	182,700	58.4	18,270	5.8
Total	**280,800**	**80.4**	**28,100**	**8.0**

Source: Lichfield District Council

11.34   Lichfield District Council also records land area developed which is reported above.

11.35   If we were to treat the 2008 and 2018 Fradley large scale developments as outliers and exclude them from the data, this would result in a need for 39.4 ha of warehousing (B8) land and a total need for 78.9 ha of employment land. Effectively, the scenario including these larger B8 developments includes a provision of 66.3 ha to support future large-scale distribution and should be treated as such. We would regard planning for this scale of development as a policy choice for the Council.

Table 62:   Completions Trend Scenarios Future Requirement, 2018-36 – Lichfield District

	Including Fradley		Excluding Fradley	
	sqm	**Ha**	**sqm**	**Ha**
B1a/b	60,800	15.3	60,800	15.3
B1c/B2	74,000	24.3	74,000	24.3
B8	328,800	105.1	74,900	39.4
Total	**463,600**	**144.6**	**209,700**	**78.9**

Source: GL Hearn based on Lichfield District Council data

Past Completions Trend - Tamworth

11.36   For Tamworth planning permissions is from 2007 onwards, however completions data is not available. It has been estimated that in Tamworth 75% of permissions are implemented therefore 2007-2018 permissions have been discounted at this rate to represent completions.

11.37   Based on the above, for the period 2017-2018 it is estimated that a total of 15,450 sqm of employment floorspace (gross) was completed in Tamworth. This is equivalent to an annual completion rate of 1,400 sqm per annum.

11.38   The estimated gross employment completions figures per year are shown in the figure below. The year with the largest total completions was 2017 of which 6,500 sqm of employment space is estimated. The majority of this relates to a permission on Bonehill Road for a c5,000 sqm extension to a B8 unit.

Figure 54: Estimated Gross Completions by Employment Use, 2007-18 – Tamworth (sqm)
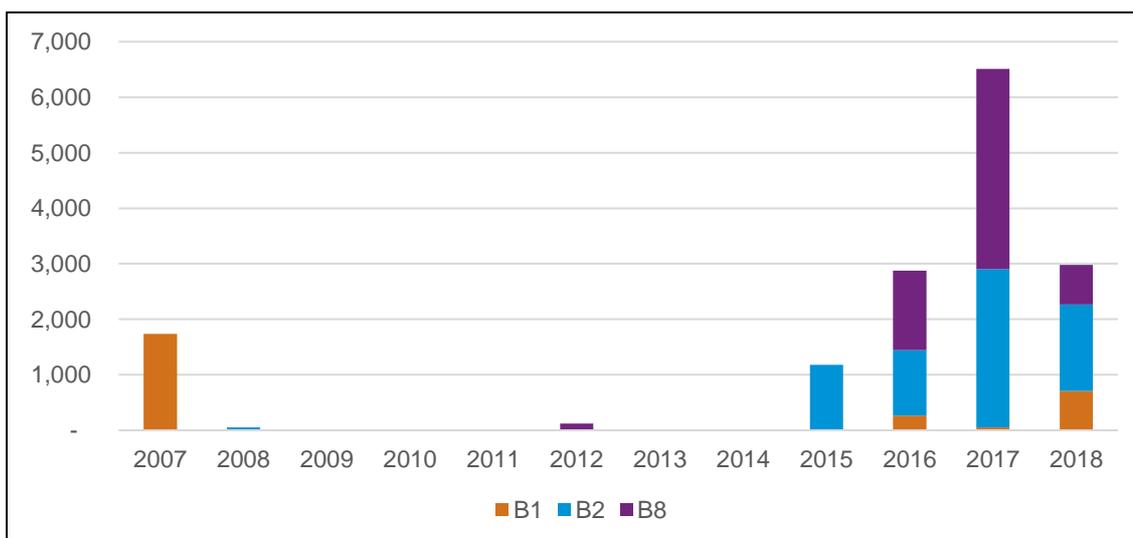
Source: Tamworth Borough Council / GL Hearn

11.39   An estimation of land take has been made using the same plot ratios as for the forecasting. These are reported below and include the net change in employment floorspace, based on the assumption of 75% of implemented permissions and using the same plot ratios.

Table 63:   Estimated Floorspace Completions, 2007-18

	Gross Total 2007-2018		Gross Annual Average 2007-2018		Net Total 2007-2018		Net Annual Average 2007-2018	
	Sqm	Ha.	Sqm	Ha.	Sqm	Ha.	Sqm	Ha.
B1a/b	2,760	0.6	250	0.1	160	0.0	15	0.0
B1c/B2	6,810	1.7	620	0.2	3,110	0.3	280	0.0
B8	5,880	1.5	530	0.1	1,280	0.1	120	0.0
Total	**15,450**	**3.7**	**1,400**	**0.3**	**4,490**	**0.4**	**410**	**0.0**

Source: Tamworth Borough Council / GL Hearn

11.40   Drawing on the estimated completions data rolled forward, the gross completions trend scenario indicates a need of 28,100 sqm or 6.8 ha.

Table 64:   Completions Trend Scenarios (Gross) Future Requirement, 2018-36 – Tamworth

	Sqm	Ha
B1a/b	5,000	1.0
B1c/B2	12,400	3.1
B8	10,700	2.7
Total	**28,100**	**6.8**

Source: GL Hearn based on Lichfield District Council data

Implications: Lichfield

11.41   Having considered two labour demand scenarios, two completions trend scenarios and a labour supply scenario, it is clear that there is a contrast between the projections. The various forecasts show a future employment land need ranging from a baseline labour demand of -17,600 sqm (excluding margin) or 34.8 ha (including margin) to 463,600 sqm / 144.6 ha (Completions Trend Upper).

Table 65:   Range of Employment Land Need (sqm) 2018-36 Lichfield District (excluding margin)

	Labour Demand Baseline Scenario	Labour Demand Growth Scenario	Labour Supply Scenario	Completions Trend - Upper	Completions Trend - Lower
B1a/b	16,185	16,500	23,100	60,800	60,800
B1c/B2	-42,300	-32,600	-41,400	74,000	74,000
B8	8,500	43,600	8,500	328,800	74,900
Total	**-17,600**	**27,500**	**-9,700**	**463,600**	**209,700**

Source: GL Hearn based on Oxford Economics and Authority data

Table 66:   Range of Employment Land Need (Ha) 2018-36 Lichfield District (inc. margin)

	Labour Demand Baseline Scenario	Labour Demand Growth Scenario	Labour Supply Scenario	Completions Trend - Upper	Completions Trend - Lower
B1a/b	7.4	7.5	8.8	15.3	15.3
B1c/B2	-3.9	5.7	-3.7	24.3	24.3
B8	31.3	40.1	31.3	105.1	39.4
Total	**34.8**	**53.3**	**36.4**	**144.6**	**78.9**

Source: GL Hearn based on Oxford Economics and Authority data

11.42   The above scenarios have been considered together to draw an overall conclusion of employment land need. There are relative benefits of each approach. The labour demand scenarios take account of forecast jobs growth and how these might differ relative to past performance. They are strongly influenced by economic changes at a national and regional level, which shows a more cautious level of forecast jobs growth to 2036 than was seen historically – both locally and across the region.

11.43   In contrast, the scenarios based on past take-up assume the rate of employment development seen in Lichfield over the past 10 years continues over the period to 2036. This approach has the benefit of being based on the actual delivery of development, but does not take account of any potential differences in economic performance relative to the past performance. It is also potentially influenced by past land supply policies and hence this approach can often represent a rolling forward of a constrained supply, however this does not appear to be the case in Lichfield.

11.44   The completions trend scenarios show a gross need, i.e. they do not take losses into account, whereas the labour supply scenarios are based on net jobs growth. This in part explains why the completions trends show a higher need than the labour demand scenarios for all sectors as well as overall. It is of note that 75% of commercial floorspace developments occurred on Previously

Developed Land in Lichfield indicating a considerable recycling of existing sites. Assessment of existing sites should be undertaken in order to consider the ability for further renewal and intensification.

11.45   For office-based sectors the labour supply and demand indicate a similar level of need. The completions trend is around double and drive in particular by developments in 2008/09. Rather than anomalies, these developments catered for expansions in local office activity which has now reached a tight market position and as a result the market is bringing forward Lichfield South at 9.3ha. Planning proactively over the full period it is considered appropriate to provide for the completions trend scenario needs of 15.3 ha which allows for longer term growth beyond Lichfield South.

11.46   In terms of light and general industrial there is a large range across the scenarios with the completions trend driven in part by the expansion of Burntwood Business Park in 2013. The labour demand and supply scenarios are driven down by forecast declines in the manufacturing sector.

11.47   Decline would lead to closures or redevelopment of existing sites but there is still a need within the market for local general and light industrial activity provision. This is corroborated by limited availability and reported local requirements across a range of unit sizes by local arrangements. Taking a balanced view, the mid-point of the labour demand growth scenario and completions trend is considered an appropriate future need. Much of this may be absorbed through the renewal or redevelopment of existing sites subject to capacity.

11.48   The warehousing market has performed well over the last decade and there are further planned developments in Lichfield. The scenarios are relatively consistent excluding the upper completions trend at 30-40ha, albeit that these are driven by the margin added for flexibility representing 5 years gross completions which in itself is inflated by specific developments at Fradley. There is therefore a level of policy choice in the level of provision for B8 needs.

11.49   The A38 and wider warehousing market is performing well in the Midlands and Liberty Park is already planned at Lichfield at some 13 ha. The labour growth scenario and lower completions trend point to a 40ha provision which is already met in part. Allowance above this would support strategic needs in the regional warehousing market. The table below summarises the recommendations (floorspace figures include the five-year margin).

Table 67:   Employment requirements 2018-2036 – Lichfield District

Use Class	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	76,500	15.3
B1c/B2	60,000	15.0
B8	160,000	40.0
Total	**273,500**	**61.1**

Source: GL Hearn 2019

Implications: Tamworth

11.50   As with Lichfield there are differences between scenarios albeit less extreme. The various forecasts show a future employment land need ranging from a baseline labour demand of -55,200 sqm (excluding margin) or -12.2 ha (including margin) to 28,100 sqm or 6.8 ha (Completions Trend).

Table 68:   Range of Employment Land Need (sqm) 2018-36 Tamworth (excluding margin)

	Labour Demand Baseline Scenario	Labour Demand Growth Scenario	Labour Supply Scenario	Completions Trend
B1a/b	2,100	2,100	8,500	5,000
B1c/B2	-42,600	-11,800	-38,100	12,400
B8	-14,600	-14,600	-6,500	10,700
Total	**-55,200**	**-24,400**	**-36,100**	**28,100**

Source: GL Hearn based on Oxford Economics and Authority data

Table 69:   Range of Employment Land Need (Ha) 2018-36 Tamworth (inc. margin)

	Labour Demand Baseline Scenario	Labour Demand Growth Scenario	Labour Supply Scenario	Completions Trend
B1a/b	0.7	0.7	2.0	1.0
B1c/B2	-9.9	-2.2	-8.8	3.1
B8	-3.0	-3.0	-0.9	2.7
Total	**-12.2**	**-4.5**	**-5.9**	**6.8**

Source: GL Hearn based on Oxford Economics and Authority data

11.51   In terms of the office market all indications are that there is a need for a limited scale of provision in particular to support local SMEs. Planning positively for growth and taking into account local market feedback the uppermost provision of 2.0 ha is recommended.

11.52   Tamworth has a strong local manufacturing and industrial sector. There has been recent employment growth in this sector and completions / deals data indicates activity and need in the market. This suggests that in the short to medium term the existing estates will continue to be well occupied and

undergo stock renewal to meet local requirements. There may however be a future decline in the sector in the longer term. It is recommended that positive growth is planned for and that the upper need of 3.1 ha is considered. It is likely that this can be met over time through renewals of existing stock on estates. The local industrial labour and property market and vacancy rate of the latter should be monitored to assess ongoing performance and needs.

11.53   Tamworth's warehousing market is relatively buoyant benefitting in particular from its proximity to the M42 on the edge of the 'golden triangle' and has seen take up of some large units. However, the authority is constrained and is directly across the M42 from Birch Coppice, a large-scale distribution centre in North Warwickshire, with further major pipeline developments across the East Midlands.

11.54   Again, it is recommended that the authority plan positively for growth with the completions trend scenario of 2.7 ha being the forecast need. However similarly to the management of general industrial stock it is expected that renewal of existing units / estates will cater for future needs identified. Furthermore, the monitoring of the performance of existing estates should be undertaken.

Table 70:   Land requirements 2018-2036 – Tamworth Borough

Use Class	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	8,000	2.0
B1c/B2	12,400	3.1
B8	13,500	2.7
Total	**33,900**	**8.8**

Source: GL Hearn 2019

Employment Land Requirements: Summary Points

- The Lichfield analysis considered two labour demand scenarios, two completions trend scenarios and a labour supply scenario. Between them is a large variation for future land requirements ranging from negative floorspace (-17,600 sqm) and positive hectare growth stemming from B8 and B1a/b to 34.8 ha (463,000 sqm) demand under the completions trend-upper scenario.

- Tamworth also shows differences between its scenarios; however, it is less extreme due to more modest completions trends. The forecasts range from -52,200 sqm (-12.2 ha) in the baseline labour demand models to 28,100 sqm (6.8 ha) under the completions trend.

- There are separate benefits to considering each of the models. Labour demand tends to be more cautious as it reflects national trends, while completions show data without taking into account losses. 75% of commercial floorspace developments occurred on previously developed land in Lichfield, and the case is similar in Tamworth.

- In terms of the office sector in Lichfield, both styles of models indicate similar need. Planning proactively over the period is recommended. In Tamworth, planning for growth from SME's amounting to 2.0 additional ha is recommended.

- In regards to light and general industrial, labour demand is driven by forecasted declines while completions data projects growth. A balanced midpoint is suggested to consider future need in Lichfield. In Tamworth, it is recommended that the upper need of 3.1 ha is considered, which can mostly be met with further estate renewal.

- The warehousing sector has done well in Lichfield, and the modelling is consistent between the different types. Tamworth's warehouse market is relatively robust and thus it is recommended that the authority plan for 2.7 ha of growth.

- The analysis recommends the floorspace and land requirements in Lichfield in the table below:

Employment requirements 2018-2036 – Lichfield District		
Use Class	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	76,500	15.3
B1c/B2	60,000	15.0
B8	160,000	40.0
Total	**273,500**	**61.1**

- The analysis recommends the floorspace and land requirements in Tamworth in the table below:

Employment requirements 2018-2036 – Tamworth District		
Use Class	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	8,000	2.0
B1c/B2	12,400	3.1
B8	13,500	2.7
Total	33,900	8.8

12   SUMMARY AND CONCLUSIONS

12.1   The purpose of the Housing and Economic Development Need Assessment (HEDNA) Study is to assess future development needs for housing (both market and affordable) and employment across Lichfield District and Tamworth Borough.

12.2   This study responds to and is compliant with the requirements of the Revised National Planning Policy Framework (2019). It is informed by the Revised Planning Practice Guidance (PPG) published by Government in September 2018 and in particular the Housing need assessment section.

Housing Need and Population Growth

12.3   Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating the housing need. This is based on a three-step method which starts with the 2014-based household projections and increases these based on local affordability. The third step caps this increase to 40% although this is not relevant in the study area.

12.4   **The standard method results in a need for 331 dpa in Lichfield and 150 dpa in Tamworth.** This however is the minimum housing need for the local authorities and Councils are encouraged to exceed this.

12.5   In translating this level of housing growth to population growth the PPG suggests that household formation rates would be improved, and population growth increased through migration. The report's modelling shows growth of 9,772 persons or 9.5% in Lichfield and 2,351 persons or 3.1% in Tamworth over the 2016-2036 period.

Economic Led Housing Need

12.6   Using OE data as a baseline GL Hearn has amended a set of forecasts based on the review of the local economic strategies, past completions trends, together with our local knowledge for the market in order to provide an "economic growth scenario". **These scenarios showed a growth of just over 2,500 jobs over the 2018-36 period including a growth of 3,075 in Lichfield and a decline of 465 in Tamworth.**

12.7   For the purposes of analysis, the above forecasts are translated in to a housing need. These require a set of assumptions on commuting patterns, double jobbing and economic activity rates as well as adjustments to household formation rates and migration.

12.8   The analysis shows that to support the high growth scenario there would need to be provision of around 154 homes each year in Lichfield and -23 in Tamworth. This means that there is no justification to increase housing need above the standard method in response to economic growth potential.

Affordable Housing Need

12.9   To assess affordable housing need a methodology is set out in the PPG which has been followed in this report. The analysis calculates an overall shortage of affordable housing of 220 affordable units per annum in Lichfield and a shortfall of 170 units per annum in Tamworth. The findings above are based on clearing the current need over the 20-years from 2016. The Councils are therefore justified in seeking to secure as much additional affordable housing as is viably possible and should test viability at a minimum 40% and reduce accordingly.

12.10   The extended definition of affordable housing includes households who are able to access the private rented sector but who cannot afford to buy. In both Lichfield and Tamworth there is limited evidence to deliver above the minimum 10% of low-cost home ownership properties this product addresses as our calculations show a surplus in both locations.

12.11   The analysis linked to long-term demographic change concludes that the following represents an appropriate mix of affordable and market homes across the HMA:

Table 71:   Appropriate Mix of Homes by Size and Tenure

Lichfield	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-35%	45-55%	5-15%
Affordable home ownership	10-20%	40-45%	30-40%	5-15%
Affordable housing (rented)	20-30%	25-35%	35-40%	5-10%
Tamworth	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	30-35%	50-60%	1-10%
Affordable home ownership	10-20%	35-45%	30-40%	5-15%
Affordable housing (rented)	30-40%	15-25%	35-40%	5-10%

Source: GL Hearn Housing Market Model

12.12   The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

12.13   This study has not attempted to estimate the need for additional private rented housing however there is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). That said given the current Government push for such schemes, the Councils should consider any

proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

Older Persons Needs

12.14   The population projections linked to the standard methodology identify a 37.5% increase in the population aged 65+ in Lichfield and 43.7% increase in Tamworth. The assessment identifies a need for 1,939 additional homes with care or support in Lichfield by 2036 and 1,187 in Tamworth over the same period.   The majority of need is for leasehold properties with care.

12.15   In terms of more acute care provision the assessment identifies an additional demand to 2036 in Lichfield of 1,000 care beds-spaces and 753 care bed-spaces in Tamworth.

12.16   Linked to the growth in older persons is the growth in those with a disability. The data shows that in general, Lichfield and Tamworth have a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities could be expected to increase in the future. Key findings include a 42.6% increase in the number of people with a long-term health problem or disability (LTHPD) in Lichfield and 41.3% in Tamworth.

Custom and Self-build

12.17   At present there are 3 people on register in Lichfield and 11 in Tamworth. There is therefore limited evidence of a need for custom and self-build development.

12.18   However, given the current Government push for such schemes, the Councils should consider any proposals on their merit, taking account of any affordable housing offer. This should particularly be the case on larger developments (+100 units)

Employment Land Need

12.19   We considered demand for employment land and floorspace over the period from 2016 to 2036. The analysis considers future employment land needs using the labour demand scenarios set out above and compares these against past completions trend data.

12.20   We expect a growth of office floorspace similar to that in the labour growth scenario and an industrial and warehouse growth similar to the past completions trends. The analysis recommends the floorspace and land requirements in the tables below:

Table 72:   Employment requirements 2018-2036 – Lichfield

Lichfield	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	76,500	15.3
B1c/B2	60,000	15.0
B8	160,000	40.0
Total	**273,500**	**61.1**
Tamworth	Floorspace Requirement (sqm)	Land Requirement (ha)
B1a/b	8,000	2.0
B1c/B2	12,400	3.1
B8	13,500	2.7
Total	**33,900**	**8.8**

Source: GL Hearn

Key Implications

Report Component	Finding	Recommendation	Implications
Housing Need	The standard method results in a need for **331 dpa in Lichfield** and **150 dpa in Tamworth**.	This is the minimum housing need, however the Councils are encouraged to exceed this need with more provisions.	Planning for this housing need may lead to an increase in the housing target for each local authority.
	Economic led housing need leads to a scenario that requires approx **258 dpa in Lichfield** and **77 dpa in Tamworth.**	The economic led housing need figure from the baseline growth scenario is considerably below the standard method.	As the figure is below the standard method, there is no implication of increasing need beyond the standard method.
Affordable Housing Need	The analysis calculates an overall shortage of affordable housing of **220 affordable units per annum in Lichfield** and a **shortfall of 170 units per annum in Tamworth**.	Both authorities should seek the maximum amount of affordable housing contributions from new developments, subject to viability, particularly in Tamworth. The current targets of 20/25% to 40% in Tamworth and Lichfield respectively remain valid.	Private developers may find it to be unviable to provide over a certain threshold of affordable housing.
Older Persons Need	The assessment identifies a need by 2036 of: **1,939 additional homes with care or support** (along with **1,000 bedspaces)** in Lichfield. **1,187 homes with care or support in Tamworth** (along with **753 bedspaces**).	The councils should seek to, at a minimum, plan for this level of housing over the period.	The local authorities will need to identify land in order to accommodate this level of development.
Employment Land Need	Over the 2016-36 period, there is an employment floorspace and land need of: **Lichfield: 273,500 sqm & 61.1 ha Tamworth: 33,900 sqm & 8.8 ha**	The councils should seek to, at a minimum, plan for the provision of the employment floorspace and land over the period.	The local authorities will need to identify land in order to accommodate this level of development.

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