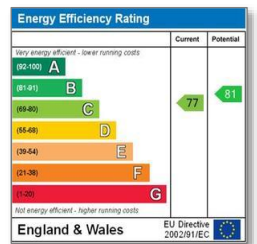




Swindon Borough Council & Wiltshire Council Local Housing Needs Assessment 2019

Report of Findings

April 2019





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1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Wiltshire Council and Swindon Borough Council to prepare a Local Housing Needs Assessment (LHNA) to identify the minimum Local Housing Need (LHN) for the local planning authority areas using the standard method set out in Planning Practice Guidance (PPG); and to establish the distribution between the Housing Market Areas (HMAs) within the combined area. The study also considers the possible justification for any increase to the minimum LHN figure for plan-making purposes. This LHNA adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 (and updated in February 2019) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment.
- 1.2 This study updates the previous Swindon and Wiltshire Strategic Housing Market Assessment (SHMA) prepared by ORS and published in June 2017. This concluded an overall housing need of 73,000 dwellings for the combined area over the 20-year period 2016-36. Work for the 2017 SHMA was undertaken between 2015 and 2016 and the analysis was informed by the 2012-based household and population projections, which was the most up-to-date data available at the time that the analysis was prepared.
- 1.3 Since the publication of the 2017 SHMA report, there have been significant changes to Government policy and new data has also been published. Analysis within the 2017 SHMA will continue to provide useful evidence as much of the data relates to structural trends (such as an aging population) which are likely to continue; however, it is now appropriate to review the Housing Need for Swindon Borough and Wiltshire based on more up-to-date evidence using analysis that reflects current national policy.
- 1.4 This LHNA considers how Local Housing Needs relate to the needs of different Housing Market Areas and considers the relationship between the minimum LHN (based on the standard method set out in PPG) and the forecast employment growth that was identified by the 2017 Economic Development Needs Assessment (EDNA) for Swindon and Wiltshire that was prepared by Hardisty Jones Associates (HJA). The analysis identifies how the employment growth that was identified by that study might influence the scale and distribution of housing growth that the Councils plan for the study area, considering the possible justification for increasing the housing requirement beyond the minimum LHN.

Government Policy

- 1.5 The Government published the National Policy Planning Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.6 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 1.7 A revised version of the National Policy Planning Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 1.8 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 60 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 1.9 Local planning authorities no longer have to prepare a Strategic Housing Market Assessment (SHMA) for the Housing Market Area (HMA), but they are now expected to produce a Local Housing Need Assessment (LHNA) for their local area in order to assess the size, type and tenure of housing needed for different groups in the community.
- 1.10 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the Revised NPPF, Paragraph 60 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].
- 1.11 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified in the Glossary at Annex 2 that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.12 Under the Original NPPF, the need for affordable housing was based on those who could not afford to either buy or rent in the market – so households able to afford market rent would not be counted as part of the

affordable housing need, even if they could not afford homeownership. However, the latest PPG states that assessments must now include the needs of “*those that cannot afford their own homes, either to rent, or to own, where that is their aspiration*” [ID 2a-020-20190220]. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

The Standard Method for Local Housing Need Assessment

- ^{1.13} The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that “*Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need*”, but allowed for adjustment based on local factors: “*The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.*” Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need adjustments such as market signals uplift and alignment of jobs and workers based on local circumstances.
- ^{1.14} On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals.

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- ^{1.15} CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- ^{1.16} The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere.

1.17 This is confirmed by the PPG on housing and economic needs assessment, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *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.

Paragraph: 010 Reference ID: 2a-010-20190220

1.18 PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate.

1.19 The housing need figure may change as the inputs are variable and this should be taken into consideration. It may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes when testing different alternatives while reviewing local plans.

Changes to the Standard Method

1.20 Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:

- » New affordability data released in March 2018;
- » New 2016-based sub-national population projections (SNPP) released in May 2018;
- » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
- » New 2016-based household projections released in September 2018.

- 1.21 The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.
- 1.22 At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

- 1.23 Following on from this general context, the consultation asked the following specific questions:

Question 1

Do you agree that planning practice guidance should be amended to specify that 2014- based projections will provide the demographic baseline for the standard method for a time limited period?

Question 2

Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

- 1.24 After considering the consultation responses received, the “Government response to the technical consultation on updates to national planning policy and guidance” was published on 19 February 2019.
- 1.25 Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

Government response to Question 1

Having taken the responses into account, the Government considers that its proposed approach to providing the demographic baseline for the standard method is the most appropriate approach for providing stability and certainty to the planning system in the short-term. This decision has been taken in the context that the standard method does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere. The proposed approach does not change this.

- 1.26 On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the standard method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. It is only where a figure that is lower than that identified using the standard method will need to be justified through exceptional local circumstances.
- 1.27 The Government’s response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government’s aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

- 1.28 The end of the 18-month period that the Government cites (August 2020) will be shortly after the release of the 2018-based Sub National Population Projections which are likely to be published in May 2020, and likely to coincide with the publication of the associated 2018-based Household Projections.¹

¹ National population projections are published every two years, with the 2018-based projections expected to be released around October 2019. Sub National Population Projections usually follow approximately 6 months later, and household projections later that same year. The 2016-based SNPP was released in May 2018, and the 2016-based household projections were released in September 2018.

- 1.29 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation: *“the Government is clear that this does not mean that it doubts the methodological basis of the 2016-based household projections.”* (again from the Question 1 response).
- 1.30 However, in its response to Question 2, the Government has made it clear that the existence of the lower 2016-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.

Government response to Question 2

Taking into account these responses, the Government continues to think that the 2016-based household projections should not be used as a reason to justify lower housing need. We understand respondents' concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term. We are specifying in planning guidance that using the 2016-based household projections will not be considered to be an exceptional circumstance that justifies identifying minimum need levels lower than those identified by the standard method.

- 1.31 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- 1.32 It is also notable that the ONS intends to publish variant outputs for the 2016-based sub-national population projections in April 2019, and has recently consulted users on possible variants to the household projections. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the standard method is fully revised.

Assessing Housing Needs

- 1.33 The Revised NPPF no longer requires local planning authorities to produce an SHMA to establish housing need for HMAs, but instead requires local planning authorities:

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but 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.

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) the agreed approach contributes to the objective of creating mixed and balanced communities*

National Planning Policy Framework 2019 (NPPF), paragraph 60-62

- 1.34 Therefore, the new NPPF does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. However, a Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the LHNA will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the Original NPPF identified.
- 1.35 However, whilst the Original NPPF expected SHMAs to be undertaken to assess needs across Housing Market Areas (HMAs), the focus of the Revised NPPF is on the needs of individual Local Planning Authorities without any mention of HMAs. Nevertheless, in terms of plan-making, PPG has retained the concept of the HMA [ID 61-010-20180913] within the Duty to Co-operate context, where joint working continues to be required.

Duty to Co-operate

- 1.36 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.37 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *“the homes and jobs needed in the area”*.

Maintaining effective cooperation

24. Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.

25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).

26. Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.

27. In order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance, and be made publicly available throughout the plan-making process to provide transparency.

National Planning Policy Framework (NPPF 2018), paragraphs 24-27

- 1.38 The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).
- 1.39 The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 13 September 2018):

Maintaining effective cooperation

How are plan-making bodies expected to cooperate?

Strategic policy-making authorities are required to cooperate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.

The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to cooperate. Neighbourhood Planning bodies are not bound by the duty to cooperate, nor are they required to produce or be involved in a statement of common ground.

Paragraph: 001 Reference ID: 61-001-20180913

- 1.40 In paragraph 61-009 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example housing market and travel to work areas, river catchments, or landscape areas

may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas.”. It goes on to define housing market areas:

How can housing market areas be defined?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

These can be broadly defined by analysing:

The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.

Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.

Paragraph: 010 Reference ID: 61-010-20180913

^{1.41} This definition of a HMA is almost identical to that in the original PPG relating to housing need.

2. Local Housing Need

Establishing the Minimum Local Housing Need figure

Local Housing Need based on standard methodology

- 2.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
- 2.2 Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure in 2018 can be established as follows.

SWINDON BOROUGH

Step 1 – Setting the baseline

- » The PPG states that the CLG 2014-based household projections should be used to set the baseline household growth for the local authority area over a 10-year period.
- » These projections identify 96,368 households for Swindon Borough at the start of the current year (2019/20) increasing to 104,846 households over the 10-year period to 2029.
- » This yields an overall increase of 8,478 households over 10 years, equivalent to a projected average annual household growth of 848 households per year.

Step 2 – An adjustment to take account of affordability

- » The most recent ONS median workplace-based affordability ratio is 7.62 for Swindon Borough, which is the ratio for the previous calendar year (2018).
- » The adjustment factor can therefore be derived as follows:

$$\text{Adjustment factor} = \left(\frac{7.62 - 4}{4} \right) \times 0.25 = 0.905 \times 0.25 = 22.63\%$$

- » Applying an uplift of 22.63% to the annual household growth of 666 households per year yields an annual housing need of 1,040 dwellings.

Step 3 – Capping the level of any increase

- » The most recent strategic policies for housing were adopted on 26 March 2015 which is less than 5 years ago and therefore the local housing need figure is capped whichever is the lower of:
 - a. the uncapped LHN figure identified in step 2 = 1,040 per year; or
 - b. the average annual housing requirement figure set out in the most recently adopted strategic policies (1,467 per year) with a 40% uplift applied = 2,054.
- » The lower of these is the uncapped LHN figure (1,040 per year) and therefore the increase is not capped.
- » **The minimum Local Housing Needs figure for Swindon Borough in 2019/20 is 1,040 dwellings per year.**

WILTSHIRE

Step 1 – Setting the baseline

- » The PPG states that the CLG 2014-based household projections should be used to set the baseline household growth for the local authority area over a 10-year period.
- » These projections identify 212,190 households for Wiltshire at the start of the current year (2019/20) increasing to 227,162 households over the 10-year period to 2029.
- » This yields an overall increase of 14,972 households over 10 years, equivalent to a projected average annual household growth of 1,497 households per year.

Step 2 – An adjustment to take account of affordability

- » The most recent ONS median workplace-based affordability ratio is 9.82 for Wiltshire, which is the ratio for the previous calendar year (2018).
- » The adjustment factor can therefore be derived as follows:

$$\text{Adjustment factor} = \left(\frac{9.82 - 4}{4} \right) \times 0.25 = 1.455 \times 0.25 = 36.38\%$$

- » Applying an uplift of 36.38% to the annual household growth of 1,497 households per year yields an annual housing need of 2,042 dwellings.

Step 3 – Capping the level of any increase

- » The most recent strategic policies for housing were adopted on 20 January 2015 which is less than 5 years ago and therefore the local housing need figure is capped whichever is the lower of:
 - a. the uncapped LHN figure identified in step 2 = 2,042 per year; or
 - b. the average annual housing requirement figure set out in the most recently adopted strategic policies (2,100 per year) with a 40% uplift applied = 2,940.
- » The lower of these is the uncapped LHN figure (2,042 per year) and therefore the increase is not capped.
- » **The minimum Local Housing Needs figure for Wiltshire in 2019/20 is 2,042 dwellings per year.**

2.3 **Based on these calculations, this Local Housing Need Assessment uses a minimum Local Housing Need figure of 1,040 dwellings per year for Swindon Borough and 2,042 dwellings per year for Wiltshire.**

2.4 However, the Government has confirmed that it intends to comprehensively review the standard method over the next 18 months, so it may be necessary to update the LHNA if the Government chooses to adopt a different approach following the proposed review of the formula.

Disaggregating the minimum Local Housing Need figure

- 2.5 The minimum LHN figure for Swindon in 2019/20 is 1,040 dwellings per year. This yields an overall minimum housing need of 20,800 dwellings over the 20-year Local Plan period 2016-2036.
- 2.6 The minimum LHN figure for Wiltshire in 2019/20 is 2,042 dwellings per year. This yields an overall minimum housing need of 40,840 dwellings over the 20-year Local Plan period 2016-2036.
- 2.7 Whilst the LHN figures are informed by the trend-based household projections, the affordability adjustment means that the number of dwellings is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 2.8 Figure 1 sets out the separate elements that will contribute to the LHN. These include:
- » Households growth over the 20-year plan period based on trend-based projections;
 - » Institutional population growth over the 20-year plan period needing communal accommodation that will be counted within the housing supply;
 - » Dwellings without a usually resident household (either vacant homes or second homes);
 - » Additional dwellings to respond to housing market pressure.

Figure 1: Elements of housing need (Source: CLG, ORS; Note: All figures presented unrounded for transparency)

| Element of Housing Need | SWINDON BOROUGH | | WILTSHIRE UA | |
|--|---|--------------------------|---|--------------------------|
| | Calculation | Housing Need (dwellings) | Calculation | Housing Need (dwellings) |
| Projected household growth over the 20-year period 2016-2036 | $110,569 - 93,540 =$ 17,029 households | 17,582 | $236,616 - 206,210 =$ 30,406 households | 31,651 |
| Projected institutional population growth over the 20-year period 2016-2036; equivalised using average number of adults per household ² | $2,205 - 1,380 =$ 825 persons $825 \div 1.819 =$ 454 households | 469 | $16,463 - 13,427 =$ 3,036 persons $3,036 \div 1.830 =$ 1,659 households | 1,727 |
| 20-year housing need based on the Standard Method calculation | $1,040 \times 20 =$ 20,800 dwellings | 20,800 | $2,042 \times 20 =$ 40,840 dwellings | 40,840 |
| Uplift for housing market pressures enabling more households to form than projected by the trend-based projections | $20,800 - 17,582 -$ 469 = 2,749 dwellings | 2,749 | $40,840 - 31,651 -$ 1,727 = 7,462 dwellings | 7,462 |

- 2.9 On this basis, we can conclude that the LHN figure for Swindon in 2019/20 incorporates an uplift of 2,749 dwellings, which will provide housing for 2,663 households in addition to the trend-based projection of 17,029 households over the period 2016-36, equivalent to an increase of 15.6%; whilst the LHN for Wiltshire in 2019/20 incorporates an uplift of 7,462 dwellings, which will provide housing for 7,168 households in addition to the trend-based projection of 30,406 households over the same period, equivalent to an increase of 23.6%.

² Based on the Census data referenced by PPG ID 3-043

3. Housing Market Areas

Establishing the distribution of Local Housing Need

Functional Housing Market Areas

- 3.1 In terms of strategic housing, the current Wiltshire Core Strategy considers indicative housing requirements on a Community Area basis. These areas are also used by the Council in relation to other services it delivers. Each Community Area comprises a group of parishes centred around at least one market town. However, the NPPF introduced the need to establish Housing Market Areas (HMAs) for assessing housing need.
- 3.2 On this basis, the first key objective of the 2017 SHMA was to identify and define functional HMAs covered by the two local authorities; and the Volume 1 report set out the evidence-based approach taken to establishing the most appropriate HMAs for Swindon and Wiltshire and their surrounding areas. The methodology for identifying functional HMAs was based on secondary data, and for an extended area surrounding Swindon and Wiltshire the 2017 SHMA sought to:
- » Review the conclusions of existing studies undertaken to identify HMAs in and around the area;
 - » Analyse the functional linkages between places where people live and work;
 - » Consider household migration and house prices;
 - » Identify an evidence based geography of functional HMAs that are not constrained to administrative boundaries; and
 - » Establish the most appropriate geographies for assessing overall housing need.
- 3.3 Figure 2 illustrates the functional HMAs that the SHMA identified without any constraint to administrative boundaries. Figure 3 illustrates the “best fit” HMAs that were proposed for dividing the Swindon and Wiltshire study area into four separate geographies for assessing overall housing need.

Figure 2: Functional HMAs with LA Boundaries

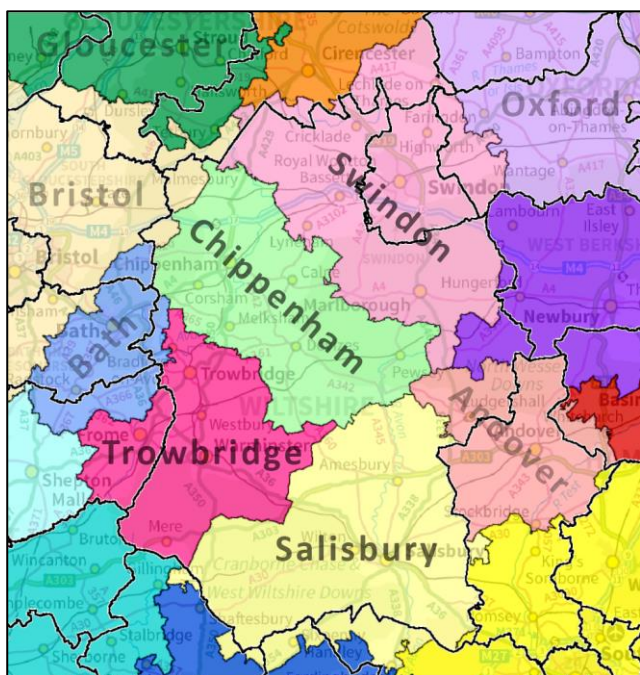
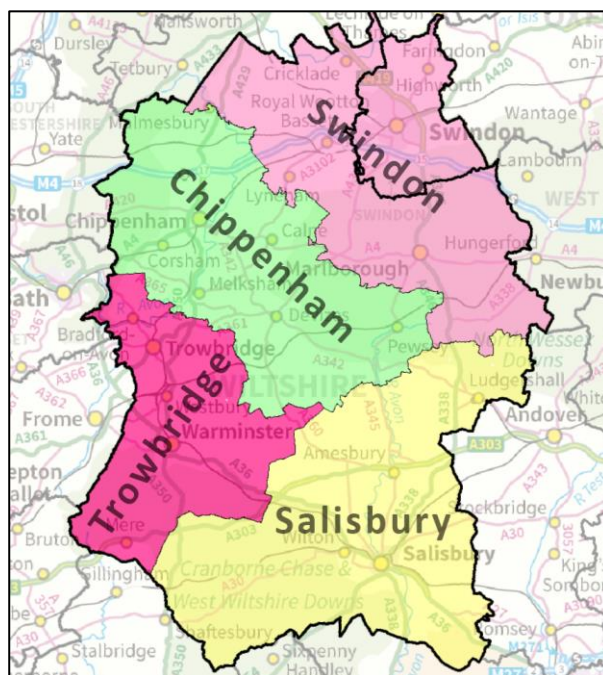
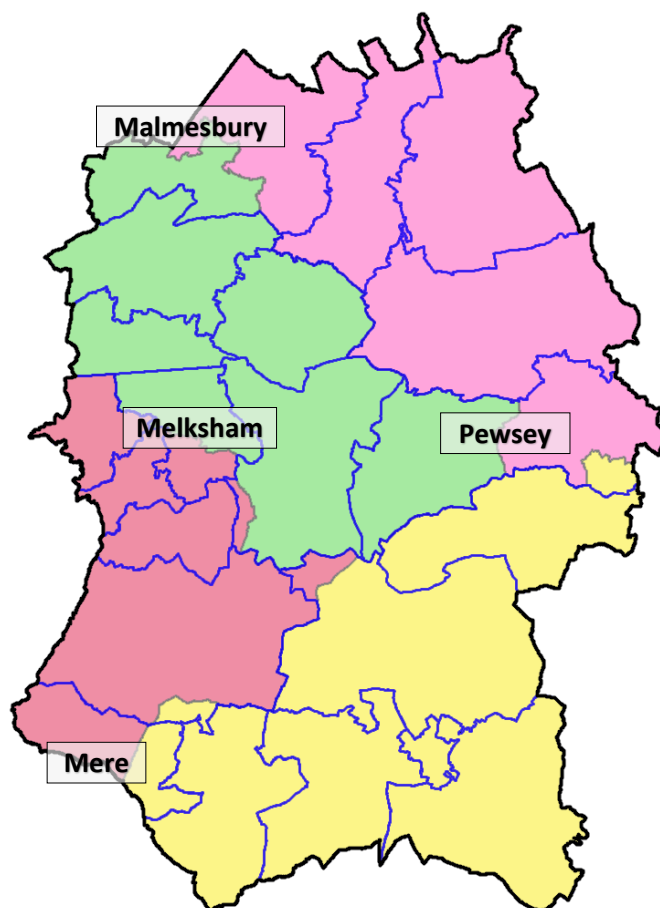


Figure 3: Original 'Best Fit' HMAs with LA Boundaries



- 3.4 These areas were constrained to the administrative boundary of the combined area, and parts of the administrative area that were covered by other functional HMAs (such as Andover, Bath and Bristol) were reallocated to the proposed “best fit” HMAs based on the strength of the functional relationships. However, the internal boundaries were not changed from those identified for the original functional areas. This led to some practical difficulties, as these boundaries cut across other recognised geographies that are routinely used by Wiltshire Council – for example, parishes and community areas. The issue was particularly problematic in the area around Malmesbury, where the eastern part of the town was in Swindon HMA whilst the western part of the town was in Chippenham HMA.
- 3.5 As a consequence, the Council refined the “best fit” HMAs that were identified by the 2017 SHMA using parishes as the basic building block, to ensure alignment between the “best fit” HMA and parish boundaries. These refined areas have provided the basis for monitoring housing land supply in Wiltshire for the purpose of informing the local plan review since the publication of the SHMA. Nevertheless, even when aligned to parish boundaries, there remain some anomalies from a planning perspective. For example, whilst the whole of Malmesbury town was associated with the Chippenham HMA, some of the surrounding rural parishes remained in the Swindon HMA; and the issue of ‘split’ Community Areas was raised in responses to the Councils’ Regulation 18 consultation in 2017.
- 3.6 Given the practical plan-making difficulties arising from aligning “best fit” HMAs to parish boundaries and the associated consultation responses, it is considered that it would be appropriate to align the HMAs using “best fit” to the Community Areas as the basic building block as far as possible, in order to avoid market towns and their rural hinterlands being divided between different HMAs.

Figure 4: Parish-based ‘Best Fit’ HMAs within Wiltshire with Community Area Boundaries (Note: Shaded zones show functional HMAs with “best fit” to parishes; solid blue lines show Community Area boundaries with selected areas labelled)



- 3.7 It is evident that the majority of the Community Areas are contained entirely within an individual HMA, based on the “best fit” to parish boundaries that are currently being used. A small number of Community Areas have one or two parishes that fall in a separate HMA to the remainder of parishes within the area, and it is possible to identify relatively straightforward adjustments to the HMA boundaries to reconcile these anomalies.
- 3.8 Nevertheless, there are a four Community Areas which are clearly divided between two or more different HMAs.

Malmesbury

- 3.9 As previously noted, the boundary between the Chippenham and Swindon HMAs around Malmesbury has caused some difficulty from a planning perspective, for even when aligned to parish boundaries the two HMAs divide the place. Given this context, it is perhaps not surprising that the Community Area centred on Malmesbury is also divided between the Chippenham and Swindon HMAs.
- 3.10 Considering the data, the Community Area population is divided with a 60:40 split between Swindon and Chippenham HMA. On this basis, it would seem appropriate to conclude that Malmesbury Community Area should be included as part of the “Best Fit” to Swindon HMA. However, the majority of the population in Malmesbury town is resident in Chippenham HMA – so there is also argument that the area should be included as part of the “Best Fit” to Chippenham HMA.
- 3.11 When considering the Valuation Office Agency (VOA) Broad Rental Market Areas (BRMAs), we can establish that two thirds (67%) of the population live in the West Wiltshire BRMA, with over a quarter (26%) in the Cheltenham BRMA and only 7% in the Swindon BRMA. In other words, the VOA consider this area to be separate from Swindon in terms of local rents, and when considering local services the Rent Officer has concluded that it wouldn’t be reasonable to expect residents to move to Swindon to find a suitable home. Given this context, it would seem inappropriate to include this area as part of the “Best Fit” to Swindon HMA.
- 3.12 In terms of commuting, there is a larger proportion of workers resident in the Malmesbury Community Area commuting out of the area to jobs in Swindon HMA (61%) than Chippenham HMA (32%) (the remaining 7% commute to jobs elsewhere). However, whilst many workers commute to jobs in Swindon HMA this represents only a relatively small proportion of the total number of commuters to that area; whereas the smaller number of commuters with jobs in Chippenham HMA represent a much larger proportion of all commuters to that area. In other words, Malmesbury is more important in providing workers for Chippenham’s workforce than it is in providing workers for Swindon Borough’s workforce, so the functional relationship between Malmesbury and Chippenham is arguably stronger than the relationship between Malmesbury and Swindon. On this basis, it could be more appropriate to include Malmesbury Community Area as part of the “Best Fit” to Chippenham HMA.
- 3.13 Taking everything into account, it is clear that Malmesbury Community Area is divided; but on balance, the more appropriate “Best Fit” would appear to be with the Chippenham HMA given that Malmesbury town falls predominantly within that area; the Rent Officer considers the area to be largely separate from Swindon and in terms of functional relationships, Malmesbury is more important to Chippenham’s workforce than it is to Swindon. **Therefore, we would recommend that Malmesbury Community Area is included as part of the “Best Fit” to Chippenham HMA.**

Melksham

- 3.14 Melksham Community Area is also divided, with Melksham town (towards the north of the area) covered by Chippenham HMA whereas the rural hinterland (which covers the south of the area) covered by Trowbridge HMA and part of its southern boundary adjoining Trowbridge Community Area.
- 3.15 The substantial majority of the population for Melksham Community Area as a whole live in Chippenham HMA; however, for the “Melksham Rural” sub-area the population is divided almost equally between Chippenham HMA and Trowbridge HMA.
- 3.16 When considering commuting patterns, “Melksham” and “Melksham without” (the two sub-areas to the north of Melksham Community Area) have over half of their resident workers (54%) working in Chippenham HMA with around a third (34%) travelling to Trowbridge HMA. However, of the workers living in the “Melksham rural” sub-area, there is a more equal division with 46% travelling to work in Trowbridge HMA and 44% commuting to Chippenham HMA.
- 3.17 Given this context, it is clear that the southern part of Melksham Community Area has a well-established functional relationship with Trowbridge HMA, and given that this areas adjoins Trowbridge itself it would seem appropriate to consider “Melksham rural” separately from the rest of Melksham. **On this basis, we would recommend that the “Melksham” and “Melksham without” sub-areas are included as part of the “Best Fit” to Chippenham HMA whilst the “Melksham rural” sub-area is included as part of the “Best Fit” to Trowbridge HMA.**

Mere

- 3.18 Mere is the third Community Area where the associated HMA isn't clear-cut. Around three quarters of the population (77%) live in the Trowbridge HMA with the remainder (23%) living in Salisbury HMA. However, part of this area was allocated to Trowbridge HMA when the boundaries were “snapped” to the Wiltshire county boundary.
- 3.19 Many of the functional relationships look beyond the Wiltshire county boundary, and around three quarters of the population (74%) live in Blandford Forum and Gillingham TTWA (with the remainder in Salisbury TTWA) and almost four fifths (79%) live in Salisbury BRMA (with the remainder in Yeovil BRMA). The previous allocation of this area to Trowbridge HMA must therefore be considered in this context.
- 3.20 When considering the commuting patterns of the resident workers living in Mere Community Area and commuting to other parts of Swindon and Wiltshire, over three fifths (62%) work in Salisbury HMA, 20% work in Trowbridge HMA, 13% work in Chippenham HMA and 5% in Swindon HMA. **Taking everything into account, we would recommend that Mere Community Area is included in a best fit to Salisbury HMA.**

Pewsey

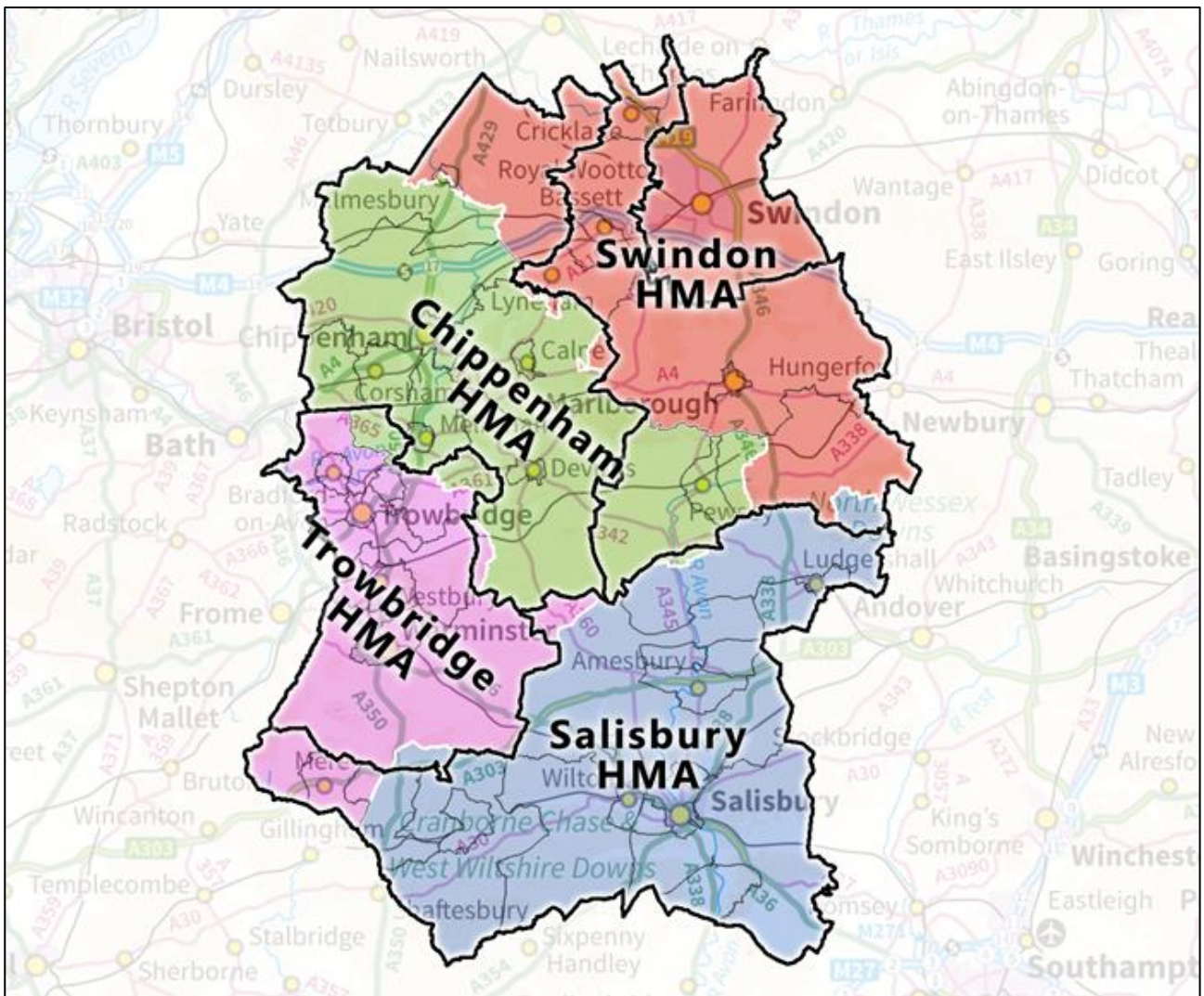
- 3.21 The final area requiring further consideration is Pewsey, which is split between three functional HMAs: Chippenham, Salisbury and Swindon. Approaching two thirds of the population (64%) live in Chippenham HMA; however over half (52%) live in Swindon TTWA with around a third (35%) in Newbury TTWA and the remainder (14%) in Salisbury TTWA. When considering Broad Rental Market Areas, the substantial majority (78%) live in Salisbury BRMA, with 16% in Newbury BRMA, 5% in West Wilts BRMA and 1% in Swindon BRMA. In terms of resident workers commuting out of the Community Area to other parts of Swindon and Wiltshire, there is a clear split: 40% work in Swindon HMA, 38% work in Chippenham HMA, 15% work in Salisbury HMA and 7% in Trowbridge HMA.

- 3.22 Taking everything into account, it is clear that Pewsey Community Area is divided and there are clear reasons that could be argued for it to be included in any one of the three functional HMAs that it covers. Nevertheless, given that housing market areas primarily seek to reflect the relationship between places where people live and work, given that the majority of workers (albeit a small majority) commute to work in Swindon and over half of the population live within the Swindon TTWA, it seems appropriate to allocate Pewsey to the Swindon HMA. Furthermore, when considering the geography of the area and the resulting boundaries for the possible “Best Fit” HMAs, including Pewsey within the Swindon HMA would appear to provide the most appropriate combination. **On this basis, we would recommend that Pewsey Community Area is included as part of the “Best Fit” to Swindon HMA.**

“Best Fit” Housing Market Areas

- 3.23 Having considered the functional HMAs in the context of single Community Areas as the basic geographic building blocks, Figure 5 shows the proposed “Best Fit” boundaries. These “Best Fit” HMAs provide a pragmatic basis for planning purposes having taken account of all of the available evidence about the complex functional relationships that exist across the Study Area.

Figure 5: Community Area-based ‘Best Fit’ HMAs (Note: Shaded zones show functional HMAs; solid black lines identify LPA boundaries and “Best Fit” HMA boundaries within Wiltshire)



Establishing LHN by Housing Market Area

- 3.24 The official household projections provide a key input to the LHN figure, and the household projections are based on the ONS sub-national population projections (SNPP). However, these figures are only available to the level of local authorities and it is necessary to prepare sub-area projections for each HMA in order to establish the relevant LHN figure for each HMA.
- 3.25 Using the ONS small area population estimates, we can identify the resident population for each of the HMAs at the base date of the projection. It is possible to establish the natural growth of this population through applying the fertility and mortality rate schedules for Wiltshire from the 2014-based SNPP iteratively for each year of the projection period. However, it is also important to establish the impact of net migration given that this is a key driver to future population growth.
- 3.26 Migration rates in the SNPP are based on population trends for the 5-year period prior to the projection base date – so the 2014-based projections are informed by migration trends over the 5-year period 2009-2014. Using the ONS small area population estimates for the same period, it is possible to establish migration trends for each of the HMAs. This is done through considering the difference between the population change based on natural growth and the actual population change that was recorded. This provides a basis for distributing the local authority net migration between each of the HMAs whilst also factoring in any internal migration within the county.
- 3.27 Through combining the projected natural growth for each area with the impact of net migration, the local authority projections can be disaggregated between the HMAs. These population projections then provide the basis for establishing household projections, using local authority figures for communal establishments and household representative rates from the official household projections combined with specific local information on the distribution of communal establishments within the county and variations in household types and sizes between the HMAs.
- 3.28 Figure 6 summarises the annual LHN figure by local authority and HMA, together with 20-year totals which provide the basis for the plan period 2016-2036.

Figure 6: Annual LHN and 20-year Total figures by LA and HMA (Note: Based on 2014-based household projections)

| Housing Market Area | 5-year migration trend | | | | | |
|---------------------|------------------------|--------------|--------------|---------------|---------------|---------------|
| | Annual LHN | | | 20-year Total | | |
| | Swindon | Wiltshire | Total | Swindon | Wiltshire | Total |
| Chippenham HMA | - | 681 | 681 | - | 13,629 | 13,629 |
| Salisbury HMA | - | 611 | 611 | - | 12,229 | 12,229 |
| Swindon HMA | 1,040 | 224 | 1,264 | 20,800 | 4,477 | 25,277 |
| Trowbridge HMA | - | 525 | 525 | - | 10,505 | 10,505 |
| TOTAL | 1,040 | 2,042 | 3,082 | 20,800 | 40,840 | 61,640 |

- 3.29 The LHN figure is based on the official household projections, which are informed by 5-year migration trends. However, it is important to recognise that migration assumptions can have a substantial impact on population and household projections, and the effects are often more pronounced when projections are prepared for smaller geographies such as Community Areas. This is because the identified growth for each area will represent only a part of the overall growth – so the numbers will almost inevitably be smaller, and therefore any uncertainty will typically represent a larger percentage of the estimate. Furthermore, there also tends to be greater uncertainty when considering data for smaller populations.

- 3.30 Given this context, even though the official projections which inform the LHN figure are based on 5-year trends, it is still appropriate to consider the impact of different migration trends when establishing small area estimates. This was endorsed by the Planning Advisory Service OAN technical advice note (second edition, July 2015)³ which strengthened the recommendation on the relevant period for assessing migration (paragraph 6.24):

“In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.”

- 3.31 The relevant period for assessing migration trends was also considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning:⁴

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

- 3.32 For this reason, the 2017 SHMA argued that 10-year migration trends were generally more appropriate when establishing overall housing need given that a longer-term trend is less susceptible to short-term peaks and troughs. Given this context, Figure 6 summarises the annual LHN figure and 20-year totals by local authority and HMA when the distribution is based on 10-year trends. It is evident that 10-year migration trends suggest a higher LHN figure for Chippenham HMA (867 cf. 679 dpa, an increase of 28%) with lower LHN figures for each of the other HMAs.

Figure 7: Annual LHN and 20-year Total figures by LA and HMA – variant scenario using 10-year migration trends to distribute the Wiltshire LHN between HMAs (Note: Based on 2014-based household projections)

| Housing Market Area | 10-year migration trend | | | | | |
|---------------------|-------------------------|--------------|--------------|---------------|---------------|---------------|
| | Annual LHN | | | 20-year Total | | |
| | Swindon | Wiltshire | Total | Swindon | Wiltshire | Total |
| Chippenham HMA | - | 871 | 871 | - | 17,411 | 17,411 |
| Salisbury HMA | - | 524 | 524 | - | 10,472 | 10,472 |
| Swindon HMA | 1,040 | 147 | 1,187 | 20,800 | 2,936 | 23,736 |
| Trowbridge HMA | - | 501 | 502 | - | 10,021 | 10,021 |
| TOTAL | 1,040 | 2,042 | 3,082 | 20,800 | 40,840 | 61,640 |

³ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

⁴ “Making sense of the new English household projections”, Town and Country Planning (April 2015)

4. Jobs and Workers

Alignment of Future Jobs Growth with Resident Workers

Considering the basis for Adjusting the Local Housing Need

- 4.1 Whilst PPG sets out a standard approach for establishing local housing need [ID 2a-004-20190220], this is a minimum figure and the PPG also provides examples of a number of circumstances where it may be more appropriate to use a higher figure for plan-making [ID 2a-010-20190220].

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *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;*

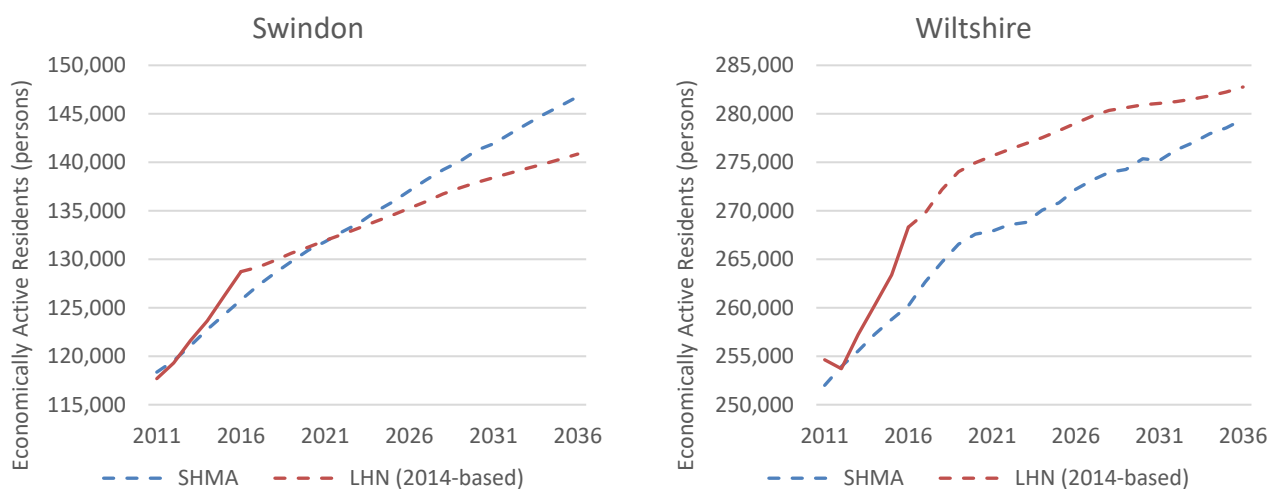
Planning Practice Guidance, ID 2a-010-20190220

- 4.2 The PPG is clear that only in exceptional circumstances should an alternative to the standard method that results in a lower figure should be used [ID 2a-015-20190220]; therefore, preparing each Plan based on a number that is higher than the current LHN will help to ensure that fluctuations in the LHN in future years are more likely to be accommodated without changes being needed, given that the housing requirement is only fixed for 2 years from the point at which plans are submitted.
- 4.3 When considering the factors that could justify an uplift to the LHN, one of the most important is ensuring that the number of new homes takes account of changes that are anticipated in the local economy as well as population trends. Each settlement has different economic strengths and weaknesses, and these are a planning consideration which could mean that different HMAs have different prospects for growth. This section therefore looks at whether a housing number that is higher than the LHN may to be considered for each HMA, and what alternative figure may be justified for the next steps of plan preparation. Ultimately, it will be for each local planning authority to determine the extent of any increase when establishing the housing requirement. This will involve evidence-based judgements over a range of different factors.

Economically Active Population

- 4.4 While demographic trends are key to the assessment of housing need, it is also relevant to consider current employment trends and how the projected growth of the economically active population fits with the future changes in job numbers.
- 4.5 The last assessment of the balance between jobs and workers for Swindon and Wiltshire was set out in the Strategic Housing Market Assessment 2017. The 2017 SHMA projected that Swindon would have around 127,300 economically active residents with around 260,200 in Wiltshire at the start of the plan period in 2016. However, the latest data suggests that economic activity rates have increased faster than had been forecast which has increased these figures to 128,700 persons in Swindon (an increase of 5,500) and 269,800 persons in Wiltshire (an increase of 9,600).
- 4.6 The LHNA has modelled the projected growth in economically active population (i.e. the number of resident workers) based on the LHN figure together with changes in Economic Activity Rates forecast by the Office for Budget Responsibility (OBR). Figure 8 compares the economically active population as projected by the 2017 SHMA with the latest data from the LHN calculation using the 2014-based household projections.

Figure 8: Economically Active Residents in Swindon and Wiltshire 2016-2036: Comparison between the 2017 SHMA and the LHN figure (Note: Solid lines based on estimates; dashed lines based on projected population and forecast change in economic activity rate. Both scenarios for Wiltshire include the expected increase in service personnel living in Single Living Accommodation)



- 4.7 Considering the LHN population projections for Swindon in the context of the latest economic activity rate forecasts, the number of economically active residents is likely to increase to around 140,900 persons by 2036 compared to 146,800 persons estimated by the Original SHMA. However, the 2017 SHMA concluded an Objectively Assessed Need (OAN) of 29,000 dwellings over the 20-year period 2016-36 compared to an LHN figure of 20,460 dwellings over the same period. As the LHN figure represents 8,540 fewer dwellings than the previous OAN, there would be fewer households resident in the area by 2036 which in turn would be expected to yield fewer workers. However, given the higher starting estimate, the growth in resident workers has reduced from almost 21,000 persons in the 2017 SHMA to 12,100 persons based on the LHN.
- 4.8 Considering the LHN population projections for Wiltshire, the number of economically active residents is likely to increase to around 282,800 persons by 2036 compared to 279,500 persons estimated by the 2017 SHMA (both figures including a specific allowance for increases in service personnel living in Single Living Accommodation which are not captured by the population and household projections). Nevertheless, given

the higher starting estimate, the growth in resident workers has reduced from around 19,200 persons in the 2017 SHMA to 14,500 persons based on the LHN. This is despite the 2017 SHMA OAN (43,000 dwellings over the 20-year period 2016-36) being comparable to the LHN figure of 40,680 dwellings over the same period.

- 4.9 On this basis, the overall increase in resident workers has reduced from just over 40,000 persons estimated by the 2017 SHMA (37,600 based on demographic growth together with the specific allowance for 2,600 additional service personnel living in SLA) to around 26,600 additional workers based on the LHN figure (24,800 based on demographic growth plus the 2,600 additional service personnel). Figure 9 shows the breakdown by HMA.

Figure 9: Change in Economically Active Population 2016-2036 by HMA

| Housing Market Area (residence) | Demographic projection | | | Allowance for Service Personnel Living in SLA |
|---------------------------------|------------------------|------------------|-------------------|---|
| | Original SHMA | LHN (2014-based) | | |
| | | 5-year migration | 10-year migration | |
| Chippenham HMA | +13,393 | +2,065 | +2,660 | +126 |
| Salisbury HMA | +1,462 | +7,479 | +7,105 | +2,440 |
| Swindon HMA | +13,826 | +11,109 | +10,883 | - |
| <i>within Wiltshire</i> | <i>-7,150</i> | <i>-1,503</i> | <i>-1,729</i> | - |
| Trowbridge HMA | +8,967 | +4,103 | +4,108 | - |
| TOTAL | +37,648 | +24,756 | +24,756 | +2,566 |
| Swindon Borough | +20,976 | +12,612 | +12,612 | - |
| Wiltshire | +16,672 | +12,144 | +12,144 | +2,566 |

- 4.10 Whilst a majority of economically active residents work within the same functional HMA and others commute to other HMAs within the Swindon and Wiltshire study area, some will travel to jobs elsewhere.
- 4.11 Figure 10 identifies the proportion of resident workers in each HMA that work either within the same HMA or another HMA within the Swindon and Wiltshire study area. Most HMAs have around 80% of their economically active residents working within the study area. On this basis, based on the LHN figure there is likely to be around 20,200 local workers, with an increase of around 4,500 workers commuting to jobs elsewhere.

Figure 10: Change in Economically Active Population working within the Study Area 2016-2036 by HMA (Source: Commuting rates based on 2011 Census. Notes: Excludes additional service personnel living in SLA. Local Authority figures are not available as commuting patterns are considered on a HMA basis)

| Housing Market Area (residence) | Percentage of EA population working within the Study Area | Change in workers to fulfil jobs within Study Area | | |
|---------------------------------|---|--|------------------------|-------------------------|
| | | Original SHMA | LHN (2014-based) | |
| | | | 5-year migration trend | 10-year migration trend |
| Chippenham HMA | 83.0% | +11,158 | +1,714 | +2,207 |
| Salisbury HMA | 80.4% | +1,181 | +6,013 | +5,712 |
| Swindon HMA | 82.9% | +11,505 | +9,207 | +9,020 |
| Trowbridge HMA | 79.6% | +7,177 | +3,268 | +3,272 |
| TOTAL | - | +31,021 | +20,202 | +20,211 |
| Outside Study Area | - | +6,627 | +4,554 | +4,545 |

- 4.12 Figure 11 develops the information further, identifying the commuting patterns between HMAs within the Study Area. Based on this information, the change in workplace population can be established for the two scenarios.

Figure 11: Commuting flows between HMAs and associated change in workplace population resident in the Study Area
(Source: Commuting rates based on 2011 Census. Note: Excludes additional service personnel living in SLA)

| Housing Market Area (residence) | Change in workers to fulfil jobs within Study Area | | Housing Market Area (workplace) | | | | |
|---------------------------------|--|-------------------------|---------------------------------|---------------|---------------|----------------|---------------|
| | 5-year migration trend | 10-year migration trend | Chippenham HMA | Salisbury HMA | Swindon HMA | Trowbridge HMA | |
| Chippenham HMA | +1,714 | +2,207 | 81.3% | 2.4% | 10.5% | 5.9% | |
| Salisbury HMA | +6,013 | +5,712 | 2.5% | 91.5% | 1.2% | 1.8% | |
| Swindon HMA | +9,207 | +9,020 | 3.6% | 0.6% | 95.4% | 0.4% | |
| Trowbridge HMA | +3,268 | +3,272 | 11.9% | 4.5% | 1.6% | 78.2% | |
| TOTAL | 5-yr trend | +20,202 | - | +2,279 | +5,924 | +9,092 | +2,906 |
| | 10-yr trend | - | +20,211 | +2,666 | +5,651 | +8,961 | +2,933 |

- 4.13 Whilst the increase in resident workers for Chippenham HMA ranges between 1,700 and 2,200, there is a larger workplace increase ranging from 2,300 to 2,700 workers. This is due to inward commuting from other areas, in particular the Trowbridge HMA. Conversely, whilst Trowbridge HMA has an increase of around 3,300 resident workers, this translates to around a 2,900 workplace increase. Both Salisbury HMA and Swindon HMA have similar resident worker and workplace increases (5,700 to 6,000; and 9,000 to 9,200 respectively).

Future Jobs Growth

- 4.14 An Economic and Development Needs Assessment (EDNA) was jointly commissioned at the same time as the 2017 SHMA, and this was undertaken by Hardisty Jones Associates (HJA). The EDNA identified the likely jobs growth for Swindon and Wiltshire and their constituent Functional Economic Market Areas (FEMAs). The FEMAs broadly align with the HMAs: both Swindon and Salisbury have separate FEMAs which align with their respective HMA, but there is only a single FEMA which covers the Chippenham HMA and Trowbridge HMA combined area.
- 4.15 The future number of jobs were considered by the EDNA based on forecasts from both Oxford Economics (January 2016) and Cambridge Econometrics (November 2015) for the 20-year period 2016-2036. This information was considered alongside past trends, and the study concluded that the total number of jobs across Swindon and Wiltshire was likely to increase by around 40,200 over the period 2016-2036. This included the specific increase in service personnel. The projection for the Swindon Unitary Authority Area was based on an average for the Oxford Economics and Cambridge Econometrics baseline projections, but made specific adjustments to those baselines to assume no decline in motor vehicle manufacturing employment in the period to 2036 and to take the highest projection for the growth in retail sector employment. The EDNA report sets out further details on these assumptions and the associated consultation that was undertaken. However, in light of the February 2019 announcement of the planned closure of the Honda car making plant in Swindon, there may now be some doubts as to the continued robustness of the EDNA jobs projection for Swindon Borough and the Swindon HMA.

- 4.16 Figure 12 summarises the change in jobs identified for the four separate housing market areas. This separates main jobs from second jobs, and the specific allowance for additional service personnel.

Figure 12: Forecast change in Main Jobs and Second Jobs 2016-2036 by HMA (Source: Swindon and Wiltshire Economic Development Needs Assessment 2017)

| Housing Market Area (workplace) | Change in Jobs (excluding service personnel living in SLA) | | | Allowance for Service Personnel Living in SLA | OVERALL TOTAL |
|---------------------------------|--|---------------|----------------|---|----------------|
| | Main Jobs | Second Jobs | TOTAL | | |
| Chippenham HMA | +7,245 | +929 | +8,174 | +126 | +8,300 |
| Salisbury HMA | +7,715 | +1,280 | +8,995 | +2,440 | +11,435 |
| Swindon HMA (total) | +12,694 | +2,336 | +15,030 | - | +15,030 |
| <i>within Wiltshire</i> | <i>+2,570</i> | <i>+323</i> | <i>+2,893</i> | - | <i>+2,893</i> |
| Trowbridge HMA | +4,859 | +614 | +5,473 | - | +5,473 |
| TOTAL | +32,513 | +5,159 | +37,672 | +2,566 | +40,238 |
| Swindon Borough | +10,124 | +2,013 | +12,137 | - | +12,137 |
| Wiltshire | +22,389 | +3,146 | +25,535 | +2,566 | +28,101 |

- 4.17 Of course, not all resident workers will work locally, and some jobs will be fulfilled by workers commuting from other HMAs in Swindon and Wiltshire or from outside the Study Area. Figure 13 identifies the percentage of main jobs in each of the HMAs fulfilled by commuters living outside the Study Area. Only a minority of workers commute from homes outside the area, ranging from 19.2% of jobs in Salisbury HMA to 10.3% of jobs in Chippenham HMA.
- 4.18 Based on the existing rates, it is likely that around 4,359 of the additional main jobs will be taken by workers commuting from outside the Study Area and there will therefore be a need for an additional 27,974 resident workers to satisfy the forecast jobs growth. These figures assume no change in commuting patterns compared to those recorded by the 2011 Census.

Figure 13: Resident Workers needed to fulfil growth in main jobs by HMA (Source: Commuting rates based on 2011 Census. Notes: All figures exclude additional service personnel living in Single Living Accommodation. Local Authority figures are not available as commuting patterns are considered on a HMA basis)

| Housing Market Area (workplace) | Increase in Main Jobs | Percentage of Main Jobs fulfilled by commuters | Increase in Inward Commuting | Increase in Resident Workers Needed |
|---------------------------------|-----------------------|--|------------------------------|-------------------------------------|
| Chippenham HMA | 7,245 | 10.3% | 743 | 6,503 |
| Salisbury HMA | 7,715 | 19.2% | 1,479 | 6,235 |
| Swindon HMA (total) | 12,694 | 12.6% | 1,603 | 11,091 |
| <i>within Wiltshire</i> | <i>+2,570</i> | - | - | - |
| Trowbridge HMA | +4,859 | 14.7% | 714 | 4,145 |
| TOTAL | +32,513 | - | 4,539 | 27,974 |
| Swindon Borough | +10,124 | - | - | - |
| Wiltshire | +22,389 | - | - | - |

Aligning Future Jobs and Workers

- 4.19 Figure 14 considers the increase in resident workers needed to fulfil the growth in main jobs (Figure 13) alongside the increase in resident workers projected based on the LHN figures for the HMAs in terms of their workplace population based on the two variant scenarios (Figure 11) in order to establish the extent of any shortfall or surplus of workers for each of the HMAs.

Figure 14: Alignment between increase in resident workers needed to fulfil growth in main jobs and projected increase based on the LHN by HMA (Notes: All figures exclude additional service personnel living in Single Living Accommodation. The Swindon HMA shortfall has been apportioned pro rata to the jobs growth to establish shortfall figures by LA)

| Housing Market Area (workplace) | Increase in Resident Workers Needed | Increase in Resident Workers based on LHN | | Net shortfall or surplus of Resident Workers | |
|---------------------------------|-------------------------------------|---|-------------------------|--|-------------------------|
| | | 5-year migration trend | 10-year migration trend | 5-year migration trend | 10-year migration trend |
| Chippenham HMA | 6,503 | 2,279 | 2,666 | -4,223 | -3,836 |
| Salisbury HMA | 6,235 | 5,924 | 5,651 | -311 | -584 |
| Swindon HMA (total) | 11,091 | 9,092 | 8,961 | -1,999 | -2,130 |
| <i>within Wiltshire</i> | - | - | - | -405 | -431 |
| Trowbridge HMA | 4,145 | 2,906 | 2,933 | -1,239 | -1,213 |
| TOTAL | 27,974 | 20,202 | 20,211 | -7,773 | -7,763 |
| Swindon Borough | - | - | - | -1,594 | -1,699 |
| Wiltshire | - | - | - | -6,178 | -6,065 |
| Outside Study Area | 4,539 | 4,554 | 4,545 | - | - |

- 4.20 Based on this analysis, there would be a shortfall of workers across all four of the HMAs, ranging from a shortfall of between 300 and 600 workers in Salisbury HMA up to a shortfall of between 3,800 and 4,200 workers in Chippenham HMA. In order to align the projected increase in resident workers with the number of additional workers needed to fulfil the forecast jobs growth without any changes in commuting patterns, it is likely that the housing supply would need to increase above the minimum LHN.
- 4.21 Figure 15 sets out the additional dwellings that would be needed to enable sufficient resident workers to live in each area based on the forecast jobs growth.

Figure 15: Total dwellings needed to align jobs and workers by HMA

| Area | 5-year migration trend | | | 10-year migration trend | | |
|-------------------------|------------------------|------------------------------------|-----------------|-------------------------|------------------------------------|-----------------|
| | LHN | Additional dwellings to align jobs | Total dwellings | LHN | Additional dwellings to align jobs | Total dwellings |
| Chippenham HMA | 13,629 | 3,290 | 16,919 | 17,411 | 2,979 | 20,390 |
| Salisbury HMA | 12,229 | 272 | 12,501 | 10,472 | 504 | 10,976 |
| Swindon HMA (total) | 25,277 | 1,091 | 26,368 | 23,736 | 1,183 | 24,919 |
| <i>within Wiltshire</i> | 4,477 | 304 | 4,781 | 2,936 | 322 | 3,258 |
| Trowbridge HMA | 10,505 | 1,002 | 11,507 | 10,021 | 976 | 10,997 |
| TOTAL | 61,640 | 5,655 | 67,295 | 61,640 | 5,642 | 67,282 |
| Swindon Borough | 20,800 | 787 | 21,587 | 20,800 | 861 | 21,661 |
| Wiltshire | 40,840 | 4,868 | 45,708 | 40,840 | 4,781 | 45,622 |

- 4.22 On the basis of the analysis, to ensure that there will be sufficient resident workers to align with the jobs growth identified by the 2017 EDNA forecast on the basis of not change in the commuting rates identified by the 2011 Census, it would be necessary consider increasing the minimum LHN by up to 5,700 dwellings with most of this increase (at least 85%) being in Wiltshire. This would yield a total of around 67,300 dwellings over the 20-year plan period 2016-2036; comprising around 21,600 dwellings in Swindon (equivalent to an average of 1,080 dpa) and around 45,700 dwellings in Wiltshire (equivalent to an average of 2,285 dpa). These figures compare to an Objectively Assessed Need (OAN) of 29,000 dwellings for Swindon Borough and 44,000 dwellings for Wiltshire identified by the 2017 SHMA.
- 4.23 When considering the distribution between housing market areas, in summary we can conclude:
- » **Chippenham HMA:** between 16,900 and 20,400 dwellings overall, equivalent to 845-1,020 dpa on average over the 20-year period. This compares to an OAN of 22,250 dwellings identified by the previous SHMA;
 - » **Salisbury HMA:** between 11,000 and 12,500 dwellings overall, equivalent to 550-625 dpa on average over the 20-year period. This compares to an OAN of 8,250 dwellings identified by the previous SHMA;
 - » **Swindon HMA:** between 24,900 and 26,400 dwellings overall, equivalent to 1,245-1,320 dpa on average over the 20-year period; which includes 3,300-4,800 dwellings (165-240 dpa) in the part of the Swindon HMA within Wiltshire. This compares to an OAN of 29,000 dwellings identified by the previous SHMA; and
 - » **Trowbridge HMA:** between 11,000 and 11,500 dwellings overall, equivalent to 550-575 dpa on average over the 20-year period. This compares to an OAN of 13,500 dwellings identified by the previous SHMA.
- 4.24 Whilst some of the differences between the current figures and the 2017 SHMA are due to changes in the boundaries of the “best fit” HMAs (which now align to Community Area boundaries within Wiltshire), differences in assumptions relating to migration and the uplifts applied to the household projections have also had a notable impact.

Conclusions

- 4.25 The CLG Standard Method identified a minimum LHN of 20,800 dwellings for Swindon and 40,680 dwellings for Wiltshire over the 20-year period 2016-36. However, it will be important to consider whether or not a housing number that is higher than this minimum would be appropriate to use when plan-making.
- 4.26 Based on the analysis above, the employment growth projections identified by the 2017 EDNA would require a larger number of homes to be provided than the minimum LHN in order to ensure there will be sufficient workers to align with the forecast jobs growth without any change to the net commuting rates recorded by the 2011 Census. The authorities will need to consider their response to the evidence which suggests that up to an additional 6,300 dwellings would have to be provided to enable sufficient workers to live in the combined area.

Appendix A

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