1.SHMA UPDATE (DATA)

AN UPDATE OF POPULATION AND MARKET SIGNAL DATA

JUNE 2018 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)
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. There are two limiting issues when considering data for the Isles of Scilly, the first is 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 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.

<u>What has changed?</u>

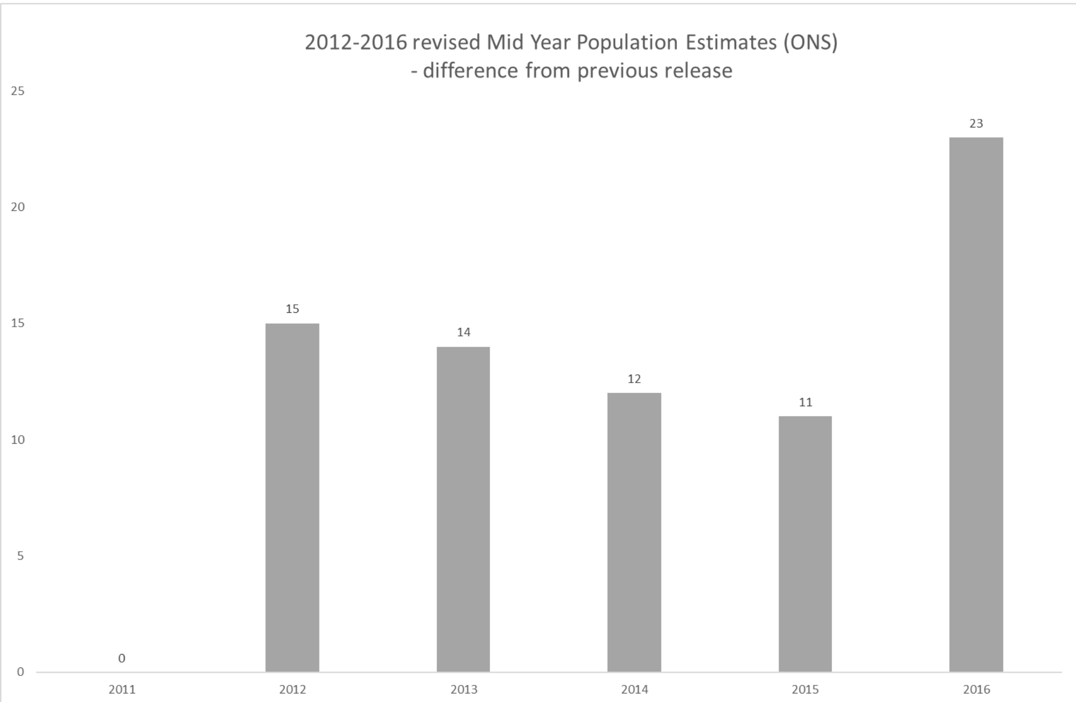
2.2. On the 22nd March ONS released revised Mid Year Population Estimates for the period 2012-2016. This introduced improvements to population estimates for England and Wales from mid-2012 to mid-2016; these revised figures included new estimates of local authority international emigration and foreign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

Table 1

Population	2011	2012	2013	2014	2015	2016
Isles of Scilly - original	2,224	2,264	2,251	2,280	2,324	2,308
Isles of Scilly - 2018 revisions	2,224	2,279	2,265	2,292	2,335	2,331
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 original estimates.

Chart 1



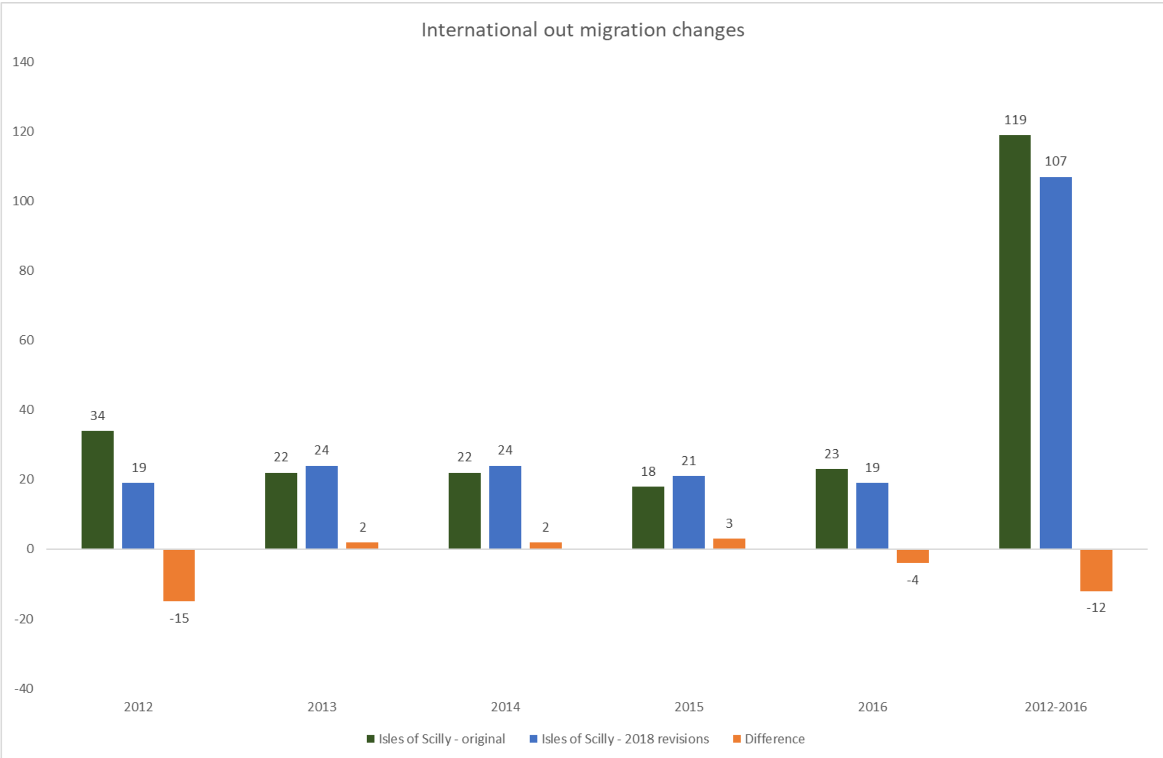
2.4. Local authority emigration estimates for mid-2012 to mid-2016 were recalculated using an improved distribution model that includes a wider range of administrative and survey data than before

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.

Natural Change and Migration

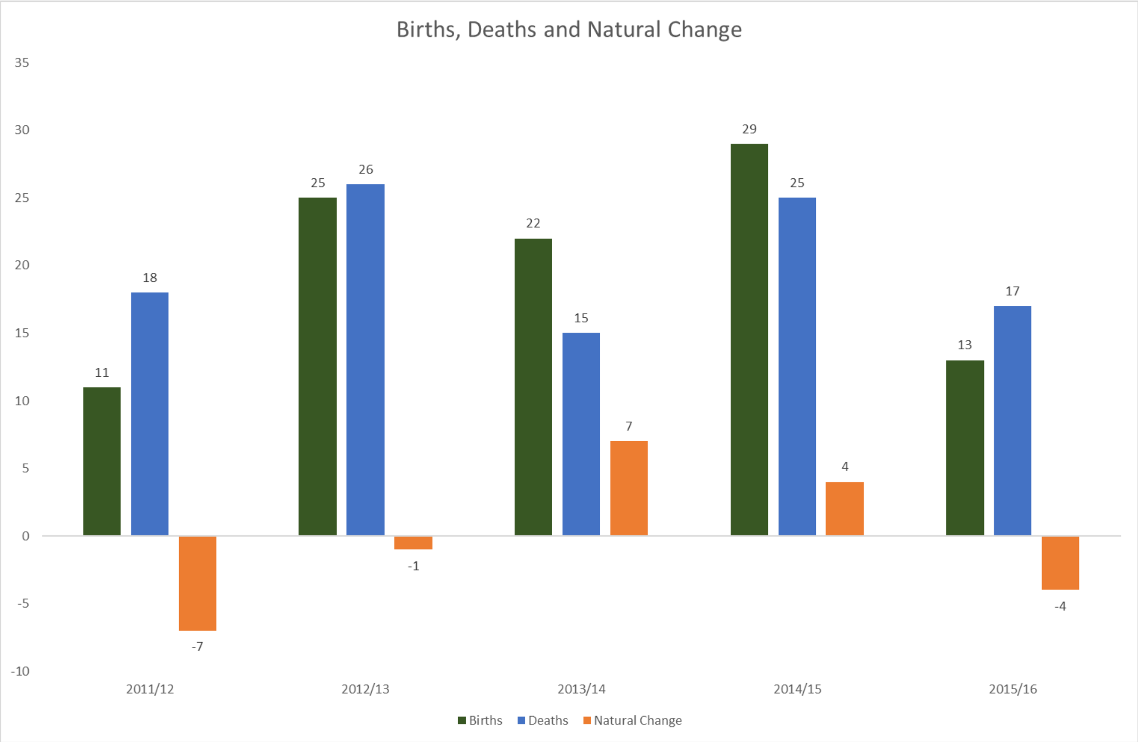
2.8. The revised population estimates contained no changes to the natural change element, that is the recorded numbers of births and deaths.

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
Births	11	25	22	29	13
Deaths	18	26	15	25	17
Natural Change	-7	-1	7	4	-4

Chart 4



2.10. While year on year figures fluctuate the overall impact is slight over the period.

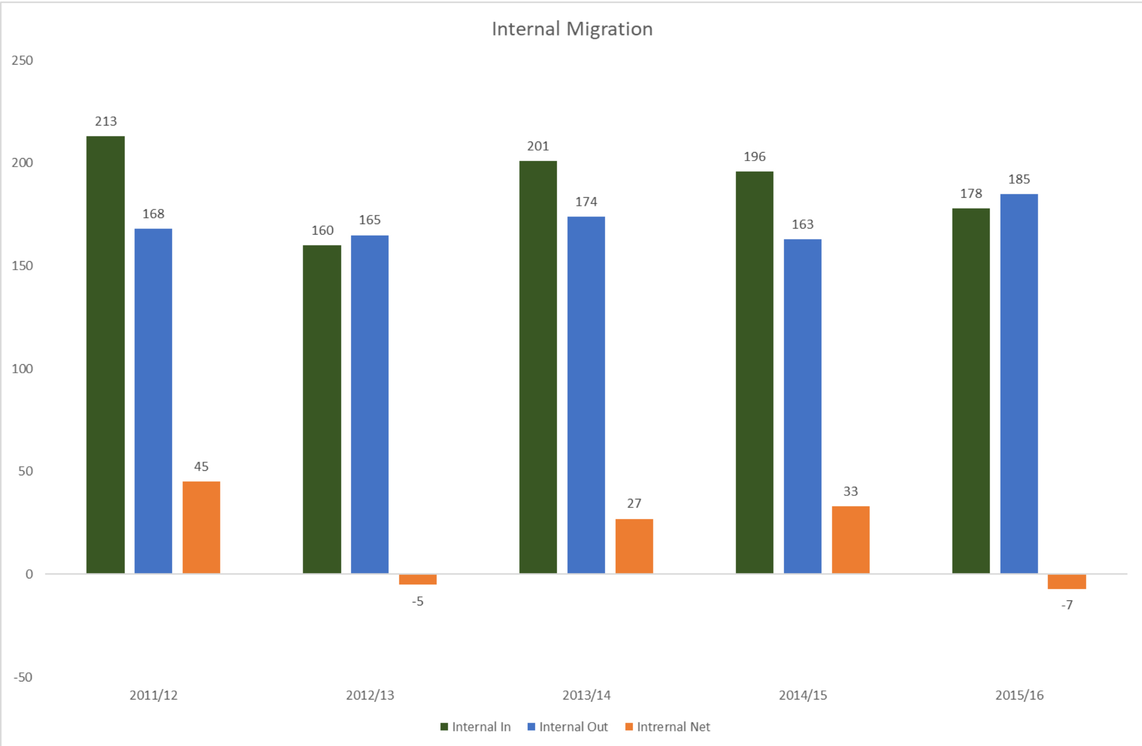
Migration (Internal)

2.11. The revised population estimates contained no changes in the amount of internal migration from that previously recorded.

Table 5

	2011/12	2012/13	2013/14	2014/15	2015/16
Internal In	213	160	201	196	178
Internal Out	168	165	174	163	185
Internal Net	45	-5	27	33	-7

Chart 5

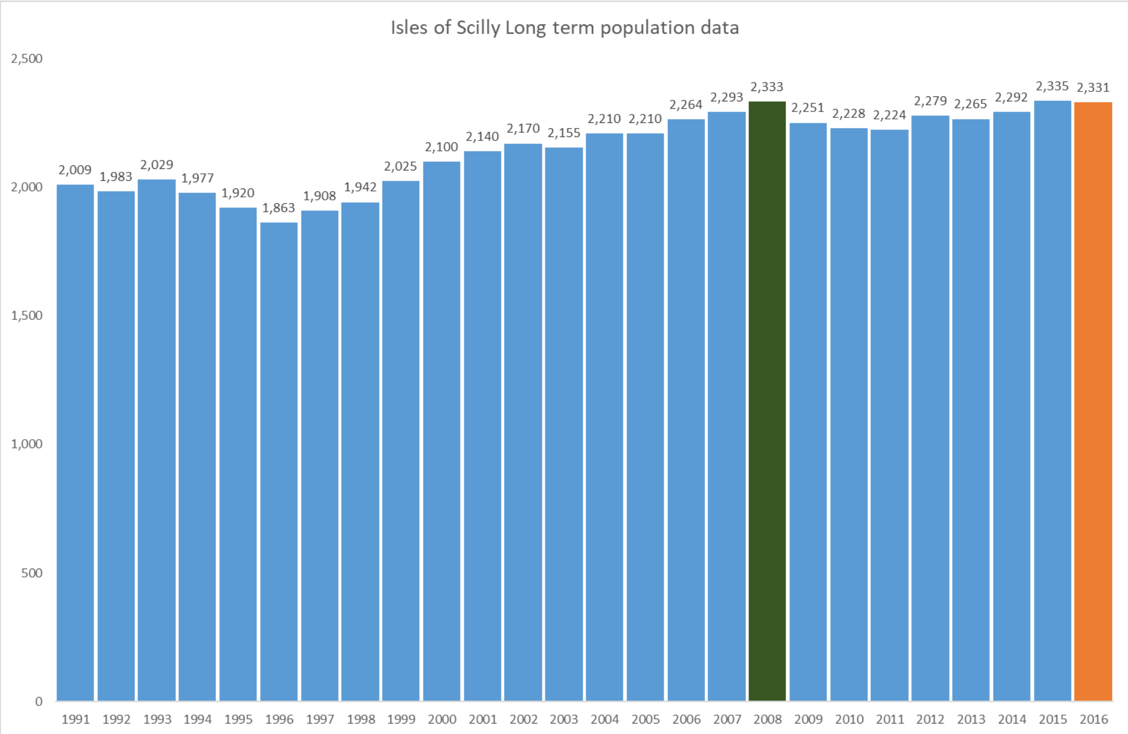


2.12. The Isles of Scilly population has gained 93 people form 2012-2016 from internal migration. There remain annual fluctuations which at this scale are likely to represent a range of issues such as available accommodation on the island and personal circumstances of those leaving the islands.

<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 broadly consistent population growth from 1996 to 2008. The population fell immediately after this and has broadly recovered by 2016 to the 2008 level (-2). The last year of record shows a small decline.

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

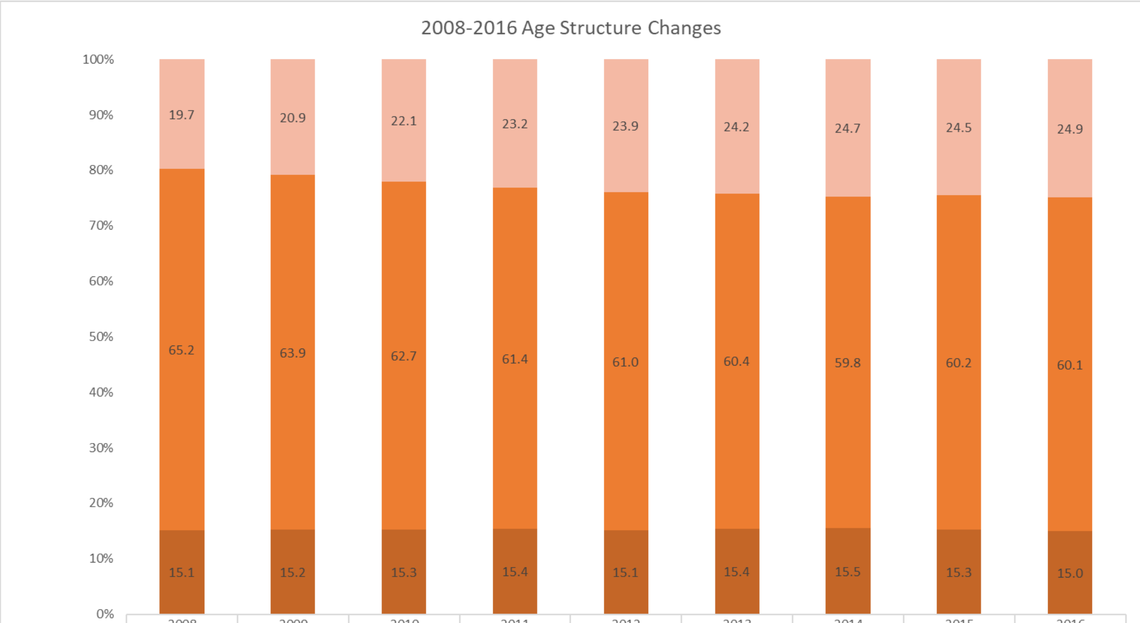
Table 6 GP register population for the Isles of Scilly

	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.

Age Structure

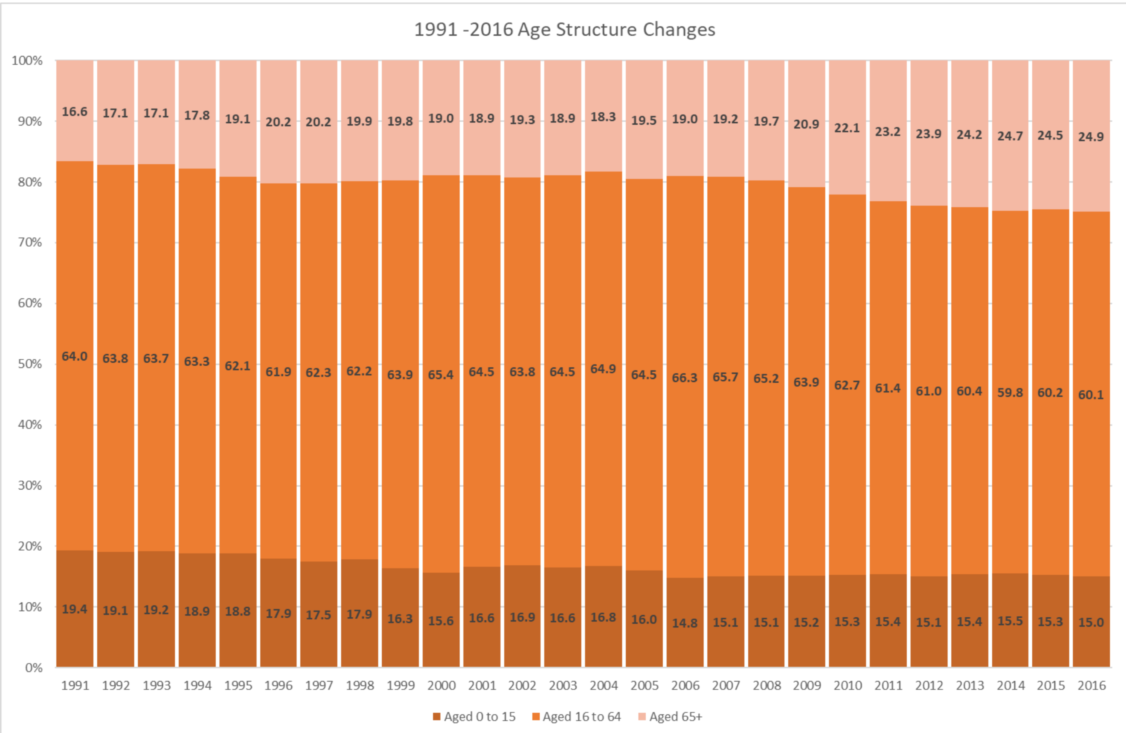
Chart 7



	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aged 65+	19.7	20.9	22.1	23.2	23.9	24.2	24.7	24.5	24.9
Aged 16 to 64	65.2	63.9	62.7	61.4	61.0	60.4	59.8	60.2	60.1
Aged 0 to 15	15.1	15.2	15.3	15.4	15.1	15.4	15.5	15.3	15.0

2.17. The main changes have been an increasing level of older people (aged 65+) and less working age (16-64) which has fallen from 65.2% to 60.1% of the total. This is even clearer when looking at longer term historical trends.

Chart 8



2.18. The main changes pre-2008 were a falling percentage of younger people (0-15) and increasing older people, from 16% in 1991, to 20% in 2008 and 25% in 2016.

2.19. The latest estimates (values) for 2016 are shown below. The largest ten-year age group is 50-59, (including the largest group of males). The largest cohort of females is in the 30-39 age group.

Table 7

Isles of Scilly - 2016 - 10-year age groups			
Age	Males	Females	All
0 to 9	117	114	231
10 to 19	89	81	170
20 to 29	136	119	255
30 to 39	133	155	288
40 to 49	146	153	299
50 to 59	199	153	352
60 to 69	169	145	314
70 to 79	128	135	263
80 to 89	57	68	125
90+	14	20	34
Total	1188	1143	2331

Table 8 Actual Age Groups 2008-2016

	All Ages	Aged 0 to 15	Aged 16 to 64	Aged 65+
2008	2,333	353	1,520	460
2009	2,251	342	1,439	470
2010	2,228	340	1,396	492
2011	2,224	343	1,366	515
2012	2,279	344	1,390	545
2013	2,265	349	1,368	548
2014	2,292	355	1,370	567
2015	2,335	357	1,406	572
2016	2,331	350	1,400	581

2.20 The overall scale of the change of the broad age groups is shown above. The 65+ age group has increased by 121, the working age group (16-64) has fallen by 120. This will represent both migration moves in and out of different ages, and a larger cohort of post 2nd World War Baby boomers ageing from one category to the next.

Conclusions

2.21. The population of the islands has not increased from the 2008 level in the eight years since. The revisions to the official estimates has acted to increase the population so that the 2016 figure is approaching the 2008 level. The lack of growth will act as a dampener on population projections, which are driven by recent trends.

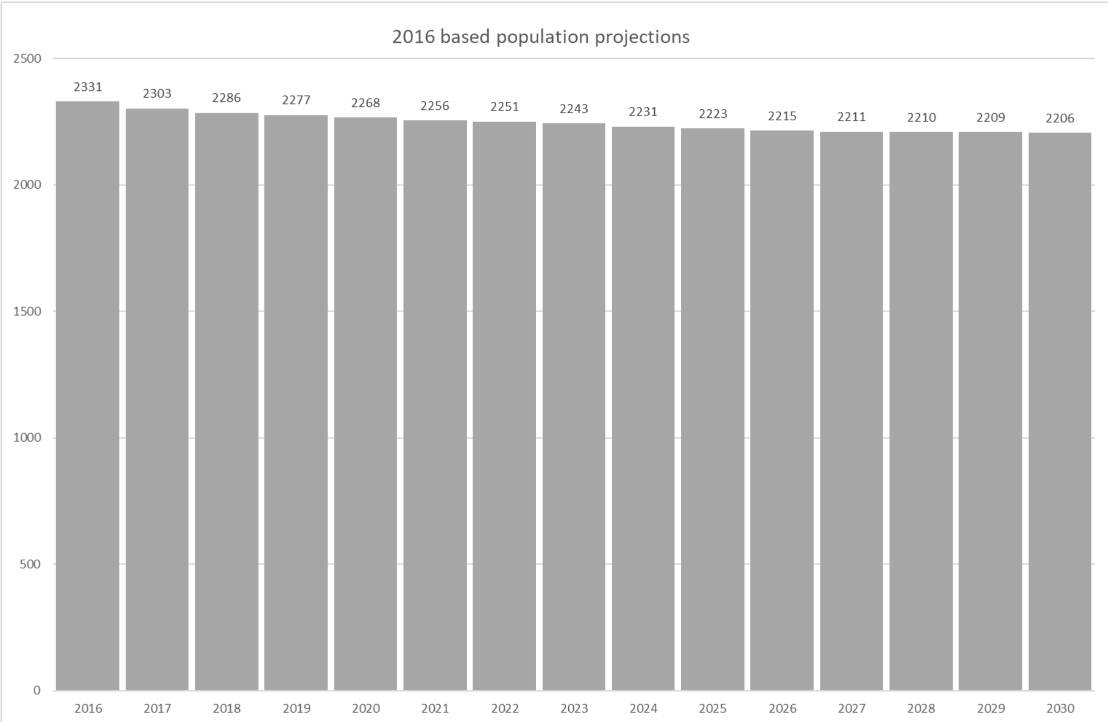
3. Population Projections

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 9



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.

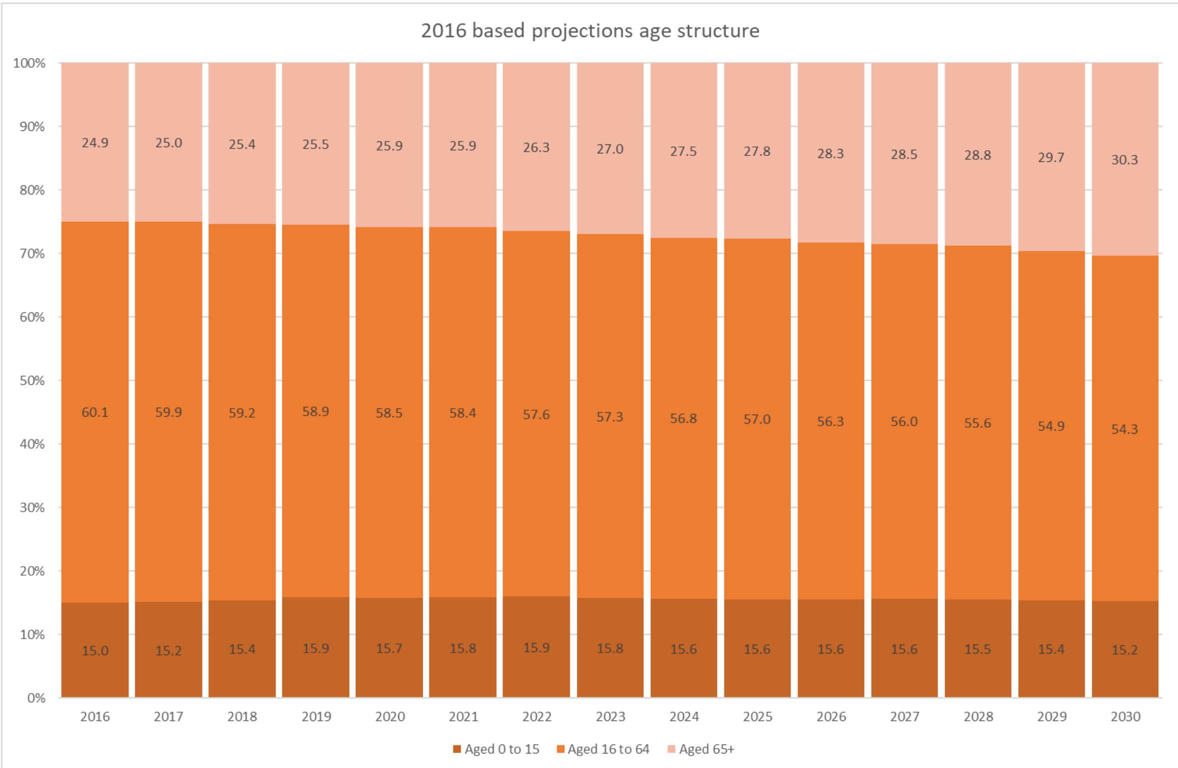
Table 9 2014 and 2016 sub national projections

	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 10 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%.

Implications

The impact of the projections on the 2016 based household projections (expected Autumn 2018) & standardised methodology for assessing housing need.

The continued decline (albeit reduced) of the population expected by the latest sub national population projections is likely to influence the next household projections. These are highly likely to also show decline to 2026. This is the period used in the proposed MHCLG standardised methodology to assess housing need.

It reinforces the need for the Isles of Scilly Council to adapt an alternative approach to housing need which links to the policy aims of maintaining the viability of services, strengthening the economic base of the islands and providing affordable accommodation for residents and key workers.

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.

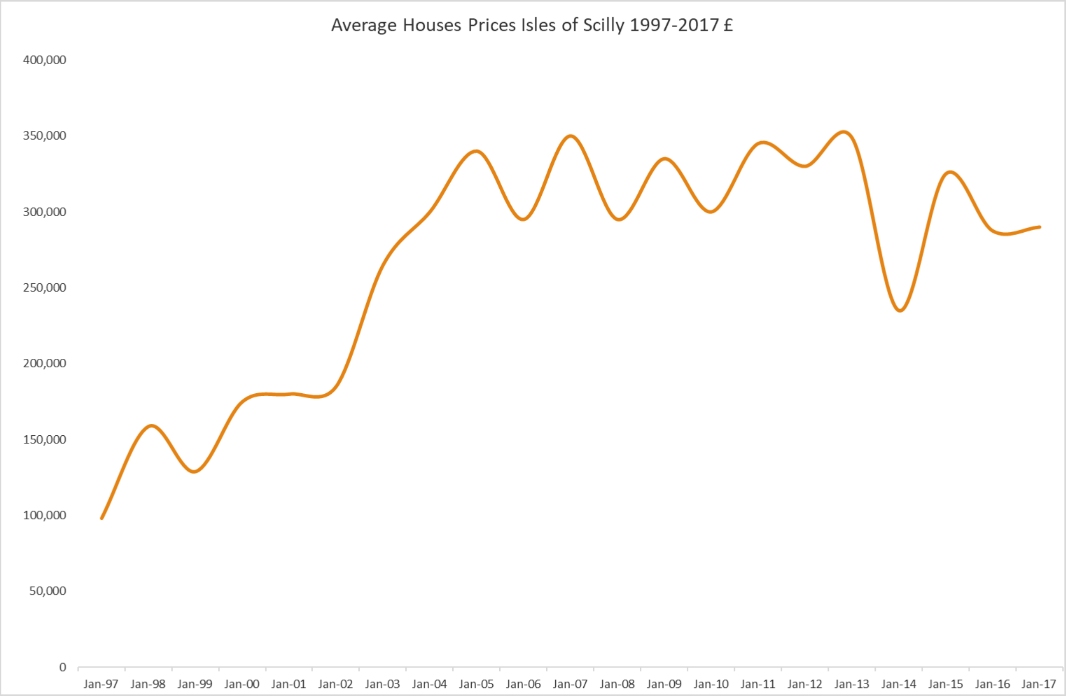
Table 10 Sales by type

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

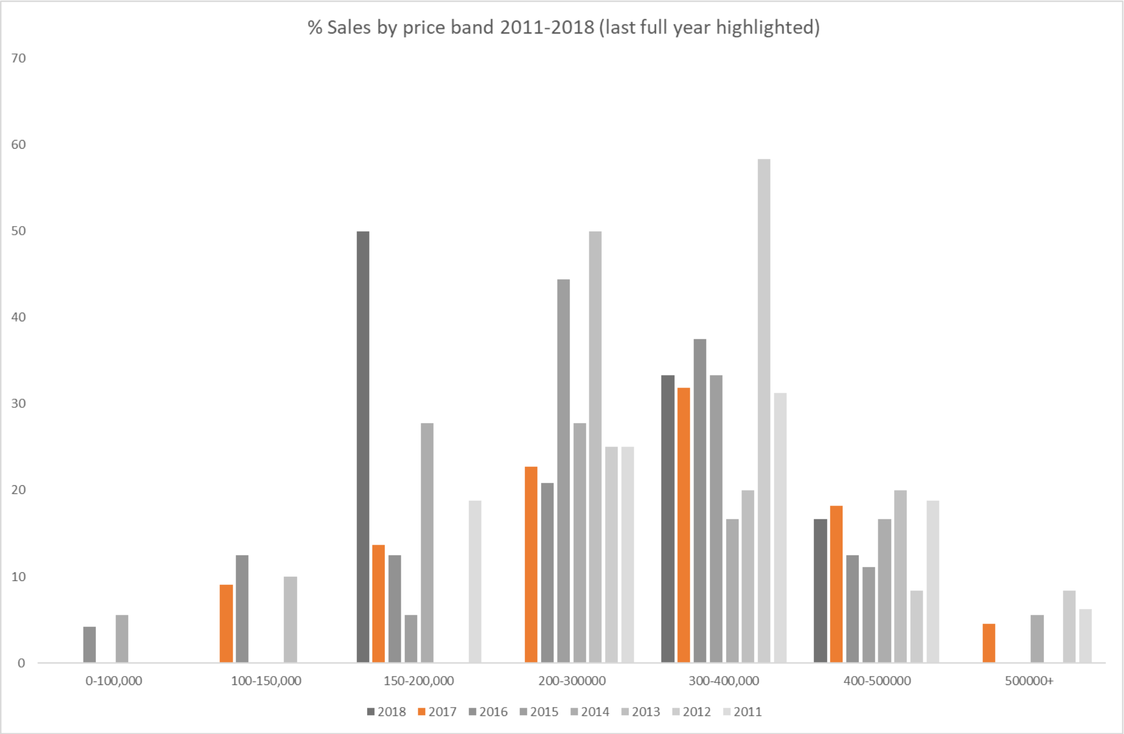
4.3. It is helpful to break down the number of sales by type. There has been a shift with flats being the most frequent type of sales for the last 4 years.

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

Chart 11

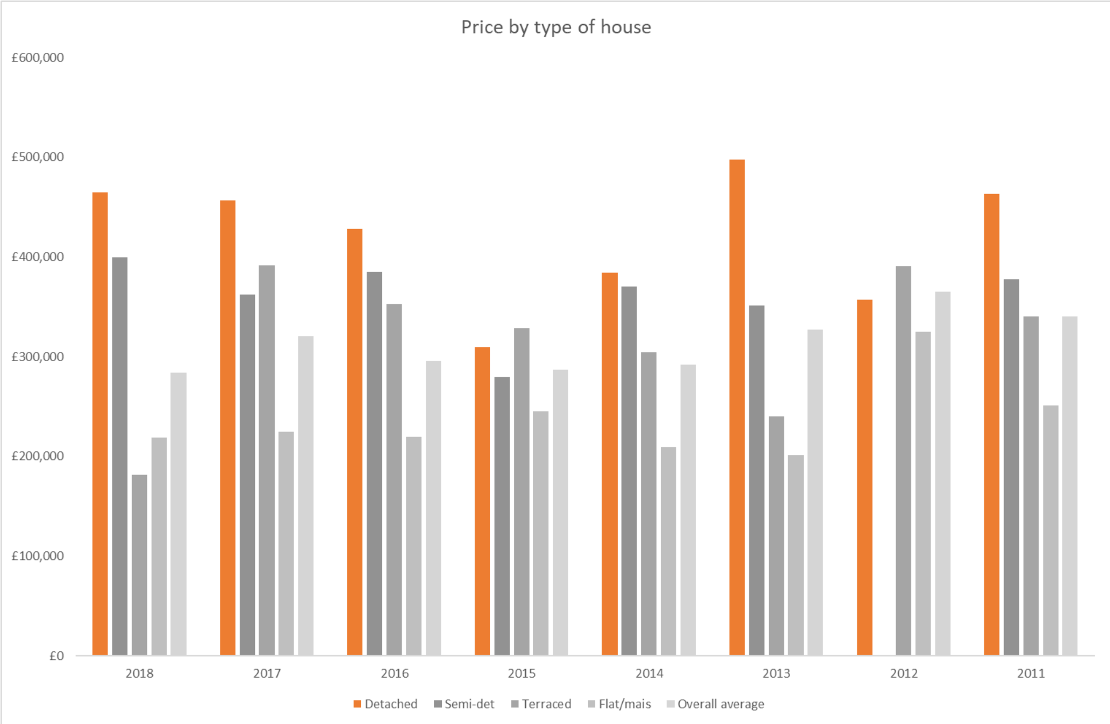


4.4. Chart 12 There are distinct periods of house price trend. 1997 to 2005 saw consistent house price growth. There have been considerable annual fluctuations since 2006, in part down to volume of sales (with a small number of sales, one or two individual properties of a type or location being sold will have a much larger impact on overall median prices).



4.5. The most common price bands for sales are £200,000-£300,000, and £300,000-£400,000.

Chart 14



4.4. Detached Houses (highlighted) semi-detached and terraced all are priced above the overall average for most years (2011-2017). Flats are typically cheaper and provide the 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 15

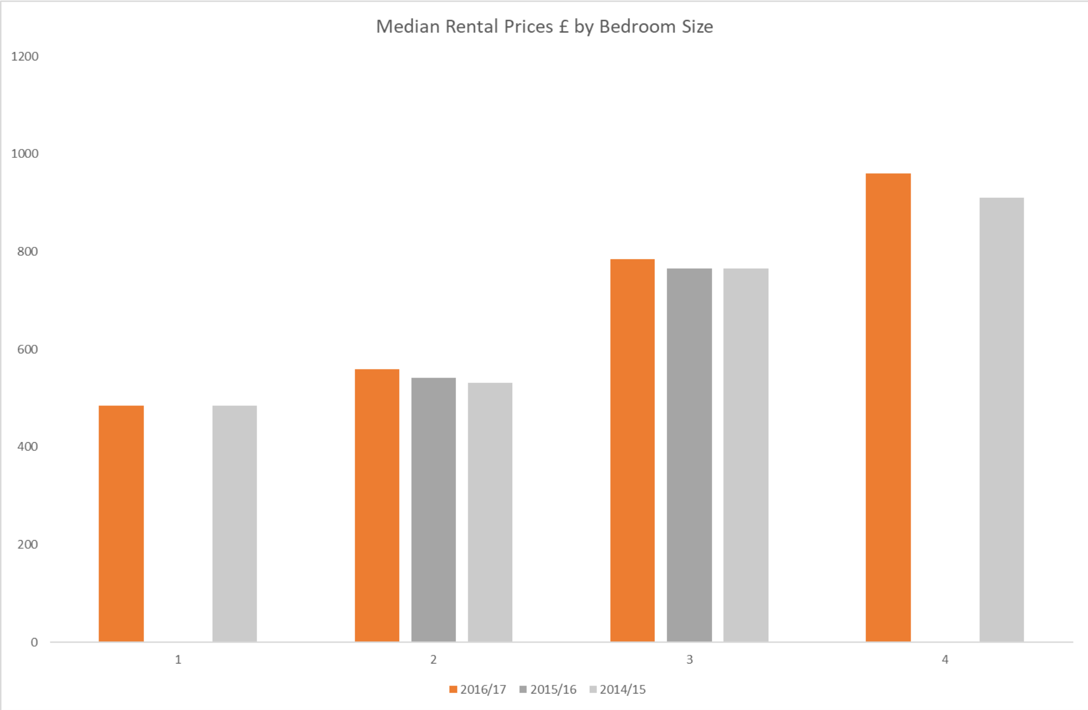
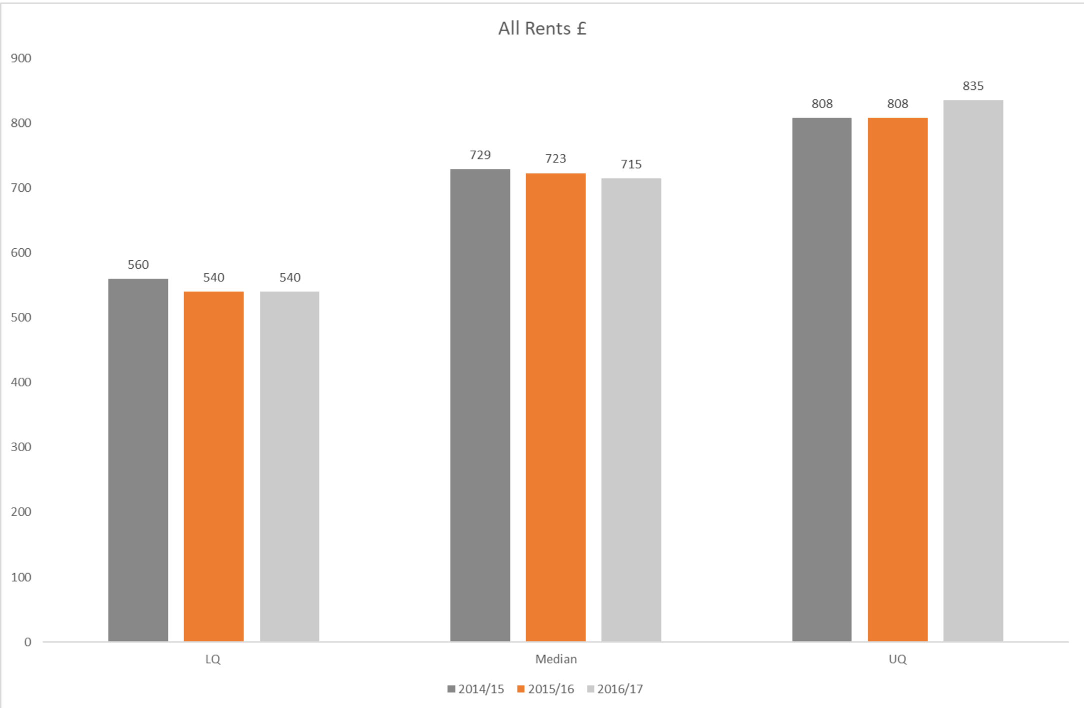


Chart 16



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 accommodaiton.

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.

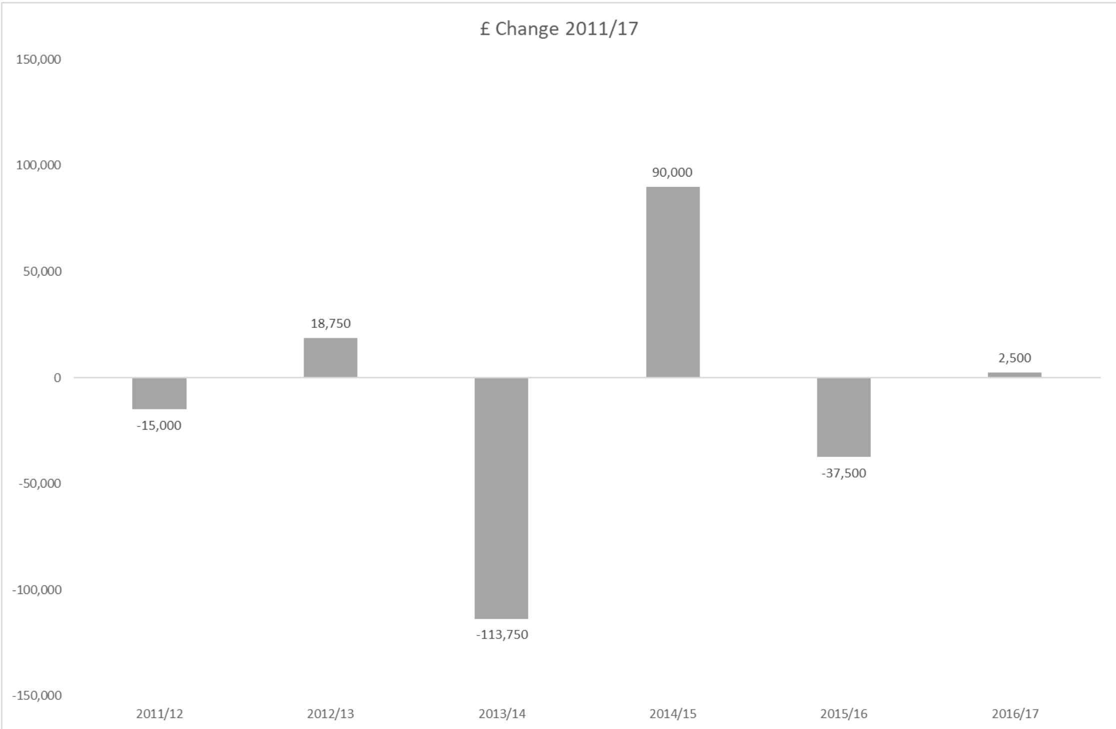
[2] http://www.scilly.gov.uk/sites/default/files/document/planning/AMR7-11%202012%20-%202017.pdf

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



<u>Conclusions</u>

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 <u>of 78 households to 2030</u>. 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 <u>of 109 dwellings</u>.

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

4.20. After consideration of the available market signals the SHMA (2016) made a further adjustment of 10%, a conservative response to the high levels of identified affordable housing need and high house prices. This took the OAN figure to 120 for the period to 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 2008 peak. The decline from that peak has nearly been recovered though, (Chart 6), and the adjustments to the population estimates show a slightly higher estimate for the islands population for 2012-2016.

4.22. The population of the islands continue to age, and the percentage of the population aged 16-64 continue to decline (Chart 8)

4.23. The latest population projections (2016 based Chart 9) continue to show that the combination of ageing and migration patterns will cause further population decline and ageing (Chart 10). These population projections will likely drive the Autumn 2018 (2016 based) household projections to continue to show household decline.

4.24. House prices continue to fluctuate considerably but are high (Chart 11), 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 9) against the nominal Local plan target (6 a year). Some of the completions appear to be linked to holiday use.

4.26. The OAN (in the SHMA (2016)) remains valid. A standardised methodology as currently committed to a 2019 implementation by government would support the level proposed in the SHMA (2016). (See SHMA Update Housing Need paper)

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 latest available data does not warrant a revision downwards of the OAN. If anything, the pressure appears to be stronger, set against slightly "better" estimates of the population (less decline).

4.29. The two further elements that are missing at present are:

- Lack of affordability ratio from published sources (Government's new sole adjustment factor)
- Lack of official household projections (due in the Autumn 2018).

End
Understanding Data June 2018