1.SHMA UPDATE (DATA)

AN UPDATE OF POPULATION AND MARKET SIGNAL DATA

JULY 2019 UNDERSTANDING DATA

1. Isles of Scilly SHMA – 2018 Data update

This report is one of two:

1. SHMA UPDATE Data. A focused update of available demographic and market signals data available since the publication of the SHMA (2016) (this report)v2
2. SHMA UPDATE (Housing Need) Standardised Methodology

1. Introduction

1.1. The Isles of Scilly Council are hindered in any attempts to undertake detailed evidence-based assessments due to several factors.

1.2. The main issues are firstly that many official statistics are rounded, sometime to the nearest 100 or 1,000, and the second, and more significant is the limited amount of data available. The Annual Population Survey (APS) and Annual Survey of Hours and Earnings (ASHE) are normally key sources of economic characteristic and earnings data, but because they are survey based (e.g. a sample of the population), the normally available data for larger local authorities is not available for the Isles of Scilly. This puts more reliance on the 2011 Census data and as the cycle widens from the last Census, this puts more reliance on an “older” but still comprehensive data set.

1.3. Data from the Office for National Statistics (ONS) that for larger local authorities is normally reliable should be treated with caution, and any sudden changes in trend should be cautiously appraised.

1.4. The 2016 SHMA relied on Census analysis in the main. That data and the findings from that remain valid.

1.5. There are three areas where new relevant data is available:

- Population estimates
- Population and Household Projections
- Market Signals (House Prices / Private House Rental Values /Housing Completions)

2. Population Estimates

2.1. The SHMA (2016) highlighted an ageing population, and that population seemed to have peaked in 2008 and then fallen off, with the 2014 estimate being some 53 lower six years later.

What has changed?

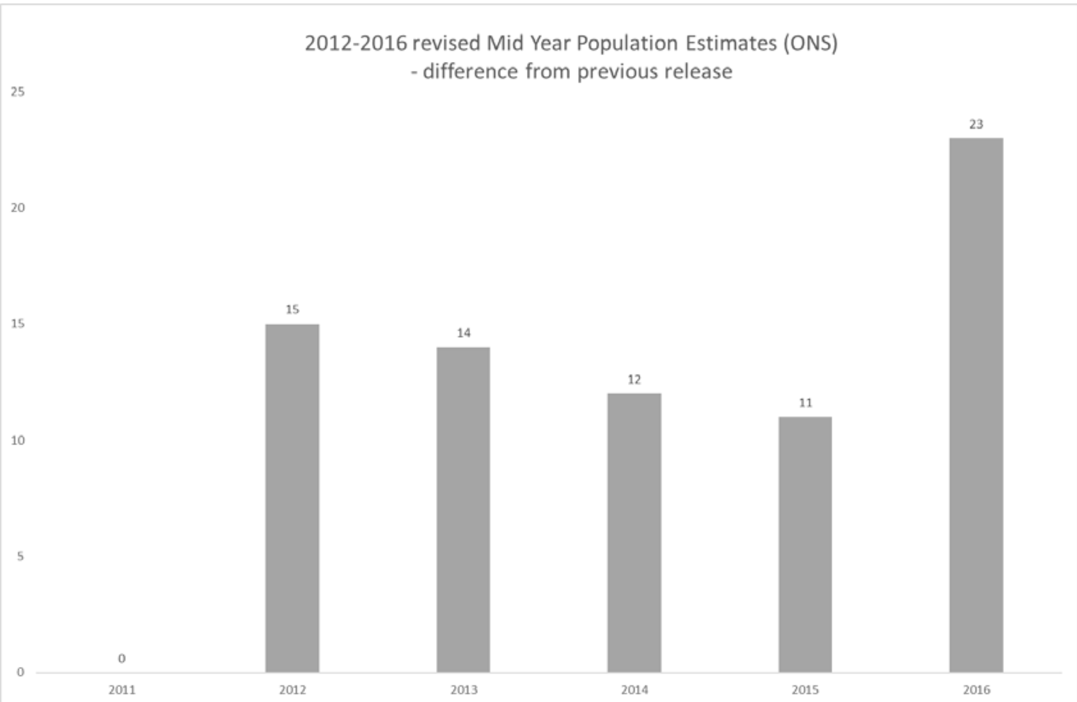
2.2. On the 22nd March ONS released revised Mid Year Population Estimates for the period 2012-2016. This introduced improvements to population estimates for England and Wales from mid-2012 to mid-2016; these revised figures included new estimates of local authority international emigration and foreign armed forces dependants. On the 28th June ONS released their 2017 mid-year population estimates.

Table 1

Population	**2008**	2011	2012	2013	2014	2015	2016	2017
Isles of Scilly - original	2,332	2,224	2,264	2,251	2,280	2,324	2,308	
Isles of Scilly - 2018 revisions	2,332	2,224	2,279	2,265	2,292	2,335	2,331	2,259
Difference		0	15	14	12	11	23	
Difference %		0%	1%	1%	1%	0%	1%	

2.3. The change for the Isles of Scilly were small numerically, but in percentage terms in the 12th highest increase nationally. The new estimates showed 75 more people across the period. This represents a slight reduction in the previous decline as set out in the original estimates.

Chart 1



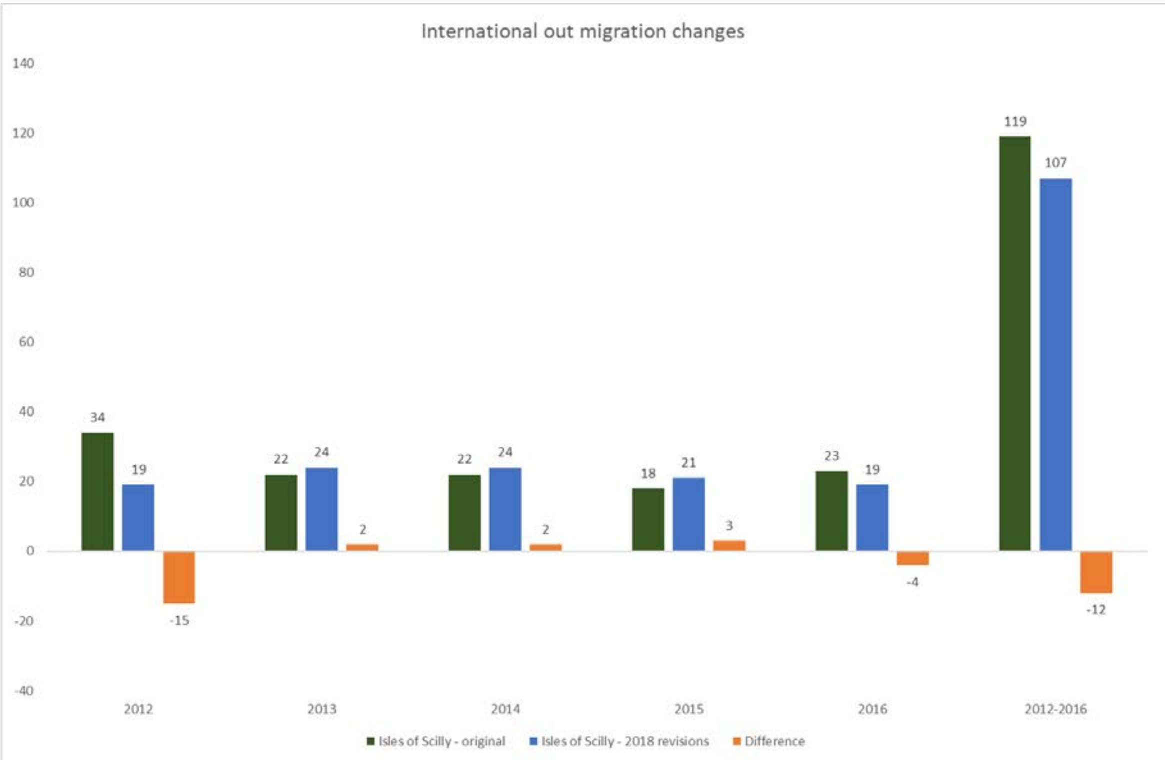
2.4. Local authority emigration estimates for mid-2012 to mid-2016 were recalculated using an improved distribution model that includes a wider range of administrative and survey data than before

2.5. Local authority-level immigration estimates for mid-2015 and mid-2016 have been recompiled using previously unavailable data and using improved matching methods to better distinguish students, workers and other international in-migrants.

Table 2

International Emigration	2012	2013	2014	2015	2016	2012-2016
Isles of Scilly - original	34	22	22	18	23	119
Isles of Scilly - 2018 revisions	19	24	24	21	19	107
Difference	-15	2	2	3	-4	-12
Difference %	-44%	9%	9%	17%	-17%	-10%

Chart 2

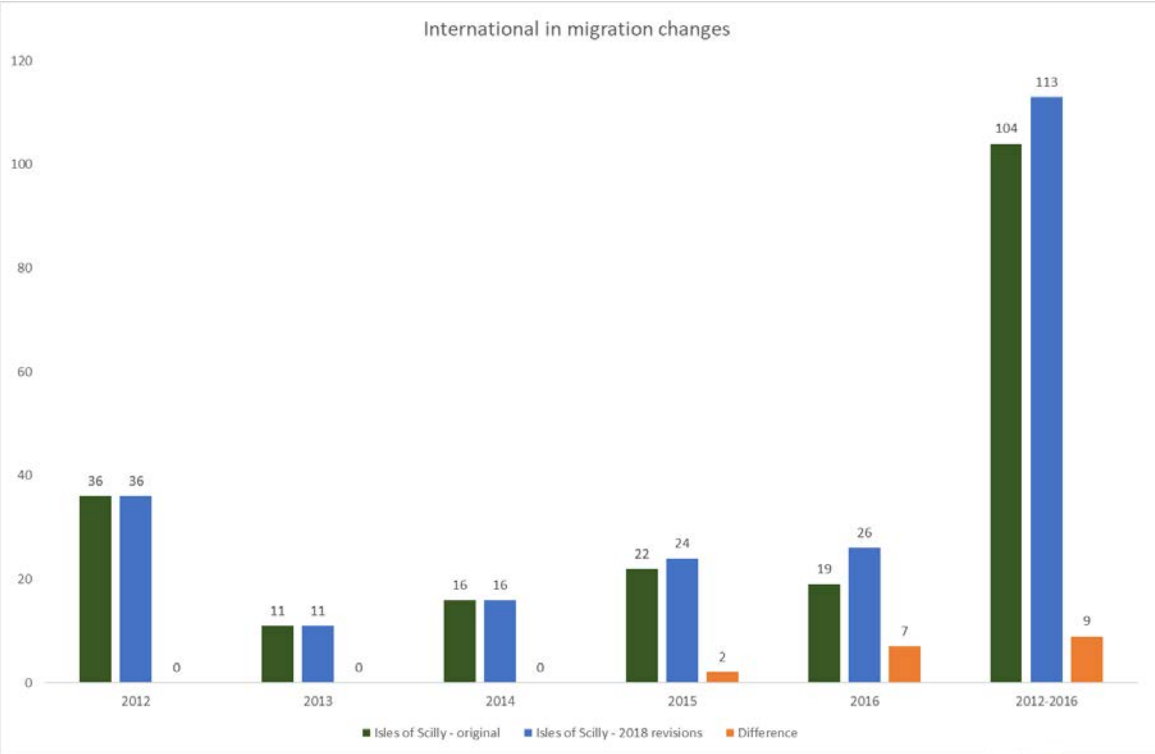


2.6. There is no single pattern to these changes, with the new estimates being 10% lower overall (less out migration). The annual numbers are broadly consistent.

Table 3

International Immigration	2012	2013	2014	2015	2016	2012-2016
Isles of Scilly - original	36	11	16	22	19	104
Isles of Scilly - 2018 revisions	36	11	16	24	26	113
Difference	0	0	0	2	7	9
Difference %	0%	0%	0%	9%	37%	9%

Chart 3



2.7. The revised estimates show an increase in more international in migration. 2016 saw the biggest difference between the original and revised estimate for international in migration.

Comment

These revisions tempered the previous decline from the peak in 2008 and meant that the revised estimate of population for 2015 was 2 higher than the 2008 peak, (the revised 2015 figure was 11 higher than the original 2015 estimate).

Natural Change and Migration

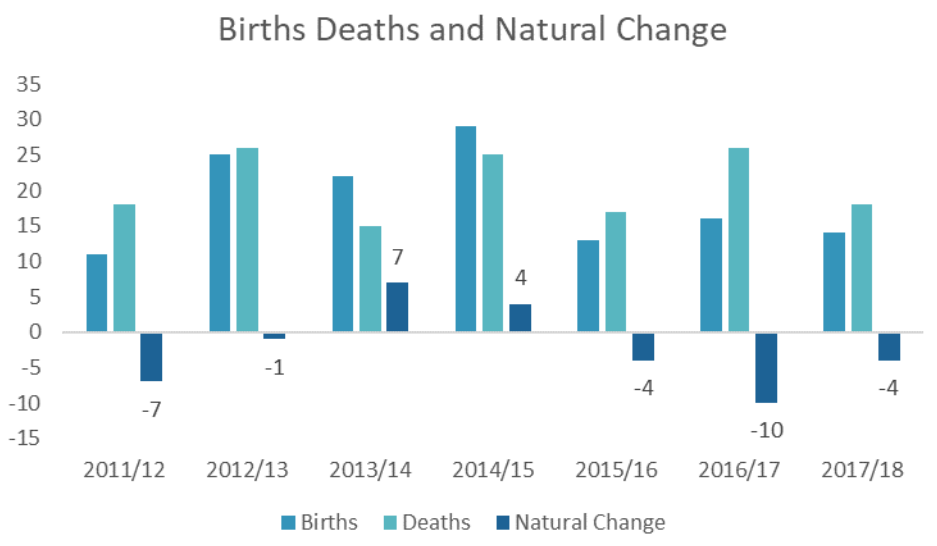
2.8. The revised population estimates contained no changes to the natural change element, that is the recorded numbers of births and deaths.

2.9. Since 2012 these are presented below. The decline in the number of births would need to be monitored over the next few years to ascertain whether this was linked to reductions in the working age population share, or a temporary change form a higher number of births.

Table 4

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Births	11	25	22	29	13	16	14
Deaths	18	26	15	25	17	26	18
Natural Change	-7	-1	7	4	-4	-10	-4

Chart 4



2.10. While year on year figures fluctuate the overall impact is 15 less people since 2011.

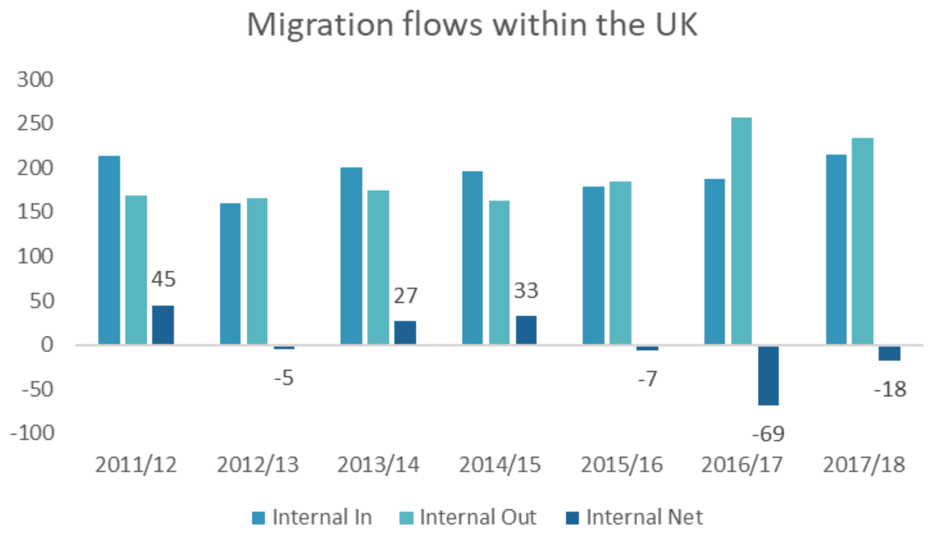
Migration (Internal)

2.11. The revised population estimates contained no changes in the amount of internal migration from that previously recorded. The latest year of data (2016/17) has seen the largest net out flow of internal migrants since 2011, at -69.

Table 5

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Internal In	213	160	201	196	178	188	215
Internal Out	168	165	174	163	185	257	233
Internal Net	45	-5	27	33	-7	-69	-18

Chart 5

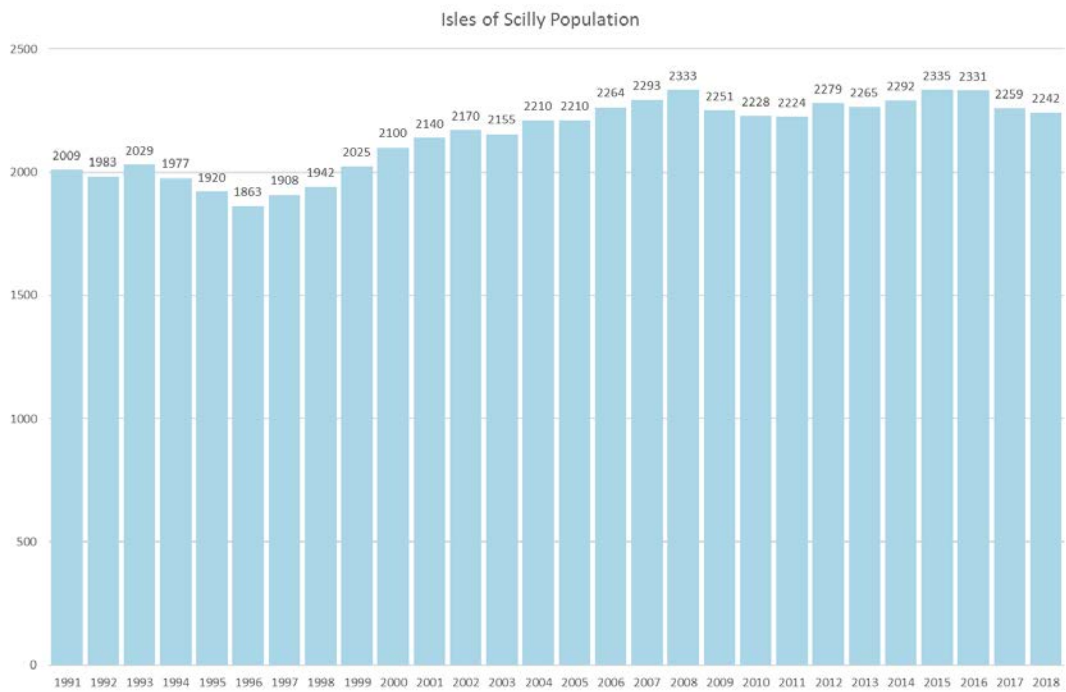


2.12. The Isles of Scilly population has gained 6 people from 2011-2018 from internal migration. It has lost 94 people in the last three years (since 2015). There remain annual fluctuations which at this scale are likely to represent a range of issues such as available accommodation on the island and personal circumstances of those leaving the islands. The most recent data shows more significant outflows of people.

<u>Long term population change</u>

2.14. Looking at these revisions in the context of long term population change softens the original SHMA'a comments on population decline.

Chart 6



2.15. There was a fall in population from 1991-1996, and then broadly consistent population growth from 1996 to 2008. The population fell immediately after this but recovered by 2015 to the 2008 level (+2). The last three years of data shows further decline.

2.16. The only more recent source of population remains the GP register. This shows the following pattern

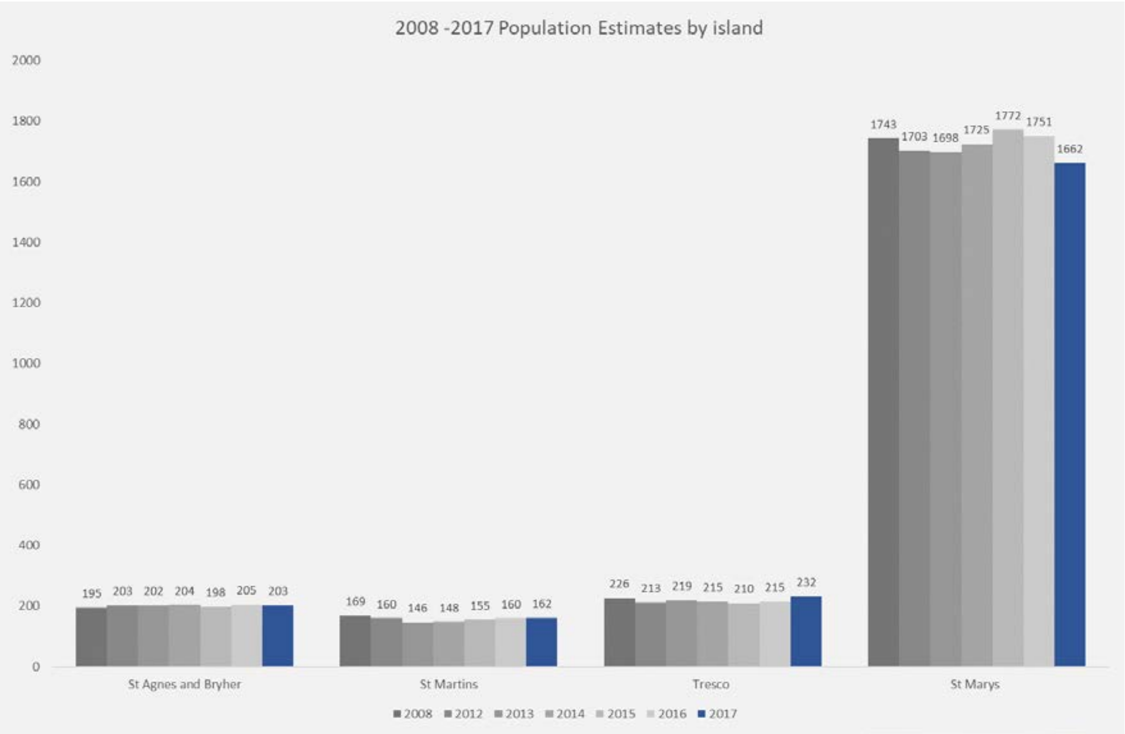
Table 6 GP register population for the Isles of Scilly

	Registered Population	Annual Change
2014	2337	-42
2015	2295	24
2016	2319	-6
2017	2313	42
2018	2355	

2.17 As the original SHMA highlighted (Figure 3-14) there remains a difference in age structure between the ONS estimates and the GP Register. The GP Register has a younger age profile (more aged 20-40). The two sources show a broadly comparable pattern of fluctuating population.

2.18 The main focus of this population change has been on St Mary's the largest island, which has seen a decline in population since 2015 of 110 since 2015. While the 2018 data is not yet available at this finer grain of geography it is likely that there has been further decline 2017/18.

Chart 7



Age Structure

Table 7

	1998	2008	2018	98-18	08-18
All Ages	1,942	2,333	2,242	300	-91
Aged 0 to 15	347	353	342	-5	-11
Aged 16 to 64	1,208	1,520	1,324	116	-196
Aged 65+	387	460	576	189	116
	1998	2008	2018	98-18	08-18
Aged 0 to 15	17.9	15.1	15.3	-2.6	0.1
Aged 16 to 64	62.2	65.2	59.1	-3.1	-6.1
Aged 65+	19.9	19.7	25.7	5.8	6.0

2.19. The main changes have been an increasing level of older people (aged 65+) and less working age (16-64) which has fallen from 62.2% to 59.9% of the total in the last twenty years. The working age population has reduced by nearly 200 in the last ten years. This has a wide ranging set of implications around maintaining key services.

2.20. The latest estimates (values) for 2018 are shown below. The largest ten-year age group is 50-59, the largest group of males are aged 50-59, and the largest cohort of females is in the 30-39 age group.

Table 8 10 yr age bands by sex

	Total	Female	Male
0-9	224	115	109
10-19	172	71	101
20-29	235	116	119
30-39	280	155	125
40-49	270	154	116
50-59	333	148	185
60-69	298	136	162
70-79	275	144	131
80+	155	83	72

Conclusions

2.21. The population of the islands in 2018 currently is below the 2006 population. The total population and working age population have fallen since 2015. The lack of recent growth will act as a dampener on population projections, which are driven by recent trends.

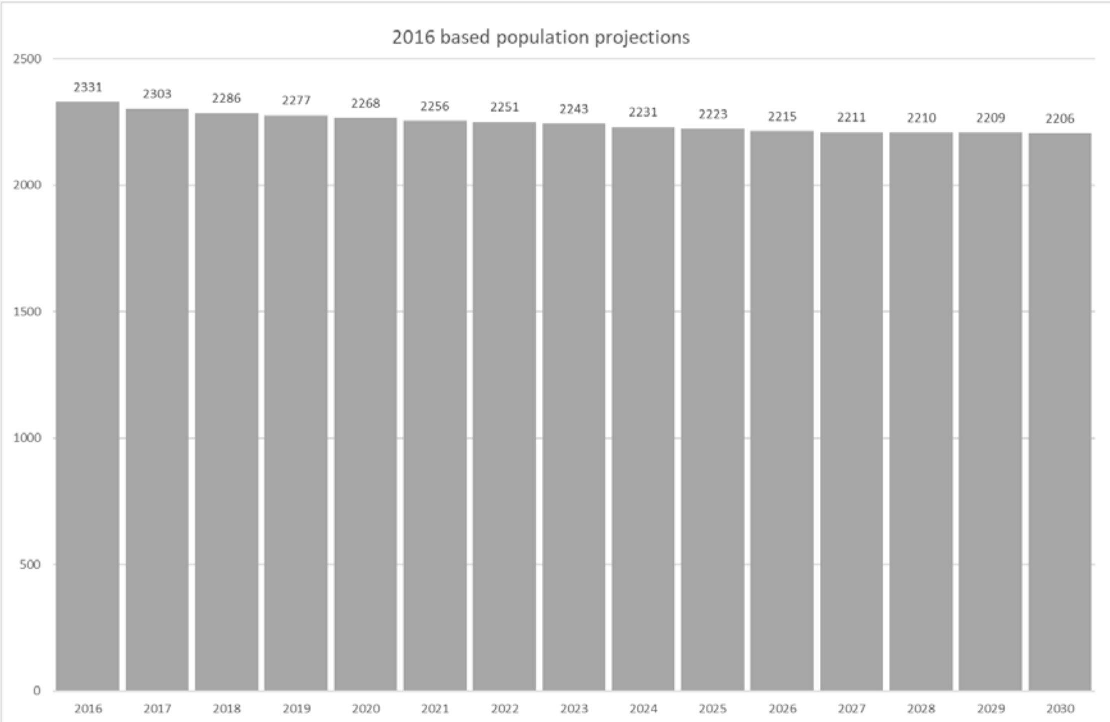
3. Population Projections

3.1. On the 24th May ONS released the latest 2016 based sub national population projections. These will be the main driver in new household projections due to be released in the Autumn of 2018.

3.2. The ONS reported that the key differences between the 2016 based projections and the previous 2014 based release were:

- we have assumed lower long-term net international migration
- we have assumed that women will have fewer children
- actual life expectancy has increased less than projected since mid-2014; this means that the life expectancy values for 2016 are lower, and reduces the rate of increase in subsequent years
- we have no longer assumed a faster rate of increase in life expectancy for those born between 1923 and 1938 (also known as the "golden cohort")

Chart 8



3.3. The projections continue the recent trend (2012 and 2014 based) of projecting a declining population. The revised population estimates, which had the effect of lessening the decline since 2008, are directly responsible for these projections showing less of a decline going forward compared to the 2014 based version. Results from both recent projections are compared below.

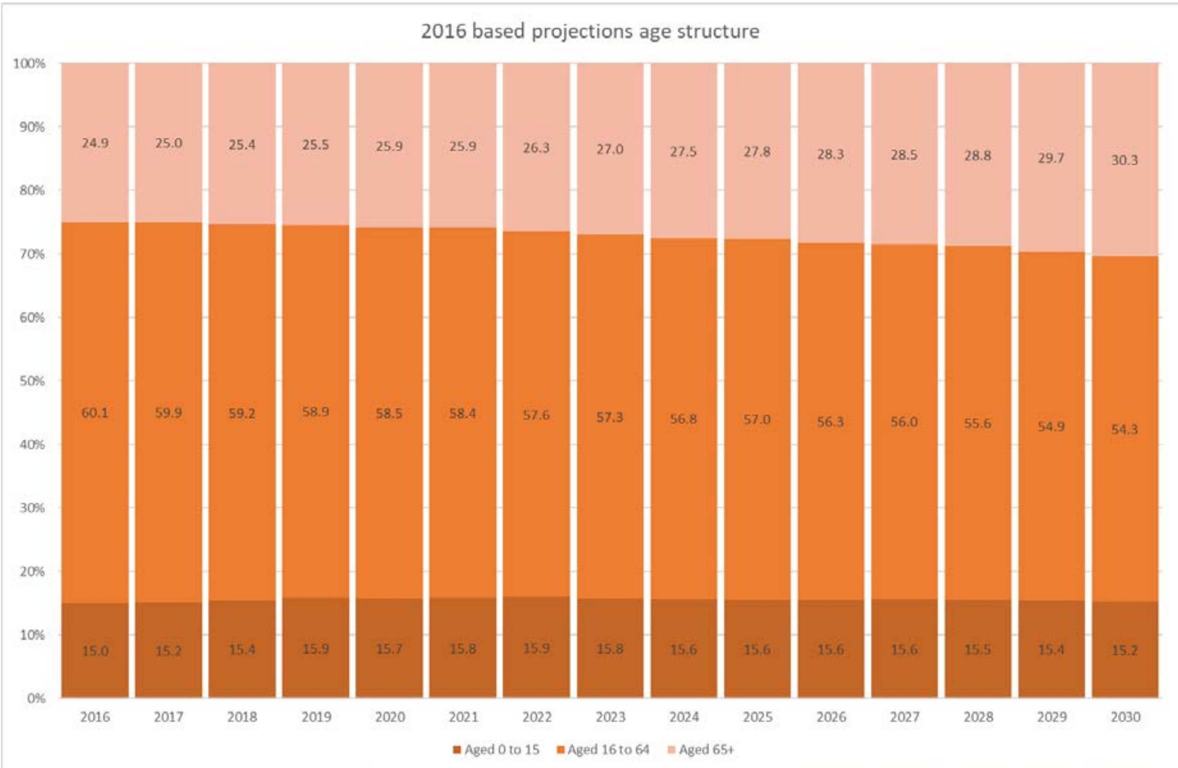
Table 9 2014 and 2016 sub national projections

	2014 Based	2016 Based	Nominal * Difference
2014	2280		
2015	2257		
2016	2239	2331	92
2017	2225	2303	78

2018	2210	2286	76
2019	2201	2277	76
2020	2194	2268	74
2021	2181	2256	75
2022	2172	2251	79
2023	2166	2243	77
2024	2159	2231	72
2025	2152	2223	71
2026	2146	2215	69
2027	2142	2211	69
2028	2139	2210	71
2029	2140	2209	69
2030	2138	2206	68

3.4. There is less decline in the 2016 based projections, with individual years showing a slightly higher population across the period to 2030. However, the overall impact is still a smaller population in 2030.

Chart 9 2016 based projections age structure



3.5. There is a continued growth in older people (65+ age group increases to 30% by 2030) with a linked decrease in working age population to 54%.

3.6 The latest household projections were published by ONS in late 2018. Government advice is that these are not suitable for use in the new standard methodology. This issue is dealt with in the accompanying paper Housing Need update. The latest household projections (2016 based) suggest a lower level of declining households than the 2014 based projections.

4. House Prices / Private House Rental Values

4.1. The SHMA (2016) section 5 contained a commentary and relevant data on market signals, typically used to assess whether an uplift is made to the assessment of housing need, primarily to reflect severe affordability pressures. Not all market signals that are typically considered have available Isles of Scilly level data. The following section updates house prices, rental values and housing completions.

House prices

4.2. Data is available on the number of sales and median price of sales for houses sold. Th majority of these are on St Marys. Looking at house sales[1] across the Isles of Scilly since 2011, 95% of these sales have been on St Marys.

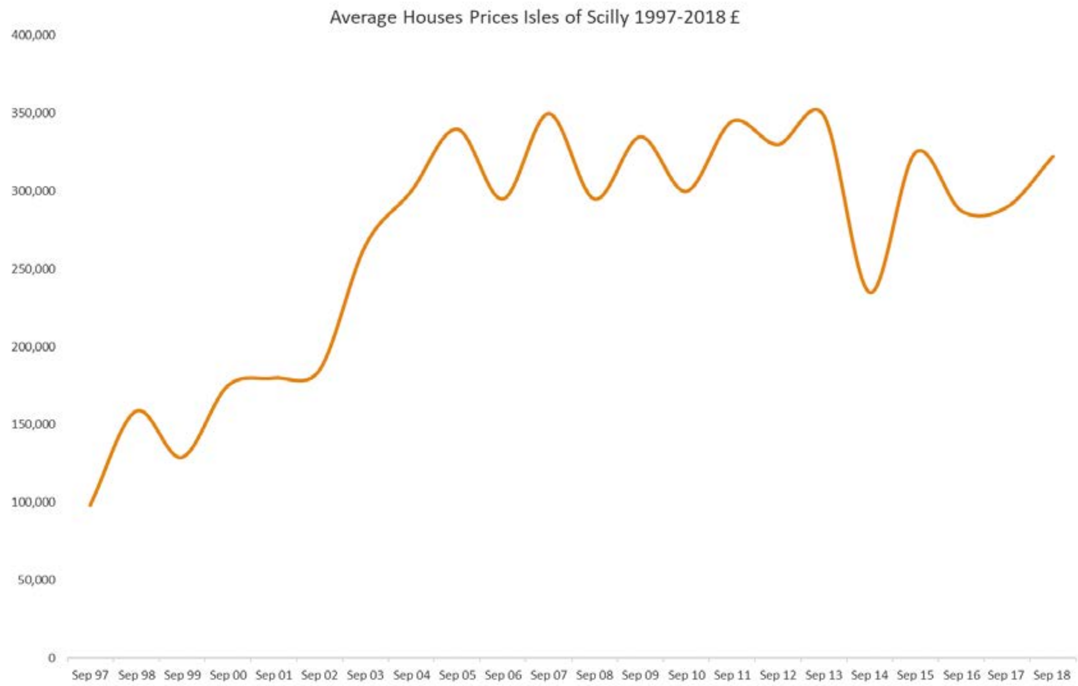
Table 10 Sales by type

Number of Sales	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018
All House types	17	13	11	19	18	25	23	33
Detached	3	8	2	4	5	4	5	10
Semi Detached	2	0	5	3	2	3	4	4
Terraced	7	4	1	4	4	5	3	7
Flats	5	1	3	8	7	13	11	12

4.3. It is helpful to break down the number of sales by type. There has been a shift with flats being the most frequent type of sales for the last 4 years.

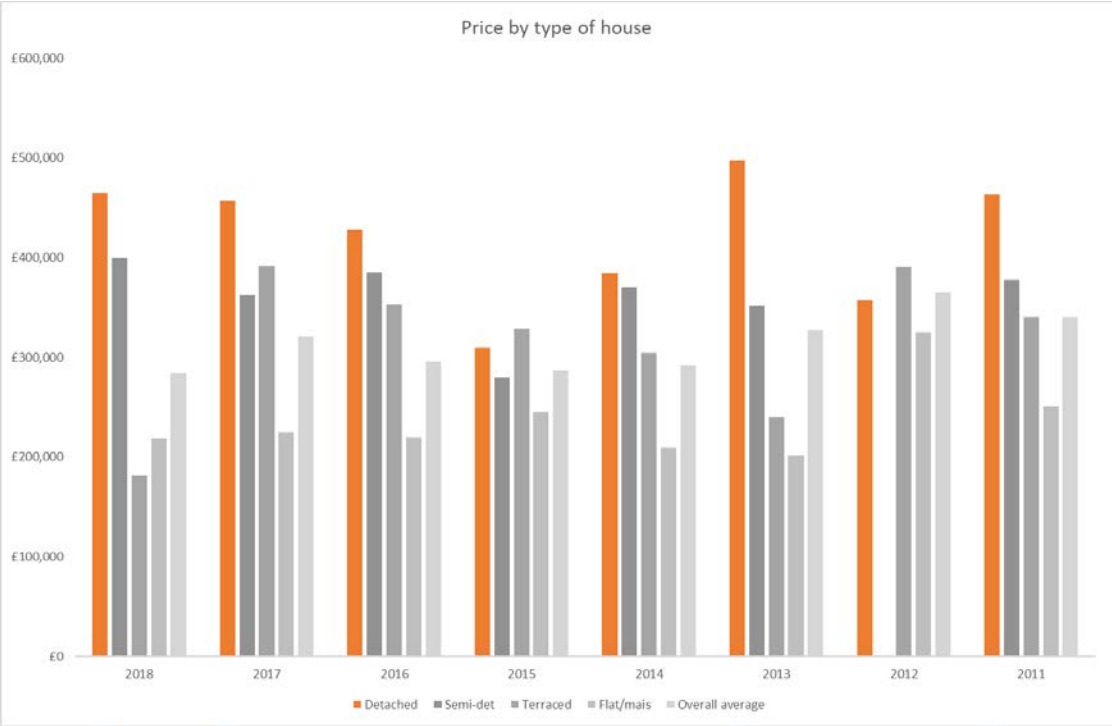
[1]HPSSA Dataset 36. Number of residential property sales by ward

Chart 10



4.4 There are distinct periods of house price trend. 1997 to 2005 saw consistent house price growth. There have been considerable annual fluctuations since 2006, in part down to volume of sales (with a small number of sales, one or two individual properties of a type or location being sold will have a much larger impact on overall median prices).

Chart 11



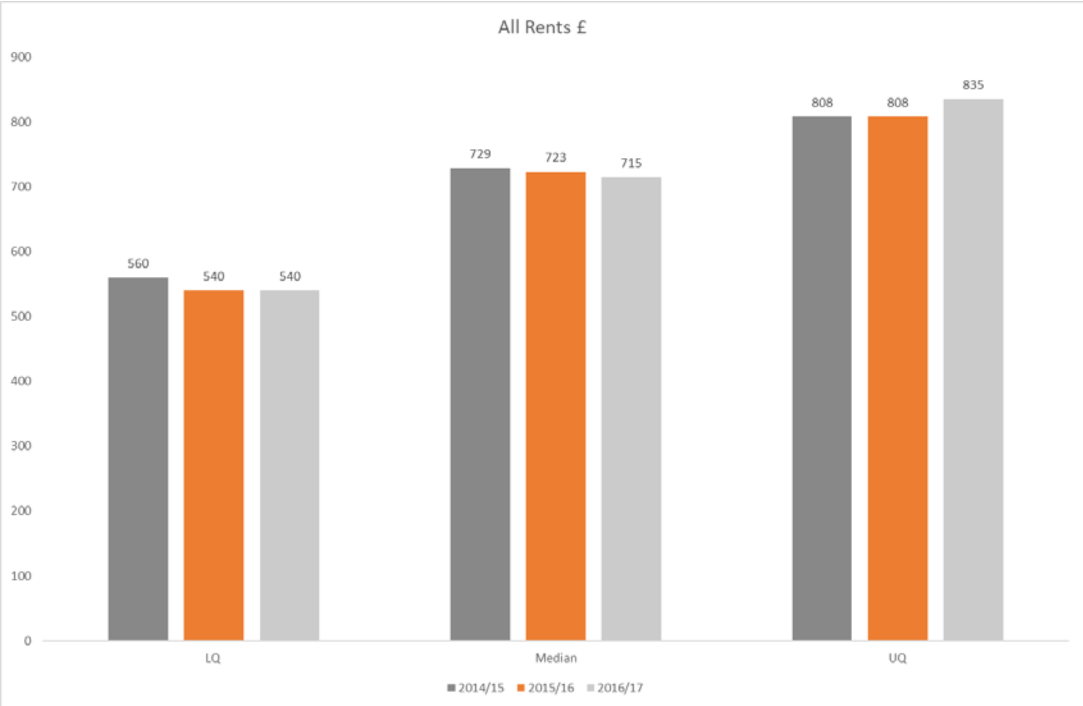
4.4. Detached Houses (highlighted) semi-detached and terraced all are priced above the overall average for most years (2011-2018). Flats are typically cheaper and provide a more (relatively) affordable option. These are however still averaging at over £230,000 for the period considered.

House Rental Values

4.5. The data used to generate these statistics is based on a sample of rental information, collected by Rent Officers, from landlords and letting agents and published by ONS / Valuation Office

> Note:
>
> Median – when a series of numbers are arranged by size the median represents the middle value.
>
> Lower quartile – when a series of values are arranged by size the lower quartile (or 25th percentile) is the value that splits the lowest 25% of the data from the highest 75%.
>
> Upper quartile - when a series of values are arranged by size the upper quartile (or 75th percentile) is the value that splits the highest 25% of the data from the lowest 75

Chart 12



4.6. Overall rents have increased since 2014/15 for the Upper Quartile but decreased for the Lower Quartile and Median values. The rents recorded on the Isles of Scilly are compared to England, the South West and Cornwall in the table below.

Table 11

2016/17	Count of rents	Mean	Lower quartile	Median	Upper quartile
ENGLAND	487,680	831	500	675	950
SOUTH WEST	64,510	765	560	695	850
Cornwall UA	6,040	662	550	650	750
Isles of Scilly UA	50	793	560	729	808

Valuation Office Agency

4.7. Overall Rents are higher when measured as Mean and Median, similar for Lower Quartile and Lower for Upper Quartile than the benchmark areas.

Housing Completions

4.8. It is possible to update Table 5-6 from the SHMA (2016).

Table 12 Housing Completions

	Completions	Holiday Let*	Staff Accommodation**

2012/13	7	3	0
2013/14	6	1	2
2014/15	9	7	2
2015/16	2	0	0
2016/17	3	2	0
Nominal Local Plan Annual Target	6		

*'Of the New Dwelling Completions Number subject to holiday let conditions' from Isles of Scilly AMR [2]

**' Of the New Dwelling Completions Number subject to staff accommodation conditions' (same source)

4.9. It should be noted that while the nominal annual target (equivalent) was met from 2012/13-2014/15 completions for these years were heavily influenced by dwelling completions that had an associated holiday condition, and to a lesser extent staff accommodation.

4.10. Completions have reduced in the last two full years.

Affordability

4.11. Due to lack of earnings data the affordability ratio data published by ONS does not contain consistent data for the Isles of Scilly.

4.12. The only two years where affordability ratios are published for the Isles of Scilly are 1998 (14.22) and 2009 (24.9). For both years these rates put the Isles of Scilly as having the highest affordability ratios nationally.

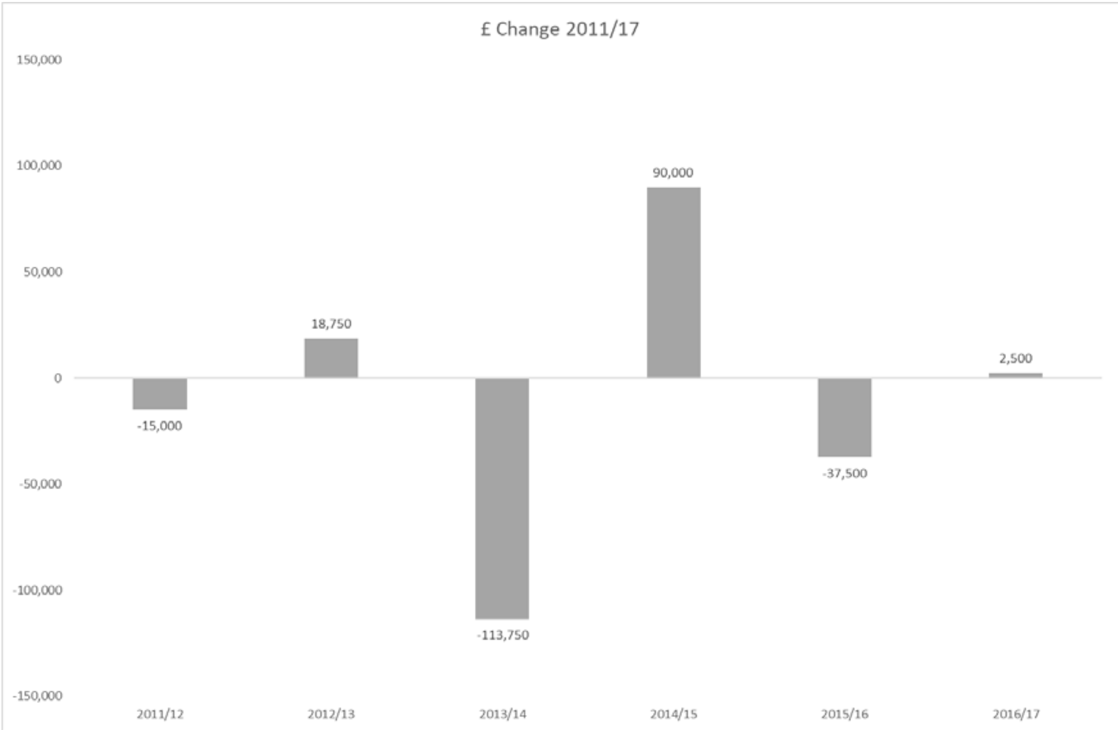
4.13. Appendix C of the note by Understanding Data (3. SHMA UPDATE Housing Need) suggests an alternative Affordability Ratio for use in standardised methodology workings of 15.00 for 2015/18. This would place the Isles of Scilly in the highest 10% nationally of affordability ratios. The workings behind this are not directly comparable to the published sources.

4.14. It is difficult to benchmark Isles of Scilly house price and rental data against regional or national equivalents due to the small sample sizes. The number of sales on the Isles of Scilly fluctuate and this, rather than any particular "market" trend is likely to be behind house prices ups and downs.

4.15. The chart below shows the extent of this fluctuation.

Chart 15

[2] http://www.scilly.gov.uk/sites/default/files/document/planning/AMR7-11%202012%20-%202017.pdf



Conclusions

4.16. The SHMA (2016) stated that the OAN was 120 for 2015-2030. This figure was assessed in the following way.

4.17. Taking the "growth" scenario for population and household growth to provide a robust, positive basis for forward planning given that the 2012 based household projections predicted both population and household decline for the Isles of Scilly.

4.18. Subsequently the 2014 based household projections, and the 2016 based population projections continue to predict decline to the period 2030. The current government thinking on housing need (the standardised methodology) is wholly predicated on household projections being positive. This is analysed in more detail in the SHMA Update Housing need paper.

4.19. The Growth Scenario suggested household change of 78 households to 2030. This was adjusted to due to the extremely high recorded "vacancy rate[3]" on the Isles of Scilly (as recorded by the 2011 Census). This adjustment saw the 78 households converted to a dwelling figure of 109 dwellings.

4.20. After consideration of the available market signals the SHMA (2016) made a further adjustment of 10%, a conservative response to the affordability pressures. This took the OAN figure to 120 for the period to 2030. This is set against a Local Housing Need estimate (under the latest NPPF) of 105 dwellings for the period until 2030.

Does the latest data warrant a change from this position?

4.21. The latest population estimates do not show the population growing above the 2006 level and less than the 2008/2015 peaks. There has been further decline from 2015. For both total population and the working age population (Chart 6).

[3] As is best practice and a robust way of converting households to dwellings.

4.22. The population of the islands continue to age, and the percentage of the population aged 16-64 continue to decline (Table 7)

4.23. The latest population projections (2016 based) (Chart 8) continue to show that the combination of ageing and migration patterns will cause further population decline and working age reductions (Chart 9).

4.24. House prices continue to fluctuate considerably but are high (Chart 10), but the lack of formal evidence on earnings makes a comparative assessment of affordability ratio difficult.

4.25. There have not been significant housing completions (Table 12) against the nominal Local plan target (6 a year). Some of the completions appear to be linked to holiday use.

4.27. The Local Planning Authority needs to take a view on the balance of affordable housing need, economic considerations, the viability of services, and the pro and cons of growth vs population/household decline in setting a housing target.

4.28. The recent pressure on both the population and housing market appears to be stronger than set out in the SHMA.

4.29. Using the calculations supported by the latest NPPF would suggest a housing need of 105[4] dwellings for the period to 2030.

End
Understanding Data July 2019

[4] See SHMA update: Housing Need