5.0 DRIVERS OF CHANGE

5.1 Introduction

This section provides a provisional assessment of the drivers of housing market change for the proposed HMRA in terms of key regional, sub-regional and localised/neighbourhood trends.

The analysis of drivers is important to understanding why the area and its wider sub-region has not performed well and whether this trajectory will continue.

A more in-depth assessment of drivers will be undertaken as part of the work during Phase Two to develop the HMRA prospectus.

5.2 Summary

The following key drivers of housing market change in the area have been identified:

5.2.1 Economic Trends

Key economic trends identified are:

- The industrialisation of the Black Country which has led to the development of a dispersed settlement pattern in the Black Country involving:

  - housing located close to employment;
  - a preponderance of high-density, poor quality private rented housing;
  - development of low standard local authority housing concentrated in mass interwar housing estates (later transferred into low value owner-occupied stock); and
  - poor quality environments offering limited amenities and features to retain aspirational group;

- The subsequent de-industrialisation and economic restructuring of the Black Country economy with a tendency for replacement by lower skill level employment opportunities leading to:

  - decline of inner housing areas and estates in the Black Country with loss of economic function;
  - emergence of vacancy rates in the social rented sector and private sector with out-migration by younger households combined with population ageing;
  - emergence of poor quality, often stigmatised housing areas;
  - a high private new build rate due to increasingly available land supply - for example on former industrial sites - particularly in the Black Country urban core;
  - a prevalence of low income households across the traditional industrial housing areas of the Black Country; and
  - a shift in the pattern of employment opportunities towards Dudley combined with a projected ongoing decline in Sandwell and Wolverhampton.

- Forecast continuing major decline in manufacturing - in terms of output and employment - forecast for the Black Country - with the conurbation locked into a diverging trajectory from the rest of the region and also Birmingham due to its dependence on low-value and declining manufacturing sectors. At the same time, recent analysis of employment trends for the Black Country Study identifies that service sector employment in the Black Country is forecast to continue to grow and expected to replace most manufacturing job losses.

- Overall, the historical pattern of manufacturing industry in the Black Country has led to a pattern of high levels of social rented provision and lower value private housing, with considerable inter-mixture of dwellings and manufacturing industry, leading to poor and unattractive environments. The advent of new forms of economic activity such as distribution have not attracted new aspirational housing development, and the scale of dereliction and poor environments continue to work against this.

- The Black Country remains polycentric with an array of small local centres offering very limited amenities as well as an archaic road system. The fragmented pattern of residential and industrial land uses generates a high degree of movement and has led to significant traffic congestion. Extensive mixed uses also result in poor residential environments. The Spatial Framework being developed for the Black Country seeks to deliver a transformation in land use, the quality of the urban environment required to support investment in growth sectors and higher quality housing to attract more highly skilled workers.

- The sub-region has experienced a decentralisation of economic activities - including to the New Towns - with subsequent economic and employment growth in Telford.

- Telford's economy has performed well in regional terms and is identified in the Regional Spatial Strategy as a sub-regional focus for economic development. In particular, RPG identifies the Borough as a strategic focus for major retail, leisure and office developments. The Borough's own economic strategy - focused on seven target economic clusters - envisages expansion of value-added manufacturing and knowledge-based services, and an expanded workforce of 110,000 individuals by 2020.

- However, Telford's manufacturing base is vulnerable towards shifting manufacturing production (automotive and electronics) overseas, and the Borough has suffered a major slow down in inward investment to the Borough from a very high rate of attraction of 1,500 companies over 20 years. A key challenge in terms of housing market renewal is to harness the growth potential of Telford for the benefit of the sub-region.

5.2.2 Demographic Trends

Key demographic trends identified are:

- Demographic growth in the 1950s and 60s, combined with aspirations towards independent living and slum clearance - leading to increased demand for local authority housing and planned decentralisation from the Black Country to peripheral Greenfield sites and New Towns (including Telford).

- Selective out-migration from the Black Country and the unattractiveness of the residential 'offer' (both the tenure and type of stock and the package of services and environments associated with the stock) is such that the area has lost, steadily and over a long period of time, a high proportion of those who have choice over their location. There has been significant population movement from the historic core of the Black Country to its suburban fringe and beyond this to rural districts as part of an overall process of long-term decentralisation of population from the Birmingham and Black Country conurbation. The Black Country has lost 4,000 population a year through out-migration over the last 15 years through:

  - Decentralisation within the Black Country conurbation; and

  - Decentralisation away from the conurbation (a 'hollowing out' of metropolitan areas) into rural districts - particularly of households in the middle of the family cycle and more affluent households. This has contributed to population gains in Telford - in addition to working class and unemployed households moving out to the Borough's New Town estates.

- RPG targets for housing development seek to reverse the trend of decentralisation of population away from the Black Country.

- Demographic ageing - with a growth of population in the over-65 age group - as younger people leave the area and do not return after higher education because of the lack of employment opportunities and the poor environment. The Black Country has lost 4,000 population a year through out-migration over the last 15 years.

- A growing younger population particularly amongst black and minority ethnic communities in the Black Country, and the region's older industrial areas.

- Growth and/or dispersal of BME population - BME households were originally attracted to the Black Country by opportunities in manufacturing industry and the lower paid service sectors, but these communities have grown through natural change and further in-migration. The growth of BME populations and the advent of international migration are transforming the inner city markets of the Black Country. These groups are providing much of the household growth within the Black Country and their ability to migrate from their core areas is a major localised driver of change within the conurbation. In some communities, the need to provide new housing for expanding groups in housing need in tightly defined older terraced areas is a major issue.

- Growth in numbers of asylum seekers and refugees in the West Midlands - with the Black Country (Birmingham, Stoke and Coventry representing the main concentrations). This includes asylum seekers placed by NASS in the conurbation as well as significant numbers moving in from other UK dispersal areas. A recent report by CURS identifies an estimated 3,500 asylum seekers in the Black Country - with the most common group represented amongst asylum seekers to the region being single males aged under 35. Evidence suggests that asylum seekers tend to remain in the areas to which they were dispersed and prefer council housing in areas with more diverse populations and support services. This can create pressure on social housing with refugees tending to prefer areas diverse inner city areas where the predominant tenure is private terraced housing.

5.2.3 Social Trends

Key social trends identified are:

- Changing family and household structures - encapsulated in reducing average household sizes, and resulting in a more rapid increase in household numbers (higher than the rate of demographic growth) and trend towards smaller households;

- Changing aspirations - rising aspirations, together with rising real incomes to enable aspirations to be met, are one of the most powerful factors influencing housing market change across the UK. Areas which have a housing stock more closely related to past rather than present or future economic trends are likely to suffer if they cannot meet modern expectations in terms of the quality of not just the housing stock but also of environments, public services such as schools and hospitals, and other services such as shopping and leisure facilities.

- Sound polarisation - as a result of these trends, employees and families with spending power also migrate out from less attractive areas. Higher income areas attract employment-generating activity associated with shopping, leisure and other activities, and this in turn gives these areas further momentum which less attractive areas lose out on. Households living in less attractive areas which experience an improvement in their conditions are in these circumstances more likely to relocate outside them in order to find housing that suits their aspirations.

5.2.4 Governance and Policy Drivers

A range of policies can also be argued to have had an adverse impact on some housing markets:

- Fragmentation and change in the historical development of the Black Country local government structure - leading to fragmentation of the built environment and housing provision - including low standards of housing provision;

- Public sector-led decentralisation of local authority housing provision - driven by housing need - in the 1950s and 60s - leading to peripheral greenfield development, brownfield development and New Town developments.

- ‘Right to Buy’ sales combined with clearance which has thinned out concentrations of social rented housing provision - leading to total tenure transformation of some areas (e.g. Bristnall in Sandwell) - and raising issues regarding the quality of the owner occupied stock and low demand with demographic ageing.

- Deregulation of private rented sector rents and the reduction of security of tenure in 1988 enables private rented provision to expand, although in some areas the scale of expansion, and the presence of poor quality landlords, has had adverse impacts on markets.

- Weak regional and more local planning frameworks and ‘predict and provide’ planning techniques leading to increased greenfield housing development and ‘leapfrogging’ over Green Belt boundaries;

- Improvement of transport links perpetuating the decentralisation of higher income groups - facilitating higher levels of inward commuting rather than residency within the Black Country urban area.

- A noted failure to link housing regeneration with other programmes relating to services and the environment - undermining the effectiveness of some past investment (e.g. in the social rented sector)

5.2.5 Micro-level Drivers

A number of micro-level drivers of change at the local or neighbourhood level can be identified:

- Poor urban and housing design - impacting on the popularity and sustainability of many housing developments (e.g. tower blocks, deck-access estates, Radburn-style estates);

- Area stigma: areas with high concentrations of deprivation and problems with crime and anti-social behaviour also suffer from stigma. Despite considerable community cohesion in some neighbourhoods, this emerges as an important local driver. (e.g. particularly on the 1930s estates such as 'The Priory' in Dudley).

- Environmental issues and crime.

- Market insularity - for example amongst Council tenants - particularly on some estates (e.g. 'The Priory' in Dudley, Tibbington in Tipton and the south Telford estates) leading to stable demand and areas with significant susceptibility to demographic decline.

- Lifecycle effects amongst tenants - seeking to move out to larger accommodation;

- Social pressures leading to more frequent movers amongst Council tenants.

- A combined effect of low levels of economic activity, poor housing and local environments, unstable communities and poorly performing public services leading to a spiral of decline. There is growing evidence that problems affecting housing markets combine to produce a downwards spiral of decline which is very hard to halt. The growth of private renting has already been highlighted as a factor which can accelerate decline. Some local authorities experiencing a lack of demand for their housing have also been obliged to seek new client groups and this has also led to further instability and decline. A finding of this study is that drivers commonly thought to affect single neighbourhoods such as stigma, crime and the operation of housing lettings system appear to be affecting individual Black Country towns.

5.2.6 Key Outcomes

Key outcomes identified as a result of the drivers identified are:

- A declining core of the Black Country: This analysis shows a huge central zone with localities in the most deprived 10% or 20% nationally, around 566,000 people. The spatial extent and fragmented nature of this central zone is significant. Here the historic pattern of low income housing and economic decline has led to a disproportionate concentration of certain types of households: young, single person and lone parent households. Demographically, there is a skew to people with health problems, pockets of ageing residents in poverty and for the most part, BME groups. Only in Wolverhampton is there a major concentration of students. This concentration of disadvantage and unstable communities therefore reflects the importance of the urban form as a driver (see section 4.3.1) which in turn defines its social function.

- Distinct sub-markets with specific characteristics and different trajectories. There is a particularly complicated northern core area of the Black Country with issues around older poor condition terraced housing and declining interwar local authority-built estates with social problems and a fragmented urban form around traditional industrial activity. This northern core straddles parts of Wolverhampton, Walsall and Dudley and requires intervention involving joint planning and delivery by the Black Country authorities.

- South Telford New Town estates (Woodside, Brookside and Sutton Hill) which are identified as displaying clear signs of market failure - including low demand, heavy stigma, abandonment, poor facilities and problems of unemployment and social deprivation. Key issues for these estates are the quality of the housing stock and estate infrastructure - described as being “of questionable construction standard” - and the fragmentation of property ownership - with marginal owner-occupation and private renting predominating. The problems inherent to these estates are such that a clearance programme on the New Town estates has started for the first time - with approximately 240 units being cleared in South Woodside. The longer-term future of these estates without intervention is problematic.

5.2.7 Future Trajectory

Chelmer population forecasts undertaken for the Black Country (Mott McDonald, 2004) (see Annex A) suggest a reduction in population of 84,500 persons over the period 2001-2031, accompanied by a net loss of 2,400 households.

Without fundamental change the Black Country - especially its core areas - will continue to fail to attract in-migrants with choice - except where there are special factors, such as the presence of BME communities. The nature of the housing stock has exercised a strong influence on the social and economic composition of the population. Unless the nature of the stock can be changed to provide a more attractive offer, measures to attract those with choice are unlikely to succeed. Demand for social rented housing may ebb and flow with changes in the price of housing relative to incomes, but in the long run it is declining inexorably. The popularity of some dwelling types may also vary with house prices, but again in the long run only dwellings which can fit with modern lifestyles and aspirations will prove attractive to those with choice.

Put more simply, the present nature of the housing stock and the environments within which it is located will be a serious constraint on measures to attract more affluent and more highly skilled households or others who have the capacity to move to other areas which are perceived as more attractive. Even setting aside questions of preferences and the attractiveness of housing and the environment, buying a house in many parts of the Black Country does not make investment sense for people with choice because of the low rate of capital appreciation that can be expected. Unless measures are taken to create a more attractive housing stock, measures to create more jobs or high quality jobs will be undermined by the housing market, or will lead to a greater demand for commuting from outside the area. A key objective must be to encourage appreciation of housing values through diversification of the stock, whilst maintaining access to purchase for first time buyers and low income groups.

The impact of this would compound the challenge of creating a new economy for the Black Country based on knowledge industries and other high value added sectors.

Within the regeneration debate there is a tendency to assume that economic change will determine the direction of housing market change. But more affluent households have the capacity to afford and cope with longer commuting journeys so that connections between place of work and place of residence are increasingly weak. Attracting jobs does not necessarily mean attracting residents. Two- or multi-earner households are also increasingly common and this further complicates the link between home and work and puts a premium on accessible locations, locations which are likely to remain attractive over various stages in the lifecycle, or those representing minimal risk in investment terms. Population loss from areas such as Pathfinders is thus associated with active housing choices and the willingness to contemplate longer journeys to work rather than the loss of employment or the nature of employment.

Success in securing the development and sale of new build market housing in neighbourhoods previously considered unviable - such as on the Cape Hill brewery site in Smethwick - indicate potential for major housing market change in some areas

5.3 Regional Trends

5.3.1 Regional Economic Trends

Sustainable communities depend on a number of factors, including quality employment opportunities generating the jobs and higher incomes needed to support both home ownership and investment in the housing stock, including general repair and maintenance. Strong economies also breed confidence, helping to encourage both in-movers and resident retention, and supporting the range of services that are vital for balanced and sustainable communities.

The success of housing market interventions in the Black Country Telford area is closely linked to the economic and labour market characteristics and trends of the region and how those trends impact on the Black Country Telford sub-region.

Current work by ECOTEC reviewing the links between different economic drivers and the housing market (for the Regional Housing Board) highlights a growing ‘fracture’ between a relatively buoyant southern and eastern area in the region, increasingly part of a wider South East of England economy, and the northern and western areas of the region where growth is less pronounced and where there has been population decline and a continued loss of manufacturing employment.

The location of the Black Country Telford sub-region firmly within the parts of the region experiencing lower rates of economic growth raises key issues for a housing market renewal area. Housing investments would need to go hand in hand with economic interventions, particularly those geared to higher value added economic activity, as well as environmental, transportation and other inter-related policy areas. In this respect current vehicles for policy intervention including the two Regeneration Zones and the High Technology Corridor have a crucial role to play.

Overall Trends

The West Midlands economy underwent a major relative decline in GDP compared to the UK average in the late 1970s and early 1980s - although it has since held its own but is not gaining[1]. Although, as regards GVA per head, the disparity between the region and the UK average has widened (1989 to 2001) (see Table 5.1). GVA is a measure of the region's potential to re-invest in regional growth.

Table 5.1: GVA £ per head

	GVA (£ per head)	
	2001	**Change from 1998**
UK	14,418	12.1%
West Midlands	13,031	10.4%

Source: Office for National Statistics, Gross value added (GVA) and Gross Disposable Household Income by NUTS 1, 2 and 3 areas at current basic prices, 2002

As regards employment, figures show that the region experienced a 1.4% increase in employment between 1998 and 2002 compared to a GB average of 5%.

Advantage West Midlands reports that in the absence of the Regional Economic Strategy the West Midlands will remain 'static' and specifically that the Region will perform at or close to the UK average in Gross Value Added (GVA) and employment terms, resulting in relatively little net employment; and unemployment will rise.

The West Midlands Regional Economic Strategy states that changes in the region's demography over the next few years will have huge implications for the region's employment base. It is projected that by 2010 more than 50% of the West Midlands workforce will be over the age of 50[2].

Manufacturing Trends

A key issue for the region is the level of employment in manufacturing - with manufacturing still the largest contributor to regional GVA and employing over 20% of the region's workforce compared to just over 15% nationally. Regional productivity rates in the manufacturing sector are low by UK standards and even further behind many European countries. The State of the Region report (2004) highlights that the region ranked 7th out of the nine English regions for expenditure on R&D in 2001.

Manufacturing employment continues to decline, especially in value-added sectors and sectors facing low-cost overseas competition or over-capacity in international markets. A decrease of 103,000 jobs in manufacturing is predicted across the region a between 1999 and 2010. This will have a particular

[1] West Midlands Regional Observatory (2004) 'State of the Region Report'
[2] AWM (2004) *Regional Economic Strategy*: 17

impact on the region's manufacturing centres including the Black Country Telford area, where manufacturing remains the largest employment sector - accounting for over a quarter of all jobs.

Research by GHK in May 2004[3] concluded that manufacturing employment in the Black Country had declined from 40% of all employment to 24% in the last twenty years. The Black Country's manufacturing industry is expected to continue to evolve into a shrinking sector with projected reductions in both output and employment (see Table 5.2).

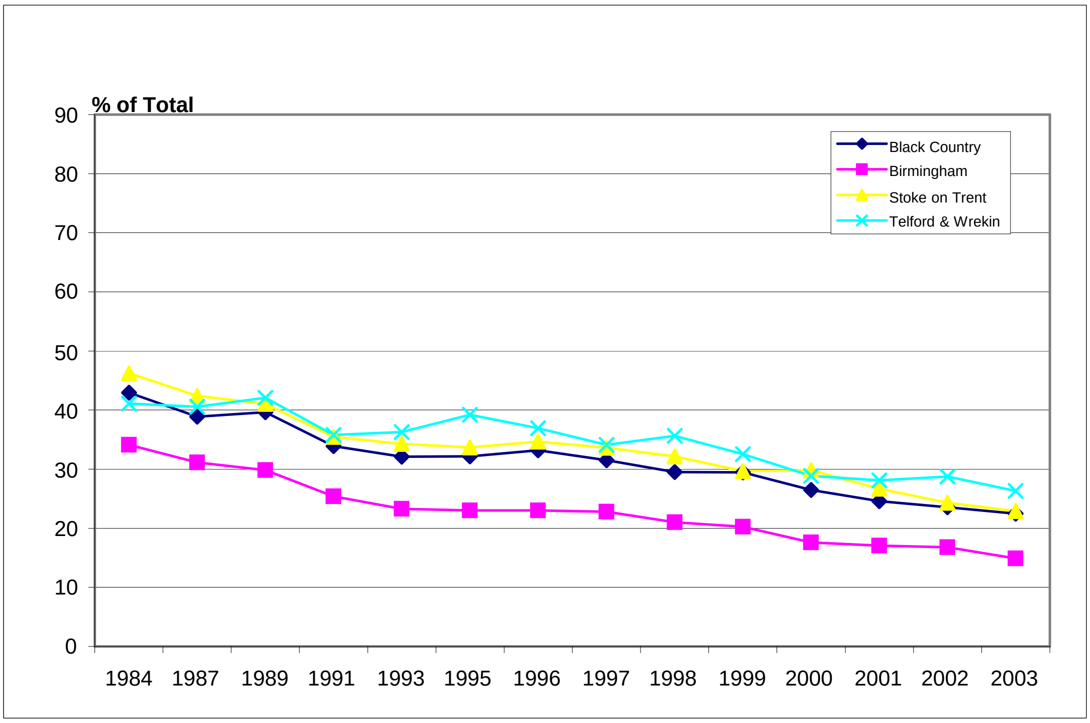
Table 5.2: Change in Employment, Black Country, 1991-2002

	Actual	Expected	Differential
Manufacturing	-35	-27	-8
Other Production	-5	-3	-2
Services	+47	+51	-4
TOTAL	+7	+21	-14

Source: Long-Term Economic Strategy for the Black Country, (May 2004), GHK: BC Research Database

Figure 5.1 also demonstrates a gradual decline in manufacturing in Telford and Wrekin. Telford and Wrekin's manufacturing sector is projected to adjust with falls in employment but greater levels of productivity.

Figure 5.1: Manufacturing Jobs, 1984-2003



Service Sector Growth

The region's service sector is growing - to replace manufacturing employment - but at a slow rate - and with a significant dependence on public sector growth (health and education in particular), which has a relatively lower share of GVA (State of the Region Report, 2004). A net increase of 34,000 jobs

[3] GHK (2004) *'Long-Term Economic Strategy for the Black Country'*

- in particular in business and other services, distribution and transport, and other non-market services - is forecast by 2010.

A key issue for the area will be its capacity to attract service sector growth with an overall shift in the locus of economic activity within the West Midlands from the conurbation towards the south east of the region.

Employment trends for key growth sectors between 1998 and 2003 (Figures 5.2 and 5.3) show that:

– Telford and Wrekin, and Wolverhampton have experienced a substantial percentage increase in consumer services employment - including the renaissance of Wolverhampton City Centre - whilst the rest of the Black Country authorities have experienced a low to negative change in consumer services employment;

– Telford and Wrekin, Wolverhampton, Dudley - and in particular Walsall - have experienced growth in knowledge-based services employment (including the development of Brierley Hill), whilst Sandwell has experienced a substantial decrease.

Figure 5.2 % Change in Consumer Services Employment, 1998-2003

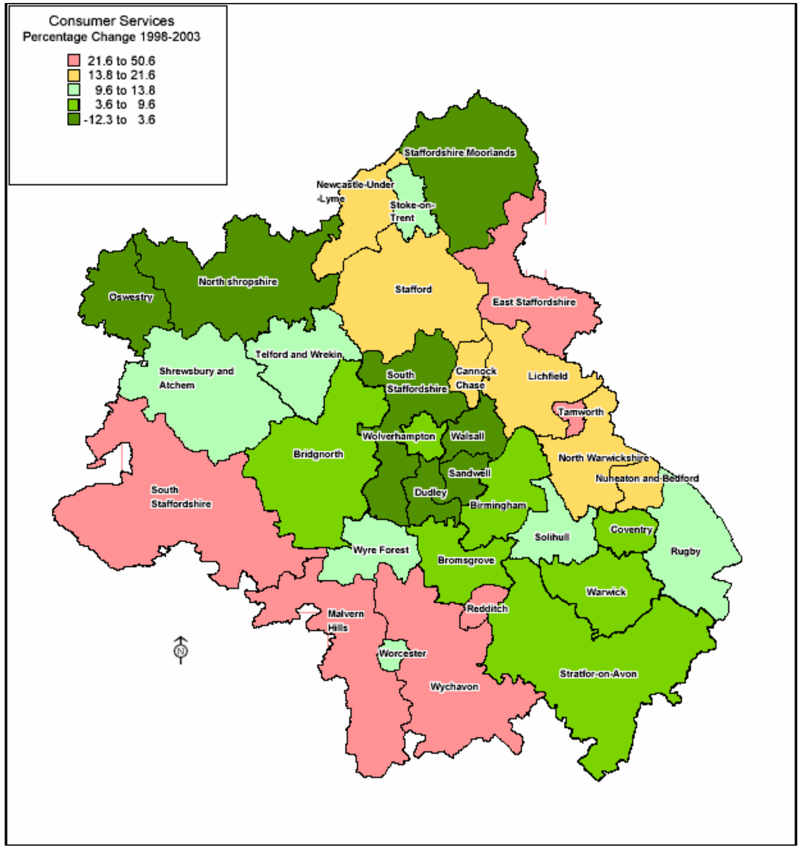
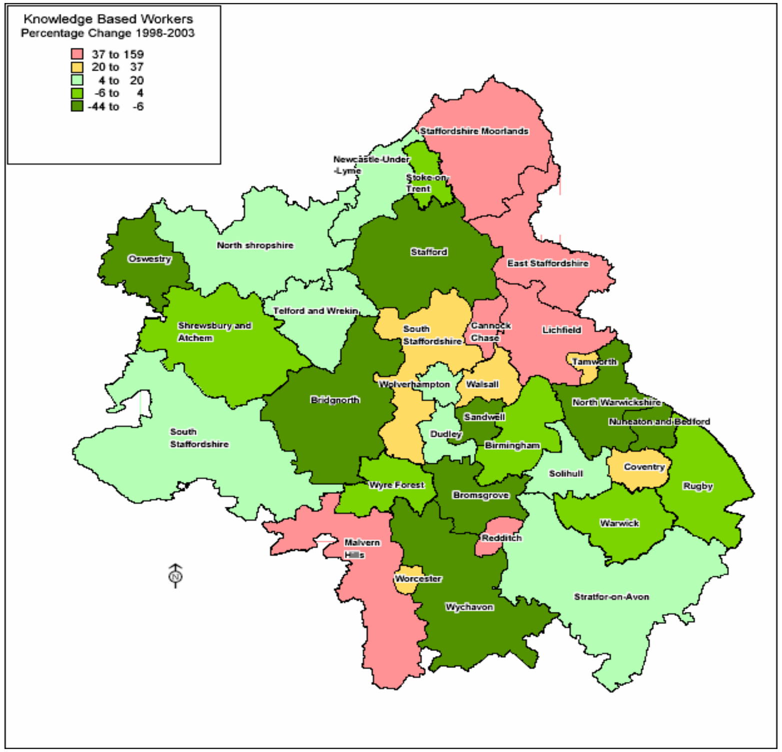


Figure 5.3 % Change in Knowledge Based Employment, 1998-2003



Black Country Performance

In terms of overall economic performance, the Black Country has experienced over-representation in weak UK sectors, at an estimated cost of 21,000 jobs, and slower employment growth compared to the rest of the UK. Research by GHK in May 2004[4] summarised past trends in the Black Country as showing a decline in employment of 11,000 jobs (2.6%) in the last 20 years. This downward trend is coupled with a decline in relative earnings and overall performance comparable to Birmingham and North Staffordshire. Actual performance in manufacturing has been far lower than anticipated and despite an increase in employment within the services sector this has been lower than anticipated.

The present performance of the Black Country economy (GHK, 2004) can be summarised as:

- The Gross Value Added (contribution of GDP) of the economy is £14,000m (1.6% of UK);
- Gross Value Added per job is 88% of the UK average;
- GDP per head stands at £12,300[5]
- Employment rate (employed as % of working population) of 76.3% compared with UK rate of 78.1%;
- Manufacturing is still the largest sector by value (26%) and employment (24%). Distribution is the second largest sector;
- Occupational structure shows significant under-representation of higher income grades; and
- Average earnings are 87% of the UK average.

However, it should be noted - as shown in Figure 5.4 that Dudley has experienced a higher than average increase in employment since 1984 compared to the other Black Country Boroughs and Birmingham.

In terms of unemployment trends over the past 20 years Figure 5.5 outlines claimant counts for the Black Country, West Midlands and UK from 1984 - 2004. Both the Black Country and West Midlands at large show a similar trend to the rest of the UK.

Key issues for the Black Country with regard to growth sector employment have been:

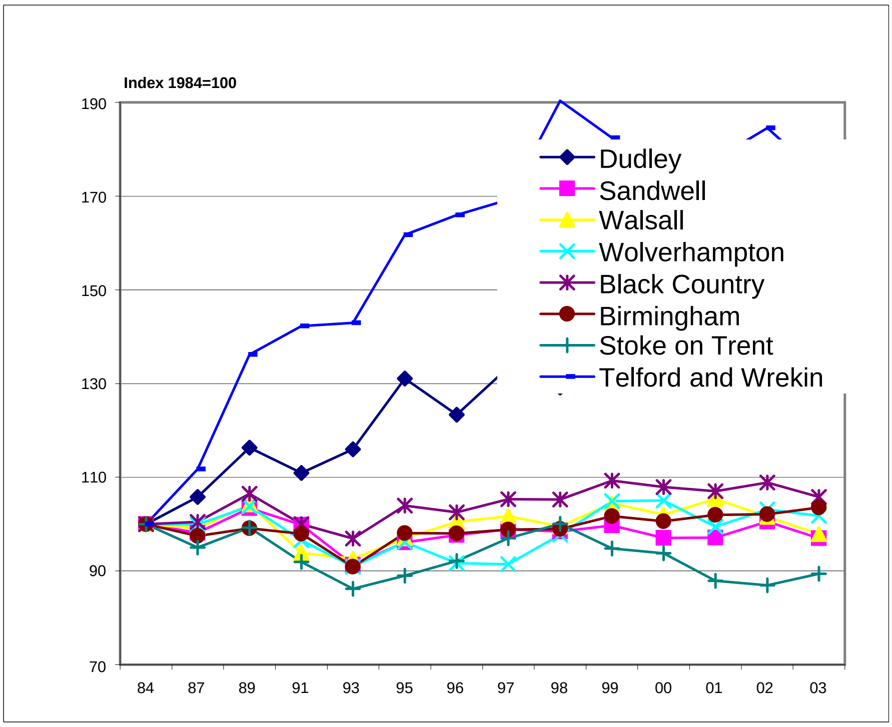
- The type of opportunities created, which in the case of the Black Country have tended to be lower skill level opportunities which have not attracted better paid, more highly qualified, and therefore more affluent workers to live in the area. This is reflected in the Black Country's low income levels;

- The proximity of the regional centre of Birmingham, which not only began with many advantages but has also undergone successful and continuing regeneration and expansion, not least through the presence of a strong higher education sector; and

[4] GHK (2004) *'Long-Term Economic Strategy for the Black Country'*
[5] Black Country Observatory Research Database (2004) *State of the Sub-region 2004*

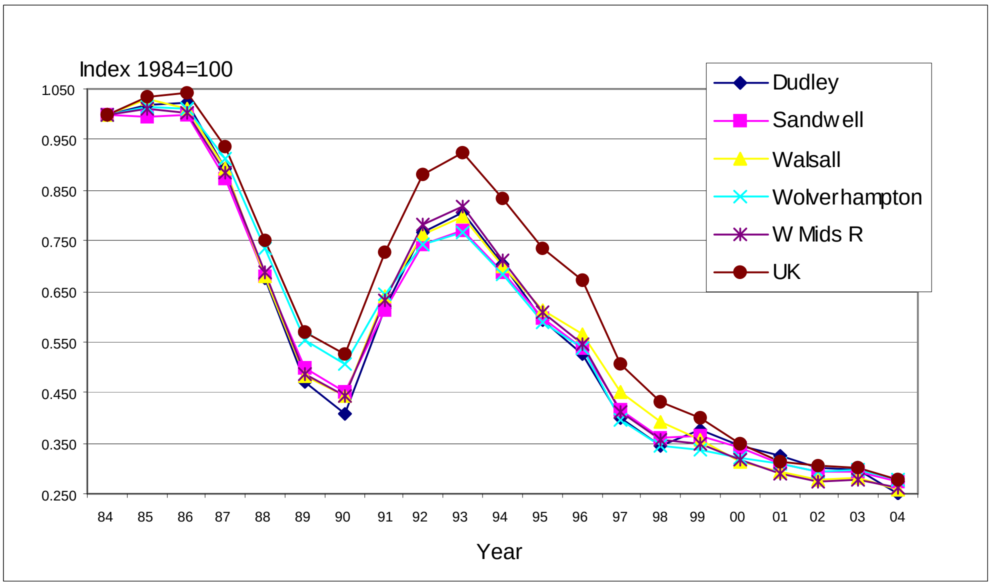
- The development of better motorways and other access roads, which, whilst assisting in the attraction of new employment, have also facilitated higher levels of inward commuting from those living outside the Black Country in more attractive environments.

Figure 5.4 Employee Jobs 1984-2003



Source: ONS, NOMIS, Jan 2005

Figure 5.5 Claimant Count Unemployment, Black Country 1984-2004



Black Country Prospects

A model has been developed for forecasting economic growth in the Black Country[6] which is consistent with UK macro and industrial forecasts and the West Midlands regional forecasts. Base forecasts which consider the most likely path for economies given current trends and a policy neutral environment - identify that the Black Country economy will lose 20,000 jobs over 30 years to 2030. This job loss is expected to be uneven between the Black Country authorities, with Dudley expected to experience a continued rise in employment but at a slower rate, Walsall expected to experience broadly stable employment, and Sandwell and Wolverhampton expected to experience job losses amounting to 10%.

A sectoral analysis of these base projections (Table 5.3) identifies a projected continued rapid decline in manufacturing employment - although at a slightly slower rate than Birmingham. Most jobs lost from manufacturing are expected to be replaced from service sector employment.

Table 5.3: Employment Prospects in the Black Country (‘000s)

Employment	Current 2003	Baseline 2030
Manufacturing	112	47
Logistics & Distribution	55	58
Retail	55	54
Financial and Business Services (office)	72	106
Public Administration (office)	23	26
Personal Services	46	48
Total (ex health, education, construction, transport)	363	337 (-7%)

Source: Regional Forecasts and Oxford Economic Forecasting, June 2004 (accessed via GHK (2004) Long-Term Economic and Employment Strategy for the Black Country: 5)

Despite an overall projected loss of jobs, the Black Country is projected through the model to achieve a higher residence-based employment rate, on the basis of a projected higher rate of population decline amongst the working age population compared to the rate of employment decline. However, the occupational structure is projected to see a shift away from higher level occupations (managers and professionals) with the relative average wage gap between the Black Country and the UK average increasing (from 81% of the UK average in 2003 to 76% in 2030).

Telford Performance

Table 5.4 shows that Telford has performed well in regional terms and compared to the Black Country in employment terms. The Borough has also performed well in terms of median income levels and business starts, although the Borough has performed less well in other areas (e.g. skills levels). Furthermore, the Borough does not appear to have the economic base to support a growing population and rural hinterland, and is very exposed to reductions in foreign investment.

[6] Regional Forecasts and Oxford Economic Forecasting, (June 2004) 'The Black Country Model and Economies for Economic Development'

A recent SWOT analysis carried out by SQW for the Borough of Telford and Wrekin in 2004 identified the following levels of performance[7]:

- 28% manufacturing (National average 14%, regional average 20%);
- £2.2b GVA;
- GDP per head of £14,843;
- 66.7% of the Borough's population in 2001 aged 15-64;
- Existing polymer engineering and ICT sector base;
- Low unemployment;
- A lack of affordable broadband connection in some industrial areas and a lack of Regional Selection Assistance Grants compared to Wales and the Black Country; and
- Existing competition from new regional employment sites, for example, the Wobaston Road 90 hectare employment park north of Wolverhampton
- 35% of people of working age have achieved NVQ Level 3 or above, compared to 42% nationally

Telford Prospects

A recent SWOT analysis undertaken for Telford & Wrekin (SQW, 2004[8]) identifies economic projections[9] on the basis of continuing trends which indicate annual growth rates of 1.2% in employment (14,000 net jobs) and 3.4% in output between 2002 and 2015. However, the analysis also identifies the vulnerability of the Borough's economy - to central government policy change (with nearly half of the net jobs created coming from 'computing services' believed to be largely driven by the expansion of EDS driven by changes to the Inland Revenue's business) and the trend towards shifting manufacturing production (automotive and electronics) overseas.

The study also identifies a major slow down in inward investment to the Borough from a very high rate of attraction of 1,500 companies over 20 years. Whilst the Borough has excess supply of employment land, offers a good quality environment, low wages and good internal access, it is identified as struggling to retain competitive advantage for inward investment. This is linked to low unemployment, limited access to London and the national motorway network (M6 congestion), a lack of affordable broadband connection in some industrial areas and a lack of Regional Selective Assistance Grants compared to Wales and the Black Country. Competition from new regional employment sites elsewhere - particularly the Wobaston Road 90 hectare employment park north of Wolverhampton is also identified.

A key issue for the south Telford estates is access to employment opportunities created, with the area relatively physically isolated from a concentration of employment growth areas to the north of Telford and relatively low skills levels amongst the local population.

This analysis therefore, in summary, identifies that:

[7] SQW (2004) *SWOT Analysis for Telford and Wrekin Economic Development Strategy*
[8] SQW (2004) 'Telford & Wrekin Economic Development Strategy: SWOT Analysis'
[9] Cambridge Econometrics using the Local Economy Forecasting Model (LEFM)

- In both the Black Country and Telford and Wrekin, public administration and distribution sectors are expected to expand with increases in both employment and output.

- Construction in both areas is stated as an adjusting employment sector with projected falls in employment but increasing output due to improvement in productivity levels.

- In the Black Country, manufacturing is expected to evolve into a shrinking sector with projected reductions in both output and employment, whilst manufacturing in Telford is projected to adjust with falls in employment but greater levels of productivity.

In terms of detailed analyses the Black Country has been subject to more detailed scrutiny than Telford. The latter requires more extensive review. In some respects Telford has performed well in regional terms and well in comparison to the Black Country (e.g. business starts, median income levels) but in others the overall performance is poor (e.g. skills levels). Telford does not appear to have the economic base to support a growing population and rural hinterland. It is very exposed to reductions in foreign investment.

BME Economies

The research base for BME economies is underdeveloped. Evidence tends to be anecdotal. ECOTEC is currently reporting on the links between BME communities and housing on behalf of the Regional Housing Board but the analysis is regional. More work would be required within the Black Country Telford sub-region but the general pattern of enclosed economies, based on family ties and informal labour markets, resulting in more limited opportunities and lower incomes is probably applicable.

5.3.2 Regional Demographic Trends

Decentralisation of population and economic activity away from the metropolitan centres of the region is of primary significance as a driver of market change over the last few decades (see Table 5.4). The decentralisation that has taken place within the conurbation away from the old industrial centres is discussed in Chapter 4.0.

As well as decentralisation within the conurbation, there is an even greater zone of population growth circling the conurbation itself with significant population gains outwards from the Black Country in South Staffs and Telford and also north, east and south of Birmingham in areas of very high house prices (Figure 5.6). Overall the pattern of decentralisation is striking, with the influence of the motorway network an apparent factor.

The highest overall rates of population increase have been in areas adjacent to the conurbation, rather than in more rural areas, reflecting the continuing economic pull of traditional employment centres, and the tendency of migrants to move short distances in order to sustain social and other networks, but the cumulative impact of this steady cascading outwards has been substantial.

Thus during the period 1961 to 1971 all Black Country districts except Sandwell experienced population growth. Post 1971 all districts except Dudley have experienced population decline to the extent that the population of the Black Country is now less than that in 1961[10]. The population of Telford has more than doubled in this period. Table 5.4 presents these population figures.

Table 5.4: Black Country and Telford Population Figures 1961-2001

000s	**1961**	**1971**	**1981**	**1991**	**2001**
Dudley	254	295	301	308	305
Sandwell	338	332	310	293	283
Walsall	246	274	267	261	253
Wolverhampton	261	272	258	248	237
Black Country Total	1,099	1,173	1,136	1,110	1,078
Telford & Wrekin	75	97	126	142	158
HMRA Total	1,174	1,270	1,262	1,252	1,236

Source: Mott MacDonald, ONS and Telford & Wrekin Borough Council

Taken together, this evidence suggests that the centre of gravity within the region is moving southwards and eastwards, reflecting the changing position of Birmingham and perhaps the economic pull of the South East region. The position of Staffordshire as an equivalent cold spot is also significant. With the exception of the planned New Town and post New Town development in Telford the sprawl of the Black Country has been restricted to the towns and smaller settlements of South Staffordshire district. The reasons for this include:

- Green Belt policies restricting new development to the west of the conurbation except in Telford;

- Relatively poor communications, restricting access from rural areas to the west into the core of the Black Country and Birmingham. This suggests that the construction of the western orbital route would accelerate the decentralisation of the Black Country in this direction; and

- A relative lack of demand from Black Country residents arising from prevailing low income levels. This has reduced the extent to which a high value rural hinterland has developed comparable to that which has developed to the north and south of Birmingham, for example. However, consideration of dwelling prices in Wyre Forest and Bridgnorth suggests that this is no longer a major constraint.

[10] Black Country Study: Population and Household Scenario Forecasts 2001-2031, Graham Smith, Mott MacDonald, October 2004

Figure 5.6: Population Change in West Midlands Region, 1951-2001

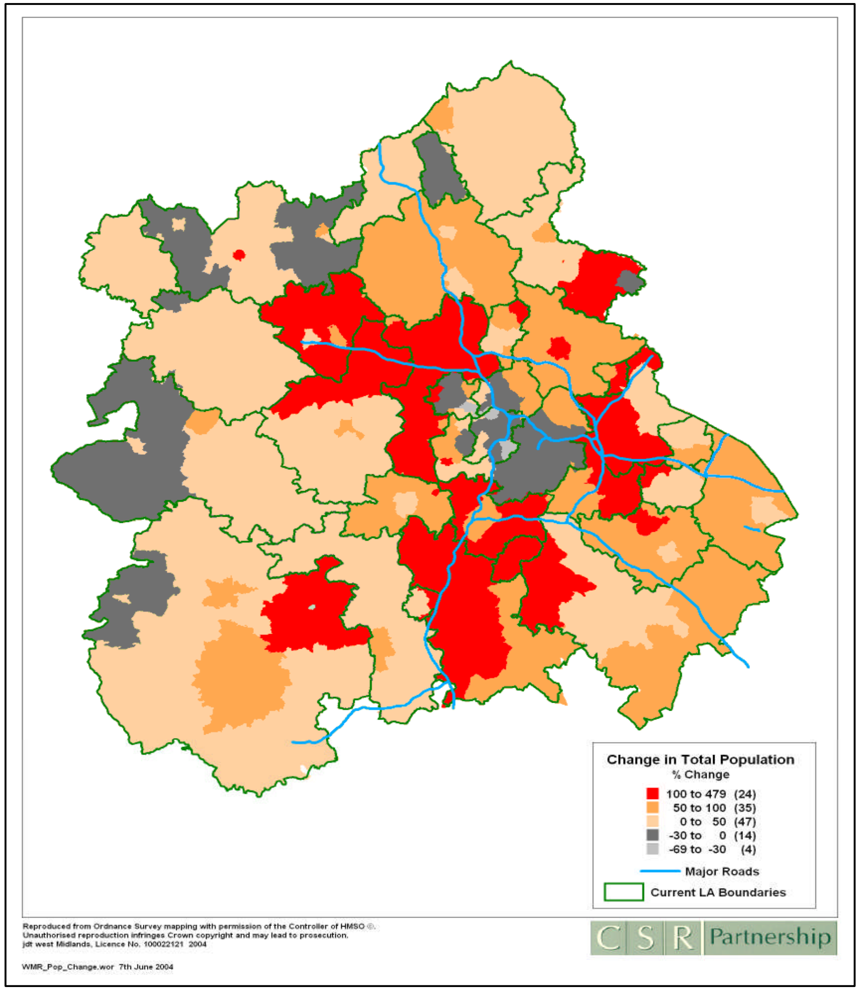
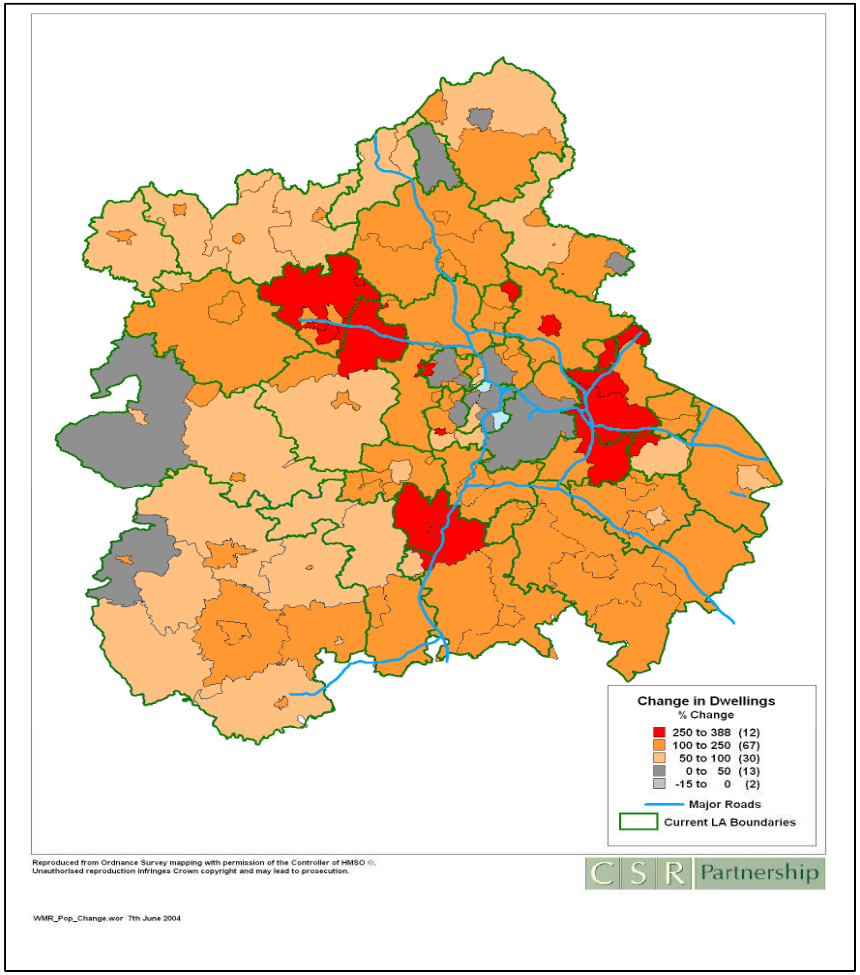


Figure 5.7: Dwellings change in West Midlands Region, 1951-2001



5.3.3 Regional Social Trends

The socio-economic and policy factors which have driven the process of population decentralisation within the region are complex and have varied between places and over time. Key social trends identified are as follows:

Changing family and household structures, which are encapsulated in reducing average household size: early twentieth century living arrangements frequently involved extended families (multi-generational households) with children remaining in the family home until or even after marriage and grandparents or other relatives living with families, but trends over the last part of the century saw an increasing preference for couples to live alone, and for children to live independently from an earlier age. Other trends leading to more small households including increasing rates of divorce and separation, and the expansion of participation in higher education. These pressures led to a much more rapid increase in household numbers than population, and even to increases in household numbers where the population was in decline. The desire to live independently from parents and other relatives was facilitated by an increasing supply of housing and by greater economic prosperity.

Changing preferences and aspirations: from the 1950s onwards changing lifestyles and aspirations, including increasing leisure time for hobbies including gardening, and awareness of the health and education problems caused by overcrowding also led to changes in housing demand, which were expressed in terms of preferences for larger dwellings, for gardens, indoor WC facilities, bathrooms, and fitted kitchens. In themselves these increased the overall demand for housing. In addition, better-paid households were increasingly able to afford to move out to more attractive suburban and rural areas in order to experience a better physical environment. Increasing levels of car ownership and improvements to roads enabled households to move out to suburban locations without leaving their existing employment. These trends developed gradually at first but accelerated in the 1990s as a result of a long period of economic prosperity, and increasing levels of female economic activity.

Growing polarisation: the cumulative impact of selective migration left behind higher proportions of deprived and socially excluded households and levels of crime increased whilst at the same time the capacity of areas losing population to sustain high quality services declined, leading to a spiral of decline as more and more people were motivated to move to areas perceived to offer a better quality of life. In the 1990s, these trends have also become increasingly complex, with the development of specialist demand groups such as students, affluent young professionals, and affluent middle aged and older people. Some groups express preferences for urban rather than suburban or rural living, but typically these groups are attracted by specialised city centre facilities and environments, as distinct from inner city ones. Often they are attracted to new housing, or refurbished housing of innovative design, rather than to traditional terraced or semi-detached housing types. They are also as likely to be discouraged by poor environments and concentrations of crime or anti-social behaviour as other groups. The Black Country finds it hard to compete for these groups with Birmingham.

Public sector led decentralisation driven by housing need: in the 1950s and 60s, the demand for local authority housing was driven by the two post-war baby booms, aspirations towards independent living outlined above, and by the displacement of households as a result of the clearance of areas of high density slum housing. At this stage, local authority housing was still seen by many lower income households as lifetime tenure. The high level of demand for local authority housing led to provision on peripheral greenfield sites and brownfield sites created by slum clearance, but subsequently also to the development of new towns, and overspill estates around existing towns. In the West Midlands Redditch and Telford provide the main examples of such planned decentralisation, much of which took the form of social rented housing provided through New Town Development Corporations. Most New Town development in the 1960s and 70s was public sector led, but from 1980 onwards, this was increasingly replaced by private sector provision on land initially allocated for public housing for which the Development Corporations and their successors retained outstanding planning permissions (see Telford case study below).

Private sector led decentralisation facilitated by predict and provide planning techniques: In addition to the planning of public sector provision, the planning system increasingly played a part in private sector provision through the development planning system, boosted by the advent of structure planning and the regional planning tier. Developments in household estimation techniques based on the projection of emerging trends towards greater household formation, and pressures from developers, led to the emergence of 'predict and provide' based provision on greenfield sites. At the same time, a desire to contain the expansion of urban settlements led to the development of Greenbelt policies, which led new development to leapfrog such areas.

Telford New Town: case study

During the 1960s, Redditch's proximity to Birmingham conferred the advantages of a satellite town. However, Dawley's distance from the conurbation made the process of containing the population growth of Birmingham more difficult.

"In 1963, Dawley new town was intended to take 50,000 people from the conurbation and so to grow into a town of 70,000 or more. By 1968, Telford was intended to take an additional 50,000 and grow to 220,000 or more by 1991. However, by 1983, Telford's population was just under 108,000, and it was generally thought that it might not reach 120,000 by the time of the development corporation's demise, expected in the late 1980s"[11].

In terms of demography, the population of Telford stood at approximately 60,000 in 1968. In terms of geography, the landscape was approximately one-third built up, one-sixth derelict mining land and the remainder farmland.[12]

Overall, the development corporation inherited an area blighted by 250 years of mining and heavy industry. To a partial extent, it had eradicated the worst of the dereliction but this was coupled with a significant decline in the coal and iron industries. Consequently, the main legacy of the development corporation was one of high unemployment.

[11] www.british-history.ac.uk

[12] www.telford.gov.uk

In terms of housing, new estates were quickly built at Brookside, Sutton Hill and Woodside, but to a defective Radburn design and of a poor construction standard by the development corporation. Later, the disposal policy of the corporation led to cut-price sales of properties to private landlords and level of owner occupation inconsistent with the quality of the stock (and its value) and income levels in the estates which are similar to those of many Black Country neighbourhoods.

Overall the expansion of the town was coupled with transport improvements in road infrastructure. A key physical problem for Telford in the 1970s was a link to the country's motorway network. The completion of the M54 in 1983 is being an important contributing factor to Telford's continued growth.

The 1980s witnessed an influx of population creating a demand for local amenities such as schools, housing and public services. Over time, larger houses have been built to attract and sustain affluent sections of the population. University provision has expanded and town facilities such as the Ice Rink, Racquet Centre, banks and other firms have firmly based themselves in Telford.