

ID 10

SHROPSHIRE LOCAL PLAN EXAMINATION

Representor unique Part A Ref *	A0682
Matter	2
Relevant questions nos	3, 4, 5, 6, 8, 9

Stage 1 Hearing Statement

Matter 2 Hearing Statement (The Duty to Cooperate)

Miller Homes (A0682)

1.1 This Hearing Statement is submitted on behalf of Miller Homes (Miller).

Context: South West Shifnal

1.2 Miller's representations are made in relation to c.65ha of land it is promoting at "South West Shifnal" as identified on the site location plan at **Appendix 1**.

1.3 Policy SP11 will release this land from the Green Belt and safeguard it for future development needs.

1.4 Miller supports the designation of South West Shifnal under SP11 as safeguarded land although contends (similarly to the Association of Black Country Authorities (ABCA) (EV041)) that a policy mechanism should be introduced to trigger an early review of the Local Plan should there be a need to do so, and this should permit delivery and development of safeguarded land during the plan period in the event that issues arise with housing delivery following adoption.

1.5 Miller also consider that land at South West Shifnal be allocated in the Local Plan for residential-led development during the plan period; this case will be presented during Stage 2 of the Examination.

1.6 Miller provides responses below to the Matter 2 Questions 3, 4, 5, 6, 8 and 9 on overall housing provision.

Overall housing provision

3: What are the relevant inter-relationships with other neighbouring authorities in terms of migration, commuting and housing markets?

1.7 While the Council contends Shropshire is a self-contained housing market area (HMA) and functional economic market area¹ (FEMA), the Draft Local Plan and its supporting Evidence Base are clear and correct to identify that the County has strong functional economic and housing market relationships with neighbouring authorities and other larger proximate economic centres, specifically naming the Black Country.

1.8 The Council's Housing Topic Paper (2022) (GC4i) includes a detailed consideration of this relationship with the Black Country, confirming for example that:

¹ Shropshire Council: Housing Topic Paper (2022) (GC4i), Paragraph 3.21

- An average of 1,175 people moved from the Black Country into Shropshire every year between 2016 and 2020; and
- Some 6,822 people commuted between the Black Country and Shropshire as of the last reported Census in 2011, around two thirds (4,615) travelling to the Black Country from Shropshire and the residual (2,207) commuting in the opposite direction.

1.9 In setting these flows into context, the Topic Paper also observes that the two areas:

“...have complementary housing market characteristics (Shropshire represents an attractive rural area and the Black Country Authorities a successful urban area), and provide diverse but complimentary employment opportunities”²

1.10 The role of the strategic infrastructure that bisects Shropshire and facilitates this relationship is also clearly acknowledged within the Draft Local Plan and supporting documents. The Housing Topic Paper specifically refers to the road and rail links between Shropshire and the Black Country, for example, in explaining the movements identified above³. The Plan correctly, in this context, notes the importance of the M54/A5 Strategic Corridor through Shropshire, and the access it provides to a range of jobs in Wolverhampton and the i54 major investment site⁴.

1.11 These strategic infrastructure links also facilitate wider relationships beyond the Black Country and into other parts of the larger HMA that includes Greater Birmingham. There are similarly significant commuting and migration flows between Shropshire and this larger geography, with our analysis of 2011 Census data confirming that⁵:

- Some 14% of the circa 11,800 people moving to a new address in Shropshire during the year prior to the Census had moved from the Greater Birmingham and Black Country HMA; and
- Of the Shropshire residents who work outside the County⁶, over a fifth (21%) work in the Greater Birmingham and Black Country HMA⁷.

1.12 The Council’s Strategic Housing Market Assessment⁸ (SHMA) is also clear to recognise that relationships exist not only with areas to the east but also with other adjacent authorities, identifying for example that as of 2011:

- Alongside the Black Country and other parts of Greater Birmingham, of those commuting elsewhere to work almost a third travel to Telford and Wrekin, with Staffordshire, Wrexham and Cheshire also being popular destinations;⁹ and

² *Ibid*, Paragraph 3.67

³ *Ibid*, Paragraph 3.23 and footnotes

⁴ Regulation 19: Pre-Submission Draft of the Shropshire Local Plan (2021), page 254

⁵ See Paragraph 4.15 of our “Update to the Technical Review of Sustainable Growth Plans for Shifnal,” September 2020

⁶ Circa 30% of the county’s residents

⁷ The percentage of all Shropshire’s residents who work within the GBBCHMA is circa 6%

⁸ SHMA Part 1 (EV097.01)

⁹ *Ibid*, Paragraph 2.68

- Of those 29,111 people commuting into Shropshire from elsewhere, the largest proportion by some way originated in Telford and Wrekin, with Powys and Wrexham in Wales also prominent.

1.13 The above serves to illustrate that whilst Shropshire demonstrates relatively high levels of self-containment, its road and rail infrastructure facilitates a complex range of inter-relationships not only with adjacent authorities but also larger proximate employment centres. This forms an important context for not only understanding the potential to play a role in helping to meet housing needs across a wider geography, but also in facilitating the growth of its local economy through the continued attraction of labour as well as contributing to the wider economy.

4: How have these inter-relationships been considered in preparing the Local Plan in terms of identifying the Local Housing Need (LHN) and setting the Local Plan’s Housing Requirement?

1.14 The Plan makes provision for 1,500 homes to contribute towards the unmet needs arising within the Black Country, which forms part of the Greater Birmingham and Black Country HMA (GBBCHMA). This reflects the Council’s acceptance that *“the forecast unmet need in the Black Country...[is] a relevant strategic matter for the preparation of the draft Shropshire Local Plan”*¹⁰.

1.15 The Council is believed to understand that there is a forecast unmet need across the Black Country for 28,239 homes in total between 2018 and 2039¹¹. This unmet need is acute, equating to 37% of the Black Country’s minimum housing need. The full scale of this unmet need is still to be tested through the Examination of the Black Country Plan and in recognising the supply constraints evidenced to date there is a very strong possibility that it could increase further.

1.16 As it stands, only four other emerging local plans (Solihull, South Staffordshire, Cannock and Lichfield) are proposing contributions to the Black Country’s unmet needs, albeit South Staffordshire and Cannock’s contributions are not specific to the Black Country but rather contributions towards the unmet needs of the whole GBBCHMA and Solihull’s contribution only applies to unmet needs arising prior to 2031. This is confirmed in the ABCA letter attached as **Appendix 2**.

1.17 When combined with Shropshire’s contribution, these emerging plans could contribute only up to 8,000 dwellings specifically towards the unmet needs of the Black Country, albeit none of the plans have yet been examined and found sound. It is therefore apparent that a significant unmet need will remain across the Black Country, so it is critical that the Shropshire Local Plan provides a firm and proportionate commitment, especially as it is the most advanced of the local plan reviews which propose contributions.

1.18 The Council’s Housing Topic Paper confirms that past migration trends have been used to determine its estimate at what constitutes a reasonable contribution, arriving at a figure of circa 1,000 homes. It is implied that other factors were also taken into

¹⁰ Shropshire Council: Housing Topic Paper (2022) (gc4i), Paragraph 3.24

¹¹ *Ibid*, Figure 5

consideration, however, including “*the extent of the unmet housing need forecast to arise within the Black Country*” and “*the need to ‘future proof’ any proposed contribution*”¹², with this recognising the prospect that other authorities sharing migratory relationships with the Black Country may not be able to make similarly proportionate contributions to clear the residual unmet need.

- 1.19 The Council’s decision to make provision to meet a share of what is a substantial unmet need is strongly supported. It is also accepted that consideration of historic migration flows, amongst other factors like accessibility, can provide a useful starting point to determine an appropriate level of contribution. It is noted, however, that the proposed contribution is inadequate and equates to just over 5% of the total estimated unmet need from the Black Country.
- 1.20 The full extent of the unmet need constitutes a significant number of households who, due to a lack of suitable supply, will have to make a decision on where to live outside of the Black Country, where they currently live or would have been expected to move. The supply of homes will be an influential factor where it is acknowledged there is a national housing crisis and affordability is worsening throughout the region, with all but three of the thirty authorities in the West Midlands seeing a deterioration in the relationship between median house prices and earnings over the past three years¹³.
- 1.21 On this basis, and as we further consider in our answer to Question 5, we believe that it would be appropriate – given the economic connections and the strength of joining infrastructure between Shropshire and the Black Country (particularly in the east of the County) – for a more substantial contribution towards the latter’s unmet needs to be made through an increased housing requirement for Shropshire.

5: What is the justification for the allocation of 1500 homes to meet some of the unmet housing need from the Black Country?

- 1.22 It is clear, having been summarised in our answers to the previous two questions, that the Council recognises the functional relationships between the Black Country and parts of Shropshire, enabled by strong infrastructure links like the M54. It is similarly clear, as the Council confirms, that the Black Country authorities have a significant unmet need which has been accumulating since 2018 and that this unmet need is not even close to being provided for in full within the GBBCHMA. This provides a clear justification, in the context of the National Planning Policy Framework and Planning Practice Guidance, for the Draft Local Plan to positively contribute to this unmet need.
- 1.23 A failure to do so would only serve to increase the unmet need and result in households having to relocate, impacting on local economic growth and worsening what is already an imbalance between housing supply and demand, shown in

¹² *Ibid*, Paragraph 3.113

¹³ ONS (2022) Housing affordability in England and Wales: house price to workplace-based earnings ratio. Wyre Forest, Redditch and Rugby are the only authorities to have seen improvement between 2018 and 2021

worsening affordability trends¹⁴ and impacting upon the sub-region's economic growth.

- 1.24 While the Council's principle of making provision for some of the Black Country's unmet needs is therefore supported, the justification for the proposed scale of the contribution is not adequately justified in the Draft Local Plan or its Evidence Base.
- 1.25 The latest published Position Statement Addendum for the GBBCHMA (December 2021), included as **Appendix 3** to our statement, identifies that the HMA-wide shortfall to 2031 had risen to 6,302 homes since the previous iteration was drafted¹⁵. We are strongly of the view that the full scale of the unmet need across the GBBCHMA is not captured within the calculation in the Position Statement Addendum, noting specifically that it uses a now outdated calculation of need which predates the standard method (unlike the Black Country's own calculation of unmet need) and that it only looks forward to 2031, a point at least five years earlier than the endpoint of various emerging plans across the HMA as well as Shropshire's.
- 1.26 Turley's "Falling Short" report, included as **Appendix 4** to this statement¹⁶, concludes in this context that the GBBCHMA shortfall equates to **at least 18,700 homes** even over the shorter period to 2031, but could be more than twice as large – in the order of 42,000 homes – when acknowledging both that future supply has been potentially over-estimated to 2031 by the authorities and that the cap on Birmingham's needs no longer applies as of January this year.
- 1.27 The Position Statement Addendum also acknowledges that even its own estimate of unmet need is not being provided for through the Local Plans which have progressed to submission, remaining outstanding as a result. This reinforces the significant and growing issue of unmet housing need in the HMA.
- 1.28 In this context there is considered to be a clear justification for Shropshire to make a more substantial contribution to the Black Country's shortfall. We note that Dudley Borough and Walsall Councils (constituent authorities of ABCA) sought an increased contribution to the unmet need of 4,500 dwellings in their Reg.19 representations.

¹⁴ ONS data indicates that median house prices in Shropshire last year equated to circa 9.05 years' median earnings, the highest figure ever reported for the County

¹⁵ Paragraph 4 of the Position Statement Addendum, included as Appendix 3 of this Statement, confirms that the previous iteration (referred to as PS3) identified a shortfall of 2,597 homes.

¹⁶ This report has been submitted as evidence to the Black Country Authority and Lichfield Local Plan Regulation 19 consultations and the ongoing Solihull Local Plan Examination.

6: Are there any other issues of unmet housing needs within the Housing Market Area (HMA) or relating to other authorities? If so, how are these being addressed?

- 1.29 In line with our response to Question 5, we believe that there is a substantial and immediate unmet need in the GBBCHMA to 2031 which goes beyond that associated with the Black Country alone. Where it is accepted that housing market relationships stretch from Shropshire into parts of this wider HMA, the scale of this unmet need and the absence of planned provision to meet it should be taken into consideration in quantifying the amount to be provided for in the Shropshire Plan.
- 1.30 While the provision for 1,500 homes will undoubtedly contribute towards what is a growing problem, taking the opportunity to make a more substantial contribution would represent a more positive planning strategy, which recognises the stated constraints of other authorities in the GBBCHMA and timetables for reviewing various other Local Plans.

8: What is the position of other authorities in the HMA and elsewhere in terms of the planned level of housing in Shropshire? Have specific concerns been raised through duty to co-operate discussions or representations which still are unresolved?

- 1.31 In the context of the points raised in our answers above, with regards the scale of provision made for the unmet needs arising specifically from the Black Country, it is noted that the Statement of Common Ground with ABCA includes a matter of disagreement relating to the latter's request for the Draft Local Plan to include an early review mechanism, to be triggered by evidence of an ongoing unmet need in the Black Country¹⁷.
- 1.32 In our opinion, where it is apparent that the need for new homes is not going to reduce and there is reluctance from other Councils in the HMA to accommodate unmet needs through their own Local Plans, it is reasonable to assume that such a situation will arise in which there will remain an unmet need across the Black Country. Indeed, it has arguably already arisen. This only heightens the importance of this Plan taking the most positive approach possible to mitigate the consequences underpinning the request for an immediate review.
- 1.33 Regardless of whether or not the Plan includes an increased contribution towards the unmet needs of the Black Country, Miller supports ABCA's request for the Plan to provide a firm commitment to an early review mechanism, as set out in our response to Matter 8.

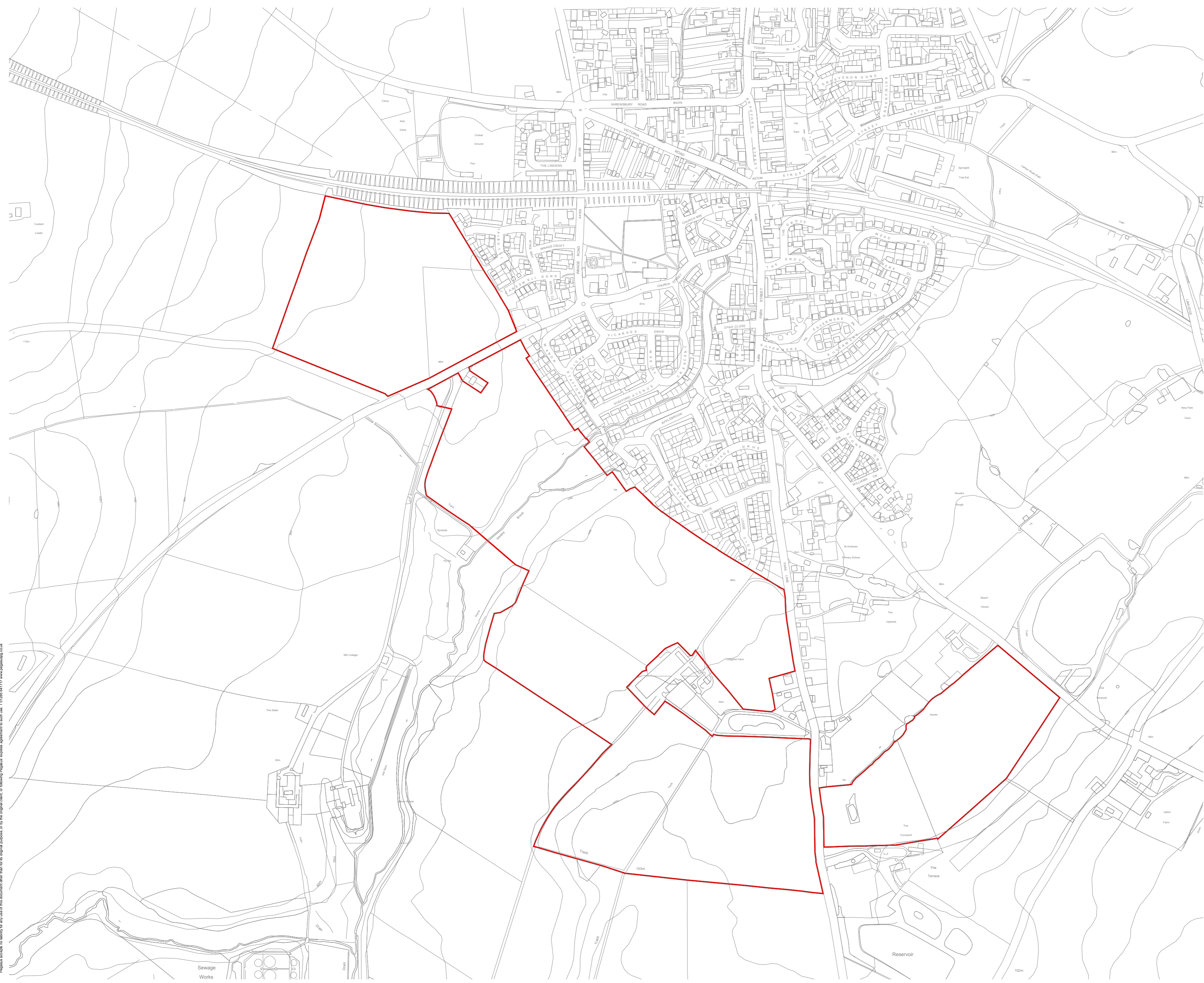
¹⁷ Statement of Common Ground between Shropshire Council and the Association of Black Country Authorities (EV041), Paragraphs 9.1 and 9.2

9: In overall terms, has the Council engaged constructively, actively and on an ongoing basis in maximising the effectiveness of the preparation of the Local Plan? What has been the outcome of co-operation and how has this addressed the issue of housing provision?

- 1.34 We support the approach taken by the Council to positively respond to significant unmet needs in the Black Country, which has been the result of an ongoing process of engagement. We note that the scale of unmet need in the Black Country is such that a request has been made for an early review mechanism to be incorporated in the Draft Local Plan, to be triggered when the scale of unmet need is ongoing. Whilst supported, the better solution would be to increase the contribution being made immediately.
- 1.35 Given that there is limited evidence of this unmet need being adequately provided for through the emerging generation of Plans, and that needs across the entire HMA are also rising, we would argue that a more positive approach could be taken in this Plan to allow for a more significant level of provision. However, as requested in our Reg.19 representations and as also requested by ABCA, the addition of an early review mechanism is required at the very least to ensure that the issue of unmet need is positively planned for where other options are not forthcoming.

Appendix 1: Site Location Plan

KEY
Total Site Boundary
64.5 ha / 159.4 acres



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Appendix 2: ABCA letter dated 26 April 2022



Association of Black Country Authorities
Dudley, Sandwell, Walsall and Wolverhampton

Our Ref: HP/CW
Date: 26 April 2022

Dear Colleagues,

Black Country Plan Review
Duty to Cooperate: Strategic Housing and Employment land issues

The Black Country Authorities (BCAs) are progressing the Black Country Plan (BCP) which will replace the Black Country Core Strategy as the overarching strategic planning and regeneration strategy for the area.

You may recall that we contacted neighbouring authorities including yours, in July 2018 and again in August 2020, to request assistance in accommodating identified housing and / or employment land needs arising from the Black Country. We received a number of positive responses to this request and note that a number of authorities have since progressed their Local Plan reviews in a consistently positive manner. We have also held Duty to Cooperate meetings in January 2020, June 2021 and August 2021 – the latter alongside the commencement of the BCP Regulation 18 consultation.

We were also fully supportive of South Staffordshire Council's convening of a meeting of all local authorities in the Greater Birmingham, Solihull and Black Country Housing Market Area (the HMA) and other neighbouring authorities with a functional relationship with the HMA in December 2021. The BCA suggested a series of actions in advance of that meeting, building on our Duty to Cooperate engagement to date, and which are directly relevant to our strategy of working with you to ensure that the Black Country evidenced growth needs can be met in full.

The purpose of this letter is to update you on progress with the BCP and to outline next steps. We also set out our strategy for ongoing engagement through the Duty to Cooperate with a focus on strategic housing and employment land issues. This includes a set of proposals which we are seeking your response to by way of a series of specific requests.

Recent progress

1. The Regulation 18 BCP consultation took place between August and October 2021. We received around 20,800 responses and all of the representations can be viewed online via the link - <https://blackcountryplan.dudley.gov.uk/bcp/> . The bulk of feedback centred around the potential use of green belt land for development and we are currently reviewing all of the responses to inform the preparation of the Regulation 19 BCP programmed for consultation in the Autumn of this year.
2. We received responses from a number of neighbouring authorities – Bromsgrove, Cannock Chase, Lichfield, Redditch, Solihull, South Staffordshire, Stafford, Staffordshire and Worcestershire. These representations raised a variety of issues at a strategic level, recognising the broad scale of the shortfall and the need for ongoing and better aligned engagement going forward, in order to ensure a consistent and fair approach be taken to address longer term needs once the final shortfalls are confirmed.
3. The next sections of this letter summarise the current scale of the housing and employment land shortfalls and how we intend to address them.

Strategic Housing Issues

4. The Regulation 18 BCP identifies a housing shortfall of 28,234 homes over the period 2020-39 (16,346 by 2031 and 11,888 2031-39). This shortfall is based on the most up to date local housing need (including the 35% uplift for Wolverhampton), the most recent housing monitoring information and land supply on sites allocated in the draft BCP including land currently designated as green belt. The Regulation 18 BCP proposes that this shortfall is addressed via the Duty to Cooperate through 'exporting' to sustainable locations in neighbouring areas.
5. As part of the preparation of the Regulation 19 BCP, we are undertaking further evidence gathering in relation to urban land supply. This will involve an update of the existing Urban Capacity Study including a detailed assessment of the implications of the ongoing restructuring of some retail and commercial sectors which may 'free up' space in town and city centres. However, the scale of any additional capacity is likely to be limited and is not anticipated to make significant headway into the shortfall outlined above.
6. As set out above, through the Duty to Cooperate, we are pleased that some Local Plans have responded positively to our request initially raised in 2018 for assistance in addressing our future growth needs. Potential contributions through our Duty to Cooperate engagement to date are outlined in the table below.

Table 1 – Duty to Cooperate contributions (in order of Local Plan progress)

Local Plan	Status	Potential contribution to meeting Black Country housing needs	Comments
Solihull	Submission (May 2021) Examination underway	2,000 (minority)	Contribution is to meet needs arising across the whole of the HMA and not limited to the Black Country, 2,000 HMA contribution noted by Local Plan Inspector February 2022. However, Solihull has a stronger functional relationship with Birmingham than with the Black Country.
Shropshire	Submission (September 2021) Examination underway	1,500 (all)	Contribution towards the Black Country only, confirmed in Statement of Common Ground (August 2021)
Lichfield	Publication (July 2021) Submission due April 2022	2,000 (all)	Contribution forms majority of 2,665 contribution to meet the needs of the HMA as a whole.
Cannock Chase	Preferred Options (March 2021)	Up to 500 (majority)	Contribution is to meet needs arising across the whole of the HMA and not limited to the Black Country. However, Cannock Chase has a stronger functional relationship with the Black Country than with Birmingham.
South Staffordshire	Preferred Options (November 2021)	Up to 4,000 (majority)	Contribution is to meet needs arising across the whole of the HMA and not limited to the Black Country. However, South Staffordshire has a stronger functional relationship with the Black Country than with Birmingham.
Total		3,500-10,000	

7. These Plans are providing for a minimum of 3,500 homes to specifically meet Black Country needs and up to some 10,000 homes to meet the needs of the HMA as a whole, a proportion of which will be available to the Black Country.
8. Of these HMA contributions, given the physical proximity and functional relationship between the Black Country and South Staffordshire, it is anticipated that the majority of the 4,000 contribution being tested through the South Staffordshire Local Plan could be available to meet Black Country needs. Conversely, given its relationship to Birmingham, we anticipate that the majority of the 2,000 home contribution from Solihull is unlikely to be available to meet needs arising in the Black Country. Under these scenarios, the contributions from the authorities listed in Table 1 could realistically provide up to some 8,000 homes towards meeting needs arising in the Black Country.
9. In addition, the highest growth scenarios set out in the earlier iterations of the Lichfield and Cannock Local Plans could also provide some 5,550 homes in excess of local needs (in comparison with the 3,165 currently offered). This additional capacity (3,000 homes in total over and above current contributions to the Black Country) has been highlighted by the BCAs and will be tested through the forthcoming Local Plan examinations.
10. Further contributions are being sought from Stafford (of up to 2,000 homes) and as yet undetermined contributions from Bromsgrove and Telford & Wrekin, both at the early stages of their Local Plan reviews. In the case of Telford and Wrekin, the higher growth option set out in the Issues and Options Report could provide some 3,700 homes over and above local needs, and the Black Country is well placed to provide a source of 'need' for this housing. The BCAs see this as being a minimum level of contribution given the historic role of Telford as a New Town to help address issues of overcrowding and living conditions in the West Midlands conurbation, and very high rates of housing completions over and above local needs in recent years. In total, this additional capacity from Stafford and Telford & Wrekin could provide some 5,700 homes towards meeting needs arising in the Black Country.
11. Taking into account this potential extra capacity of up to some 8,700 homes from Stafford, Telford & Wrekin, Lichfield and Cannock, added to current potential contributions (around 8,000 homes), could provide up to some 16,700 homes to meet needs arising in the Black Country.

12. Going forward, it is critical that those contributions currently expressed as meeting needs arising across the HMA as a whole are apportioned to individual Local Plans areas through Statements of Common Ground to provide the BCAs with certainty over the scale of contributions that is available to meet our shortfall. **However, even in the event of a contribution being secured at the higher end of the range of scenarios outlined above, a significant ‘gap’ of some 11,500 homes would remain for the Black Country up to 2039 (with a proportion of this gap arising before 2031). It is therefore critical that additional sources of land must be identified through the Duty to Cooperate if the Black Country is able to show how its identified growth needs can be accommodated.**

Request 1 - We request that any contributions that your authority is making to meet the needs of the HMA as a whole includes an apportionment to solely address needs arising in the Black Country.

Request 2 – We request that you provide confirmation that you have either explored all opportunities to accommodate unmet housing needs arising in the Black Country within your Local Plan work, or that you will actively test opportunities going forward.

Strategic Employment Land Issues

13. As is the case with housing needs, the Black Country is unable to meet its identified employment land requirements in full. The Black Country Plan employment land shortfall to 2039 is 210ha as set out in the Regulation 18 Black Country Plan – this figure the difference between the need of 565ha and an anticipated supply of 355ha. This is consistent with the employment land requirement set out in Policy EMP1 of the draft Black Country Plan and section 4 of the 2021 Black Country EDNA. Para 2.22 of the 2021 EDNA recommends that the split of employment land provided for by the Plan comprise around 30% of B8 activity and 70% for E(g)(ii)(iii)/B2 use class. This means that the total B8 requirement is 170-176ha and for E(g)(ii)(iii)/B2 a requirement of 396-410ha. We are reviewing these requirements in the light of updated economic projections which include a more up to date understanding of the CV-19 recession recovery trajectory. This work may result in a refinement of the requirements but it is highly likely that our shortfall will remain.
14. In accommodating this shortfall, in the first instance we will look to those authorities within the areas of strong economic transactions with the Black Country (South Staffordshire and Birmingham) and areas of moderate economic transactions with the Black Country as identified in the 2017 EDNA (Cannock Chase, Lichfield, Tamworth, Solihull, Bromsgrove and Wyre Forest). In addition, the Shropshire Economic Development Needs Assessment (December 2020) highlights strong labour market linkages between Shropshire and the Black Country.

15. At this stage, we would not identify a specific functional geography for addressing the E(g)(ii)(iii)/B2 shortfall as distinct from the B8 element of the shortfall, but recognise the consented West Midlands Interchange site is reserved exclusively for B8 activity. With this in mind, we refer you to the West Midlands Interchange Apportionment Study produced by Stantec to support the Black Country Plan and published earlier this year (<https://blackcountryplan.dudley.gov.uk/t2/p4/t2p4b/>). This suggests that a minimum of some 67ha of land at West Midlands Interchange could be apportioned to meet needs arising in the Black Country, with the potential for a larger contribution if other areas within the market area are able to meet their B8 needs in full. This would suggest that the quantitative B8 shortfall could be largely satisfied by this site should the programmed South Staffordshire EDNA update confirm a surplus of employment land against local needs. **This could reduce the Black Country employment land shortfall to 138ha. Any additional surplus of employment land arising from the South Staffordshire EDNA update would reduce the shortfall further.**
16. In terms of other potential contributions, the Shropshire Regulation 19 Local Plan is making a contribution of 30ha of employment land towards needs arising in the Black Country, **reducing the shortfall to some 108ha**. We are engaging with other emerging Local Plans through the Duty to Cooperate including Bromsgrove, Lichfield, Cannock, Telford & Wrekin, Solihull and Stafford, but no contributions have been put forward by those authorities and the BCAs will continue to press this matter through Local Plan examinations, particularly those authorities within the areas of strong economic transactions with the Black Country as listed above. We will also be seeking the participation of authorities listed in paragraph 14, and any others able to contribute to BCA employment shortfalls, in a Statement of Common Ground (SoCG) addressing this issue to inform the Black Country's Regulation 19 plan and will use the responses to this letter to inform the draft SoCG. **As is the case with housing, additional sources of land supply must be identified if the Black Country is able to meet its growth needs in full.**

Request 3 - We request that you provide confirmation that you have either explored all opportunities to accommodate unmet employment land needs arising in the Black Country within your Local Plan work, or that you will actively test opportunities going forward, and that you will be willing to enter into a Statement of Common Ground with the Black Country under the scope set out in paragraph 16 of this letter.

17. We draw your attention to the West Midlands Strategic Employment Sites Study (WMSESS) (<https://blackcountryplan.dudley.gov.uk/t2/p4/t2p4b/>) published in 2021. The Report was produced by Avison Young and Arcadis consultants and commissioned by three of the West Midlands Local Enterprise Partnerships (the Black Country, Greater Birmingham and Solihull and Coventry Warwickshire) and Staffordshire County Council. The Study updates the 2015 West Midlands Strategic Employment Sites Study which identified a demand for strategic employment sites in the West Midlands, but a lack of suitable sites.

18. The Study advises that based on evidence of past trends in relation to take-up, and assuming that no additional strategic employment sites are brought forward to replace those that remain, the supply of allocated and committed employment land would appear to represent a maximum of 7.41 years supply. As it was in 2015, this represents a limited supply of available, allocated and/or committed sites across the Study Area that meet the definition of 'strategic employment sites', and there is an urgent market demand for additional sites to be brought forward to provide a deliverable pipeline, noting the very substantial lead-in times for promoting and bringing forward such sites. The Study identifies five areas where strategic employment sites should be identified and this includes the Black Country and southern Staffordshire.
19. The Study makes a number of recommendations for further work. This is because the shortfall in the availability and future supply of strategic employment sites cannot be robustly quantified without an assessment of market dynamics and projected sector growth patterns through an econometric demand forecast, which would add materially to the findings of this Study and would inform the strategy for delivering a sufficient supply of strategic employment land. The Study has already been given weight in the Local Plan process – most recently through the examination of the North Warwickshire Local Plan and the resulting Policy LP6 – Additional Employment Land.
20. There is clearly a potential relationship between the need to address the Black Country employment land shortfall and the need to bring forward additional strategic employment sites as set out in the WMSESS. Through the HMA Group and liaison with those bodies who were party to the 2021 Study, a draft brief has been prepared to address the recommendations for the 2021 Study and strongly recommend that this work is progressed in partnership with the local planning authorities across the 2021 Study geography, and other areas which share a functional relationship with the Black Country, for example Shropshire.

Request 4 - We request that you indicate whether your authority is willing to participate in the further work to address the recommendations of the WMSESS.

Next steps

21. As set out above, there is a significant level of unmet need for housing and employment land to address evidenced Black Country growth requirements which cannot be met within the Black Country administrative area. There are three elements to our strategy to address the shortfall through the Duty to Cooperate and these are summarised below.

22. In the short term we will be continuing to engage with individual Local Plans to ensure 2018 Growth Study recommendations are maximised and to confirm current contributions to help address the Black Country shortfall, particularly in relation to those housing contributions which have been expressed at HMA level and not yet distinguishing a specific Black Country apportionment. For those Local Plans which are less progressed, we will engage in a positive and robust manner to ensure that the unmet needs of the Black Country are fully recognised and all opportunities to assist in meeting our needs are comprehensively explored. This will include opportunities identified in the 2018 Growth Study.
23. **But these current workstreams may not address our needs in full, and we strongly recommend to you that there is a compelling need to address this matter in a comprehensive and inclusive manner across a wide but functional geography.** We are also mindful of the forthcoming Birmingham Local Plan review and the potential for this to further increase the shortfall arising from the West Midlands conurbation. We outlined our suggestions on a potential programme of work as part of the 15th December South Staffordshire Duty to Cooperate meeting. This was shared with you in advance and we attach it to this letter. The key elements of this work programme are:
- To review the extent of the HMA in order to understand if this is the most appropriate geography by which housing needs and mechanisms to accommodate any shortfalls can be considered;
 - To confirm the scale of the housing shortfall across the whole of the HMA over a period of at least 15 years to inform the approach taken by current and emerging Local Plan reviews.
 - A review of whether the growth locations identified in the 2018 Growth Study work remain appropriate and whether new growth areas should be identified for testing through Local Plan preparation. This work may well result in the need for a new Growth Study but we would not want to pre-judge the work before confirming that is the case.
24. This work programme is currently subject to ongoing discussions largely through the HMA officer group, and we recognise that the existing governance arrangements are in need of review to ensure that we have in place mechanisms to manage and oversee the implementation of this work. The nature of these governance arrangements and the parties involved should be informed by the evidence but at this stage, a Statement of Common Ground across the HMA geography and including other authorities which have a functional relationship with it which sets out the nature of how we work together going forward is essential. We strongly encourage your authority to fully engage in this work.

Request 5 - We request that you indicate whether your authority is willing to participate in the further work outlined in the bullet points above, and that your authority would be willing to confirm this commitment through a Statement of Common Ground and review of governance arrangements to deliver these actions.

25. Turning to employment land, as with housing we will pursue a Statement of Common Ground with functionally related authorities to both secure current contributions and engage with less progressed Local Plans through the Duty to Cooperate to establish potential for further contributions. We have set out the compelling need for a follow-up study to address the recommendations of the 2021 West Midlands Strategic Employment Sites Study and have asked if your authority would be willing to participate in this work and assist with its resourcing.
26. Common to both the housing and employment land shortfalls is the final element of our strategy – for Local Plans to include an early review mechanism. This is important given the potential for there could continue to be a shortfall following the current round of Local Plan preparation. This shortfall should trigger the detailed evaluation of opportunities identified from the recommendations of the proposed work outlined above in relation to both housing and employment land through updated Local Plans. This approach has been used in a number of West Midlands Local Plans - most recently Wyre Forest, Stratford on Avon and North Warwickshire. We consider that a failure to include an early review mechanism is a serious omission and must be addressed in order for the Plan to be sound.

Request 6 - We request that you indicate whether your authority is willing to consider the inclusion of a commitment to an early review mechanism in your emerging Local Plan to enable the consideration of additional growth opportunities outlined in the work listed above in a timely manner should this be necessary.

Timetable for responses

27. Moving forward, the BCAs are progressing the preparation of the Regulation 19 Plan having regard to the issues raised in the Regulation 18 consultation responses and evidence currently under preparation. This includes the Transport Study, updated urban capacity study and employment land update. The Transport Study in particular will provide us with a better understanding of the constraints and opportunities associated with the levels of and location of growth set out in the Regulation 18 Plan with potential implications for the development capacity of some sites.

28. To enable us to meet this timetable, and clear understanding of opportunities through the Duty to Cooperate is critical. **We therefore ask that you consider the requests set out in this letter and respond in writing to: blackcountryplan@dudley.gov.uk within six weeks of the date of this letter.** If you wish to discuss the contents of this letter before responding, please get in touch. We appreciate that this letter may raise difficult issues that need thorough consideration from both officers and Councillors. However, given the time that has already passed since the Black Country initially identified a shortfall in 2018 and the wider work already being undertaken across the HMA, we would be grateful if you could adhere to these timescales. If you anticipate a delay is being able to provide a response, it would be helpful if you could let us know as soon as possible.

Yours sincerely

Councillor Patrick Harley
Leader
Dudley Metropolitan Borough Council

Councillor Mike Bird
Leader
Walsall Metropolitan Borough Council

Councillor Kerrie Carmichael
Leader
Sandwell Metropolitan Borough Council

Councillor Ian Brookfield
Leader
City of Wolverhampton Council

**Appendix 3: Greater Birmingham and Black
Country Housing Market Area
(GBBCHMA) Position Statement
Addendum (December 2021)**

GREATER BIRMINGHAM AND BLACK COUNTRY HOUSING MARKET AREA (GBBCHMA) POSITION STATEMENT ADDENDUM, DECEMBER 2021

1. The purpose of this addendum is to update the third Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Position Statement that was published in September 2020 (PS 3). This earlier document covered the period 2011 – 2031 and included housing capacity and need as at 2018/19; this addendum updates the position as at 2019/20. The reporting format mirrors that used in the GL Hearn / Wood Strategic Growth Study (SGS).
2. All data has been provided and verified by the 14 GBBCHMA local planning authorities. The 2019/20 data is directly comparable with the 2018/19 data published in the third Position Statement as it incorporates the local non implementation discounts (Table 4 in PS3). The 2020 summary data by supply category is shown in table 1 below.

GBBCHMA summary of land supply by category

Table 1: GBBCHMA land supply summary (31st March 2020)

	SGS Baseline (2011-31)	2017 published (2011-31)	2017 Update (revised) (2011-31)	2019 (2011-31)	2020 (2011-31)
Total Supply	191,654	197,283	199,238	205,382	201,677
of which:					
Completions	35,016	40,092	40,092	63,383	75,607
Sites with planning permission	55,759	61,211	61,508	61,058	54,615
Allocations in adopted plans	49,485	41,740	42,230	36,007	27,802
Proposed allocations in emerging plans	19,443	19,101	19,101	11,413	11,274
Additional urban supply	17,114	18,811	19,989	19,410	19,784
Windfalls	14,837	16,318	16,318	14,111	12,595

3. The 2019/20 data shows that dwelling capacity has fallen from 205,382 to 201,677 (-3,705), in the main this is due to the Black Country removing further occupied employment land from its estimates of land supply as the preparation of the Black Country Plan progressed. Table 2 shows changes in capacity over time by local authority. A full schedule of capacity identified by local authorities is included as Appendix 1.

Table 2: GBBCHMA Change in supply by Local Authority (SGS Baseline – 2020)

	SGS baseline	2017 Position Statement (YE 2017)	YE 2019 Position Statement (YE 2019)	YE 2200 Position Statement (YE 2020)	Change SGS baseline to 2020	% change SGS baseline to 2020
Birmingham	51,458	56,598	65,400	67,529	16,071	31%
Bromsgrove	5,099	5,099	5,335	5,441	342	7%
Cannock Chase	4,615	4,920	4,969	5,597	982	21%
Dudley	17,918	18,911	17,514	16,420	- 1,498	-8%
Lichfield	10,973	10,973	11,287	10,155	- 818	-7%
North Warwickshire	9,060	9,060	9,071	9,920	860	9%
Redditch	7,488	7,488	7,329	7,449	- 39	-1%
Sandwell	19,930	20,252	14,824	11,460	- 8,470	-42%
Solihull	15,717	15,795	17,273	16,959	1,242	8%
South Staffordshire	3,493	3,493	4,090	4,438	945	27%
Stratford on Avon	16,713	16,569	16,624	16,082	- 631	-4%
Tamworth	4,495	4,495	5,267	4,913	418	9%
Walsall	10,879	10,879	12,155	12,595	1,716	16%
Wolverhampton	13,816	14,706	14,244	12,719	- 1,097	-8%
Black Country	62,543	64,748	58,737	53,194	- 9,349	-15%
Total	191,654	199,238	205,382	201,677	10,023	5%

Calculating the shortfall

- Table 3 shows the impact of this change in capacity on the shortfall and indicates that it has now risen to 6,302 from 2,597 (+3,705). As with PS3, Stratford-on-Avon and North Warwickshire straddle the GBBCHMA and the Coventry and Warwickshire Housing Market Area (CWHMA). Consequently, their entire supply of housing land cannot be assumed to meet GBBCHMA needs. Like Birmingham, Coventry was not able to meet its Objectively Assessed Need within its administrative boundary and has signed a Memorandum of Understanding (MoU) with the Warwickshire Districts to distribute this. The agreed MoU states that 2,880 dwellings in Stratford-on-Avon and North Warwickshire’s local plans are to meet unmet needs within the CWHMA. Therefore, this contribution must be deducted from the GBBCHMA housing land supply (2011-31).

Table 3: GBBCHMA Change in Shortfall SGS Baseline - 2020

	SGS Baseline (2011 – 31)	2017 update published (2011 - 31)	2017 Update revised (2011 - 31)	2019 (2011 - 31)	2020 (2011 -31)
GBBCHMA Housing Need (Strategic Growth Study baseline)	205,099	205,099	205,099	205,099	205,099
Contribution to CWHMA	-2880	-2880	-2880	-2880	-2880
Minimum housing requirement	207,979	207,979	207,979	207,979	207,979
Supply baseline	191,654	197,283	199,238	205,382	201,677
Total shortfall	16,325	10,696	8,741	2,597	6,302

Local Plan reviews

5. Appendix 2 sets out the position regarding local plan reviews as at October 2021. The South Staffordshire, Lichfield and Cannock Plans have now firmed up commitments towards the HMA shortfall as summarised in table 4. These figures are not yet reflected in tables 1 -3, which only extend until 1st April 2020, but the capacity will feature in future years monitoring. This is verified by there being no entries in the ‘emerging capacity’ category for those authorities in Appendix 1. Wider HMA contributions from North Warwickshire and Solihull are captured in the data in tables 1 – 3.

Table 4: GBBCHMA pending further contributions

Local Plan	Timeframe	GBBCHMA contribution
Lichfield (Regulation 19)	2018 -40	2,665 (2000 to Black Country post 2027)
Cannock (Regulation 18)	2018-38	500
South Staffordshire (Regulation 18)	2018-38	4,000

Contributions from beyond the GBBCHMA

6. In line with the SGS, the principal focus of this statement is the GBBCHMA. It is evident, however, that HMAs are not hermetically sealed and that there are population flows between them. The local planning authorities of Telford and Wrekin, and Shropshire, which neighbour the GBBCHMA, have defined separate, single authority HMAs. The adopted plans for both authorities do not make any direct provision to accommodate any of the GBBCHMA shortfall but the Shropshire Plan¹ submitted for examination (July 2021) proposes a contribution of 1,500 dwellings towards the Black Country shortfall. Work on the Telford and Wrekin Local Plan review has been paused in the light of the Government’s Planning White Paper²

¹ <https://shropshire.gov.uk/planning-policy/local-planning/local-plan-review/draft-shropshire-local-plan-2016-2038-examination/>

² [Introduction - Review of the Telford & Wrekin Local Plan - Telford & Wrekin Council](#)

Appendix 4: Turley ‘Falling Short’ Report

Falling Short

Taking stock of unmet needs across
the Greater Birmingham and Black
Country Housing Market Area

August 2021

Turley

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Executive Summary

Turley is instructed by a Consortium of housebuilders and land promoters to take stock of the position relating to housing need and land supply across the Greater Birmingham and Black Country Housing Market Area (“GBBCHMA”) (“HMA”) in order to quantify the true scale of unmet need to 2031, and beyond.

In September 2020, the 14 local authorities¹ which make up the GBBCHMA published their third “Position Statement”² (“3PS”) on the HMA’s housing need and land supply to identify the unmet need. The headline conclusion was that “the 2011–31 shortfall is now estimated to be 2,597 [dwellings]”³.

The 3PS comprises the up-to-date agreed position of the 14 local authorities on this important strategic and cross-boundary issue and it is now being relied upon as robust evidence by local authorities in plan-making. The authorities anticipate it forming the “... starting point from which future Statements of Common Ground ... can develop”⁴ and this process is already underway.

Turley has undertaken an independent analysis of the 3PS so as to identify the true scale of unmet need, focussed on the period to 2031 but also considering the position beyond 2031 in high-level terms. The report sets out recommendations for the 14 local authorities in terms of ensuring the unmet housing need is determined through the collation of clear evidence on need and supply, kept under regular review and, most importantly, ensuring ongoing collaboration so that the unmet need is effectively planned for, and delivered, through emerging local plans.

Background to the evolving need

Since regional planning was revoked in 2010, there has been an evolving position in terms of evidence on the HMA’s unmet housing need.

The 2015 Strategic Housing Needs Study (“SHNS”) initially established an unmet need of 37,600 dwellings between 2011 and 2031, and this evidence was endorsed during the Birmingham Development Plan (“BDP”) examination, with Birmingham’s own shortfall confirmed as 37,900 homes (2017) (to 2031).

There has been limited progress over the past four years in terms of local plans being advanced to submission, examination and / or adoption which offer contributions to either the City’s shortfall or the HMA shortfall. In broad terms, the combined contribution from submitted / examined / adopted local plans is in the order of c.8,600 dwellings, which obviously falls well short of either the HMA and / or Birmingham City unmet need. Therefore, if the City’s claimed supply in the 3PS were to be delivered by 2031, the shortfall would still stand at c.15,000 dwellings.

In 2018, the Strategic Growth Study (“SGS”) updated the Strategic Housing Needs Study, identifying:

- A need for between 205,000 and 246,000 homes across the HMA to 2031; and between 256,000 and 310,000 homes to 2036.
- A supply of 180,000 dwellings to 2031 and 198,000 dwellings to 2036. Helpfully, this supply was independently assessed to arrive at a consistent position.
- A baseline and minimum unmet need of 28,000 dwellings to 2031 and 61,000 dwellings to 2036. However, the shortfalls against the “Economy Plus” scenarios would be far greater; 69,000 dwellings to 2031 and 116,000 dwellings to 2036.

More recently, the HMA authorities have published position statements to support local plan reviews. These focus purely on the minimum need position to 2031, disregarding the need to 2036, and ignoring the SGS’ “Economy Plus” need projection.

¹Birmingham, Bromsgrove, Cannock Chase, Dudley, Lichfield, North Warwickshire, Redditch, Sandwell, Solihull, South Staffordshire, Stratford-on-Avon, Tamworth, Walsall and Wolverhampton.

²Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

³Paragraph 1.2

⁴Paragraph 6.2

The 3PS was published in September 2020 and now forms the up-to-date and agreed position between the 14 authorities. It “estimates” the unmet need to 2031 has diminished to just 2,597 dwellings. This is clearly a huge reduction on the unmet need figures identified through the 2015 and 2018 need studies, as well as the shortfall figure established in the BDP (2017).

The impact of 3PS

The 3PS comprises the up-to-date agreed position of the 14 local authorities on the critical cross-boundary issue of strategic housing need. It paints a picture of significant local plan progress across the HMA which is misleading given only a handful of plans have reached submission, examination or adoption since the shortfall was identified in the BDP (2017) and SGS (2018).

The 3PS is now being relied upon by several local authorities as robust evidence to underpin their emerging local plans, many of which have interpreted it as confirming that the unmet need to 2031 has effectively been resolved. In Lichfield’s case, they have significantly reduced their HMA contribution to 2040.

We have significant concerns in respect to the soundness of the 3PS:

- It only covers 2011 to 2031 when local plan reviews are working well beyond this date (post-2040 in several cases). This is short sighted, especially when the SGS covered the period to 2036, and does not assist local authorities in planning for long-term strategic housing needs, as demonstrated in Solihull (where several HMA local authorities have objected to its proposed contribution).

- It only considers the minimum need from the SGS, and does not reflect the standard method. It totally disregards the “Economy Plus” scenario from the SGS which indicates a far greater need to 2031 and 2036.
- The supply data is “unadjusted” unlike the data presented in the SGS, in terms of not being independently reviewed and with some authorities not applying any form of non-implementation discount. Furthermore, the raw data has not been made readily accessible alongside the 3PS so it is difficult to scrutinise and it has yet to be properly tested through a local plan examination.

The scale of need to 2031 (and beyond)

The 3PS cites the SGS baseline scenario in describing a minimum need for 205,099 homes between 2011 and 2031, but this takes no account of the standard method which can be reasonably incorporated for the latter half of this period to suggest a greater need for at least 221,230 homes.

This increases to at least 238,519 homes when allowing for the removal of Birmingham’s cap in 2022, with this resultant level of need approaching that of the “Economy Plus” scenario presented in the SGS (245,545). The level of need suggested by this scenario increases to some 310,188 homes when extended to 2036, remaining slightly higher than implied over the same period by our approach that incorporates the standard method (307,464).

This latter approach can also be extended to 2040 on the same basis, which indicates an overall need for 362,620 homes between 2011 and 2040.

Table 1: Estimates of housing need across the HMA

	2011-31	2011-36	2011-40
SGS Baseline scenario	205,099	254,873	-
SGS Baseline plus standard method from 2021	221,230	-	-
SGS Baseline plus uncapped standard method from 2021	238,519	307,464	362,620
SGS Economy Plus scenario	245,545	310,188	-

Source: Turley analysis

Analysis of supply in 3PS

Our high-level analysis of the 3PS' supply data suggests that the claimed supply is over optimistic. We have identified the following specific items which warrant reductions in the supply position:

- 1,089 dwellings should be deducted from Birmingham's "allocations – adopted plans" component to reflect a more realistic delivery programme for the Langley allocation in the period to 2031.
- At least 400 dwellings should be deducted from Stratford's "allocations" component to reflect the uncertainties associated with the long-term delivery of Long Marston Airfield ("LMA") given it is beholden upon construction of the South Western Relief Road ("SWRR").
- Four authorities do not apply any form of discount for non-implementation which presents an inconsistent approach across the HMA and is contrary to the approach adopted in the SGS. The standard discount rates from the SGS should be applied to Birmingham, Bromsgrove, Redditch and Stratford-on-Avon (i.e. 5% for committed sites and 10% for planning permissions). When this is applied, there is a reduction of 4,915 dwellings.

Taking all of the above in to account, we consider that the HMA supply to 2031 should be reduced by at least 6,404 dwellings. This would result in a reduced supply to 2031 of 199,000 dwellings (rounded up).

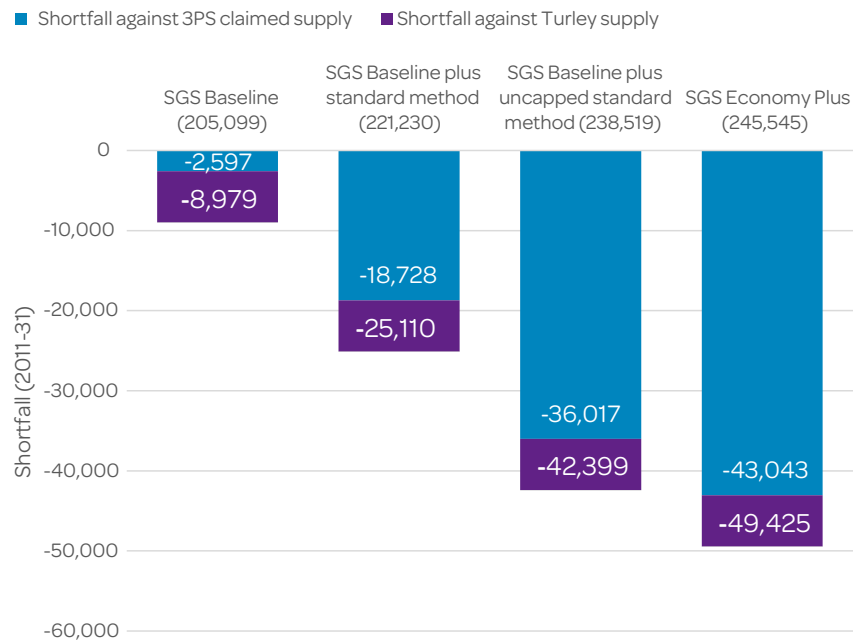
Bearing in mind that the raw data on supply has not all been made accessible/available and the supply remains to be tested in detail (e.g. "additional urban supply"), we consider this to be a conservative reduction (3%), but it does present a more realistic picture of supply to 2031 compared to the 3PS.

We highlight that this adjusted level of supply still significantly exceeds the baseline supply from the SGS (180,000) and even exceeds the projected supply to 2036 (198,000).

Quantifying the unmet need to 2031 (and beyond)

As shown below the various scenarios presented reveal that a significant unmet need remains across the HMA to 2031.

Figure 1: The HMA's unmet need to 2031



The need figures in brackets are exclusive of the Coventry & Warwickshire HMA contribution but this is allowed for in the unmet need figures presented in the charts

The local authorities should be planning positively to deliver the standard method between 2021 and 2031 and even if Birmingham's cap were to be retained over this period and the "best case" 3PS supply were to be delivered there would still be a significant shortfall of at least 18,700 dwellings. A more realistic level of supply indicates that the shortfall is at least 25,000 dwellings, which closely aligns with the SGS Baseline unmet need figure from 2018 (28,000).

With the Birmingham cap lifted from 2022, the minimum shortfall (ranging between 36,000 and 42,000) would return to the level identified in the SHNS (37,600), and becomes more aligned with the SGS "Economy Plus" shortfall.

The 3PS fails to provide a robust evidence base on the HMA's unmet need by relying upon the minimum baseline need from the SGS (which is now out of date) and presenting an over optimistic supply position.

The shortfall of 2,597 should not be afforded any weight in plan-making and examinations.

It is paramount that the local authorities jointly prepare an accurate and up-to-date position statement to determine the accurate unmet need to at least 2031.

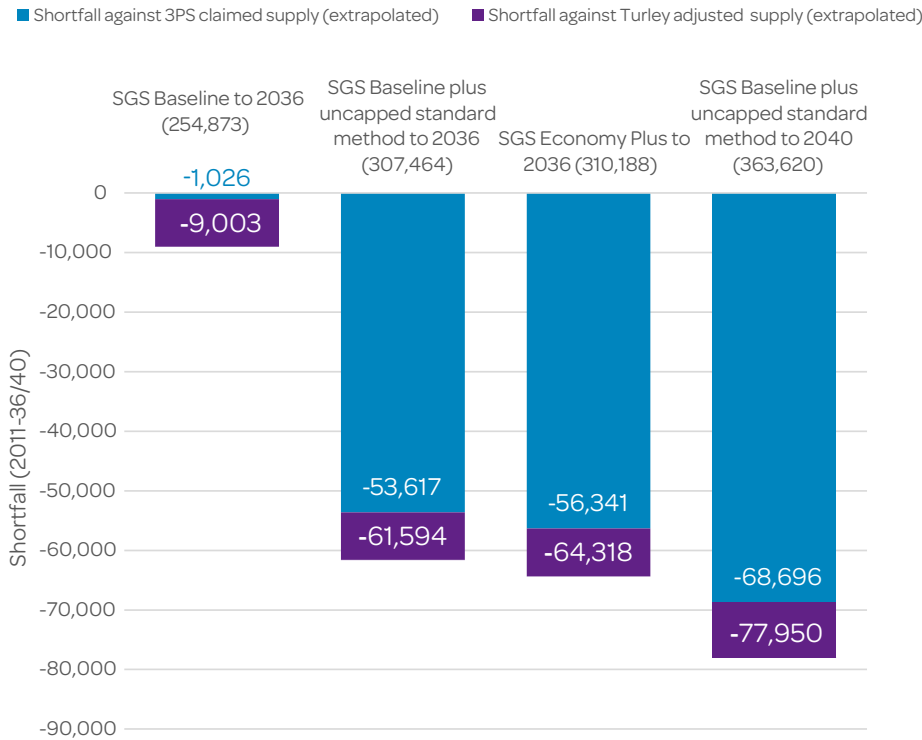
This should be a priority given the urgency of resolving the shortfall over the next ten years, and mindful of the time it takes to progress local plans through examination to adoption. Failing to plan for the true shortfall to 2031 immediately will simply store up the problems for housing delivery beyond 2031.

It is difficult to accurately quantify the unmet needs beyond 2031 because there is an incomplete picture in terms of the HMA's housing supply beyond this date. We provide an indication of the potential scale of unmet need between 2011 and 2036 / 2040 by extrapolating the 2011-2031 3PS supply (205,382 homes)

and Turley adjusted supply (199,000 homes) beyond 2031. This can be done by annualising the supplies (10,269 homes and 9,950 homes rounded respectively) and applying the annual figure each year beyond 2031.

This is a relatively simplistic and crude approach as it is arguable as to whether the urban areas can continue to deliver at rates similar to 2011-2031 and Local Plans such as Lichfield are proposing lower rates of growth in emerging plans, but serves to provide an indication of the potential scale of the shortfall post-2031.

Figure 2: An indication of unmet needs beyond 2031



The need figures in brackets are exclusive of the Coventry & Warwickshire HMA contribution but this is allowed for in the unmet need figures presented in the charts

Looking beyond 2031, the unmet need could be between 53,000 and 64,000 homes by 2036 and in excess of 70,000 homes by 2040. The emerging local plans across the HMA must plan for this shortfall now given they are working to these time horizons (and further ahead in certain cases).

Recommendations

In response to our findings we make the following recommendations:

- Preparation of a fourth Position Statement – providing a sound assessment of HMA-wide need to at least 2031 using the standard method, set against a realistic supply position, in order to accurately quantify the unmet housing need. Our evidence clearly shows that, best case, the shortfall to 2031 is nearly 19,000 dwellings.
- A commitment to prepare further Position Statements, or HMA wide monitoring reports – to regularly update the HMA-wide position based upon updated data on supply. This will be essential for forthcoming local plan examinations.
- Following quantifying and agreeing the true unmet need to 2031, agree how it will be distributed and delivered – this can be agreed via a statement of common ground or memorandum of agreement.
- Take a more radical approach to longer term needs – a strategic plan or framework will be necessary to address longer-term growth post-2031 given the scale of the housing shortfall and the strategic planning vacuum across the region.

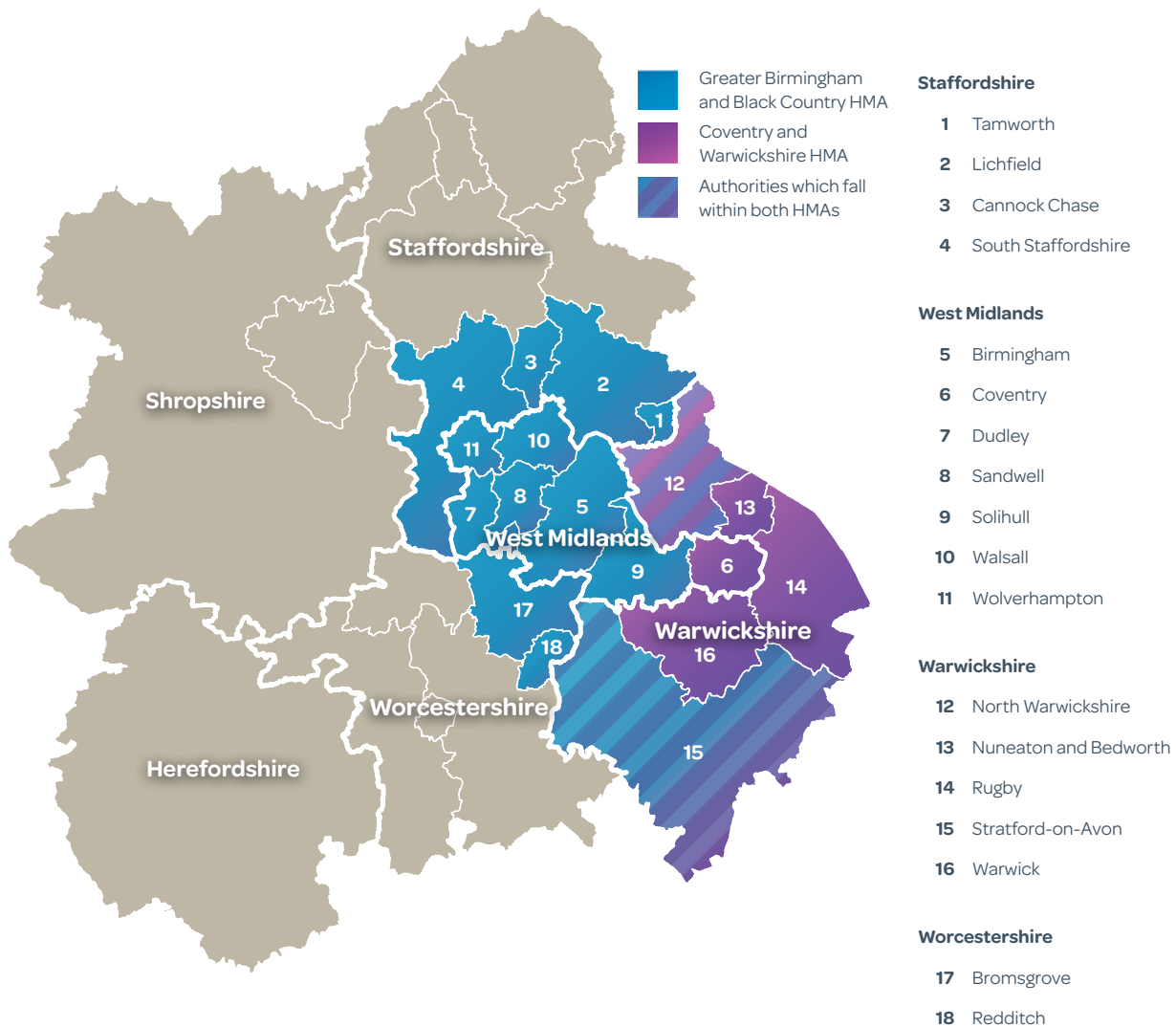
1. Introduction and purpose

Turley is instructed by a Consortium of housebuilders and land promoters to take stock of the position relating to housing need and land supply across the Greater Birmingham and Black Country Housing Market Area (“GBBCHMA”) (“HMA”) in order to quantify the true scale of unmet need to 2031, and beyond.

The third Position Statement (3PS)

In September 2020, the 14 local authorities⁵ which make up the GBBCHMA published their third “Position Statement”⁶ (“3PS”) on the HMA’s housing need and land supply to identify the unmet need. The headline conclusion was that “the 2011-31 shortfall is now estimated to be 2,597 [dwellings]”⁷.

Image 1.1: Plan of Greater Birmingham and Black Country Housing Market Area



⁵Birmingham, Bromsgrove, Cannock Chase, Dudley, Lichfield, North Warwickshire, Redditch, Sandwell, Solihull, South Staffordshire, Stratford-on-Avon, Tamworth, Walsall and Wolverhampton.

⁶Greater Birmingham and Black Country Housing Market Area (GBBCHMA) Housing Need and Housing Land Supply Position Statement (July 2020)

⁷Paragraph 1.2

The 3PS comprises the up-to-date agreed position of the 14 local authorities on this important strategic and cross-boundary issue and it is now being relied upon as robust evidence by local authorities in plan-making. The authorities anticipate it forming the “... starting point from which future Statements of Common Ground ... can develop”⁸ and this process is already underway (see Section 3 of this report).

Purpose of this report

This report provides the Consortium’s independent assessment of the overall housing need and supply position so as to identify the true scale of unmet need, focussed on the period to 2031.

The focus upon 2011 to 2031 is because this is the timeframe covered by the 3PS, as well as various other evidence base studies concerning need and supply prepared since 2013. The report does however also consider the position beyond 2031 in high-level terms, mindful that National Planning Policy Framework (July 2021) (“NPPF”) paragraph 22 requires strategic policies to look ahead over a minimum 15 year period and set a vision that looks further ahead (at least 30 years) and emerging local plans are now seeking to deliver strategic growth into the late 2030s or, in several cases, beyond 2040.

The report presents the findings of Turley’s independent analysis and sets out recommendations for the 14 local authorities in terms of ensuring the unmet housing need is determined through the collation of clear evidence on need and supply, kept under regular review and, most importantly, ensuring ongoing collaboration so that the unmet need is effectively planned for, and delivered, through emerging local plans.

It is anticipated that the report will provide helpful evidence for the 14 local authorities. The findings will be drawn upon by the Consortium to support representations to emerging local plans and the report will be presented before Planning Inspectors appointed to examine them.

The Consortium

The Consortium comprises the following housebuilders and land promoters, all of whom play a key role in the strategic planning of sustainable housing delivery across the HMA and wider West Midlands region:

- **Barratt Developments Plc**
- **Catesby Estates Plc**
- **Countryside**
- **Gladman**
- **Harworth Group Plc**
- **HIMOR**
- **Redrow Homes Midlands**
- **Summix Developments**
- **Taylor Wimpey**
- **Vistry Group Plc**
- **William Davis Homes**

Report structure

The report is structured as follows:

- **Section 2** explains how the HMA’s unmet need has evolved since 2010.
- **Section 3** summarises the 3PS.
- **Section 4** assesses the scale of housing need to 2031, and beyond.
- **Section 5** provides a high-level review of the HMA supply, as presented in the 3PS.
- **Section 6** draws conclusions on the scale of unmet need to 2031 and beyond.
- **Section 7** draws overall conclusions and presents recommendations to ensure the HMA’s unmet need is accurately quantified and agreed, regularly reviewed and, most importantly, planned for through emerging local plans.

⁸Paragraph 6.2

2. Background to the evolving unmet need

Below we provide an overview of key milestones in planning for strategic housing needs across the HMA over the last decade, following the demise of regional planning in 2010. The HMA's unmet need over the last decade has evolved as a result of various studies and position statements, and it is important to understand recent history because this provides the context to the 3PS (which we consider in Section 3).

Strategic Housing Needs Study (2013–2015)

In 2013, the Greater Birmingham and Solihull LEP ("GBSLEP") and Black Country authorities commissioned PBA to assess the HMA's need and supply between 2011 and 2031, as well as to set out spatial options/scenarios to accommodate the unmet need.

It was envisaged that this evidence would inform the LEP's "Spatial Plan for Growth" (which has never been progressed) as well as emerging local plans. This study also defined the geographical extent of the GBBCHMA.

The key conclusion⁹ was an objectively assessed minimum need for 207,100 dwellings against an estimated supply of 169,520, resulting in a shortfall of 37,600 dwellings¹⁰ (2011-2031).

Birmingham Development Plan (BDP) (2017)

PBA's study overlapped with the submission of the BDP for examination in July 2014. The Inspector's "Interim Findings" were published in early 2015 which endorsed the need for between 89,000 and 116,000 dwellings in the City between 2011 and 2031 (PBA's "Stage 2" report¹¹), but requested further work. This further work was provided by PBA¹².

The Inspector's Final Report (March 2016) concluded that the BDP was sound subject to specific modifications and endorsed the lower need figure of 89,000 dwellings over the plan period. The BDP was adopted in January 2017.

Policy PG1 states that the City's need between 2011 and 2031 is 89,000 homes but qualifies that only 51,100 homes can be accommodated within the City boundary (although the 3PS' supply evidence suggests that capacity in the City is now much greater – see below). The policy committed the Council to work actively through the Duty to Co-operate to ensure that provision is made elsewhere within the HMA to meet the shortfall of 37,900 homes to 2031.

The City's shortfall forms a key milestone because it comprises the most up-to-date position on unmet housing needs across the HMA in terms of being independently examined, found sound by an Inspector and adopted in a local plan.

However, there are two reasons why the BDP shortfall figure should no longer form the principal target for emerging local plans across the HMA:

- a. There have been fundamental changes to national planning policy and guidance on how housing need should be calculated in the meantime. The BDP shortfall figure was derived from evidence produced in 2014 and 2015 so is seven years old and relied upon 2012-based sub-national population projections ("SNPP") with no uplift applied to reflect market signals. The standard method for calculating local housing need in national planning policy and guidance has since come in to force which

⁹Strategic Housing Needs Study: Stage 3 Report, PBA on behalf of GBSLEP and Black Country Authorities, August 2015

¹⁰Paragraph 2.45

¹¹Strategic Housing Needs Study: Stage 2 Report, PBA on behalf of GBSLEP and Black Country Authorities, November 2014

¹²Objectively Assessed Housing Need Supplementary Report, PBA, March 2015

formalised the increasingly standard practice of applying an uplift. This generates uplifts to reflect housing affordability, as well as a requirement for the 20 largest urban areas to apply a “cities and urban centre uplift”, which in the GBBCHMA applies to Birmingham and Wolverhampton; and

- b. The 37,900 figure is the City’s shortfall, as opposed to the unmet need across the whole of the HMA. As explained further below, aside from any shortfall for Birmingham there is a significant shortfall in the Black Country (including to 2031) and it is critical that the overall unmet needs across the HMA are identified and met over a consistent timeframe.

In terms of (a), it is worth noting that the City Council has recently resolved to commence a review of the BDP with the standard method being a key factor in this decision (see below). Indeed, the BDP will be five years old in January 2022. The Council has therefore acknowledged that the objectively assessed housing need in the BDP is likely to be out-of-date for the remainder of the plan period to 2031.

Our recommended approach to determining the up-to-date HMA need to 2031 and beyond is set out in Section 4 and from this we quantify the scale of unmet need in Section 6.

Notwithstanding the above, it is important to summarise the progress made across the HMA in working towards meeting the City’s shortfall since 2017.

BDP shortfall review mechanism and wider contributions

Policy TP48 commits the City Council to “...play an active role in promoting, and monitor progress in, the provision and delivery of the 37,900 homes required elsewhere in GBHMA to meet the shortfall in the city...”.

TP48 states that “If it becomes clear that progress is falling short of the level required, the Council will undertake a review of the reasons for this, and if this indicates that it is necessary to reassess the capacity for housing provision in Birmingham, a full or partial review of this Plan will be undertaken”.

There are three review “triggers”:

- Failure of a council to submit a local plan for examination which provides an appropriate contribution towards the City’s shortfall, within 3 years of BDP adoption; this milestone expired on 10 January 2020;
- Failure of the HMA to maintain a 5 year housing land supply (over a 3 year period); and/or
- HMA housing completions falling 10% beneath the targets in housing trajectories over any 3 year period.

Since 2017, several emerging local plans have proposed contributions to the City’s shortfall, although only two have reached “submission” stage and only one has been deemed sound (at the time of writing):

- North Warwickshire’s Local Plan was submitted in March 2018 with the Inspector’s Final Report published in July 2021. The Inspector concludes that the proposed contribution of 3,790 dwellings (10%) towards the City’s unmet needs to 2031 is sound (note that this incorporates a provision towards Tamworth’s unmet needs as well so is effectively a HMA-wide contribution); and
- Solihull’s Local Plan was submitted in May 2021 with examination hearings to be held between September and December 2021. The Submission version¹³ proposes to contribute 2,105 dwellings to the City’s unmet need¹⁴ to 2031, with no further HMA contribution beyond this date.

¹³Solihull Local Plan- Draft Submission Plan, version incorporating the schedule of minor modifications, dated October 2020 but published May 2021

¹⁴Paragraph 227



Stratford-on-Avon's Core Strategy 2011 to 2031 was adopted in advance of BDP adoption in July 2016 (before the City's shortfall was confirmed) although the HMA authorities consider that it makes a contribution to the HMA of 2,720 dwellings.

Based upon the above, there is a combined contribution of c.8,600 dwellings towards the unmet need to 2031 in terms of examined/ submitted/adopted local plans. This would fall well short of the City's 37,900 unmet need, equating to 23%.

It should be noted that the 3PS claims that the City's own supply will increase to 64,400 dwellings to 2031; an increase of 14,300 over the BDP housing requirement. When this is combined with the above contributions the BDP shortfall would reduce to c.15,000 dwellings.

Other emerging local plans are proposing contributions to the HMA shortfall including Cannock Chase, Lichfield and South Staffordshire but these are yet to be submitted for examination and it remains to be seen if these contributions are City-specific or HMA-wide (e.g. the Black Country shortfall).

Despite the lack of progress since 2017 in terms of local plan contributions to the shortfall being submitted, examined and adopted, up until 2020 Birmingham City Council considered that none of the "indicators" in TP48 were engaged to trigger a review of the BDP (stated through various Annual Monitoring Reports). In terms of the indicators we are not aware that a HMA-wide 5 year housing land supply exercise has ever been undertaken.

However, on 29 June 2021 the City Council's Cabinet resolved to review the BDP as a result of significant changes in circumstances, including the Standard Method "uplift" for the top 20 cities. The Council is planning to submit the new Local Plan in late 2024 with adoption anticipated in late 2025¹⁵.

We return to local plan contributions in Section 3 in relation to the influence the 3PS is having on emerging local plans.

Greater Birmingham HMA Strategic Growth Study (SGS) (2018)

In 2018, GL Hearn and Wood were commissioned by the 14 HMA authorities to provide the SGS¹⁶. This built upon the PBA study (above), including updating need and assessing a consistent supply position so as to identify the unmet need to 2031 and 2036. We summarise the principal findings below, looking at need, supply and unmet need in turn. These are integral to the current position presented in the 3PS.

Need

The "Baseline" need was clearly expressed as a minimum level of provision; 205,000 to 2031 and 255,000 to 2036.

At the other end of the spectrum, an "Economy Plus" housing projection (reflecting the WMCA Strategic Economic Plan¹⁷) indicated a significantly higher need; 246,000 dwellings to 2031 and 310,000 dwellings to 2036.

The SGS concluded that provision of between 205,000 and 246,000 homes is needed across the HMA to 2031; and between 256,000 and 310,000 homes to 2036 (from a 2011 baseline). The HMA's agreed contribution to the Coventry & Warwickshire HMA was added to the Baseline need (2,880 to 2031 and 3,600 to 2046), resulting in a minimum provision of 208,000 dwellings to 2031 and 258,500 dwellings to 2036¹⁸.

Supply

GL Hearn made adjustments to local authority data to present a consistent position across the HMA, including a standard approach to windfall assumptions and a standard non-implementation discount. The report concluded on a supply of 180,000 dwellings to 2031 and 198,000 dwellings to 2036. It is worth noting that the 3PS is now indicating that supply is much higher than both of these figures, even just to 2031.

¹⁵Birmingham Local Development Scheme 2021 – 2024, June 2021

¹⁶Greater Birmingham HMA Strategic Growth Study, GL Hearn and Wood, February 2018

¹⁷Strategic Economic Plan, West Midlands Combined Authority, 2017

¹⁸Paragraphs 1.13, 1.15 and 3.55

Shortfalls

Deducting supply from the Baseline need resulted in a minimum shortfall of 28,000 dwellings to 2031 and 61,000 dwellings to 2036:

Table 2.1: Summary of SGS minimum shortfalls (SGS Table 2)

	2011-31	2011-36
Minimum housing need	205,099	254,873
Cov & Warks HMA unmet need	2,880	3,600
Supply Baseline	179,829	197,618
Minimum shortfall	28,150	60,855

Shortfalls against the “Economy Plus” scenarios were far greater; 69,000 dwellings to 2031 and 116,000 dwellings to 2036.

HMA Position Statements

The 14 HMA local authorities have jointly published three Position Statements (“PS”) following publication of the SGS to provide updates on the unmet need.

February 2018 PS

The first PS was issued alongside the SGS and confirmed that the SGS is an independently prepared, objective study which is not policy, but provides a “...thorough evidence base to take matters forward through the local plan review process”. Importantly, the first PS restated the SGS Baseline need and acknowledged the “significant” minimum shortfall figures (Table 2.1 above). However, it was silent on the shortfall arising from the Economy Plus scenario.

September 2018 PS

A second PS was published in September 2018. This drew upon the SGS data but updated the position to reflect new supply information as at April 2017. The second PS provided context for the North Warwickshire Local Plan examination as well as for BDP monitoring.

The second PS only considers the period 2011 to 2031 and, like the first PS, is silent on the “Economy Plus” need projection.

The key headline is that the overall supply increased to 197,283 dwellings compared to 180,000 in the SGS. However, the updated supply is “unadjusted” as it does not allow for the SGS non-implementation discount rates which were provided to ensure consistency across the HMA. Nor was the raw data made available as part of the second PS so it has not been tested or examined.

The upshot of this increased unadjusted supply is a diminished unmet need; just under 11,000 dwellings at April 2017.

The 3PS represents an update to the second PS and is summarised in Section 3.

Black Country Plan 2039 (emerging) unmet need

In parallel with the SGS and the various PS referred to above, since 2016 the four Black Country authorities have been preparing the Black Country Plan 2039, which will replace the adopted Core Strategy (2011). The Draft Plan¹⁹ was published for consultation in August 2021. It is anticipated the Submission Plan will be published for consultation in August 2022, with submission following in March 2023 and adoption in spring 2024.

The Draft Plan indicates that the Black Country’s housing need between 2020 and 2039 is 76,076 dwellings and, having regard to the Urban Capacity Review Update²⁰ and proposed allocations in the Draft Plan (including Green Belt releases), there remains a shortfall of 28,239 homes to 2039.

¹⁹Draft Black Country Plan (Regulation 18), July 2021

²⁰Black Country Urban Capacity Review Update 2020 – Final Report, May 2021



Since regional planning was revoked in 2010, there has been an evolving position in terms of evidence on the HMA's unmet housing need".

Clearly, this is a significant unmet need which will have to be delivered across the wider HMA (or beyond). The Association of Black Country Authorities has already formally written to HMA members and other adjoining authorities to notify them of the shortfall and to request assistance.

This shortfall covers a different timeframe (2020-2039) to the BDP, SGS and PS (2011-31/36), and is based upon the standard method, so it is not simply a case of combining the various shortfall figures to arrive at an up-to-date overall HMA shortfall figure.

Given the different timeframes, for the purposes of this report we focus on the period 2011 and 2031, given that there is data available for this period on need and supply across the whole HMA. The Black Country shortfall over this period will therefore be automatically captured.

Summary

Since regional planning was revoked in 2010, there has been an evolving position in terms of evidence on the HMA's unmet housing need, which has resulted in a "moving target" for local plans.

The 2015 SHNS initially established an unmet need of 37,600 dwellings between 2011 and 2031, and this evidence was endorsed during the BDP examination, with Birmingham's own shortfall confirmed as 37,900 homes (2017) (to 2031).

There has been limited progress over the past four years in terms of local plans being advanced to submission, examination and / or adoption which offer contributions to either the City's shortfall or the HMA shortfall.

In broad terms, the combined contribution from submitted / examined / adopted local plans is in the order of c.8,600 dwellings, which obviously falls well short of either the HMA and / or Birmingham City unmet need. If the City's claimed supply in the 3PS was delivered, the shortfall would still stand at c.15,000 dwellings.

In 2018, the SGS updated the Strategic Housing Needs Study, identifying:

- A need for between 205,000 and 246,000 homes across the HMA to 2031; and between 256,000 and 310,000 homes to 2036.
- A supply of 180,000 dwellings to 2031 and 198,000 dwellings to 2036. Helpfully, this supply was independently assessed to arrive at a consistent position.
- A baseline and minimum unmet need of 28,000 dwellings to 2031 and 61,000 dwellings to 2036. However, the shortfalls against the "Economy Plus" scenarios would be far greater; 69,000 dwellings to 2031 and 116,000 dwellings to 2036.

More recently, the HMA authorities have published position statements to support local plan reviews. These focus purely on the minimum need position to 2031, disregarding the need to 2036, and ignoring the SGS' "Economy Plus" need projection.

The second PS (2018) claimed an increased housing supply at 2017 resulting in a minimum unmet need of 11,000 dwellings to 2031. However, the supply was "unadjusted" as it did not adopt the SGS' approach to non-implementation discount rates. Moreover, the supply data was not made accessible and has not been tested or examined.

The 3PS was published in September 2020 and now forms the up-to-date and agreed position between the 14 authorities. It "estimates" the unmet need to 2031 has diminished to just 2,597 dwellings. This is clearly a huge reduction on the unmet need figures identified through the 2015 and 2018 need studies, as well as the shortfall figure established in the BDP (2017).

The next section considers the 3PS in further detail.

3. The impact of 3PS

In September 2020, the 14 HMA local authorities published the 3PS on the HMA's housing need and land supply to identify the up-to-date unmet need / shortfall.

The 3PS covers the period 2011 to 2031 and the base date for supply data is 31 March 2019. Two years have since passed meaning the PS does not allow for housing completions or additional supply which has come forward in the intervening period. Nonetheless, it comprises the up-to-date agreed position of the 14 local authorities on this important strategic and cross-boundary issue and is now being relied upon as robust evidence to underpin emerging local plans.

Evidence supporting the Solihull Local Plan indicates that work has commenced on a fourth PS although it is unclear when this will be published.

Key points and general observations

Our high-level review of the 3PS' supply assumptions is provided in Section 5 but key headlines and observations are summarised in the following table:

Table 3.1: Summary of key points and general observations on 3PS

Item	Key points and observations
Timeframe	Only covers 2011 to 2031 despite local plan reviews looking to 2036 and beyond. Disregards the position to 2036. The SGS identified a minimum baseline shortfall of almost 61,000 dwellings to 2036.
Need	Only applies the SGS' minimum "baseline" need to 2031 (207,979). Disregards "Economy Plus" projection from the SGS which results in much greater need figures (see Section 2).
Supply	<p>Base date for data of 31 March 2019.</p> <p>Total supply is claimed to have increased to 205,382 dwellings compared to 180,000 in SGS, representing an increase of 25,000.</p> <p>The supply is broken down into different categories for the 14 authorities at Appendix 6. However, the raw data underpinning this has not been provided or appended making it difficult to scrutinise. In addition, this supply data has not been independently examined.</p> <p>Reports a significant increase in Birmingham's supply; +13,942 dwellings (+27%) from the baseline figures in the SGS.</p> <p>The supply is "unadjusted" as it does not apply the standardised non-implementation discount rates from the SGS which provided a consistent approach across the HMA. Instead, only local discount rates are applied meaning that several authorities do not apply any discounts for non-delivery (Birmingham, Bromsgrove, Redditch and Stratford).</p>
Shortfall	The total shortfall to 2031 is claimed to have diminished to 2,597 dwellings, representing a huge reduction on the unmet need figures identified through the 2015 and 2018 HMA need studies, as well as to the City's shortfall figure established in the BDP (2017).

How is 3PS influencing plan making?

Paragraph 1.6 of the 3PS claims that “...there has been significant progress in reviewing local plans...”. Whilst many plans have been prepared and consulted upon, only two have reached “submission” stage and only one has been deemed sound since adoption of the BDP in 2017 (at the time of writing).

The 3PS is now having an impact on plan-making across the HMA (and beyond). Despite the supply data not being made readily accessible and therefore untested, it is now being relied upon as robust evidence to underpin emerging local plans. We provide a snapshot below of how the 3PS is influencing emerging plans.

Birmingham

Whilst the BDP review has only just commenced, the Council has acknowledged the 3PS²¹; “It is considered that the pre 2031 shortfall will continue to fall as local plan reviews progress”.

Cannock Chase

Cannock Chase’s Local Plan Preferred Options was published for consultation in February 2021. Whilst earlier consultations considered a contribution of up to 2,500 dwellings the Preferred Options version confirms that it has “...resolved to contribute 500 dwellings ... to meet a shortfall arising from the GBBCHMA...” (included at Policy SO3.1).

Solihull

Solihull’s Local Plan was submitted for examination in May 2021 and the first round of hearings are scheduled for late September 2021.

Solihull proposes to contribute 2,105 dwellings to the City’s unmet need to 2031. The plan period extends to 2036 but there is no HMA contribution beyond 2031.

The Duty to Cooperate Topic Paper²² refers to the 3PS and states that engagement has been effective, having “...resulted in unmet housing need (to 2031) ... being reduced ...to 2,597 dwellings...”²³. It goes on to highlight that proposed contributions from Lichfield and South Staffordshire are not included in the 3PS supply and alludes to these mopping up the residual need to 2031²⁴.

It concludes “Accordingly ... there is no unmet need for Solihull to meet to 2031 (beyond the 2,000 units assumed to be provided)...”²⁵.

Several statements of common ground have been submitted as part of the examination, and several HMA authorities have expressed significant concerns with Solihull’s level of contribution; “disappointing”, “not committed”, a “modest” contribution and “serious failings”, as well as raising concerns at the lack of contributions towards post-2031 needs.

Lichfield

The Local Plan 2040 Regulation 19 plan (July 2021) proposes a total contribution of 2,665 homes towards the unmet HMA needs between 2027 and 2040 (2,000 being “capped” for the Black Country), equating to a HMA contribution of 820 dwellings in the period to 2031.

This contribution represents a significant reduction on Lichfield’s earlier proposed contribution of 4,500 dwellings, as recorded in the 3PS, which appears to reflect the 3PS – paragraph 4.21 states that “...the need arising from Birmingham in particular has primarily now been met”. However, the 3PS reflects the position across the HMA as a whole, so takes full account of the Black Country and is not limited to Birmingham, so it is unclear how this conclusion has been reached.

²¹Local Plan Review Assessment Report, Birmingham City Council, April 2021

²²Submission Plan: Duty to Cooperate Topic Paper, May 2021

²³Paragraph 42

²⁴Paragraphs 44 and 45

²⁵Paragraph 46

South Staffordshire

The Local Plan Review is in its early stages²⁶ (Regulation 18) with broad strategy options and locations being consulted on. The December 2019 consultation alluded to a potential HMA contribution of up to 4,000 dwellings between 2018 and 2037 although it is unclear what proportion would be delivered by 2031, and the Council note that if the HMA shortfall significantly reduces prior to submission – which the 3PS claims has happened – the level of contribution may reduce²⁷.

Stratford-on-Avon

The Council is in the process of preparing a Site Allocations Plan to support the Core Strategy and the “Preferred Option”²⁸ refers to the 3PS as showing “...a significant reduction in the shortfall to 2,597 homes...”²⁹ and that the Council “...is working with its partner authorities ... to contribute 1/9th of the shortfall...”.

Conclusions

The 3PS comprises the up-to-date agreed position of the 14 local authorities on the critical cross-boundary issue of strategic housing need. It paints a picture of significant local plan progress across the HMA which is misleading given only a handful of plans have reached submission, examination or adoption since the shortfall was identified in the BDP (2017) and SGS (2018).

The 3PS is now being relied upon by several local authorities as robust evidence to underpin their emerging local plans, many of which have interpreted it as confirming that the unmet need to 2031 has effectively been resolved. In Lichfield’s case, they have significantly reduced their HMA contribution to 2040.

We have significant concerns over the soundness of the 3PS:

- It only covers 2011 to 2031 when local plan reviews are working well beyond this date (post-2040 in several cases). This is short sighted, especially when the SGS covered the period to 2036, and does not assist local authorities in planning for long-term strategic housing needs, as demonstrated in Solihull (where several HMA local authorities have objected to its proposed contribution).
- It only considers the minimum need from the SGS, and does not reflect the standard method. It totally disregards the “Economy Plus” scenario from the SGS which indicates a far greater need to 2031 and 2036.
- The supply data is “unadjusted” unlike the data presented in the SGS, in terms of not being independently reviewed and with some authorities not applying any form of non-implementation discount. Furthermore, the raw data has not been made readily accessible alongside the 3PS so it is difficult to scrutinise and it has yet to be properly tested through a local plan examination.

Our high-level review of the 3PS’ supply data and assumptions is provided at Section 5 of this report.

“

The 3PS is now having an impact on plan-making across the HMA (and beyond)”.

²⁶Spatial Housing Strategy & Infrastructure Delivery, December 2019

²⁷Paragraph 2.4

²⁸Site Allocations Plan Preferred Options Consultation Version, October 2020

²⁹Paragraph 2.2.36

4. The scale of need to 2031 (and beyond)

This Section assesses the scale of need across the HMA in the period to 2031 and up to 2040. This is the critical first step in determining whether or not there is an unmet need across the HMA.

At the outset, it is worth reiterating that the BDP shortfall figure no longer represents the most appropriate up-to-date target for strategic planning across the HMA (our reasoning is provided at Section 2). It is therefore necessary to reassess the up-to-date need position, in advance of reviewing supply.

The need to 2031 according to the 3PS

As explained in Section 3, the level of housing need referenced in the 3PS continues to be linked to the SGS “baseline” scenario; a minimum need for 205,099 homes across the HMA (2011 to 2031), equivalent to 10,255 homes per annum on average.

In order to assess need against supply the 3PS adds a further 2,880 homes by way of a contribution to the Coventry and Warwickshire HMA (C&WHMA) (consistent with the SGS), which results in a stated minimum requirement for 207,979 homes to 2031.

For clarity, the figures presented below are purely the HMA’s need so do not factor in the C&WHMA contribution. However, we take this additional provision in to account in Section 6 when we seek to identify the HMA’s unmet need by deducting supply from the need. This is necessary because the 3PS’ supply for Stratford and North Warwickshire factors in this contribution.

Accounting for the standard method – a picture of rising need to 2031

As acknowledged within the 3PS, it is challenging to undertake a consistent assessment of need where local plans have progressed to varying programmes and the Government has continued to update and evolve the method for calculating housing need, as set out in the NPPF and Planning Practice Guidance (“PPG”).

However, the standard method now allows for a clear and consistent assessment of the minimum need for housing as of 2021 and beyond. This suggests a need for at least 11,868 homes per annum across the HMA as a whole. When applied across a comparable 20 year period to that referenced in the 3PS, this implies a need for 237,360 homes.

This should not necessarily supersede the SGS minimum need figure referenced in the 3PS as that related to the period from 2011 onwards and the standard method is not designed to be applied so retrospectively.

A sensible and rational approach, which provides a level of consistency with the existing evidence base and adheres to current national policy, would be to align with the SGS “baseline” scenario for the first ten years (2011-21), before aligning with the outcome of the standard method for the second ten year period (2021-31). This would result in a minimum need for 221,230 homes, some 8% more than suggested by the 3PS, clearly affirming the rising pressures facing the HMA.

This is still likely to remain an underestimate of housing need, where the figure for Birmingham is affected by the cap which “reduces the minimum number generated by the standard method, but does not reduce housing need itself”³⁰(our emphasis).

This cap only applies for the five years following adoption of the BDP, so will notably be removed in less than six months – after 10 January 2022 – when the City’s housing needs will automatically rise from 4,829 homes per annum to some 6,750 homes.

This represents almost 2,000 additional homes per year, and when added from 2022 onwards the overall estimate of need across the HMA between 2011 and 2031 is elevated by some 17,289 homes to at least 238,519 homes.

Figure 4.1: Turley estimates of overall housing need (2011-31)



Source: Turley analysis

Looking beyond 2031

While the above – like the 3PS – provides an estimate of need to 2031, it can be easily extended to cover a longer period such as 2036 or 2040.

This is important because emerging local plans across the HMA are seeking to deliver strategic growth into the late 2030s or, in several cases, beyond 2040 (Birmingham, Bromsgrove, Lichfield and Stratford-on-Avon).

The SGS “baseline” scenario already covers the period 2011 to 2036 and suggests that at least 254,873 homes are needed over this extended period. No estimate to 2040 is presented, however.

In looking to incorporate the standard method from 2021 onwards, the PPG makes clear that while it technically draws upon a ten year baseline, the annual number can be extrapolated as necessary to cover a whole plan period³¹.

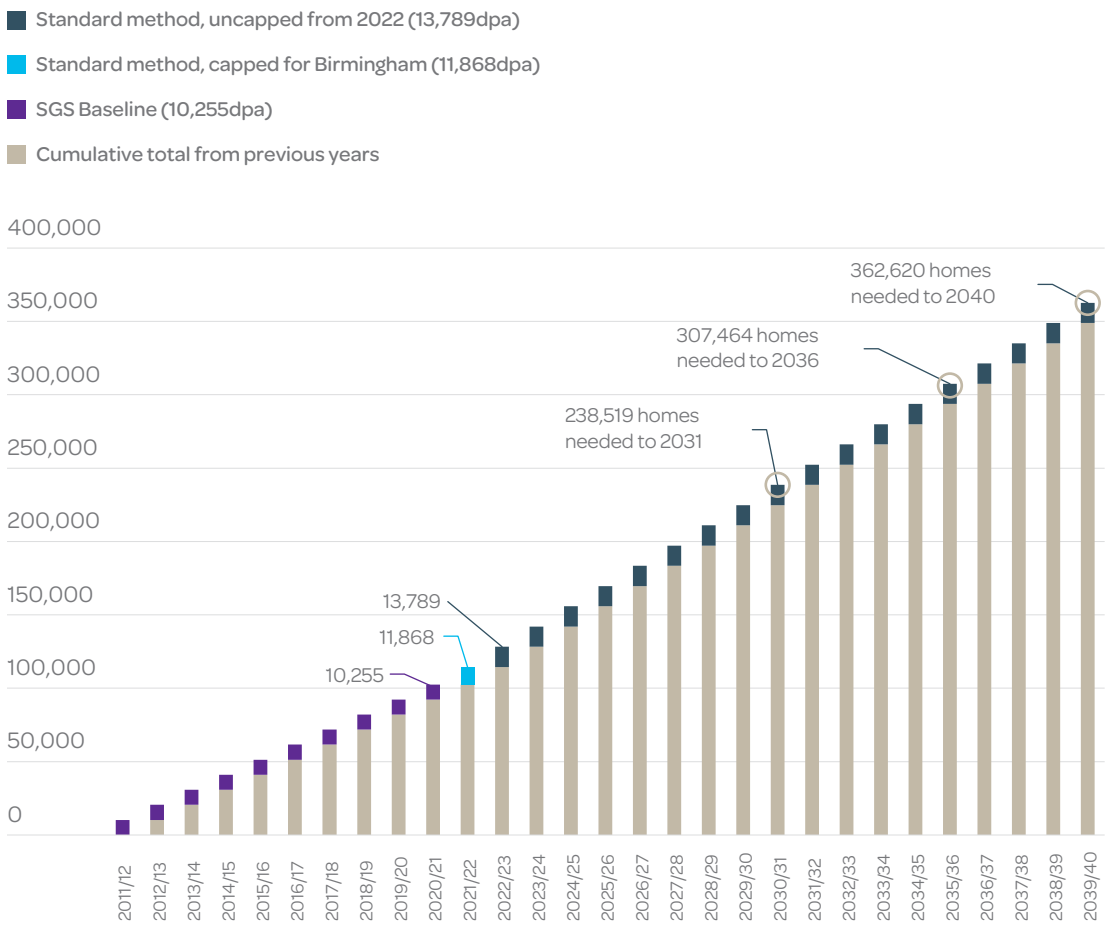
Applying such an approach and using the uncapped outcome of the standard method as the basis of housing needs after 2031 – as illustrated at Figure 4.1 – suggests that some 307,464 homes could be needed over the period from 2011 to 2036. This rises to 362,620 homes when extended to 2040.

³⁰PPG Reference ID 2a-007-20190220

³¹PPG Reference ID 2a-012-20190220



Figure 4.2: Estimating housing needs to 2036 and 2040



Source: Turley analysis

A risk that the standard method falls short of capturing the full needs

The Government’s revision to the standard method affirms the importance of ensuring a boosting of supply nationally to achieve its target of 300,000 homes per annum.

The revised method now expects supply to be increased more than previously in larger urban conurbations, with Birmingham and Wolverhampton two of the twenty cities and urban centres for which the need figures are increased by 35%.

Even allowing for this additional step in the standard method, it clearly remains the case that it produces only a “minimum” need for housing³². The PPG accepts that there will be circumstances where it is appropriate

to plan for a higher housing need figure, whether – though not only – as a result of growth strategies or strategic infrastructure investments that could drive an increase in the number of homes needed³³.

The HMA evidently displays these characteristics, where it sits at the fulcrum of the Midlands Engine and is set to benefit from the country’s most significant infrastructure investment in the form of High Speed 2 alongside a range of other investments recognised within the Midlands Connect Strategy.

As explained in Section 2, the effect of stronger economic growth on housing need across the HMA was considered in detail – albeit now

some time ago – within the SGS, which included an “Economy Plus” scenario that assumed “further and faster” economic growth that would lead to the West Midlands making a “stronger contribution to the national economy”³⁴. Significantly, the SGS found that some 245,545 homes could be needed to 2031 in this scenario, increasing to 310,188 homes over the period to 2036. This would respectively add 7,026 and 2,724 homes to the totals presented at Figure 4.2 of this report.

Summary

The 3PS cites the SGS baseline scenario in describing a minimum need for 205,099 homes between 2011 and 2031, but this takes no account of the standard method which can be reasonably incorporated for the latter half of this period to suggest a greater need for at least 221,230 homes.

This increases to at least 238,519 homes when allowing for the removal of Birmingham’s cap in 2022, with this resultant level of need approaching that of the “Economy Plus” scenario presented in the SGS (245,545). The level of need suggested by this scenario increases to some 310,188 homes when extended to 2036, remaining slightly higher than implied over the same period by our approach that incorporates the standard method (307,464).

This latter approach can also be extended to 2040 on the same basis, which indicates an overall need for 362,620 homes between 2011 and 2040.

These results are presented in Table 4.1 and revisited in Section 6 when calculating the unmet need:

Table 4.1: Estimates of housing need across the HMA

	2011-31	2011-36	2011-40
SGS Baseline scenario	205,099	254,873	–
SGS Baseline plus standard method	221,230	–	–
SGS Baseline plus uncapped standard method	238,519	307,464	362,620
SGS Economy Plus scenario	245,545	310,188	–

Source: Turley analysis



³²MHCLG (2021) National Planning Policy Framework, paragraph 61; PPG Reference ID 2a-002-20190220

³³PPG Reference ID 2a-010-20201216

³⁴Ibid, paragraph 3.30

5. Analysis of supply in 3PS

3PS supply position

The baseline supply data underpinning the 3PS is claimed to be 205,382 homes between 2011 and 2031 (Table 5 of the 3PS).

The supply has significantly increased from the figure of 180,000 identified in the SGS; a significant increase of 25,000 dwellings. Indeed, it even exceeds the SGS' figure of projected supply through to 2036 (198,000).

Appendix 6 of the 3PS provides a breakdown of the supply for each of the 14 authorities, using the following categories:

- Sites with planning permission
- Allocations in adopted plans

- Proposed allocations (current SADs / new Local Plans)
- Additional urban supply
- Windfalls
- Completions 2011/12 to 2018/19

The data underpinning Appendix 6 has not been made readily available meaning it is difficult to scrutinise. In addition, this data has not been independently audited, unlike in the SGS which allowed for a consistent "baseline" position. The table below compares the SGS' "baseline" (adjusted) supply with the 3PS supply (2011-31):

Table 5.1: Comparison of SGS "adjusted" supply and 3PS supply for 2011-31

Component	SGS ³⁵	3PS	Difference
Completions	35,016	63,383	+28,367
Planning permissions	53,475	61,058	+7,583
Allocations – adopted plans	43,353	36,007	-7,346
Allocations – emerging plans	18,025	11,413	-6,612
Additional Urban Supply	15,124	19,410	+4,286
Windfalls	14,837	14,111	-726
Total	179,829	205,382	+25,553

Source: Turley analysis

³⁵This comprises the baseline supply presented in Table 28 of the Strategic Growth Study. It was produced following a review of local authority supplied data and also includes standard discount rates for non-implementation

Whilst the two supply figures above cover the same timeframe they have different base dates so supply will have shifted between categories during the intervening 2/3 years e.g. some permissions will have become completions. However, the above indicates a major uplift in completions over the 3 year period (2016-2019).

Overall, there has been a significant increase in supply over the 2/3 year period; c.25,000 dwellings. The 3PS³⁶ suggests the main source of the capacity increase is from Birmingham with an increase of 13,942 dwellings (+27%) from the baseline figures in the SGS.

Method of analysis

Arriving at an accurate picture of overall supply across the HMA is obviously a critical factor in determining whether or not there is an unmet housing need. In particular, it is important that the actual deliverability of supply components is realistic in the period to 2031 e.g. realistic delivery rates should be applied to strategic permissions and allocations.

We have sought to analyse the supply in high-level terms by obtaining and exploring the raw data which underpins Appendix 6 of the 3PS. To inform our assessment we approached all 14 authorities to request a copy of the data. The following authorities provided the relevant data:

- Birmingham City Council
- Bromsgrove District Council
- Dudley Council
- Lichfield District Council
- Redditch Borough Council
- Sandwell Council
- South Staffordshire Council
- Stratford on Avon District Council
- Walsall Council
- Wolverhampton Council

For those authorities which provided the data, the specific source of data which has informed the 3PS varies, including Strategic Housing and Employment Land Availability Assessments ("SHELAA"), combined capacity studies, 5 year housing land supply data and high-level summaries following the categories set out above.

This does result in a somewhat inconsistent approach to data collection and components of the supply across the HMA, which has been difficult to scrutinise.

At the time of writing, no data has been received from the following authorities:

- Cannock Chase District Council
- North Warwickshire Borough Council
- Solihull Council
- Tamworth Borough Council

For the four missing data sets we have had to make assumptions using monitoring data and SHELAA's published by these authorities.

To ensure our assessment is on a like-for-like basis it applies the same base date; 31 March 2019, so any subsequent supply data has not been considered (for instance monitoring data for 2019/20 and 2020/21 to confirm if each authorities' projections were in fact correct).

It is important to understand that our analysis does not amount to a rigorous line-by-line review of the deliverability / developability of supply components, nor of all sites, as this would obviously be a major undertaking. Rather, our approach has been to "sense check" the figures presented in Appendix 6 of the 3PS and, in certain instances, delve further in to specific authority sub-totals which has prompted a review of assumptions applied for specific strategic sites.

The results of our analysis are presented below.

Allocations – Adopted Plans

There are regionally significant allocations included in the "allocations – adopted Plans" category, including Long Marston Airfield ("LMA") in Stratford (Stratford Core Strategy policy Proposal LMA) and Langley in Birmingham (BDP policy GA5). The 3PS supply includes 2,450 dwellings at LMA and 2,951 dwellings at Langley up to 2031 based on the data provided by the councils.

We do not consider it realistic for all of this housing to be delivered at these two strategic sites in the period to 2031.

³⁶Paragraph 4.6

Langley

Birmingham's data on Adopted Allocations provided to inform the 3PS is not clear as to what this component specifically comprises, but when checked against its Strategic Housing Land Availability Assessment 2019 (December 2019)³⁷, it appears to be based on the remaining capacity of all allocations i.e. the total allocation housing quantum, after deducting completions, under construction and committed (both outline and detailed) dwellings). The appraisal of Langley within the Strategic Land Availability Assessment 2019 (proforma N646) confirms this to be 2,951 dwellings.

This is unrealistic. No application has been submitted to date for the Langley SUE, although we understand that pre-application discussions are now well advanced and an application is to be submitted imminently (which will be taken into account in preparing any further revisions of this report, should we need to respond to any future Position Statements).

Birmingham City's Strategic Housing Land Availability Assessment (the most up to date evidence in respect to Langley's delivery) anticipates that development will commence in 2024/25 (107 dwellings), with annual delivery reaching 1,089 dwellings in 2030/31. As no application has yet been submitted, as a minimum it is realistic to push back delivery by one year. This would result in the final year of delivery no longer being counted before 2030/31, so based on the Council's own evidence Langley would only be capable of delivering 1,862 dwellings.

The above was reflected in the evidence given by the Council's own witness to the North Worcestershire Golf Course appeal (PINS ref: 3192918), there they accepted that Langley was "...likely to deliver about 2,000 dwellings within the BDP plan period" (paragraph 8.34 of the Inspector's Report for that decision).

Notwithstanding the above, based on similar scale SUEs elsewhere across the region and the findings of Lichfields' Start to Finish report (February 2020)³⁸, it is likely this still represents an ambitious estimation as it is reliant on the Council determining any application for Langley expeditiously.

Also there is significant infrastructure delivery required within the first five years of delivery (highways infrastructure, primary school, community hub including a health centre and retail, green infrastructure and off-site highway improvements).

As such, we recommend that Birmingham's "allocations – adopted Plans" component of the supply should be reduced by at least 1,089 dwellings to 6,748 homes.

Long Marston Airfield

Up to 2031 Stratford's supply includes 2,450 new homes at phase two of LMA. That site is currently subject to an outline planning application for 3,100 new homes (ref: 18/01892/OUT). The application was submitted in June 2018 but remains under determination.

Core Strategy policy "Proposal LMA: Long Marston Airfield" is clear that completion of the south-western relief road (SWRR) is required before more than 400 dwellings at can be occupied. The first 400 dwellings (phase 1) at the site are already subject to detailed consent (ref: 17/03258/REM) and are being constructed, but the remaining 3,100 dwellings (phase 2) subject to outline planning application 18/01892/OUT cannot be occupied until the SWRR is complete.

The SWRR is a considerable infrastructure project subject to a separate planning application (ref: 18/01883/FUL) which is also still under determination and currently subject to holding objections from Highways England and the Environment Agency. That application anticipates that construction would take 18 to 24 months to complete, and had assumed completion in 2021 to 2022. However, even if planning permission were to be granted the SWRR is still reliant on public sector funding with the County Council's application to Homes England for c.£86m of Housing Infrastructure Fund being unsuccessful in early 2020.

³⁷https://www.birmingham.gov.uk/downloads/download/1182/strategic_housing_land_availability_assessment_2019

³⁸https://lichfields.uk/media/5779/start-to-finish_what-factors-affect-the-build-out-rates-of-large-scale-housing-sites.pdf

As such, there remains no clarity as to when either application will be determined and when funding will be secured. As such there is significant doubt LMA Phase 2 will deliver any new homes in the next five years. This would see delivery not commencing until the 2026/27.

As a minimum, this would push back Stratford's trajectory for the site by two years so we recommend that Stratford's "allocations – adopted plans" component be reduced by at least 400 dwellings.

Additional urban supply and windfalls

The "additional urban supply" component makes up approximately 13% of the total supply between 2019 and 2031.

There is no clear explanation or evidence provided within the 3PS on the "additional urban supply" component. The SGS identifies this component (at paragraph 4.8) as "...sites within existing urban areas which do not have planning consent, and are not allocated in the adopted or emerging Local Plan (including Neighbourhood Plans), but which have been identified as suitable for residential development and could be delivered by 2036".

The NPPF defines windfall development (page 73) as "...sites not specifically identified in the development plan".

Based on the above definitions, the 'additional urban supply' and 'windfall' components both comprise sites not identified in the adopted or emerging development plan. There is a lack of clear evidence as to what this component specifically comprises and there may be a risk of double counting between these two components.

As an example, the biggest contributor to 'additional urban supply' is Birmingham – almost 13,000 dwellings – which represents 66% of total additional urban supply across the HMA and this is in addition to its own windfall allowance of nearly 5,000 dwellings.

The "additional urban supply" component within Birmingham's Strategic Housing Land Availability Assessment 2019 is made up of

'other opportunity within BDP growth area' (7,212 dwellings) and 'other opportunity outside BDP growth area' (5,711 dwellings). The Strategic Housing Land Availability Assessment is not clear which sites fall within these two categories.

Going forward, further clarity must be provided as to which sites are included in the 'additional urban supply' component, so there is no confusion as to whether this component is deliverable/realistic and to ensure there is no double counting with the windfall component.

Non-implementation rate discounts

Based on the evidence each authority provided to the SGS, the report advocates a consistent and realistic approach to making assumptions on non-implementation rate discounts across the HMA (paragraphs 1.18 and 4.122-4.127), these include:

- 5% discount in all areas for committed dwellings (i.e. with outline or full planning permission).
- A 15% discount in the four Black Country authorities for sites without planning permission, reflecting the amount of the supply which comprises employment sites and there are delivery challenges associated with land assembly, business relocation and viability.
- In other HMA authorities, a 10% discount on sites without planning permission.

Table 4 of the 3PS reveals that non-implementation rate discounts have now been applied on a local basis across the GBBCHMA. This is largely due to non-implementation rates being agreed when a plan is examined. Notwithstanding this, non-implementation rate discounts have not been applied for Birmingham, Bromsgrove, Redditch or Stratford-on-Avon.

To ensure that there is a degree of consistency across the HMA-wide supply we have applied the SGS standard discounts to these 3 authorities which results in the following deductions:

- Birmingham – 3,534 dwelling reduction (this takes in to account the Langley deduction above, to avoid any “double” discount)
- Bromsgrove – 271 dwelling reduction
- Redditch – 516 dwelling reduction
- Stratford-on-Avon – 594 dwelling reduction (this takes in to account the Long Marston Airfield deduction above, to avoid any “double” discount)

Based upon the above, there should be a reduction of 4,915 dwellings.

Conclusions on the 3PS supply

Our high-level analysis of the 3PS’ supply data suggests that the claimed supply is over optimistic. We have identified the following specific items which warrant reductions in the supply position:

- 1,089 dwellings should be deducted from Birmingham’s “allocations – adopted plans” component to reflect a more realistic delivery programme for the Langley allocation in the period to 2031.
- At least 400 dwellings should be deducted from Stratford’s “allocations” component to reflect the uncertainties associated with the long-term delivery of LMA given it is beholden upon construction of the SWRR.

- Four authorities do not apply any form of discount for non-implementation which presents an inconsistent approach across the HMA and is contrary to the approach adopted in the SGS. The standard discount rates from the SGS should be applied to Birmingham, Bromsgrove, Redditch and Stratford-on-Avon (i.e. 5% for committed sites and 10% for planning permissions). When this is applied, there is a reduction of 4,915 dwellings.

Taking all of the above in to account, we consider that the HMA supply to 2031 should be reduced by at least 6,404 dwellings. This would result in a reduced supply to 2031 of 199,000 dwellings (rounded up).

Bearing in mind that the raw data on supply has not all been made accessible/available and the supply remains to be tested in detail (e.g. “additional urban supply”), we consider this to be a conservative reduction (3%), but it does present a more realistic picture of supply to 2031 compared to the 3PS.

We highlight that this adjusted level of supply still significantly exceeds the baseline supply from the SGS (180,000) and even exceeds the projected supply to 2036 (198,000).

“

We consider that the HMA supply to 2031 should be reduced by at least 6,404 dwellings.

6. Quantifying the unmet need to 2031 (and beyond)

Having presented up-to-date scenarios of the HMA's need (Section 4) and having reviewed the supply position from the 3PS (Section 5), it is possible to quantify the true scale of the HMA's unmet need between 2011 and 2031.

We also provide below an indication of the scale of unmet need post-2031. However, this should be considered purely as indicative as there is currently an incomplete picture as regards to housing supply across the HMA post-2031 and we have therefore relied upon the 3PS housing supply figure (explained further below).

Please note that the figures presented below take account of the contribution from North Warwickshire and Stratford to the C&WHMA.

This approach is consistent with the 3PS and reflects the fact that the supply figures for these authorities in the 3PS includes this contribution so they must be balanced out.

What is the unmet need to 2031?

The table below draws together all of the data from preceding Sections to arrive at the unmet need between 2011 and 2031. The results are presented visually in the figure overleaf:

Table 6.1: Need, supply and unmet need to 2031

	SGS Baseline	SGS Baseline plus standard method	SGS Baseline plus uncapped standard method	SGS Economy Plus
Need	205,099	221,230	238,519	245,545
Need with C&WHMA contribution	207,979	224,110	241,399	248,425
3PS claimed supply	205,382	205,382	205,382	205,382
Shortfall against 3PS claimed supply	-2,597	-18,728	-36,017	-43,043
Turley supply	199,000	199,000	199,000	199,000
Shortfall against Turley supply	-8,979	-25,110	-42,399	-49,425

Figure 6.1: The HMA’s unmet need to 2031



The need figures in brackets are exclusive of the Coventry & Warwickshire HMA contribution but this is allowed for in the unmet need figures presented in the charts

3PS supply – The best case scenario

The 3PS presents the “best case” supply position so would lead to the optimal position in terms of unmet needs. The 3PS applies this supply to the SGS “Baseline” need with the minimum shortfall to 2031 diminishing to just 2,597 dwellings. This best case therefore still leads to a shortfall which local plans must address.

However, the standard method was introduced after the SGS was published, so the Baseline need should now be updated to align with national policy and guidance so that the standard method is applied from 2021 onwards, as explained in Section 4.

When applying the 3PS supply to the standard method scenario which retains the Birmingham “cap” beyond 2022 there remains a significant minimum unmet need of 18,700 dwellings to 2031. When the Birmingham cap is lifted (from 2022) the shortfall increases to at least 36,000 dwellings.

At the other end of the spectrum is the SGS’ “Economy Plus” scenario. Even with the best case supply it would fall short by at least 43,000 dwellings.

Turley supply – A realistic position

Our high-level analysis of the 3PS’ supply data reveals that some of the claimed supply is unrealistic (not deliverable to 2031) and we have therefore recommended a deduction of 6,404 dwellings. This reduces the overall supply to 2031 to 199,000 dwellings (rounded up).

Applying this adjusted and realistic level of supply to the SGS “Baseline” reveals a minimum shortfall to 2031 of almost 9,000 dwellings.

Turning to the two standard method scenarios:

- There is an unmet need of at least 25,000 dwellings to 2031, when the Birmingham cap is retained to 2031.
- When the Birmingham cap is lifted, the shortfall to 2031 increases to at least 42,000 dwellings.

Applying the SGS’ “Economy Plus” scenario results in a shortfall of over 49,000 dwellings.

Conclusions on the unmet need to 2031

The various scenarios presented reveal that a significant unmet need remains across the HMA to 2031.

The local authorities should be planning positively to deliver the standard method between 2021 and 2031 and even if Birmingham's cap were to be retained over this period and the "best case" 3PS supply were to be delivered there would still be a significant shortfall of at least 18,700 dwellings. A more realistic level of supply indicates that the shortfall is at least 25,000 dwellings, which closely aligns with the SGS Baseline unmet need figure from 2018 (28,000).

With the Birmingham cap lifted from 2022, the minimum shortfall (ranging between 36,000 and 42,000) would return to the level identified in the SHNS (37,600), and becomes more aligned with the SGS "Economy Plus" shortfall. It is recognised that delivering this level of uplift over the next 10 years is likely to be major challenge for the HMA.

The 3PS fails to provide a robust evidence base on the HMA's unmet need by relying upon the minimum baseline need from the SGS (which is now out of date) and presenting an over optimistic supply position. The shortfall of 2,597 should not be afforded any weight in plan-making and examinations.

It is paramount that the local authorities jointly prepare an accurate and up-to-date position statement to determine the accurate unmet need to at least 2031.

This should be a priority given the urgency of resolving the shortfall over the next ten years, and mindful of the time it takes to progress local plans through examination to adoption. Failing to plan for the true shortfall to 2031 immediately will simply store up the problems for housing delivery beyond 2031.

Looking ahead – an indication of the shortfall to 2036 and 2040

It is difficult to accurately quantify the unmet needs beyond 2031 because there is an incomplete picture in terms of the HMA's housing supply beyond this date. We provide an indication of the potential scale of unmet need between 2011 and 2036 and 2011 and 2040.

It is recognised that North Warwickshire's plan will shortly be adopted and will deliver housing beyond 2031 but this will only extend to 2033. There are three HMA local plans emerging which provide specific draft allocations to meet needs beyond 2031 (Black Country, Lichfield and Solihull), as well as the emerging Shropshire Local Plan, but these are all still subject to examination so cannot be relied upon as sound/developable allocations at the current time.

With respect to the 3PS supply of 205,382 up to 2031, we highlight that this still exceeds the "adjusted" land supply figure from the SGS which covered the period 2011-2036; 197,618. It also exceeds the initial supply data to 2036 which was provided to GL Hearn by the local authorities as part of the SGS; 202,921.

Notwithstanding the above, this data for post 2031 is not complete. From reviewing the raw data which underpins the 3PS, it is clear there is no supply information for the majority of authorities post 2031. In terms of calculating the supply position to 2036 and 2040 we therefore consider that a more reasonable approach is to extrapolate the 2011-2031 3PS supply (205,382 homes) and Turley adjusted supply (199,000 homes) beyond 2031. This can be done by annualising the supplies (10,269 homes and 9,950 homes rounded respectively) and applying the annual figure each year beyond 2031.

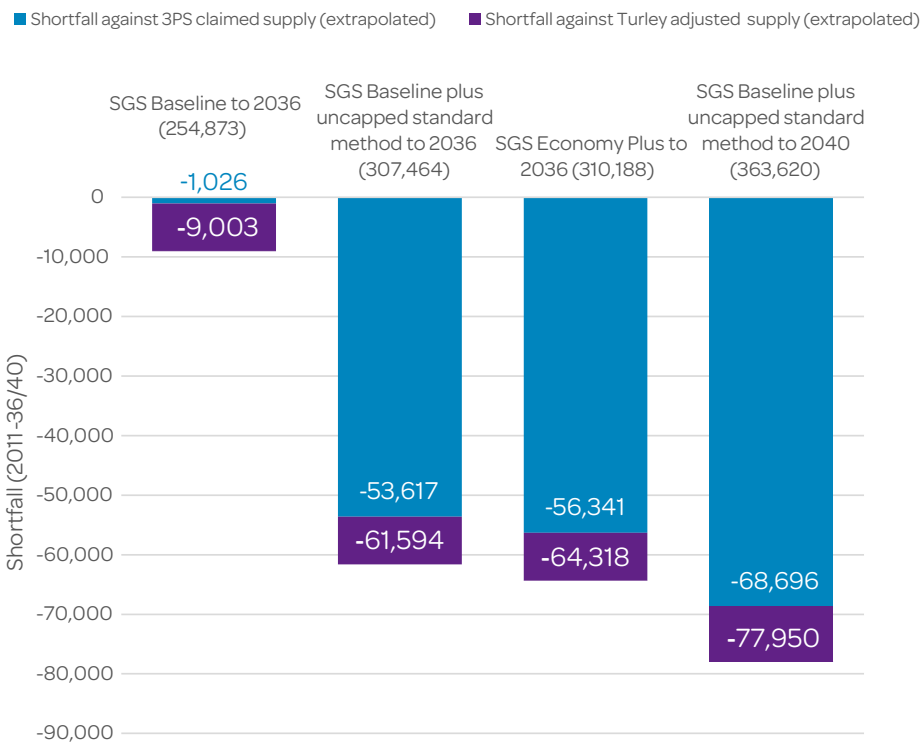
The above advocated approach is relatively simplistic and crude as it is arguable as to whether the urban areas can continue to deliver at rates similar to 2011-2031 and Local Plans such as Lichfield are proposing lower rates of growth in emerging plans, but serves to provide an indication of the potential scale of the shortfall post-2031.

The results are presented in the table figure and figure overleaf:

Table 6.2: Need, 3PS supply and unmet need to 2036 and 2040

	SGS Baseline to 2036	SGS Baseline plus uncapped standard method to 2036	SGS Economy Plus to 2036	SGS Baseline plus uncapped standard method to 2040
Need	254,873	307,464	310,188	363,620
Need with C&WHMA contribution	257,753	310,344	313,068	366,500
3PS claimed supply (extrapolated)	256,728	256,728	256,728	297,804
Shortfall against 3PS claimed supply	-1,026	-53,617	-56,341	-68,696
Turley supply (extrapolated)	248,750	248,750	248,750	288,550
Shortfall against Turley supply	-9,003	-61,594	-64,318	-77,950

Figure 6.2: An indication of the unmet need to 2036 and 2040



The need figures in brackets are exclusive of the Coventry & Warwickshire HMA contribution but this is allowed for in the unmet need figures presented in the charts

The above clearly indicates the magnitude of the shortfall to 2036 and 2040.

When applying the standard method from 2021 or applying the SGS “Economy Plus” scenario, additional land will be required to deliver a minimum of 53,000 dwellings to 2036. This rises to a minimum of 69,000 dwellings (rounded) to 2040 applying the standard method from 2021.

The emerging local plans across the HMA should be planning for this shortfall now given that they are working towards these plan periods, and further ahead in certain cases; Solihull is working to 2036, Birmingham to 2042 and Stratford-on-Avon is considering an end date of 2050 for the South Warwickshire Plan.

7. Conclusions and recommendations

In September 2020, the 14 local authorities which make up the Greater Birmingham and Black Country Housing Market Area (“GBBCHMA”) published their third “Position Statement” (“3PS”). The headline conclusion was that “the 2011-31 shortfall is now estimated to be 2,597”.

This report has been commissioned by a Consortium of housebuilders and land promoters to take stock of the position in order to quantify the true scale of unmet need to 2031, and beyond.

The report has focused upon 2011 to 2031 as the timeframe covered by the 3PS, as well as various other evidence base studies concerning need and supply and the Birmingham Development Plan. However, it has also looked beyond 2031 in high-level terms, mindful that emerging local plans are seeking to deliver growth into the late 2030s or, in several cases, beyond 2040. The conclusions and recommendations are set out below.

Key conclusions

An evolving unmet need

Since 2010, there has been an evolving position on the HMA’s unmet housing need. The 2015 Strategic Housing Needs Study (“SHNS”) established an unmet need of 37,600 dwellings (2011 to 2031) and this evidence was endorsed during the Birmingham Development Plan (“BDP”) examination, with Birmingham’s own shortfall confirmed as 37,900 homes (2017).

Birmingham City’s shortfall forms a key milestone because it comprises the most up-to-date position on unmet housing needs across the HMA in terms of being independently examined, found sound by an Inspector and adopted in a local plan. Taking in to account the 3PS’ claimed supply for the City to 2031 and contributions from Solihull, North Warwickshire and Stratford, the BDP shortfall would stand at c.15,000 dwellings.

However, there are two reasons why the BDP shortfall figure should no longer represent the principal target for emerging local plans:

- a. Fundamental changes to national planning policy and guidance on how housing need should be calculated have been brought into force in the meantime. The Council has resolved to commence a review of the BDP with the standard method being a key factor in this decision (its need will be five years in a matter of months); and
- b. The 37,900 figure is the City’s shortfall, as opposed to the unmet need across the whole HMA. It is critical that the overall unmet need is identified and addressed over a consistent timeframe.

The 2018 Strategic Growth Study (“SGS”) identified a baseline minimum unmet need of 28,000 dwellings to 2031 and 61,000 dwellings to 2036. However, shortfalls against the “Economy Plus” scenarios were far greater.

The HMA authorities have since published position statements to support local plan reviews. The 3PS forms the up-to-date and agreed position between the authorities on unmet need to 2031, estimating that it has diminished to 2,597 dwellings.

The 3PS paints a picture of significant progress across the HMA which is misleading given only a handful of plans have reached submission, examination or adoption since BDP adoption in 2017 and publication of the SGS in 2018.

The 3PS is now being relied upon by local authorities as robust evidence to underpin emerging local plans. However, there are significant concerns over its soundness:

- It only covers 2011 to 2031 when local plan reviews are working well beyond this date.
- It only considers the minimum SGS need and does not reflect the standard method. It also disregards the SGS “Economy Plus” scenario.
- The supply data is “unadjusted”, in terms of not being independently reviewed or examined and with aspects of supply not being subject to non-implementation discounts. Importantly, the raw data has not been made readily available and is difficult to scrutinise.

The true scale of unmet need to 2031 and beyond

Our independent assessment has reassessed the HMA need to 2031 (and beyond) and scrutinised the 3PS’ supply. In terms of the former, the standard method should be applied from 2021. In terms of the latter, we conclude that elements of the 3PS’ supply are unsound and contend that the figure should be reduced to 199,165.

The scenarios presented reveal that a significant unmet need remains across the HMA to 2031:

- Even if Birmingham’s cap were to be retained and the “best case” 3PS supply were delivered there would remain a significant shortfall of at least 18,700 dwellings. When applying our (realistic) level of supply the shortfall rises to at least 25,000 dwellings.
- With the Birmingham cap lifted from 2022, the minimum shortfall to 2031 will increase to between 36,000 and 42,000 dwellings (depending upon which supply figure is used).

It can be concluded that the 3PS fails to provide robust evidence on the HMA’s unmet need and the claimed shortfall of 2,597 should not be afforded any weight in plan-making.

Looking beyond 2031, the unmet need could be between 53,000 and 64,000 homes by 2036 and in excess of 70,000 homes by 2040. The emerging local plans across the HMA must plan for this shortfall now given they are working to these time horizons (and further ahead in certain cases).

Recommendations

A Fourth Position Statement

There is an immediate and urgent need for the HMA authorities to produce an up-to-date Position Statement in order to provide a sound assessment of HMA-wide need to (at least) 2031 using the standard method, set against a realistic supply position, in order to accurately quantify the unmet housing need. Our evidence clearly shows that, best case, the shortfall to 2031 is nearly 19,000 dwellings.

This report has presented two need scenarios which incorporate the standard method which can be easily applied. The standard method presents a straightforward means of calculating need for local authorities so there is no reason why the need cannot be completed swiftly. Indeed, many authorities have already applied the SM as part of their emerging local plans.

Turning to supply, the authorities must present and publish the full supply data in a consistent format to ensure it can be independently tested and examined. It is simply not acceptable to present supply figures without any data to back it up.

Future Position Statements

The authorities should commit to the publication of annual Position Statements, or monitoring reports, to regularly update the HMA-wide position based upon updated data on supply. This will be essential for forthcoming local plan examinations (including Solihull and Lichfield) as well as for ongoing local plan reviews.

Delivering the unmet need to 2031

Quantifying and agreeing the unmet need to 2031 is the first step, but it will also be critical for the authorities to reach a level of consensus on how the shortfall will be distributed and delivered.

A statement of common ground or memorandum of agreement should be produced as quickly as possible, ideally over the next twelve months, to demonstrate how the shortfall will be delivered by the relevant authorities through to 2031. If there are specific areas of disagreement these can be clearly articulated.

This will allow the forthcoming local plan reviews to progress to adoption as quickly as possible, and will avoid the need for a plethora of statements of common ground for each examination (as has happened for Solihull). The C&WHMA authorities have already demonstrated how an unmet HMA need can be distributed by applying a basic “functional relationship” method.

A more radical approach for longer term needs

Given the scale of the housing shortfall post-2031 a more radical approach to strategic and spatial plan-making is required. Simply put, strategic planning across the GBBCHMA has been operating in a vacuum since the revocation of regional planning in 2010 and the ad-hoc and piecemeal approach cannot continue any longer otherwise sustainable development will not be secured.

A strategic plan or framework is required to cover longer-term growth, potentially to 2040 or beyond. This does not need to comprise a statutory plan but could form a non-statutory vision document such as the Strategic Growth Plan prepared by the Leicestershire authorities.

This has been proposed by the GBSLEP several years ago (“The Spatial Plan for Growth”) and was advocated by the West Midlands Land Commission in 2018 but neither has come to fruition.

We urge the fourteen authorities to engage with the development industry so that the long-term approach to strategic planning across the GBBCHMA can be scoped and implemented.

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