

Cheltenham Borough Council

Council – 24 September, 2012

Joint Core Strategy for Gloucester, Cheltenham and Tewkesbury – Housing Needs Assessment Report

Accountable member	Councillor Steve Jordan, Leader
Accountable officer	Andrew North, Chief Executive
Ward(s) affected	All
Key Decision	Yes
Executive summary	<p>The issue which generated most responses to the consultation earlier this year on “Developing The Preferred Option” for the Joint Core Strategy (JCS) was the methodology used to calculate future housing requirements for the area. In response to these concerns independent consultants (Nathaniel Lichfield and Partners ‘NLP’) have been engaged to review the JCS methodology and make appropriate recommendations.</p> <p>The purpose of this report is to note the progress being made on the evidence base for establishing the objectively assessed need for housing in the JCS area.</p>
Recommendations	<p>That members:</p> <ol style="list-style-type: none">1. Note NLP’s review that the demographic methodology used to establish housing requirements for the JCS area for the period from 2011 to 2031 as part of the “developing the Preferred Option” document, was appropriate at the time, but that the data upon which the methodology relied will not in future be maintained by Gloucestershire County Council and should be based upon Office of National Statistics (ONS) and Department of Communities and Local Government (DCLG) data, because this will be consistently available and subject to on-going updating.2. Note NLP’s commentary and advice regarding the consultation responses.3. Agree that a demographic projection solely based on latest ONS and CLG data indicates a population growth of 44,700. This would generate housing need of 28,500 dwellings for the JCS area for the period from 2011 to 2031 using NLP’s methodology.4. Agree that “objectively assessed need” for the JCS area should be based upon local job projections and the alignment of housing and employment provision. Also to agree that in preparing the JCS Preferred Option document, further work will be carried out to understand the level of economic growth assumed in the demographic, Cambridge Econometrics and Experian Business Strategies Ltd projections and work with the Local Enterprise Partnership to establish the level of economic growth for the JCS area during the period up to 2031 and the potential implications that

this may have on the level of housing required.

5. Note that economic projections from Cambridge Econometrics and Experian Business Strategies Ltd forecast housing provision in a range between 32,500 and 43,220 dwellings to align proposed job growth and housing provision for the JCS area for the period from 2011 to 2031.
6. Agree that in preparing the JCS Preferred Option Document further work will be carried out to understand the current trend in household size and the implications on the level of housing required.
7. Agree that the JCS needs to balance environmental, social and economic issues and that the social and environmental impact of the “objectively assessed housing need” will be considered in preparing the Preferred Option version of the plan.

Financial implications

The JCS authorities are preparing the Preferred Option Joint Core Strategy which is due for consideration by each of the Councils in 2013. It is therefore essential that agreement is reached on the objectively assessed need if they are to continue to progress to the next stage of the document. Should the recommendations be accepted, there will be no financial implications associated with this report given that the JCS is being prepared from within existing budgets.

Should the recommendations of this report not be accepted by the Council, then there is likely to be a considerable delay in the production of the Preferred Option document. This could also result in work on the JCS being suspended. This will increase the risk of speculative planning applications for all three JCS authorities in advance of the development plan process.

It is also important that the JCS progresses quickly in order to progress the associated Infrastructure Delivery Plan and any Community Infrastructure Levy preparatory work.

A delay in agreeing the JCS may result in difficulties in defending inappropriate development which may lead to the need to incur significant expenditure to challenge decisions made by the planning inspector.

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<p>Legal implications</p>	<p>The Joint Core Strategy forms part of the Council's statutory emerging development plan and it is essential to have a 'plan led' system if the planning process is to deliver sustainable growth. The key recommendation in this report is to agree the process by which the objectively assessed need for new homes in the JCS area will be determined.</p> <p>In the absence of an up to date JCS, and supporting Local Plan, Local Authorities are vulnerable to challenge when they are unable to produce a robust 5 year housing land supply (HLS).</p> <p>In the absence of a 5 year HLS Local Authorities are having imposed upon them, by the Secretary of State, planning permissions which need not necessarily comply with the current or emerging Local Plan or any of the emerging Strategies in the JCS.</p> <p>It is therefore essential that Local Plans and the JCS are progressed expeditiously if the threat of adverse planning decisions being forced upon Local Authorities is to be avoided.</p> <p>Contact officer: Neil Weeks, neil.weeks@teWKesbury.gov.uk, 01684</p>
<p>HR implications (including learning and organisational development)</p>	<p>There are no staffing or Trade Union implications.</p> <p>Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242</p>

<p>Key risks</p>	<p>The JCS authorities have an up-to-date Risk Register and this is monitored on a regular basis, however, the risks associated with this report comprise:</p> <ol style="list-style-type: none"> 1. <i>One or more authority not agreeing the recommendations in this report.</i> Should this occur, the preparation of the JCS Preferred Option Document will be delayed. This would have further implications for subsequent examination and adoption of the document. Delay will also have implications for ensuring that the development of the area remains plan-led, avoiding speculative planning applications being submitted. In order to assist the Council in this decision, Members have been provided with up to date and independent evidence which supports the recommendations. 2. <i>The approach to establishing the objectively assessed need is inconsistent between Councils.</i> It is critical that all Councils agree that the methodology set out in Appendix 1 and the recommendations contained within this report represent a prudent approach to determining the objectively assessed need for new homes <i>and jobs</i> in the JCS area. Without this agreement the Joint Core Strategy programme will be unable to progress. Similar to the risk above, this is likely to increase the likelihood of the area failing to be plan-led, in the likely event that applications are submitted in advance of JCS adoption. In order to assist the Council in this decision, Members have been provided with up to date and independent evidence which supports the recommendation. 3. Failure to progress the Joint Core Strategy will also compromise the preparation of other development plan documents for the authority, such as Local Plans. The JCS is the strategic planning document for the area and detailed development plan policy will come forward through Local Plans. As the development plan needs to be internally consistent, work on district plans should accord with the policies and allocations within the strategic level JCS.
<p>Corporate and community plan Implications</p>	<p>Any significant delay in progressing the JCS, having particular regard to the provisions of the National Planning Policy Framework (NPPF), will have implications across a range of areas including potential environmental, social, economic and financial impacts.</p>
<p>Environmental and climate change implications</p>	<p>The JCS is subject to a statutory Sustainability Appraisal Process which incorporates the requirements of Strategic Environmental Assessment.</p>

1. Background and Key Issues

Paragraphs 1.7 to 3.5 below comprise the agreed professional advice of the Joint Core Strategy officer team (Cheltenham Borough Council, Tewkesbury Borough Council and Gloucester City Council) having regard to the report of Nathaniel Lichfield & Partners included at Appendix 3 together with the provisions of the National Planning Policy Framework and other material planning considerations. Identical officer advice is being given in reports to all three Joint Core Strategy authorities.

- 1.1 The Joint Core Strategy “Developing the Preferred Option” consultation document was published for public consultation between December 2011 and February 2012.
- 1.2 The consultation generated considerable public interest and over 3,300 responses were submitted raising a wide range of issues. The issue which generated most responses was the methodology used to calculate future housing requirements for the area. A report summarising the consultation responses has been published on the Joint Core Strategy website, although at this stage the comments are published without any formal response from the three councils. A full response to the comments received will be contained within the consultation report that will accompany the next formal publication of the Joint Core Strategy – Preferred Option.
- 1.3 In commenting on the Developing the Preferred Option consultation document, many respondents have challenged the reliability of the methodology and the data used in the calculation of future housing requirements along with raising several other related issues. Housing is a key part of the plan strategy and it is therefore essential to address this point so that the Joint Core Strategy progresses on the basis of robust evidence. In response to these concerns, independent consultants (Nathaniel Lichfield and Partners or NLP) have been engaged to review the JCS methodology and make appropriate recommendations.

Establishing housing requirements and identifying objectively assessed need

- 1.4 Members will be aware that the NPPF sets out a clear commitment to sustainable development and positive growth:-
 - “local planning authorities should positively seek opportunities to meet the development needs of their area;
 - Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or
 - specific policies in this Framework indicate development should be restricted.” (para 14)
- 1.5 The “specific policies” referred to above would include those for protected sites such as Sites of Special Scientific Interest, land designated as Area of Outstanding Natural Beauty or Green Belt and locations at risk of flooding.
- 1.6 Whilst development plans have always been required to identify and make provision for future housing requirements, the NPPF now requires the JCS authorities to identify the “objectively assessed need” for housing and other development before proceeding with the preparation of the Preferred Option. In this context, it should be noted that the NPPF is not simply informal guidance. The JCS will need to demonstrate that it is consistent with the NPPF or risk being found unsound.

Nathaniel Lichfield and Partners (NLP)

- 1.7 Given the need to identify the Objectively Assessed Need and taking into account the level of scrutiny the JCS housing requirements have been subjected to, the three Councils have therefore

commissioned independent consultants (Nathaniel Lichfield & Partners - NLP) to:-

- assess the approach previously taken in terms of population projections, household estimates and dwelling requirements;
- review the consultation issues frequently raised relating to these matters;
- Provide a clear methodology for the distribution of housing numbers across the JCS area and the necessary policy wording/framework to support this. This should be for the overall JCS requirement, district requirements and the Gloucester and Cheltenham wider policy areas; and
- provide a clear understanding of the impact of the NPPF on housing requirements and recommend a methodological approach that will satisfy the associated evidential and soundness tests.

Housing and population evidence base

- 1.8 The first task undertaken by the consultants was to review the housing and population evidence base supporting the 'Developing the Preferred Option' document and establish the objectively assessed need for housing within the JCS area. The starting point for this is the Council's Housing Background Paper that was published alongside the Developing the Preferred Option document in 2011. This sets out a housing requirement for the three authorities based upon information contained within the locally-derived Gloucestershire County Council population projections.
- 1.9 In summary, the consultants have found that the methodology used in the Housing Background Paper was appropriate to inform the Developing the Preferred Options Document and that there were no serious flaws in the approach. However, the consultants advise that certain elements of the information used to inform the work in 2011 are in need of revision because more up to date and reliable sources of data are now available. Unfortunately, due to reduced resources, Gloucestershire County Council is no longer undertaking its own demographic projections and so it is necessary to rely on alternative sources. The consultants have recommended appropriate revised data sources in their report. Members will note that the need to monitor and review evidence as it emerges is a normal part of the plan preparation process to ensure that the evidence base underpinning the plan is up-to-date and sound.
- 1.10 From their work NLP have identified that in applying current data to that methodology, a housing need figure of about 30,000 dwellings over the plan period would be generated¹. However, their recommendation is that this level of housing fails to take proper account of the economy and will not result in a sound or robust Objectively Assessed Need for development over the plan period. In addition NLP have recommended that there is no sound evidence to support any requirement lower than this.
- 1.11 In reviewing the previous work, the consultants have also advised that the Scenario A consultation option presented in 2011/12 is not robust as it fails to recognise the distinction between housing need and housing supply. It therefore does not reflect the level of housing need that exists in the area. As such, NLP advise that it would not be considered as sound by an Examination Inspector. Officers concur with this view.
- 1.12 In reviewing the Housing Background Paper work and making their recommendations, the consultants were also asked to consider any key issues arising from representations submitted to the Councils via the public consultation on housing and population projections. A full response to the general issues raised is included within their report attached at Appendix 1 setting out how these have influenced their recommendations.(see appendix 4 of NLP report)

¹ It is considered that the ONS 2010-based Sub National Population Projection Assessment figure of 28,500 dwellings is the most recently available data.

Economic forecasts

- 1.13 Whilst NLP have concluded that the methodology used to date in the preparation of the JCS was appropriate, it is important for members to note that this work was undertaken and completed prior to introduction of the NPPF and particularly the new requirement to establish the “objectively assessed need” for development. Having regard to these changed evidential requirements, NLP have recommended that “objectively assessed need” should be based upon economic forecasts and not just demographic evidence alone. On this basis they have included within their report at Appendix 1 advice for the JCS authorities on the level of housing need that would be associated with up-to-date economic forecasts.
- 1.14 In order to establish this and understand the economic potential of the JCS area, NLP have used economic forecasts from two independent sources. The first forecast by Experian predicts that the area has the ability to generate an additional 15,500 jobs by 2031. The second forecast by Cambridge Econometrics predicts that the area has the potential to generate an additional 27,000 jobs by 2031. Whilst these two independent forecasts might indicate that the area has the potential to generate between 15,500 and 27,000 jobs over the plan period to 2031, this also highlights the difficulty in understanding the reliability of economic forecasts and the need for further work to be undertaken..
- 1.15 Given that NLP are recommending that the objectively assessed need figure should be based upon economic projections and the need to align housing provision to jobs, they recommend that 15,500 jobs would require at least 32,500 new dwellings, whilst the forecast for 27,000 new jobs would indicate a need for at least 41,300 additional dwellings.
- 1.16 It is therefore critically important that in order to move forward and establish the objectively assessed need for housing in the JCS area the authorities use and explore the evidence provided by both Experian and Cambridge Econometrics to establish for themselves the level of jobs to be provided. From this further work an understanding and appreciation of the area’s potential for economic growth, in terms of future jobs, will inform the objectively assessed need for housing.
- 1.17 This would also conform with the NPPF requirement for local authorities to “plan proactively to meet the needs of business”. It is planned that over the coming months further work is undertaken with particular input from the Gloucestershire Local Enterprise Partnership to clarify the future economic potential of the area and ensure that the JCS Preferred Option adequately addresses and supports local needs and the potential for economic growth.
- 1.18 It will also be critical having regard to economic considerations that the JCS is flexible enough to allow adjustments in policy or in development requirements as circumstances change. To this end the established principle of “plan, monitor, manage” will become an important element of the plan strategy.
- 1.19 In addition to the further work required by all three authorities to assess the level of housing need in the JCS area the authorities will clearly need to consider where development should be located and when it should come forward. This will need to take into account the various constraints in the area and deliverability issues such as the provision of physical, social and green infrastructure as well as viability considerations.

2. Reasons for recommendations

- 2.1 The NPPF requires local authorities to demonstrate at examination that their plan is based upon robust, up-to-date evidence and that it has been positively prepared. This means that it is essential that the JCS authorities agree a consistent methodology for identifying housing need and plan positively to meet the need identified as a result of applying that methodology to nationally-recognised data sources

3. Alternative options considered

- 3.1 The JCS authorities must have up to date information on the need for new homes and jobs, as required by the NPPF. As part of their assessment, NLP have considered both demographic and economic scenarios, looking at a range of data sources and projections. They have also carried out sensitivity tests to consider the implications of key factors such as natural change, international migration and alternative assumptions about commuting and unemployment.
- 3.2 In preparing the JCS, the authorities have available to them information from national and local data sources for both population and housing data. The 'Developing the Preferred Option' document in 2011-12 presented options for levels of development that ranged from 16,200 to 40,500 new dwellings.
- 3.3 In moving towards establishing the objectively assessed housing need figure for the JCS area, the consultants have reviewed the methodology in the Housing Background Paper that informed the 'Developing the Preferred Options' document, alongside alternative methodological comments received during the consultation period. In undertaking this work, they have also reviewed the use and robustness of local and national data sources to identify the most appropriate sources of data for this evidence.
- 3.4 Based upon their findings and as contained within their report, the consultants also explored a number of sensitivity tests. This includes testing the impacts of how various assumptions on population demographics, migration and housing demand may affect the overall need, and in turn support their final recommendation.
- 3.5 In conclusion, and whilst the JCS authorities have no reasonable alternative to preparing evidence that identifies the objectively assessed need for housing, the Councils' consultant in producing its recommendations has considered and tested a number of alternatives, including data, methodology and other approaches suggested through consultation.

4. Consultation and feedback

- 4.1 A member seminar led by NLP and counsel took place on 12th July. Follow-up NLP sessions with political groups took place on 11th September. No other consultation has been required for this report except as reported at page 2 above. The next public consultation on the JCS will be at the Preferred Option stage of plan preparation.

5. Performance management –monitoring and review

- 5.1 Recommendation 4 above entails that JCS officers, in conjunction with the LEP, establish the level of economic growth for the area to 2031. Outputs from this work to be reported through established JCS governance arrangements. Recommendation 6 will be acted upon as part of this process.

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Appendices	1. Risk Assessment 2. Nathaniel Lichfield & Partners Executive Summary* 3. Nathaniel Lichfield & Partners Report *NB figures at para 3.15 (2) on p.17 should be 32,500 – 34,400.
Background information	National Planning Policy Framework

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
CR33	If the council does not keep the momentum going with regard to the JCS the policy vacuum left by abolition of the RSS and the resultant delay in projections and framework could result in inappropriate development	Andrew North	10 Aug 2010	4	5	20	reduce	Agreement across Gloucestershire districts to work collaboratively on determining housing and employment projections by the end of 2013. Econometric Housing Model received and analysis undertaken. Seminars for councillors to explain the projections. Decision to consult from all three councils and initial phase of consultation undertaken on development scenarios. Establishment of a member working group.	1 Apr 2013	Mike Redman/David Halkyard	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											