Growth Options Background Paper

Papur Cefndir Opsiynau ar gyfer Twf

Cyngor Bwrdeistref Sirol
Blaenau Gwent
County Borough Council

Replacement Local Development Plan 2018-2033
Cynllun Datblygu Lleol Newydd 2018 - 2033

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1.0 INTRODUCTION

1.1 This Background Paper 'Strategic Growth Options' is one of a number of background documents prepared as part of the evidence base to support the Replacement Local Development Plan (RLDP) Preferred Strategy consultation process.

Purpose of the Report

1.2 This paper has been produced to provide background information on growth options for the Blaenau Gwent Replacement Local Development Plan 2018-2033. It sets out the current and historical demographic profile of Blaenau Gwent; the proposed growth scenarios; the current economic profile; the implications of the scenarios on the workforce; the selection of the growth option; and finally what the preferred growth option means for Blaenau Gwent.

Background

1.3 Planning Policy Wales Edition 10 (November 2018) (PPW 10) recommends that:
The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans. These should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify an appropriate strategy for the delivery of housing in the plan area. Appropriate consideration must also be given to the wider social, economic, environmental and cultural factors in a plan area in order to ensure the creation of sustainable places and cohesive communities. (para 4.2.6)

and that:

Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options (para 4.2.7).

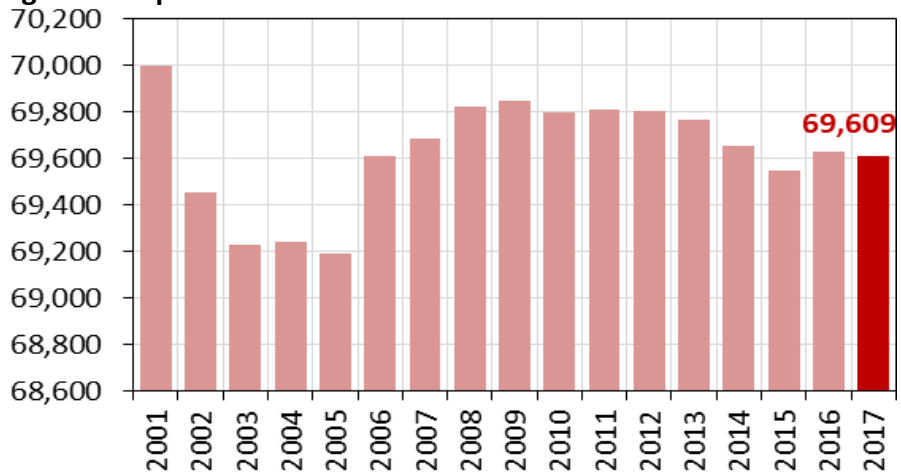
1.4 To identify the level of growth, the Council jointly with Monmouthshire and Torfaen Council's commissioned Edge Analytics to prepare a range of population, household and employment led growth scenarios to inform the growth options. The findings of this work are set out in a Supporting Paper Monmouthshire, Blaenau Gwent & Torfaen LDP Demographic Evidence (June 2019) and Employment Growth Analysis (August 2019).

2.0 DEMOGRAPHIC PROFILE

Population Growth

2.1 Over the 2001-2017 historical period Blaenau Gwent recorded a population decline of -391 persons (-0.6%) (Source: ONS MYE). See Figure 1 and Table 1 below.

Figure 1: Population 2001-2017



Source: ONS, MYEs

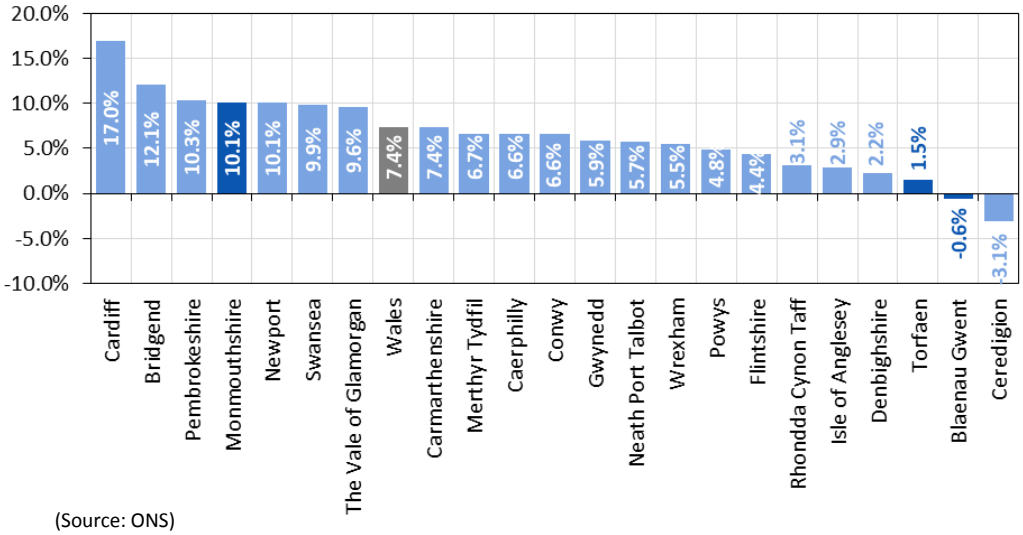
Table 1: Population Change 2001-2017

	2001	2017	Change	Change%
Blaenau Gwent	70,000	69,609	-391	-0.6%

Source: ONS, MYEs

2.2 In comparison with the other 22 Unitary Authorities in Wales over this period, Blaenau Gwent performs very poorly with only Ceredigion having a greater population loss.

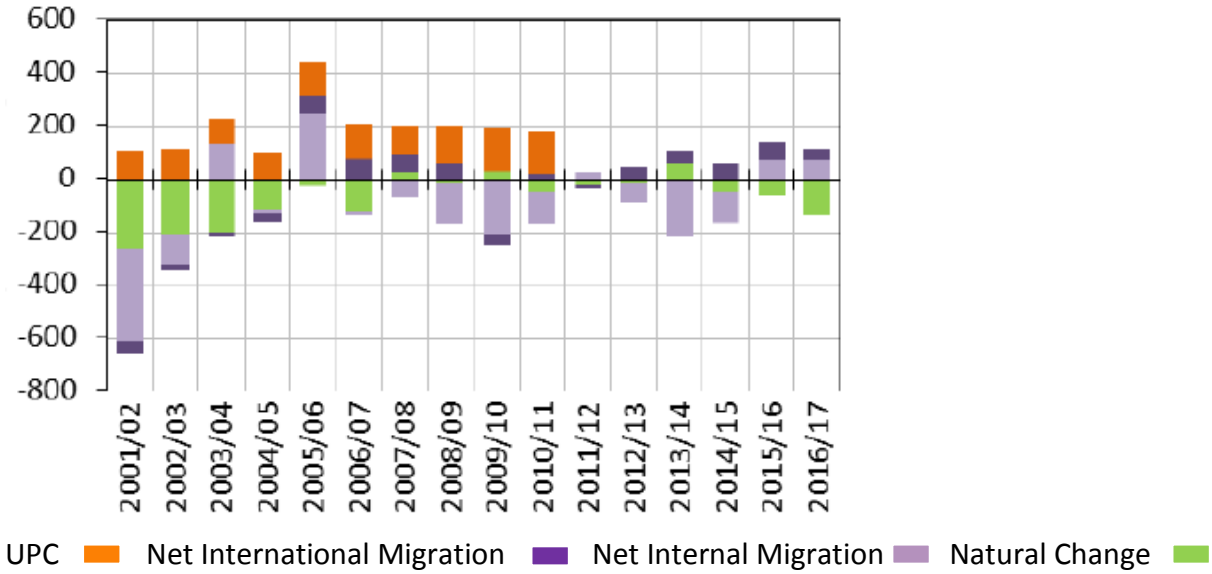
Figure 2: Population Change Wales



(Source: ONS)

2.3 Population Change is driven by a combination of natural change (i.e. the balance between births and deaths), net international and internal migration, with the latter having a significant impact on the annual variation of population. However, between 2001 and the 2011 Censuses, population was estimated using a combination of births, deaths, internal and international migration statistics applied to the previous year's population estimate. Following the 2011 census these figures were realigned with the differences between the two being referred to as 'unattributable population change'(UPC).

Figure 3: Components of Population Change

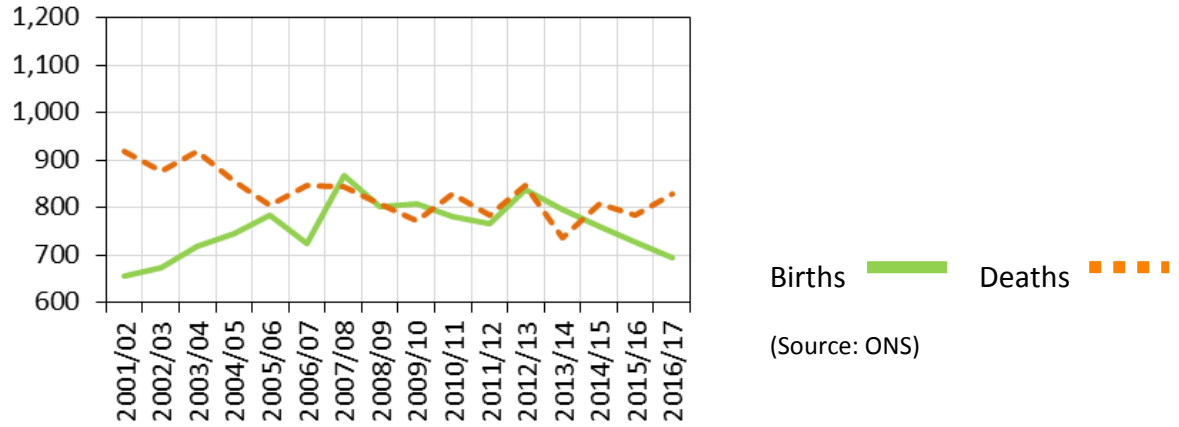


(Source: ONS)

2.4 The annual variation in population change for Blaenau Gwent has predominantly been driven by net internal migration, ranging from -349 in 2001/02 to +246 in 2005/06. Over the full 2001/02-2016/17 period, an average annual net outflow of -57 has been recorded, however the last two years have recorded a net inflow. With the inclusion of UPC in net international migration, an average annual inflow of +45 has been recorded, notably reducing post-2011.

Natural Change

Figure 4: Number of births and deaths



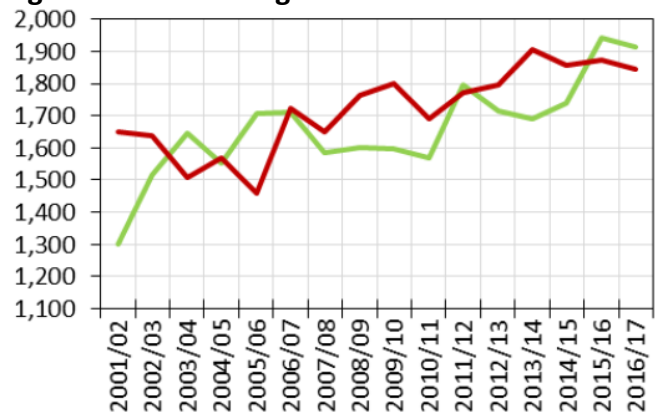
(Source: ONS)

2.5 Whilst the annual negative impact of natural change reduced over the 2005/-2013/14 period (driven by a rise in the number of births), a sharp fall in the number of recorded births over the last two years has resulted in a larger negative impact of natural change.

Internal Migration

2.6 Internal migration statistics record the inflow and outflow of population to and from Blaenau Gwent from and to the rest of Wales and the UK. An illustration of the annual inflow and outflow reveals important trends in the balance of net internal migration on population change. In Blaenau Gwent, the annual variation in net migration has predominantly been driven by fluctuations in in-migration to the authority. Over the 2007/08 – 2010/11 and 2012/13-2014/15 periods, a fall in migration to Blaenau Gwent resulted in net outflows. The last two years have recorded a positive impact of net internal migration, driven by increased in-migration to the area.

Figure 5: Internal Migration Flows

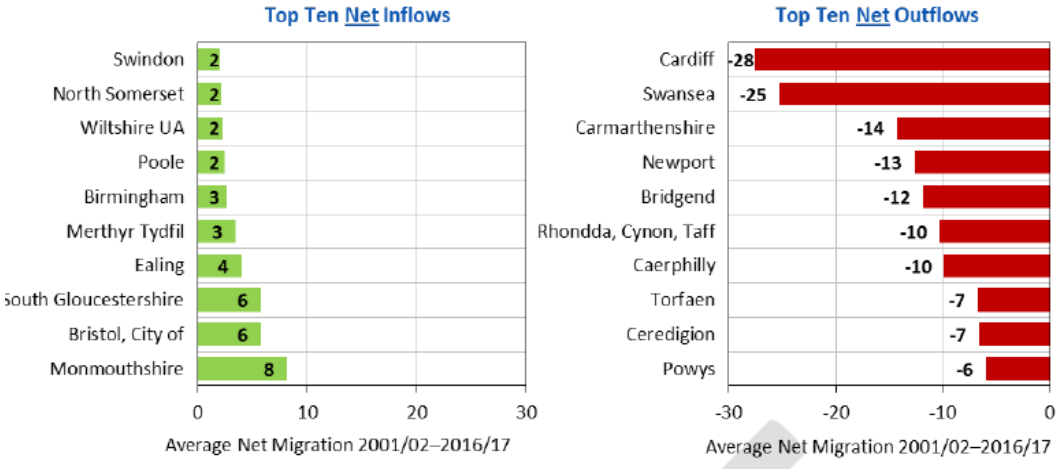


Migration TO Blaenau Gwent from the rest of the UK Migration FROM Blaenau Gwent from the rest of the UK

(Source: ONS)

2.7 The top ten net migration linkages between Blaenau Gwent and the rest of the UK identify an average annual net in-migration from Monmouthshire, Bristol and South Gloucestershire has been recorded. The largest net inflows to Blaenau Gwent over the period 2001/2-2016/17 period have been from Monmouthshire (+8 per annum), Bristol (+6 pa), and South Gloucestershire (+6 pa). Larger average annual net outflows are recorded from Blaenau Gwent to Cardiff (-28 pa) and Swansea (-25 pa).

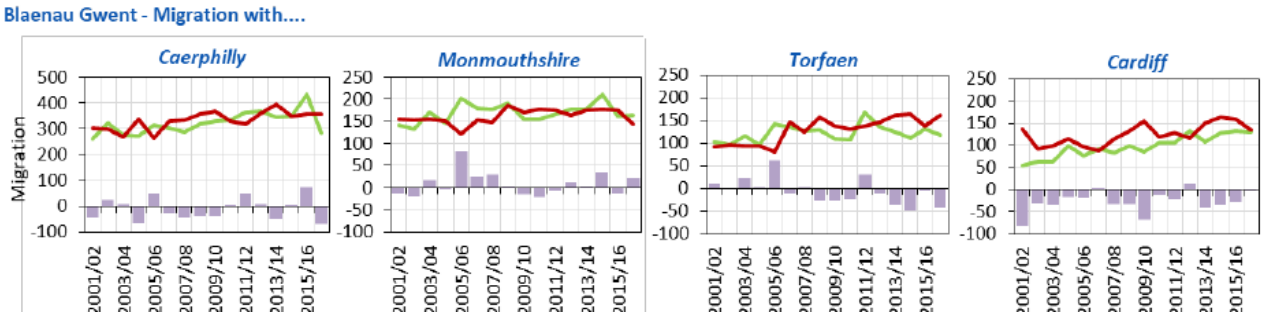
Figure 6: Top 10 average annual net inflows and outflows



Source: ONS migration flow data

2.8 Whilst the net impact remains relatively small, Blaenau Gwent has a large churn (i.e. of people moving to and from the authority) with Caerphilly, Monmouthshire, Torfaen and Cardiff.

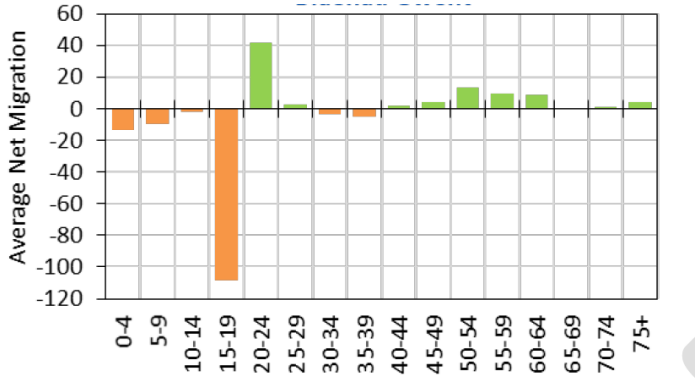
Figure 7: Top Migration Changes



(Source: ONS origin-destination migration data)

2.9 The age profile for migration reveals that large net out-migration in the 15-19 age groups is recorded, associated with the student population migrating out of the area for higher education. A smaller return flow is recorded in the 20-24 age groups. Blaenau Gwent also experienced an average annual net out flow in young families (30-39) age groups, a trend that is mirrored in the 0-14 age groups as families leave the authority. A small net in-migration is recorded in the 45+ age groups, particularly 50-64.

Figure 8: Annual net migration flows by 5 year age group

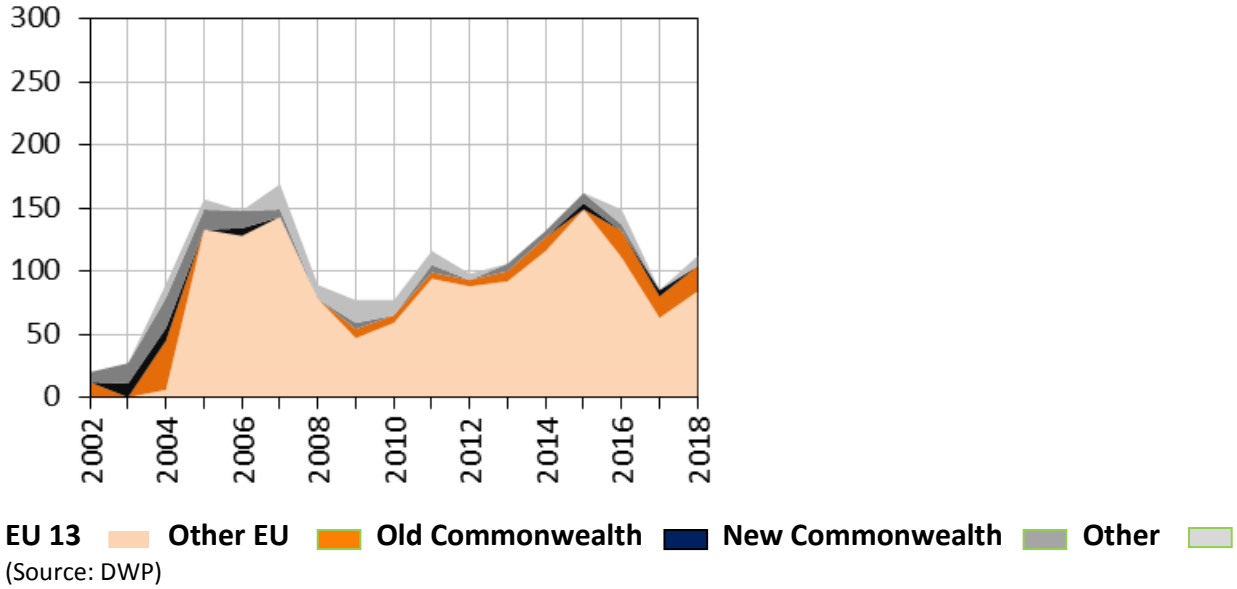


(Source: ONS origin-destination migration data)

International Migration

2.10 Approximately 63% (+1,141) of total international migration since 2002 have been from Polish migrants, with 6% (+109) from Romania (driven by increases since 2014) and 5% (+108) from India.

Figure 9: International Migration by origin

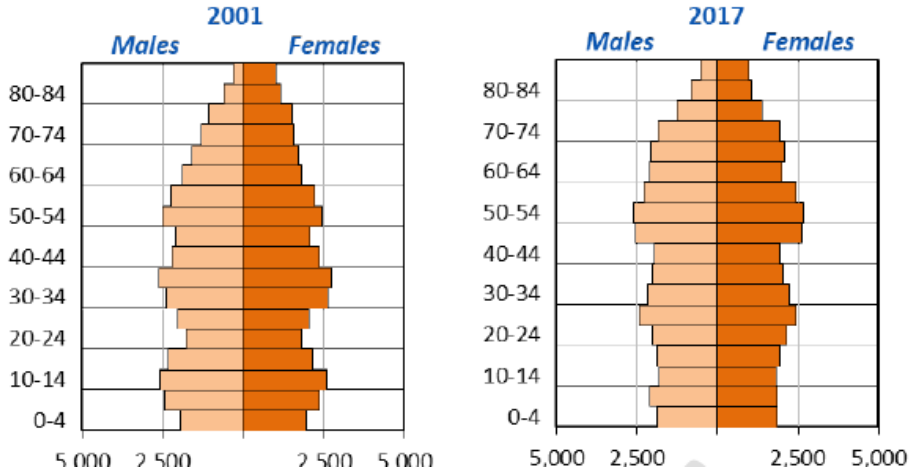


(Source: DWP)

Population Age Profile

2.11 In considering future housing, labour force and service demands, the changing size and age structure of Blaenau Gwent's population is a key factor. Blaenau Gwent is facing a declining 'working age' population according to the Integrated Sustainability Appraisal Scoping Report (SA).

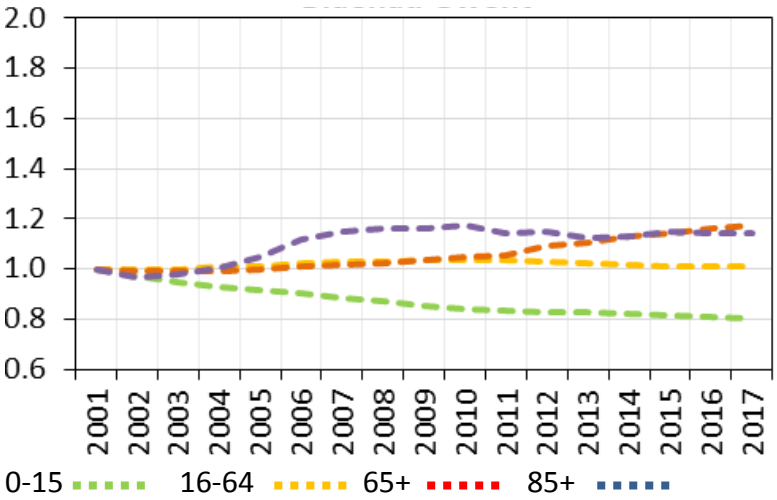
Figure 10: Population age profile 2001 & 2017



Source: ONS, MYEs

2.12 It is the 65+ and 85+ age groups that have seen the largest growth rates since 2001, whilst population decline in the young 0-15 age group has been recorded. The rate of population growth in the 85+ age groups continued to increase to 2010, before falling to 2014 and remaining stable thereafter. Whilst the growth rates in the 65+ and 16-64 age groups tracked each other to 2011, a disparity in growth rates is evident thereafter. From 2011 onward, the 65+ age group has recorded an annual decline throughout the period.

Figure 11: Population growth index by age group



Source: ONS, MYEs

2.13 Table 2 below represents a summary of the population age profile for Blaenau Gwent and Wales in 2001 and 2017, providing an indication of the net share of the older age groups relative to the rest of the population.

Table 2: Population age profile 2001 & 2017

Indicator	Blaenau Gwent		Wales	
	2001	2017	2001	2017
Percentage 65+	17%	20%	17%	21%
Percentage 80+	4%	5%	5%	5%
Old Age Dependency Ratio	27	32	28	33

Source: ONS, MYE

2.14 The old age dependency ratio quantifies the balance between the 'working age' population (16-64) and 'older' 65+ population. Blaenau Gwent has recorded an increase in the old age dependency since 2001, driven by a significant increase in the 65+ population relative to the 16-64 age group. Increases are broadly in line with national increases. With increased life expectancy coupled with lower birth rates, the ageing of the population is inevitable. Out-migration accentuates the impact of population ageing, with a declining working age population relative to the rapidly growing older age groups.

2.15 Replenishment of the labour force is key and is synonymous with migration. Increased in-migration to the authority (or greater retention) of the young adult age groups, would be twofold in reducing the increasing imbalance through (i) larger population in the younger age groups and (ii) increased fertility.

Welsh Government Projections

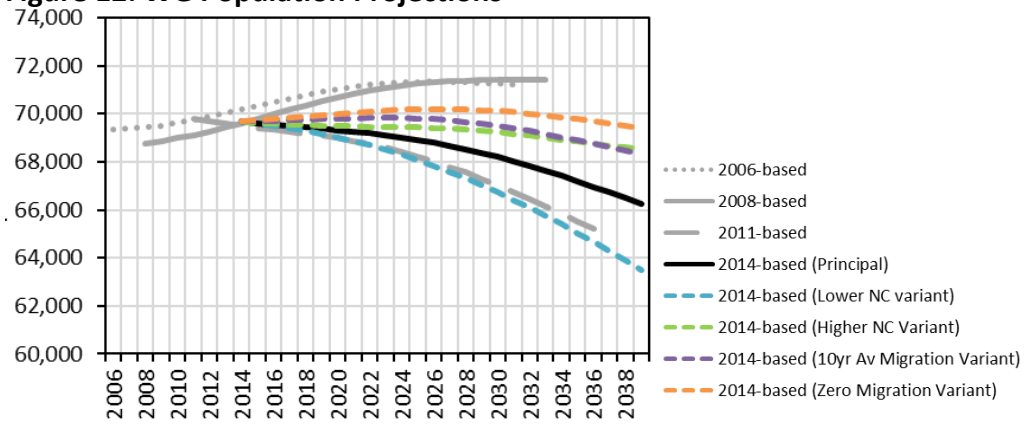
2.16 The WG 2014-based population and household projections provide the starting point in the analysis of future growth outcomes for Blaenau Gwent. The WG 2014-based projection is the latest available at Unitary Authority level, incorporating fertility, mortality and migration assumptions based on an historical five-year period prior to 2014 within its 'Principal' projection.

Population Projections

2.17 The WG 2014-based variant projections represent a range of population growth rates, driven by alternative assumptions on migration and natural change. Under the 'Higher' and 'Lower' natural change variants, different fertility and mortality rates are assumed, with the 'Higher' variant assuming higher fertility and lower mortality (i.e. higher natural change) and the 'Lower' variant assuming lower fertility and higher mortality (i.e. lower natural change). The 'Zero migration' variant assumes no migration (i.e. population change is driven by births and deaths only), whilst the '10yr Average Migration' variant draws its migration assumptions from the 2004/05–2013/14 ten-year period.

2.18 Under the WG 2014-based 'Principal' projection, the population of Blaenau Gwent is estimated to decline by -2.6% over the emerging LDP 2018–2033 plan period; a population loss of -1,815 (Figure 12 below). The WG 2014-based variant projections for Blaenau Gwent estimate population decline over the plan period (notwithstanding the WG 2014-based 'Zero Migration' variant). This contrasts to the population growth estimated under the WG 2008-based population projection (+1.5%, +1,050 people) over the 2018–2033 plan period; driven by net migration inflows to the UA and a positive impact of natural change.

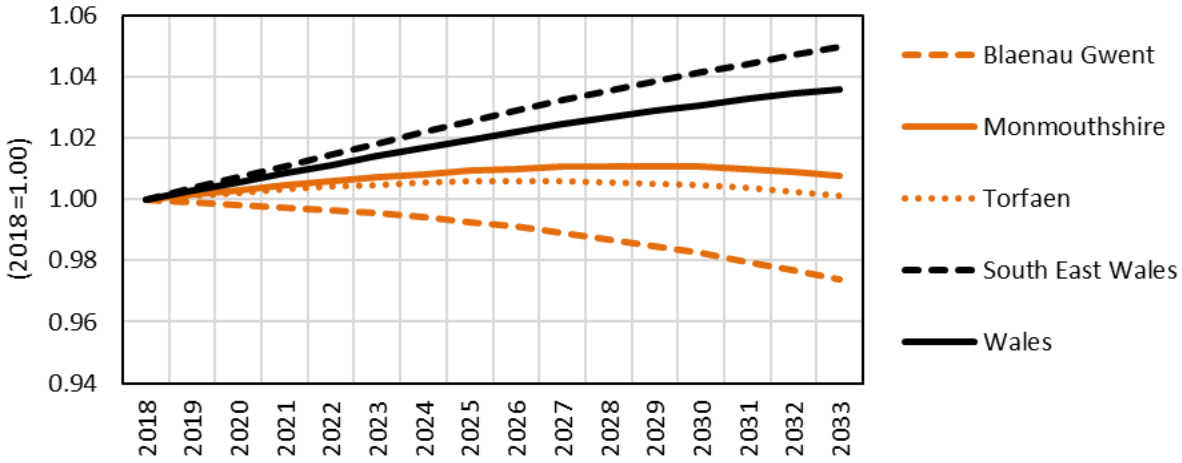
Figure 12: WG Population Projections



Source: Stats Wales

2.19 A comparison of population growth rates for Blaenau Gwent with Torfaen, Monmouthshire and regional and national benchmarks, reveals that a notably lower growth rate is estimated. Whilst the South East Wales region estimates a 5% increase and Wales a 3% increase Blaenau Gwent is estimated to decline by 2.6%.

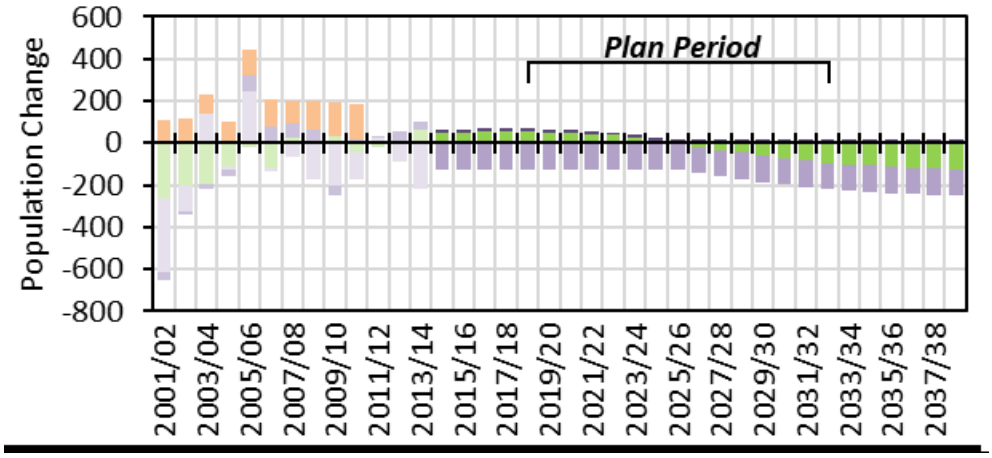
Figure 13: WG 2014 based Principal population projections growth rate



Source: Stats Wales

2.20 The components of population change which underpin the 'Principal' projection are represented in Figure 14 below with historical components of change for 2001/02-2003/14 for comparison.

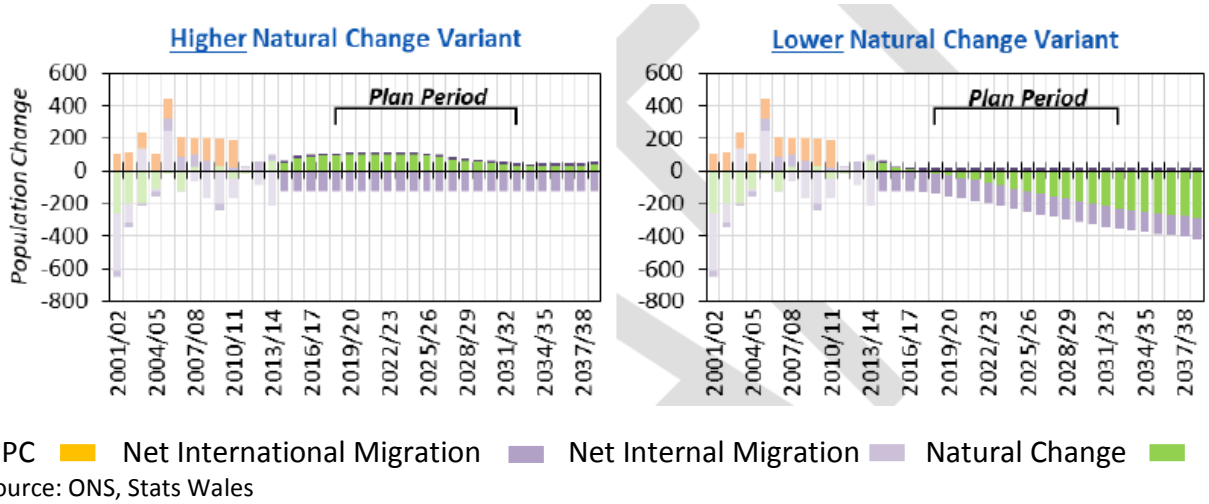
Figure 14: WG 2014-based Principal population projection components of change



Source: ONS, Stats Wales

2.21 Under the WG 2014 –based 'Principal' projection net internal migration is estimated to continue to have a negative impact on population change, averaging -125 per annum over the period 2018-2033 plan period. Net international migration is expected to have a positive but small impact on population change to 2024/25, becoming negative thereafter. This is a result of a rapid fall in births and annual rise in deaths, accentuated by the annual effect of new out-migration.

Figure 15: WG 2014-high and low natural change variant population projection components of change



Source: ONS, Stats Wales

2.22 Under the WG 2014-based 'Higher 'and 'Lower' natural change variants, the same average annual net internal migration and international migration is estimated, with differing levels of natural change impacting population growth. For Blaenau Gwent, higher fertility and lower mortality under the 'Higher' natural change variant, results in positive natural change throughout the plan period. The 'Lower' natural change variant results in negative change throughout the plan period.

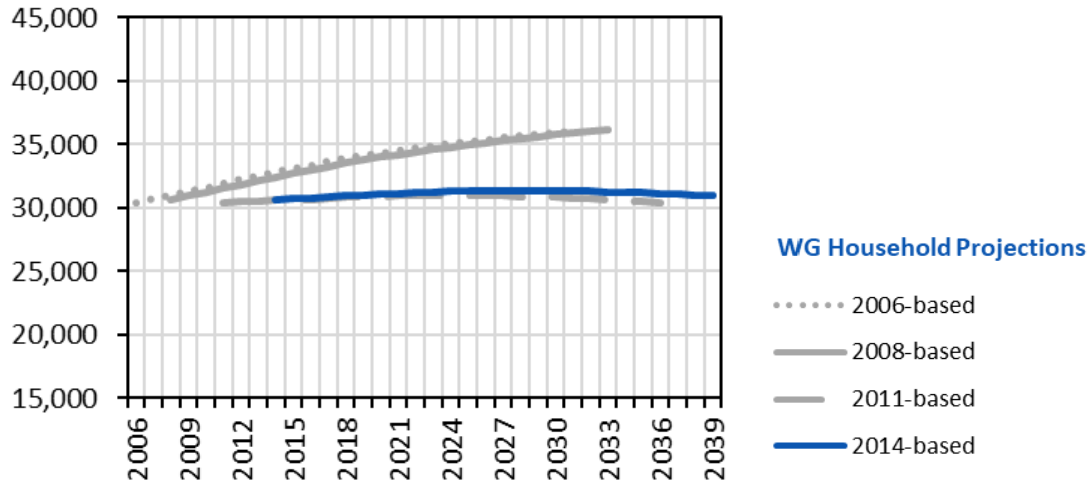
Household Projections

2.23 In January 2019, WG published estimates of housing need in Wales at a national and regional level. These are underpinned by the WG 2014-based household projections and take account of estimates of existing unmet need, providing an overall housing need estimate for the three regions in Wales; North, Mid & South West and South East. Blaenau Gwent is part of the South East Wales region (together with 9 other authorities including Newport and Cardiff), which has an identified housing need range of 43,296–68,832 (Lower and Higher Natural Change variants respectively) over the 2018/19–2032/33 period. This is underpinned by a household growth range of 40,051–65,587, with approximately 1% of the region's growth in Blaenau Gwent. It is anticipated that whilst the housing need figures will be used to inform the emerging National Development Framework and policy decisions they do not form housing growth targets for authorities in Wales.

2.24 As outlined in the draft WG Development Plan Manual (June 2019), the WG 2014-based household projections provide the 'starting point' in the assessment of housing need at local authority level, underpinned by the 2014-based population projections.

2.25 For the 2018–2033 plan period, the WG 2014-based 'Principal' projections estimate an increase of +275 households in Blaenau Gwent. This compares to household growth under the WG 2008-based household projection of +2,675. This is driven by higher underpinning population growth and a smaller average household size under the WG 2008-based projection.

Figure 16: Comparison of WG Household projections

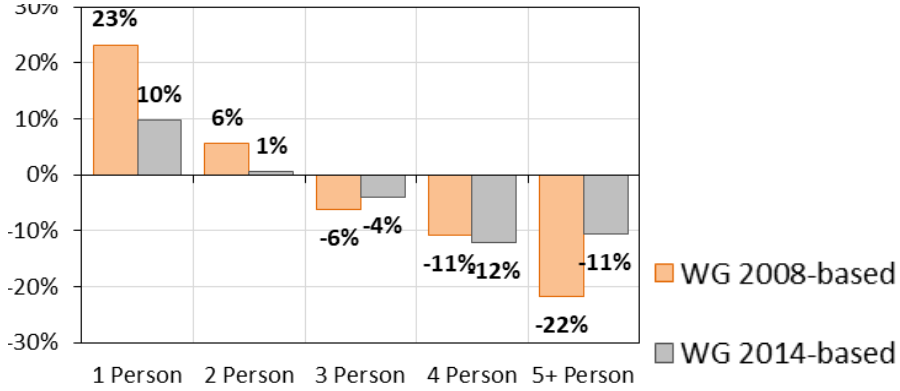


Source: Stats Wales

2.26 Applying assumptions from the WG 2014-based household model to the variant population projections result in a range of household growth outcomes. For Blaenau Gwent, household growth over the 2018–2033 plan period ranges from -404 to +963 ('Lower Natural Change' and 'Zero Migration' variant respectively).

2.27 A comparison of projected growth by household size between the WG 2014-based and 2008-based projections indicates higher growth rates in the smaller households (1 person and 2 person) and a greater decline in the larger 4 person and 5+ person households under the WG 2008-based projection. This is a common feature in the household models for each of the Welsh UAs, driven by different social, economic and affordability influences underpinning the longer-term evidence. The 2008-based household projections were deemed to have a more 'optimistic' outlook on economic circumstances, with more people having the potential and opportunity to form their own households. Whilst this continues to be a challenge for young adults (particularly aged 25–44), Government Policy initiatives such as Help to Buy Schemes and affordable housing are seeking to address these issues. However, this has had little impacted on Blaenau Gwent to date.

Figure 17: WG 2008-based and WG 2014-based change (%) in number of households



Source: Stats Wales

2.28 Underpinning the household projections are assumptions on membership rates and average household size. Membership rates calculate the proportion of the household population (i.e. excluding the population in communal establishments) in each household category. The average household size determines the number of households required to support the estimated household population.

2.29 For the 2018–2033 plan period, the WG 2014-based household projection estimates a decline in average household size from 2.22 to 2.14 (-0.08). The decline in average household size is driven by increased population in the older age groups.

2.30 Under the WG 2008-based household projection model, a greater reduction in average household size is estimated with the average household size under the WG 2008-based projections reducing from 2.07 to 1.94 (-0.13).

3.0 DEMOGRAPHIC SCENARIOS

3.1 There is no single definitive view of the likely level of expected growth in Blaenau Gwent. Ultimately, a mix of demographic, economic and policy issues will determine the speed and scale of change. In line with the draft WG Development Plans Manual, a range of scenarios have been configured to consider the latest demographic evidence and the impact of alternative migration assumptions on future population, housing and employment growth.

3.2 The potential impact of higher migration from Bristol and South Gloucestershire following the removal of the Severn Bridge toll late in 2018 has also been considered. In addition, dwelling –led scenarios have been developed to consider the potential growth implications of a continuation of past housing completions over the 2018-2033 plan period.

3.3 In conjunction with the WG 2014-based 'Principal' and' 10 yr Average Migration' variant projections, four alternative trend-based demographic and three dwelling led scenarios were initially developed.

- **WG 2014-based (Principal):** this replicates the WG 2014-based population projection. Migration assumptions are based on the five-year period prior to 2014 (i.e. 2009/10–2013/14).
- **WG 2014-based (10yr Average Migration):** replicates the WG 2014-based '10yr Average Migration' variant population projection. Migration assumptions on the ten-year period prior to 2014 (i.e. 2004/05–2013/14).
- **PopGroup (PG) Short Term:** Internal migration rates and international migration flow assumptions are based on a six-year historical period (2011/12–2016/17). This is a similar time period to the WG 'Principal' projection (i.e. 5–6 years), but includes the latest three years of population statistics in the derivation of assumptions.
- **PopGroup Long Term:** Internal migration rates and international migration flow assumptions are based on the full sixteen-year historical period (2001/02–2016/17).
- **PopGroup Long Term Adjusted** – Internal in-migration rates for each authority are adjusted to reflect higher in-migration (based on the last 5-years) from Bristol and South Gloucestershire, following the removal of the Severn Bridge toll (refer to appendix B of the Edge Analytic LDP Demographic Evidence Paper). All other migration flow assumptions are consistent with the PG Long Term scenario.
- **Net Nil:** Internal and international migration flows are balanced between in- and out-flows, resulting in zero net migration.
- **Dwelling-led (5yr Average):** Annual dwelling growth is applied from 2019/20 onward, based on the last five years of completions (+79) (2014/15–2018/19)
- **Dwelling-led (10yr Average):** Annual dwelling growth is applied from 2019/20 onward, based on the last ten years of completions (+95) (2009/10–2018/19).
- **Dwelling-led (15yr Average):** Annual dwelling growth is applied from 2019/20 onward, based on the last fifteen years of completions (+99) (2004/05–2018/19).

3.4 The demographic trend and dwelling-led scenarios incorporate mid-year population estimates, migration, births and deaths statistics for 2001–2017 (i.e. three additional years of historical data to the WG projection).

3.5 Household and dwelling growth under the demographic scenarios has been estimated using assumptions from the WG 2014-based household projection model, in conjunction with a vacancy rate which takes account of the number of vacant or second homes. The 2011 Census records a vacancy rate of 4.8% (which compares to a 5.9% vacancy rate recorded for Wales). The scenarios presented here apply the 2011 Census vacancy rate fixed throughout the plan period.

3.6 Under the dwelling-led scenarios, assumptions from the WG 2014-based household projection model are used to determine the relationship between the defined annual change in dwellings and population growth.

3.7 Population change in Blaenau Gwent for the 2018–2033 period ranges from -2.6% under the WG 2014 (Principal) scenario to +7.2% under the PG Long Term Adjusted scenario. Population change is higher under each of the demographic and dwelling-led scenarios than estimated under the WG 2014 projections, driven by a balanced or net in-migration to the area and subsequent positive impact of natural change.

WG 2014-based (Principal)

3.8 The WG 2014-based (Principal) scenario presents the lower end of the population growth range, estimating population decline of -1,815 (-2.6%) and +19 dwellings per annum (dpa) over the 2018–2033 plan period. Notably larger net out-migration is estimated under the WG 2014-based (Principal) scenario, capturing a period of domestic (internal) net outflows from the UA over the 2009/10–2013/14 period.

WG 2014-based (10yr Average Migration)

3.9 The WG 2014 (10yr Average Migration) variant estimates lower net out-migration from the UA, resulting in population change of -0.8% over the 2018–2033 plan period. This is equivalent to an average annual dwelling growth of +54 dpa.

Net Nil

3.10 The Net Nil scenario illustrates the extent to which migration impacts population change. In achieving a balanced migration flow throughout the plan period, population growth of +0.3% is estimated, highlighting the extent to which migration is a key driver of population decline in Blaenau Gwent. Population growth under the Net Nil scenario results in an average annual dwelling growth of +81 dpa, higher than net housing completions recorded over the last five years.

PG Short Term

3.11 The demographic trend based (PG) scenarios result in higher population growth and subsequent dwelling growth, than historical average completions and WG projections. Of the demographic trend scenarios, the PG Short Term scenario results in lower population change, capturing the lower net international migration recorded since 2011. Population

growth of +2.9% under the PG Short Term scenario is equivalent to an average annual dwelling growth of +141 dpa over the 2018–2033 plan period.

PG Long Term

3.12 The PG Long Term scenario captures the higher net international migration evident pre-2011 in its assumptions, resulting in a higher net in-migration flow (+205 pa) to Blaenau Gwent over the plan period. Population growth of +4.9% under the PG Long Term scenario results in an average annual dwelling growth of +179 dpa.

PG Long Term Adjusted

3.13 The PG Long Term Adjusted scenario considers the impact of higher in-migration flows to the UA, whilst the level of out-migration remains consistent with the PG Long Term scenario. Under the PG Long Term Adjusted scenario, higher net in-migration from Bristol and South Gloucestershire results in an average annual net inflow of +297 per annum, driving population growth of 7.2% over the 2018–2033 plan period. As a result of higher population change, the estimated average annual dwelling growth increases to +226 pa.

Dwelling Led

3.14 The dwelling-led scenarios consider the impact of a continuation of past housing completion rates upon future population change. Of the dwelling-led scenarios, a continuation of the last five-years (Dwelling-led (5yr Average)) would have a dampening effect on population growth (0.2%), with net in-migration estimated at +6 per annum. Conversely, a continuation of ten-year and fifteen-year completion rates would suggest slightly higher population change of +1.0% to +1.2%, driven by larger migration flows into the UA.

Figure 18: Scenario Outcomes

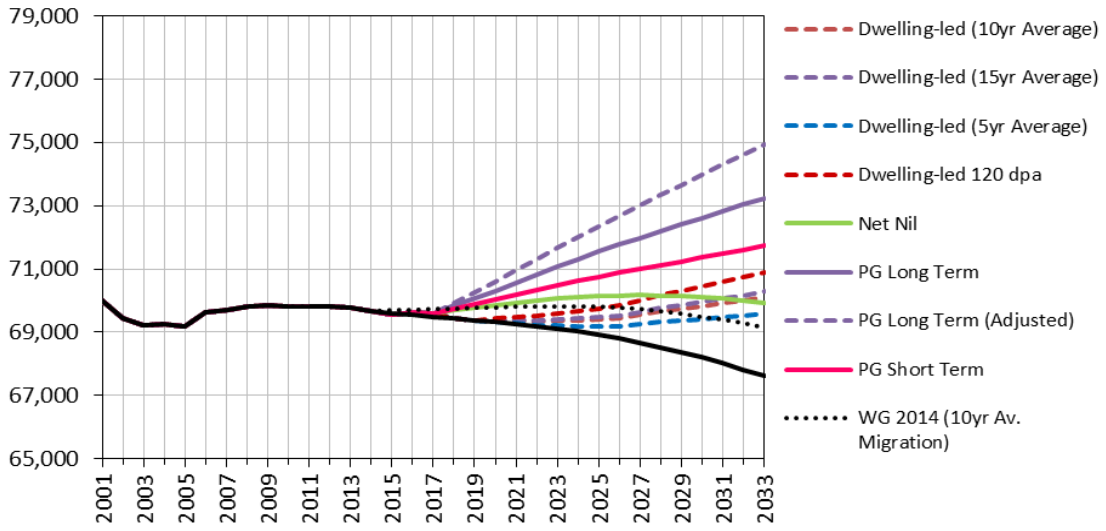


Table 3: Dwelling-led and Scenario Outcomes

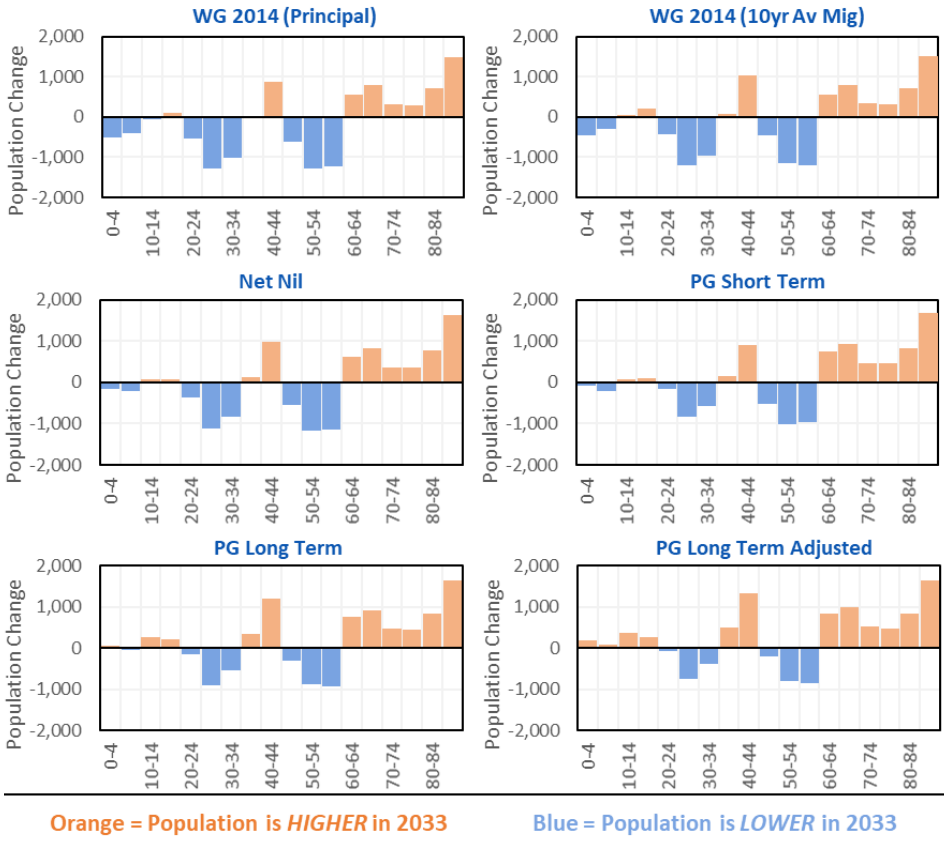
Scenario	Change 2018-2033				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Natural Change	Net Migration	Dwellings
PG Long Term (Adjusted)	5,009	7.2%	3,231	10.4%	37	297	226
PG Long Term	3,400	4.9%	2,558	8.2%	21	205	179
PG Short Term	1,996	2.9%	2,020	6.5%	6	127	141
Dwelling-led (15yr average)	846	1.2%	1,411	4.6%	10	47	99
Dwelling-led (10yr average)	675	1.0%	1,340	4.3%	8	37	94
Net Nil	238	0.3%	1,162	3.7%	16	0	81
Dwelling-led (5year average)	162	0.2%	1,127	3.6%	5	6	79
WG 2014 (10yr average migration)	-587	-0.8%	765	2.5%	-3	-36	54
WG 2014 (Principal)	-1,815	-2.6%	275	0.9%	-9	-112	19

Age profiles

3.15 Fluctuations in the level of in and out-migration have been a key driver of Blaenau Gwent's population change. Future migration flows have a critical influence on Blaenau Gwent's population age profile, particularly in the key young adult labour force age groups. The change in age profile associated with each scenario over the 2018–2033 plan period is presented in Figure 20, with substantial population growth projected in the 60+ age groups under all scenarios.

3.16 The WG scenarios estimate the largest population decline in the 45–59, 20–34 and associated 0–14 age groups, driven by estimated higher net out-migration from the UA. Under the PG Long Term and PG Long Term Adjusted scenarios, smaller population decline in these age groups, together with higher growth in the 35–44 age groups, results in the maintenance of a larger 'working age' population.

Figure 19: Population change by 5-year age group under the WG and demographic scenarios



4.0 ECONOMIC PROFILE

4.1 The demographic scenarios presented provide an indication of the potential impact of a continuation of past migration and housing completion trends upon future population change and housing growth. In contemplating future housing requirements it is important to consider the relationship between demographic change and economic growth, aligning the two using key assumptions on future economic activity, commuting and unemployment. Alignment of demographic evidence with the Councils' economic strategies is an important consideration, but one that presents a particular methodological challenge.

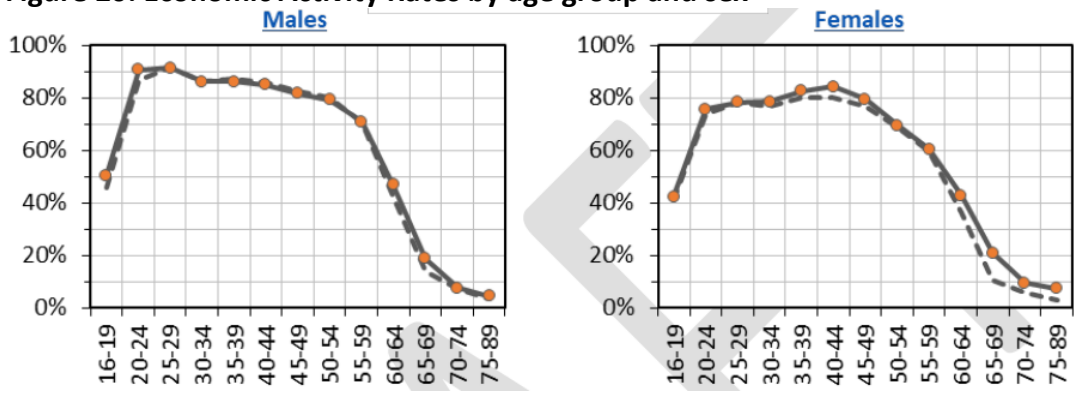
Linking Population & Employment

4.2 Using POPGROUP technology, it is possible to consider the potential labour force and employment growth that could be supported by the WG and demographic trend-based scenarios presented in Section 3. Key to considering the relationship between the changing size of the resident population, labour force and employment growth are three economic assumptions on (i) economic activity rates (also known as labour force participation rates), (ii) unemployment rate and (iii) commuting ratio.

Economic Activity

4.3 Economic activity rates determine the proportion of the population that is actively engaged in the labour force; either employed or unemployed. In the analysis presented here, the 2011 Census economic activity rates have been adjusted in line with the Office for Budget Responsibility's (OBR's) (July 2018) forecast of long-term changes to age-specific labour force participation.

Figure 20: Economic Activity Rates by age group and sex

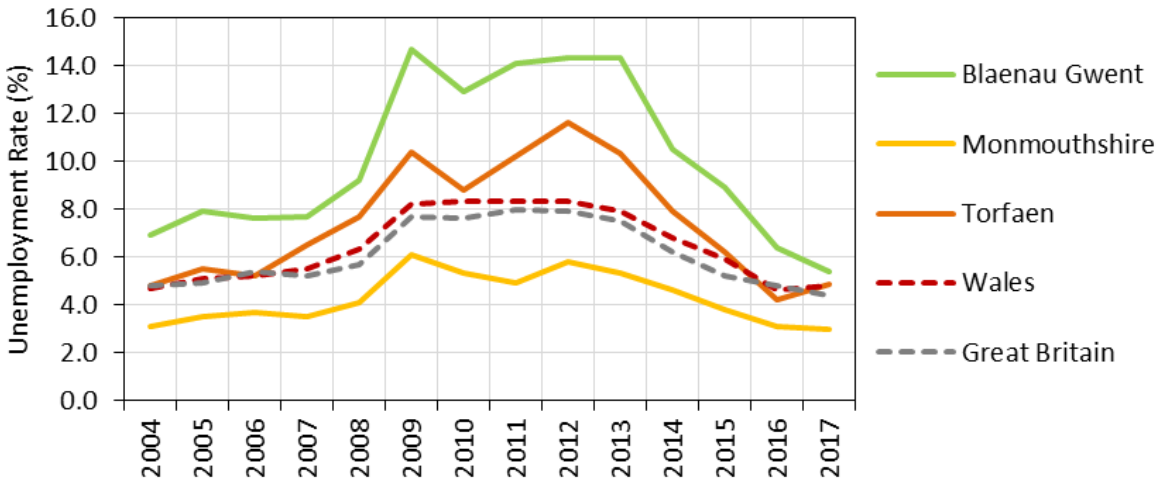


Source: Census OBR

Unemployment Rate

4.4 The unemployment rate determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). Blaenau Gwent, experienced a period of higher unemployment over the 2009–2013 period, reflecting national trends (Figure 21). Between 2013 and 2017 Blaenau Gwent unemployment rate fell to its lowest point recorded since 2004 (5.4%). National unemployment rates have remained lower than recorded for Blaenau Gwent throughout the 2004–2017 period, however the difference between the two has reduced over the latter years of the historical period.

Figure 21: Unemployment rate



Source: ONS model-based estimates

Commuting Ratio

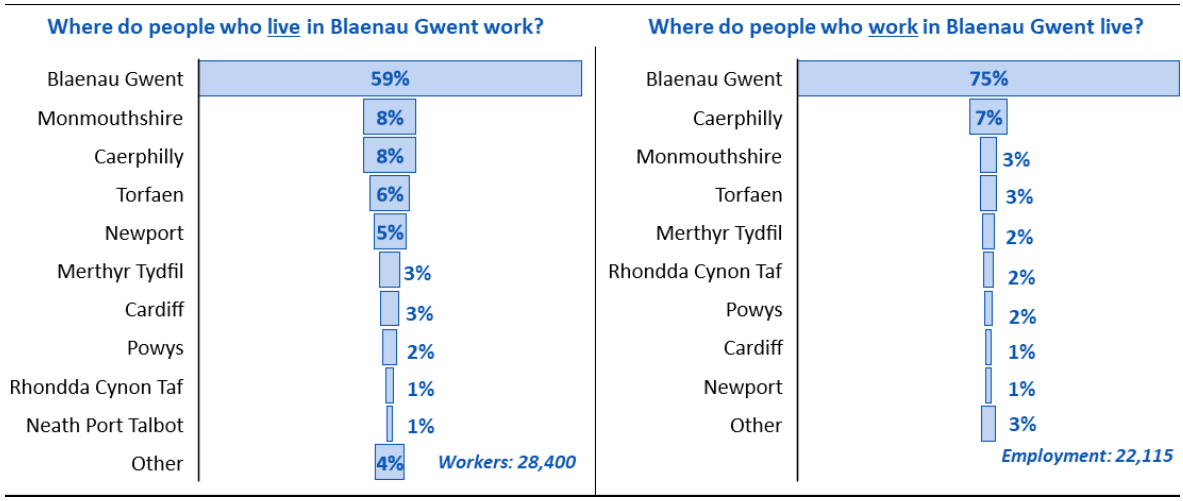
4.5 The commuting ratio is the balance between local employment and the size of the resident workforce. A commuting ratio greater than 1.00 indicates a net out-commute (i.e. the number of resident workers in an area is greater than the level of employment). A commuting ratio less than 1.00 indicates a net in-commute (i.e. the employment total is greater than the number of resident workers).

4.6 The 2011 Census recorded 28,400 workers living in Blaenau Gwent and 22,115 people working in the area. The balance between the two results in a large net out-commuting ratio of 1.28 (i.e. more workers living in the area than employment available), compared to 1.20 in the 2001 Census.

4.7 Figure 22 below summarises where the majority of workers commute to and from. Approximately 59% of workers in Blaenau Gwent are recorded to both lie and work within the area, with 8% commuting out to neighbouring Monmouthshire and Caerphilly, 6% to Torfaen and 5% to Newport. Of the people working in Blaenau Gwent, 75% are also residents in the area, whilst 7% commute from Caerphilly and 3% from neighbouring Monmouthshire and Torfaen.

4.8 Welsh Government also produces annual estimates of the number of people working and residing in Wales. These statistics are subject to annual variation with the latest 2018 estimate indicating a larger net out-commute from Blaenau Gwent of 1.55. Changes in the number of resident workers in an area or employment available impacts the balance between the two indicators and therefore the commuting ratio.

Figure 22: Blaenau Gwent Commuting Flows



Source: 2011 Census

5.0 ECONOMIC SCENARIOS

5.1 In 2019, BE Group, Hatch and per Consulting completed a Local Employment Land Review for Blaenau Gwent. This identified a 'Baseline' forecast which is underpinned by an Oxford Economics (2019) forecast.

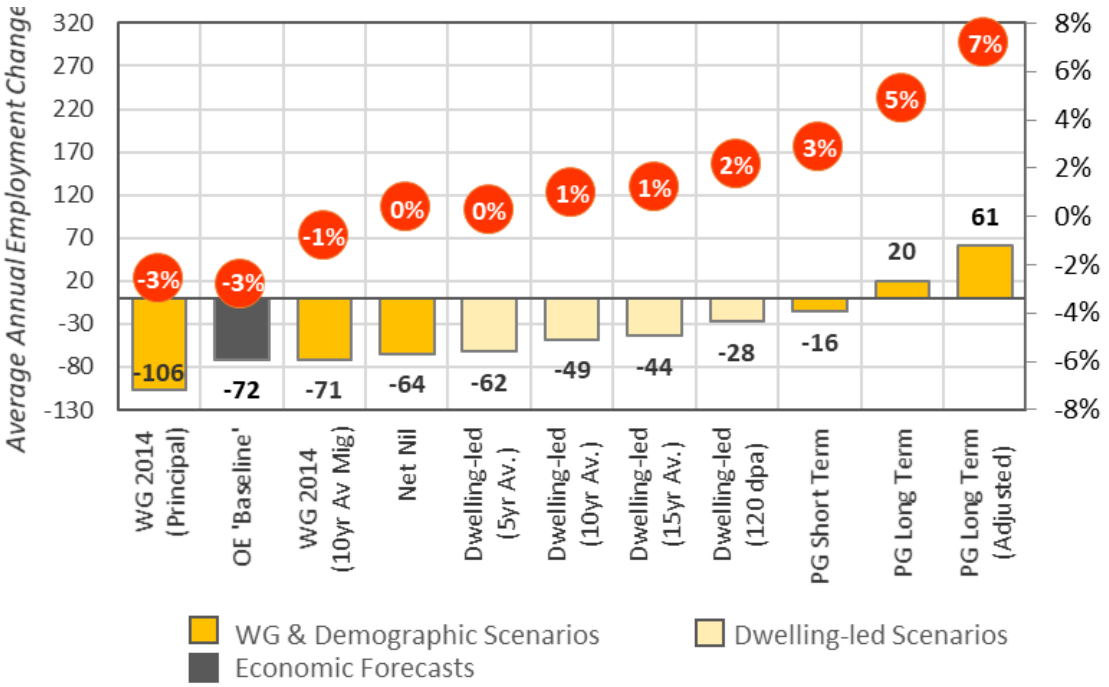
5.2 This section considers each of the scenarios alongside the Oxford Econometrics Baseline considering how variations in migration plus variations in each of the three key economic variables, might underpin employment growth outcomes.

5.3 Oxford Economics has produced a 'Baseline' economic forecast for Blaenau Gwent, informed by a population growth outcome that is similar to that presented in the WG 2014 (Principal) scenario (population decline by 2033). This economic forecast estimates a decline in Blaenau Gwent's employment total by 72 per year, 2018-2033.

5.4 This OE 'Baseline' forecast provides the benchmark against which the potential employment-growth outcomes of the demographic scenarios are compared, illustrating comparable population change estimates alongside.

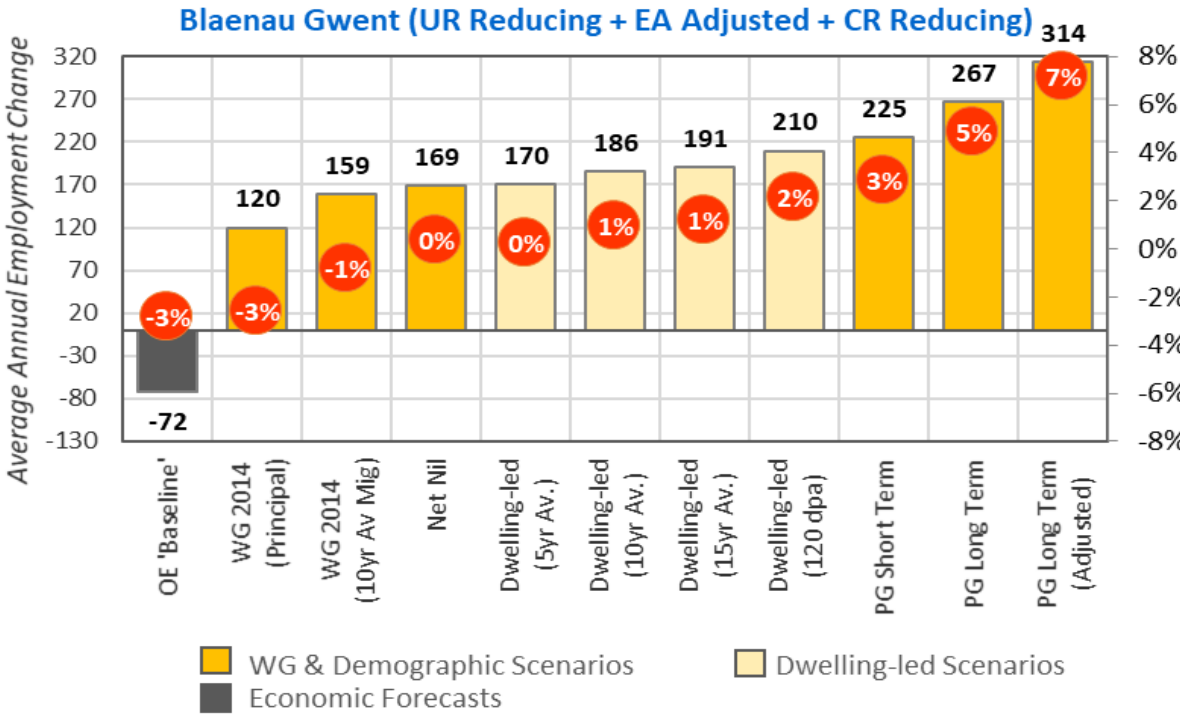
5.5 Figure 23 illustrates, the estimated employment growth associated with the baseline and the demographic scenarios presented under three assumptions: economic activity rates adjusted in line with OBR forecasts; unemployment rate and commuting ratio unchanged from current levels.

Figure 23: Population and Employment growth scenarios baseline



5.6 In light of the Plan's aim to reduce inequalities in Blaenau Gwent and bring them in line with national averages economic activity rates are allowed to achieve the Welsh average by 2033 (including OBR adjustments), with a reducing unemployment rate (4.6% by 2033) and commuting ratio is allowed to reduce from its 2011 Census level (1.28) to the 2001 Census value of 1.20 by the end of the forecast period. This results in increases to the annual employment growth as follows:

Figure 24: Population and Employment Growth Scenarios



5.7 Modelling the relationship between population, housing and economic change is complex and challenging. The employment growth outcomes illustrated alongside the Oxford Economics statistic above, are not economic forecasts; they are an indication of how population growth might translate to a larger labour force and higher employment growth under different forecasting model assumptions.

5.8 Achievement of the higher employment growth outcomes are dependent upon the delivery of economic growth to Blaenau Gwent, supported by housing growth, enabling the maintenance of the younger, labour-force population age-groups.

6.0 SELECTION OF GROWTH OPTION

Challenges for the 2018-2033 RLDP

6.1 Challenges for the Plan to address have been developed based on a review of the evidence base including local, regional and national plans and strategies. Through engagement with stakeholders a total of twelve challenges were identified, of these a number are relevant to identifying a growth option.

Challenge 1: Economic growth

6.2 The area suffers from high levels of unemployment and economic inactivity, high benefit dependence and limited quality employment opportunities, which together result in low household incomes. A key challenge for the area is to reduce inequalities with the rest of Wales and secure jobs for the future.

Challenge 2: Population growth and improving housing offer

6.3 The area has stabilised its population, although people are still leaving the area to find housing and employment elsewhere. One of the problems with out-migration is that it tends to be biased towards those more mobile and economically active. The challenge is to provide land for housing and provide the jobs to retain people in the area.

Challenge 8: Creating a place which supports its green environment

6.4 Blaenau Gwent sits at the head of the South Wales Valleys on the fringe of the Brecon Beacons with its dramatic uplands in the north and steep sided valleys to the south. This landscape is a major asset which needs to be appreciated by residents and visitors alike. The challenge is to reverse the decline in biodiversity and increase the resilience of ecosystems.

Key Drivers for Change

6.5 There are also a number of key drivers to realising some of the challenges and to assisting in delivering the changes required.

Cardiff Capital Region

6.6 The overarching economic objectives of the City Deal are to create 25,000 new jobs and leverage £4 billion in private sector investment across the region. Key themes have been identified to focus the approach: Connecting the Region; Regeneration and Infrastructure; and Skills and employment. These offer a number of key opportunities for Blaenau Gwent to help drive growth.

Valleys Taskforce

6.7 A ministerial taskforce for the South Wales Valleys are working to improve the prosperity in the South Wales valleys. The vision is to close the employment gap between the South Wales Valleys and rest of Wales. This means helping 7,000 people into work, further creating thousands of new fair, secure jobs across the Valleys.

Tech Valleys and Enterprise Zone

6.8 In 2017, Welsh Government announced it would invest £100m in the Tech Valleys project over ten years. Tech Valleys refers to the proposed automotive technology park in Ebbw Vale. The investment will support the creation of more than 1,500 jobs, predominantly within new technologies and advanced manufacturing.

Stakeholder Engagement

6.9 In order to engage with stakeholders a series of workshop sessions were held with stakeholders, internal officers, Members and the youth forum in July / August of 2019. Further information regarding the workshops can be found in the supporting documents 'Engagement Report' and the 'Report of Consultation - Spatial Strategy Workshops'. In order to simplify matters the scenarios were grouped into three broad categories of growth low, medium and high. Table 4 below identifies the scenario groupings and resultant population, housing and employment outcomes.

Table 4: Growth Options

Growth Option	Level of Housing & Employment
Option 1 – Low growth (based on WG latest 2014 projections principal and 10 yr migration and OE baseline)	**Population**: loss of between 587 to 1,815 (-0.8% to 2.6% loss) **Housing**: 19-54 per annum (Total: 285-810) **Employment**: loss of 106 to 71 per annum (Total loss of – 1,065 to 1,590) in the working age population
Option 2 – Medium growth (based on 3 dwelling led projections (5, 10 & 15 yr average) and Net nil migration)	**Population:** 162 to 846 gain (0.2 to 1% growth) **Housing:** 79-99 per annum (Total 1,185-1,485) **Employment:** loss of 48 to 64 per annum (Total loss of between 720 to 960) in the working age population
Option 3 – High growth (based on PopGroup short term, long term, and long term adjusted)	**Population**: 1,996 to 5,009 gain (2.9% to 7.2% growth) **Housing**: 141-226 per annum (Total 2,115 - 3,390) **Employment**: loss of 16 to a gain of 61 per annum (Total loss of 240 to gain of 915) in the working age population

6.10 Stakeholders generally supported the high growth option (71%) with the remainder supporting the mid growth (29%) option. Low growth had no support. Of those that chose a specific option (35 out of 40) within the higher growth scenario there was a more even split across the three scenarios although the PG Long Term adjusted came out as the most popular (42%) with the other 2 scenarios receiving (29% each).

6.11 Stakeholders gave a clear indication that higher growth levels were considered the best option for Blaenau Gwent to enable it to address the issues that had been identified for the Plan to address.

Assessment of Options

Option 1: Low Growth

6.12 The Low growth option is based on the WG 2014 principal and 10 year migration and the OE projection. This would result in a population loss of 587 to 1,815 (-0.8% to 2.6% loss), the need to provide 19-54 new homes per annum (Total: 285-810) and a loss of people in the working age population of between -106 to -71 per annum (Total loss of -1,065 to -1,590).

Advantages

- A decline in school aged children, placing less pressure on the capacity of existing schools
- Would put the least pressure on the environment

Disadvantages

- Reliant on dated projections based on recession data
- A decline in the working age population which would limit opportunities to support the challenge of economic growth
- A decline in the population means that it fails to address the challenge for housing growth
- An increase in the proportion of the older and elderly people living in the Borough impacting on the type of housing required and service providers
- A reduction in the level of affordable housing secured through the planning system

Option 2: Medium Growth

6.13 The medium growth option includes 3 dwelling led projections based on the last 5, 10 & 15yr averages and a net nil migration scenario. This would result in a population gain of 162 to 846 (0.2 to 1% growth), the need to provide 79-99 new homes per annum (Total: 1,185-1,485) and a total loss of people in the working age population of between -48 to -64 per annum (Total loss of -720 to -960).

Advantages

- Would result in a small population increase
- A decline in school aged children, placing less pressure on the capacity of existing schools
- Would put limited pressure on the environment

Disadvantages

- Reliant on data based on historic completions which would result in a continuation of the status quo and would not address the challenge for economic growth which is required to improve prosperity
- A decline in the working age population would limit opportunities to support economic growth
- An increase in the proportion of the older and elderly people living in the Borough impacting on the type of housing required and service providers
- No change in the level of affordable housing secured through the planning system

Option 3: High Growth

6.14 The high growth option is based on PG short term, PG long term and PG long term adjusted scenarios. This would result in a population gain of 1,996 to 5,009 (-2.9% to 7.2% growth), the need to provide 141-226 new homes per annum (Total 2,115 -3,390) and a slight loss to an increase of people in the working age population of between -16 to +61 per annum (Total loss of -240 to a gain of +915).

Advantages

- Based on latest data available
- Possible growth in the working age population which would support opportunities for economic growth
- Provides the best opportunity to address the challenges of population decline
- This provides the greatest opportunity to increase the level of affordable housing secured through the planning system

Disadvantages

- An increase in school aged children, will put pressure on the capacity of existing schools
- An increase in the proportion of the older and elderly people living in the Borough impacting on the type of housing required and service providers
- May put pressure on the environment

6.15 It is clear that the high growth option is not only the favoured option but performs the best when compared to the challenges that were set for the Plan. This is supported by the Initial Integrated Sustainability Appraisal Report (November 2019) which identifies high growth as the best performing with the medium growth slightly behind and the low growth performing less well.

7.0 IDENTIFICATION OF THE GROWTH OPTION AND WHAT IT MEANS

Identification of the growth option

7.1 Whilst there is a clear indication that the high level of growth provided was favoured by stakeholders, provided the best fit with the Plans aspirations and proved to be the most sustainable. The exact level of growth remains to be identified.

7.2 In identifying a growth level, need and demand must be weighed against supply factors such as delivery and constraints. The main issue for Blaenau Gwent is delivery with both viability and deliverability being problematic. In terms of deliverability past completion rates would support medium growth of between 79 and 99. This is due to a lack of interest from the National Housebuilders due to viability concerns which has resulted in low delivery rates over the past fifteen years. Viability of sites is marginal with some areas not being able to support affordable housing contributions or other S106 requirements. However, more recently the National Companies have returned to the area and there is now some optimism about housing delivery particularly in the Ebbw Vale area.

7.3 Supporting this positive stance is the Council's Growth and Investment Strategy which aims to grow the population and support economic growth. Other drivers for change include Heads of the Valleys dualling, investment from the Cardiff Capital Region, Tech Valleys, the Valleys Taskforce and the Metro.

7.4 The growth level needs to be moderated to a level that is deliverable. It is proposed that the PG Long Term Adjusted scenario is not achievable on the basis that it is highly unlikely to happen given that net migration levels would need to increase from current average losses of 31 per annum (Stats Wales 2011-2016) to increases of 297 per annum. In addition the housing delivery levels are considered to be undeliverable. Such growth would lead to pressure on existing schools and services which development would not be able to provide due to viability issues.

7.5 The PG Long Term scenario whilst desirable and was seriously considered as an aspiration for the Plan had to be ruled out as it was also considered to be undeliverable. This would require a housing completion rate of 179 which is well above (86%) the past completion rate achieved over the last 10 years (96).

7.6 Given the emphasis placed by Welsh Government on a viable and deliverable housing supply a new scenario has been created based on a dwelling led projection of 120 per annum. The details of which are as follows:

Dwelling led 120 per annum

7.7 This scenario is based on annual dwelling growth applied from 2019 onward, based on 120 pa being applied.

7.8 The scenario projects a population increase of 1,471 (2.0%) with an increase of 1,671 households (5.4%) over the plan period. This estimates an average of 117 dpa over the Plan

period (total of 1,755). The figure of 117 dpa is well below the current LDP dwelling requirement of 233, though is higher than the average completions over the last 5 (80) and last 10 years (96).

7.9 Under this scenario there would be population decline in the 0-14 age groups of 87 and a substantial population increase in the 60+ age group of 4,668.

7.10 The number of people in the working age range would decrease by 420 over the plan period. However, if assumptions on the unemployment rate being reduced and the economic activity rate being increased to the Wales average; and commuter ratio rates reduced to 1.20 then there would be 3,150 more people in employment over the Plan period.

7.11 It is proposed to use the lowest level of the PG Short Term Scenario (144 homes) as the aspiration for the Plan. The aspiration figure is also used as the flexibility figure for the delivery of housing (22%).

What the preferred growth option (option 5) means

Population Change

Table 5: Population Levels

Change 2018-2033	Housing Requirement (Dwelling led 120)	Aspiration (PG Short Term)
Number	1,471	1,996
Percentage	2.1%	2.9%
Average annual net migration	84	127
Increase caused by		
Natural change	376	90
Migration	1,260	1,905

7.13 The preferred growth option enables population to increase by 1,471 (2.1%) to 1,996 (2.9%) over the Plan period.

7.14 Migration is the biggest driver of the change in population. The area suffers as a result of working age families leaving the Borough and young adults who go to University not returning. The aim is to retain these families and encourage youngsters to return by providing aspirational housing and good quality jobs. The lower cost of housing in the Borough and the jobs being created should also attract other families to the area.

Household Growth

7.15 The number of households in the Borough is expected to grow by 1,671 (5.4%) to 2,020 (6.5%). Household growth rates are higher than population growth rates because as well as increasing due to growth in the population, the number of households within the population is also affected by the long-term trend towards smaller household size. As can be seen in the table below the change in average household size contributes significantly to the growth in households.

Table 6: Household Growth

Change 2018-2033	Housing Requirement (Dwelling led 120)	Aspiration (PG Short Term)
Number	1,671	2,020
Percentage	5.4%	6.5%
Average household size	2.14	2.14
Increase caused by		
Population growth	775	1,117
Change in average household size	896	903

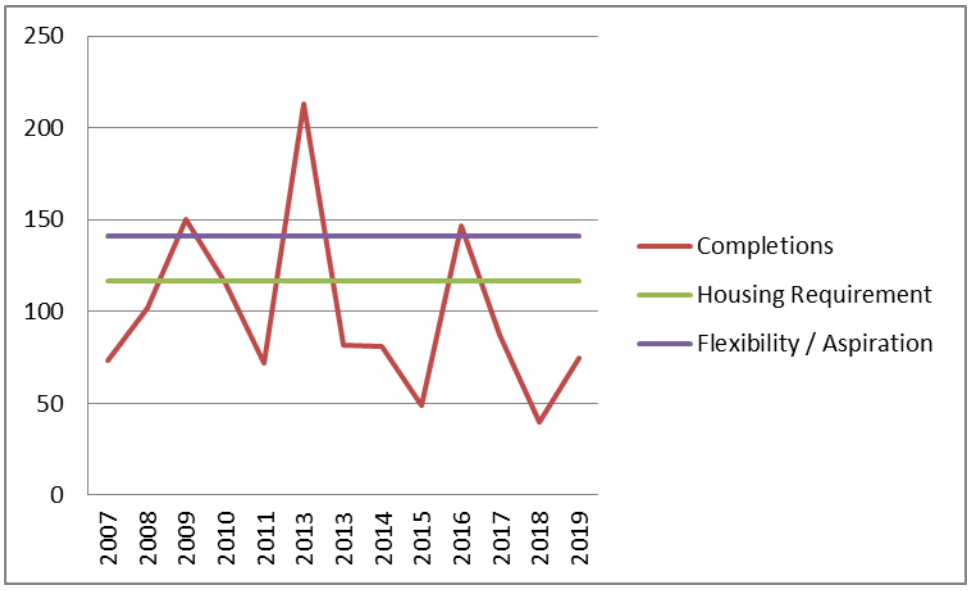
New Dwelling Requirement

7.16 When converting households to dwellings an allowance for vacant dwellings of 4.8% is made which is based on the 2011 Census figures. This is because there is a need to provide more dwellings than households to allow for churn within the housing market. This results in the need for the delivery of between 1,755 and 2,115 over the Plan period or 117 to 141 per annum. The aspiration figure provides a flexibility of 21% to ensure that the housing requirement figure can be met or if the full figure was delivered to enable a more aspirational growth level.

Table 7: Housing Requirement

Change 2018-2033	Housing Requirement (Dwelling led 120)	Aspiration / Flexibility (PG Short Term)
Households to dwellings	1,755	2,115
Average annual requirement	117	141

Figure 25: Past Housing completions compared to the proposed housing requirement and Flexibility / Aspiration figure



7.17 The chart above identifies how the proposed housing completion rates compare with past completion rates. Whilst higher figures have been achieved what is needed is some consistency in delivery.

7.18 Not all of these new dwellings will require new allocations of land for housing. Dwellings which have already been built to date, land with existing planning permission and development of 'windfall' sites will all contribute to the provision of new dwellings. More information on this can be found in the Housing Supply Background Paper.

Housing Mix

7.20 Household projections can be used to provide an indication of the potential change in future housing mix requirements. Analysis shows that the growth is in 1, 2 and 3 person households with a decline in 4 and 5 persons.

Table 8: Growth in households by household type

Change 2018-2033	Housing Requirement		Aspiration / Flexibility	
	No.	%	No	%
Total households	1,557	5.0%	2,019	6.5%
1 person households	1,468	14.3%	1,657	16.0%
2 person households	458	4.4%	600	5.7%
3 person households	53	1.0%	79	1.5%
4 person households	-240	-7.0%	-245	-7.1%
5+ person households	-69	-4.8%	-71	-4.9%

Employment Impacts

7.21 The scenarios identify a fall in the working age population over the Plan period of between 240 and 420. However, when consideration is given to reducing the unemployment rate, increasing the economic activity rate and reducing out commuting as identified in section 5 this results in a more positive outcome. In the case of employment, the requirement figure is based on Tech Valleys commitment to deliver 1,500 jobs and the aspirational figure is based on us achieving our aspirations to reduce the employment rate, increase the employment rate and reduce the out commuting. This is used in the Local Employment Land Review as a policy on position.

Table 9: Economic Impacts

Economic Impacts	Requirement	Aspirational
Jobs Growth	1,500	3,150
Land (ha)	3 ha	46 ha

Assessment of Impacts on Services

7.22 Projections and scenarios are not an absolute truth about future population totals and structures but do give an indication of what might happen in coming years – and not just in terms of housing requirements and changes in the labour supply. The future population structure and household numbers in the Borough will impact on many factors which affect

service delivery and sustainability, such as pupil numbers, social care needs for an ageing population, the amount of refuse produced and the need for employment land.

7.23 The table below shows, in simplified form, some possible impacts of the RLDP preferred growth option on service delivery for Blaenau Gwent County Borough Council. It focuses on some of the uses the Authority has made of projections over the past few years. Figures are for change between 2018 and 2033 – the current end date for the Replacement Local Development Plan.

Impact Indicator	Totals 2018	Potential change/impact 2018-2033 Requirement	Potential change/impact 2018-2033 Aspiration
Population, Households and Dwellings			
Population	68,834	1,471	1,996
Households	31,007	1,671	2,020
Dwelling Requirement	-	1,755	2,115
Annual dwelling requirement	-	117	141
Affordable housing provision potential	-	180	211
Business and Employment			
Working age population	43,100		
Labour force (Baseline)	30,700	-420	-240
Labour force (UR reducing +EA Adjusted + CR adjusted)	30,700	+1,500	+3,150
Income in local economy		Increase	Increase
Business impact		Positive	Positive
Employment land requirement for jobs growth		3 ha	46 ha
Transport			
Traffic level increase (relative)		Slightly higher	Slightly higher
Bus passes		Much higher	Much higher
School bus cost		Slightly higher	Slightly higher
Education			
Pre-school age (0-4)		-52	-73
Primary School age(5-9)		-150	-204
Secondary school / FE places (10-19)		+236	+197
Social Care			
Aged 75-84		+1,527	+1,286
Aged 85+		+1,636	+1,677
Change in "care" sector employment		More needed	More needed
Potential Impact of children's services		Mixed	Mixed
Refuse Collection			
Number of domestic collection points		5.0%	6.5%
Council tax			
Change in tax base		Increase	Increase
Number of one adult household allowances		1,468	1,657

Cyngor Bwrdeistref Sirol
Blaenau Gwent
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