

**REPORT TO:** PLANNING

**DATE:** 9 FEBRUARY 2011

**SUBJECT:** STUDY TO REVIEW THE REGIONAL SPATIAL STRATEGY  
HOUSING REQUIREMENT FIGURE FOR SEFTON – HEADLINE  
FINDINGS

**WARDS AFFECTED:** ALL

**REPORT OF:** Andy Wallis, Planning & Economic Development Director

**CONTACT OFFICER:** Alan Young – Strategic Planning and Information Manager  
Tel: 0151 934 3551

**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To report on the headline findings of a key study to review the Regional Spatial Strategy Housing Figure for Sefton, in order that this can inform the evidence base for the Local Development Framework and specifically the Options Stage of the emerging Core Strategy (which is reported separately at this meeting). The full study report will be reported in the next cycle to Planning Committee, Cabinet Member -Regeneration and Cabinet.

**REASON WHY DECISION REQUIRED:**

To comply with national planning guidance on the need to provide a robust evidence base for Sefton's housing policies in the Local Development Framework.

**RECOMMENDATION(S):**

That Planning Committee note this report and agree to receive a further more detailed report on the matter (together with Cabinet Member - Regeneration and Cabinet) in the next committee cycle.

**KEY DECISION:** No (although a decision on the report on the final study will be a key decision)

**FORWARD PLAN:** No

**IMPLEMENTATION DATE:**

**ALTERNATIVE OPTIONS:**

None

**IMPLICATIONS:****Budget/Policy Framework:****Financial:**

The cost of the study (£8,895 exclusive of VAT) will be covered by Planning and Economic Development Department's consultancy budget.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2013/ 2014 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** None

**Risk Assessment:** None

**Asset Management:** None

**CONSULTATION UNDERTAKEN/VIEWS**

**CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

None at this time

## STUDY TO REVIEW THE REGIONAL SPATIAL STRATEGY HOUSING REQUIREMENT FIGURE FOR SEFTON – HEADLINE FINDINGS

### 1. BACKGROUND AND CONTEXT

- 1.1 Meeting the need for new homes is a key element of the local planning system and sits at the heart of our work to prepare the Local development Framework.
- 1.2 Members may recall that the Regional Spatial Strategy for the North West (RSS) was approved by the Secretary of State for Communities and Local Government in September 2008. Among other matters, under *Policy L4 – Regional Housing Provision* (Table 7.1), it set a housing provision for each local authority area in the North West for the period 2003 to 2021 and ‘for a limited period beyond then’. In Sefton’s case this set a total housing requirement figure for the borough of 500 dwellings per annum equivalent to 9,000 dwellings for the period to 2021 (net of clearance replacement). This is the requirement figure which Sefton has, to date, been using to inform the preparation of its emerging Core Strategy.
- 1.3 However, with effect from 6<sup>th</sup> July 2010, the Secretary of State for Communities and Local Government of the new Coalition Government announced the revocation of Regional Spatial Strategies (RSS) with immediate effect. The consequence of this was that the RSS housing figure was also abolished. However, in a covering letter by Steve Quartermain, the Chief Planner at the Department of Communities and Local Government, it was made clear the precise position that local authorities should take following the revocation of RSS. Among other matters and as clarification for two specific policy questions, he advised as follows:

#### ***Who will determine housing numbers in the absence of Regional Strategy targets?***

***Answer:*** ‘Local planning authorities will be responsible for establishing the right level of housing provision in their area, and identifying a long term supply of housing land without the burden of regional housing targets. Some authorities may decide to retain their existing housing targets that were set out in the revoked Regional Strategies. Others may decide to review their housing targets. We would expect that those authorities should quickly signal their intention to undertake an early review so that communities and landowners know where they stand.’

#### ***Will we still need to justify housing numbers in our local plans?***

***Answer:*** ‘Yes – it is important for the planning process to be transparent, and for people to be able to understand why decisions have been taken. Local authorities should continue to collect and use reliable information to justify their

*housing supply policies and justify them during the LDF examination process. They should do this in line with current policy in PPS3.'*

- 1.4 More recently the Minister of State for Decentralisation and Planning, Greg Clark on 12 September 2010 at a Select Committee on the work of the DCLG further commented as:

*'it is open to local authorities to review their local development frameworks and to reintroduce their own assessment of the housing needs in their area. But it needs to be rigorous. They can't just pick a number and put it in and regard that as being the end of it. They need to make an assessment, and they need to put that, and justify that, in their plans. In doing that, those plans exist and they include Government decisions including appeals. We have not made any changes to the five-year requirement, but that five-year requirement is obviously going to be based on the numbers that they have established are needed in that area.'*

- 1.5 Given the above, it therefore became clear that Sefton's emerging Core Strategy could not rely on the existing RSS housing figure and needed to be informed by a robust and rigorous assessment of its housing requirement. The more so, because any Core Strategy Examination would not take place until at least mid 2012, by which time the RSS (or former RSS) housing figure would be four years old and based on data which would date from an earlier date.

## **2. CALA HOMES LEGAL DECISION REGARDING RSS**

- 2.1 Notwithstanding the above Members may be aware that the High Court on 10 November 2010, arising from a challenge brought by Cala Homes (in relation to a proposal to build 2,000 homes in Winchester consistent with RSS i.e. 'The South East Plan') ruled that the Secretary of State's decision to abolish Regional Spatial Strategies was unlawful. In particular, Justice Sales ruled that the Communities Secretary was not entitled to revoke regional strategies under existing planning law. He said:

*"Parliament has given no clear or sufficient indication that that principal [that each region should have a regional strategy] may be set aside by virtue of a contrary policy judgement." He added: "The revocation of the South-East Plan is likely to have an immediate impact upon determination of planning applications.....I consider that the Secretary of State acted unlawfully by purporting to revoke the [RSS]."*

- 2.2 At face value this decision may appear to be a very significant one, however it does need to be seen in context. The Government is now bringing forward its Localism Bill and it is its clear intention that the Legal Decision will be rectified by way of an appropriate provision in this Bill. In short, whilst the High Court decision provides a short 'technical' reprieve for RSSs, it will be no more than

this, and it must be therefore be assumed that the forthcoming legislation will confirm in more robust terms that RSSs will no longer play a role in determining local planning matters.

- 2.3 It must be assumed that the Secretary of State for Communities and Local Government intention to abolish RSS will be achieved when the Localism Bill becomes law later this year. Furthermore, by a similar logic, it must also be assumed that both his advice and that of the Minister of State for Decentralisation and Planning, referred to at paragraphs 1.2 and 1.3 above, must be attached considerable weight since they anticipate a situation that will be resumed once RSS is abolished later this year.
- 3. APPOINTMENT OF CONSULTANTS TO REVIEW THE RSS HOUSING REQUIREMENT FOR SEFTON**
- 3.1 Given the above changing context and given how critical it is that the housing requirement figure is to establishing the robustness of emerging Core Strategies – a point constantly emphasised by the Planning Inspectorate at Core Strategy inquiries – it is vital that Sefton derives a robust housing requirement figure to replace the RSS housing figure that is to use the words of the CLG Chief Planner establishes ‘ *the right level of housing provision in their area*’. The temporary reinstatement of RSS referred to above, in no way changes this requirement; it just postpones the date when the Government’s intentions will have formal legal effect.
- 3.2 Accordingly, given the specialist nature of this work (i.e. it requires the application of sophisticated and expensive computer software modelling, and a specialist understanding of demography to forecast population and household change at the local level), informal tender submissions were invited from three planning consultancies with a proven track record in undertaking this work, and very importantly defending it at public inquiries. After a rigorous selection process Nathaniel Lichfield and Partners (NLP) were appointed to undertake this work in November 2010.
- 3.3 The tender brief for the study required them to:
- undertake a rigorous review of Sefton’s housing requirement figure, base dated at April 2003 (as was RSS and to ensure comparability) and looking forward to 2027 in the first instance and then longer term, by a further five years, to 2032. This work was required to be undertaken in a robust, transparent and defensible manner.
  - Linked to the above the appointed consultants were required to provide, by a best approximation approach, the borough housing requirement disaggregated by the six sub areas of Sefton, namely:

#### *Sub-area Wards*

Southport	Ainsdale, Birkdale, Cambridge, Dukes, Kew, Meols, Norwood
Formby	Harington, Ravenmoels
Maghull/Aintree	Molyneux, Park, Sudell
Crosby	Blundellsands, Church, Manor, Victoria
Bootle	Derby, Linacre, Litherland
Netherton	Ford, Netherton and and Orrell, St Oswald

- 3.4 A copy of the full tender brief for this study is available for Members on request to inspect should they wish to do so.

#### **4. KEY HEADLINE FINDINGS OF THE NLP STUDY**

- 4.1 Whilst NLP have still to submit their final report to the Council, which is expected within the next fortnight, they have provided details of their key headline findings. These headline findings, which will not change, are reported below.

- 4.2 The key findings of their report may be summarise as follows:

##### **(i) Review of Sefton's housing requirement figure**

- 4.3 NLP have undertaken a rigorous review and assessment of all available demographic, housing and employment data and evidence *'in order to provide an analytical review of the level of housing Sefton needs to plan for it to fulfil its role in providing housing to support these factors'*.
- 4.4 The study (to assist comparison) replicates the RSS timescale, from a base date of 2003 but looks forward to 2027 in the first instance (RSS only looked forward to 2021 and *'a limited period beyond 2021'*) to accord with the notional end date of Sefton's emerging Core Strategy, and then beyond this by five years to 2032.
- 4.5 As part of this process NLP have used their sophisticated HEaDROOM forecasting model, which is a bespoke computer-modelling framework, which has been developed over a number of years, for identifying robust locally generated housing requirements, based upon a detailed analysis of demographic, housing and employment data within an area. The forecasting model used by NLP is widely regarded as the market leader and has been found to be robust in an extensive number of RSS EiPs, development plan public inquiries and S78 planning appeals. In this regard, we are not aware of any instance where their derived housing requirement figure has been successfully challenged at public inquiry or similar.

- 4.6 It is important to emphasise that the HEaDROOM forecasting model does not look at housing needs in isolation of a wide range of influencing factors. For example in looking at 'demographic factors' it considers such factors as population growth, household formation rates migration and household vacancy rates. In terms of 'housing factors' and to derive a gross housing requirement, it considers such factors as the Strategic Housing Market Area Assessment (SHMA) findings on affordable housing and other requirements, local housing affordability rates, past housing delivery rates and requirements, housing renewal and replacement. In terms of 'economic factors' it looks at such factors as current and forecast employment levels, changes to the likely structure of the local economy, commuting patterns. It then looks at policy factors including any visions for the future and capacity and delivery factors and constraints. It then, in turn, applies a series of 'checks' such as capacity, past housing delivery rates etc and infrastructure and other constraints, to derive a housing delivery figure.
- 4.7 As part of their work, NLP have tested eleven different scenarios (n.b. they will be reported in greater detail in the next committee report) as follows:
- a. Baseline scenario
  - b. Natural change
  - c. Zero net migration
  - d. Past migration trends
  - e. Stable population
  - f. 2008 based ONS population projections/2008 based CLG household projections
  - g. Zero job growth
  - h. Past trends job growth
  - i. National rates of unemployment
  - j. Past housing delivery trends
  - k. RSS housing delivery scenario
- 4.8 On the basis of the NLP work they have forecast a range of housing requirements ranging from a low of 294 per annum based on Scenario f to a high of 1,205 dwellings per annum based on Scenario g. However, it is clear that some of the above scenarios need to be regarded as no more than theoretical possibilities but are nevertheless useful to provide comparators to other more realistic options.
- 4.9 Using NLP's expert professional judgement and taking account all the factors used to derive the above scenarios and all the constraints on development delivery as shown by the available date etc, the evidence shows that the dwelling requirement for Sefton '*should sit around the 480 dwellings per annum mark to 2027/2032*'.



- 4.10 This conclusion is predicated on the basis that the level of housing delivery proposed would largely meet the scale of needs arising from the projected household growth in Sefton and would also enable the delivery of affordable housing in line with recent delivery rates and thereby contribute towards meeting the urgent housing needs identified in the SHMA.
- 4.11 Importantly, although it would imply a housing growth of at least 7,000 households, this level of housing development would not imply any population growth for Sefton. In fact it would result in a population decline for the Borough, from its present level of 273,000 to about 266,000 by 2027. Furthermore, total net migration loss would be an average of over 100 people per annum over the whole period. Arising from these factors there would also be local labour force contraction of about 18,000 people (primarily because of the ageing of the population) from its present level of 130,000.
- 4.12 Given the above it is firmly suggested by NLP that a house-building rate of 480 dwellings per annum (net) could plausibly form the basis of one of the Core Strategy options. This option is clearly set out in a separate report on the matter, elsewhere on the agenda.

**(ii) Borough housing requirement disaggregated by the six sub areas of Sefton**

- 4.13 As part of the tender brief for the above work (see para 3.3, bullet 2 above), NLP were asked to provide by a best approximation approach, a sub-area breakdown of the 480 dwellings per annum housing requirement. In this regard, the possibility of undertaking detailed sub-area based population and household projection work was ruled out on the basis of cost (estimated to be circa £25k) and on the basis that such an analysis would, because of the serious statistical difficulties involved in estimating local area migration patterns (which is a key element of local area population and household change). Given this, as a proxy for any disaggregation, NLP have derived an index based on a range of factors including: base population, past housing delivery rates, housing development in the pipeline, critical affordable housing need, site at risk of none delivery or delay and the extent of local constraints to housing delivery (infrastructure and environmental constraints included).
- 4.14 Arising from the above NLP have suggested a local level distribution of the 480 dwellings per annum based on:

Southport	35% of total figure (168 homes/annum)
Formby	7.5% of total figure (36 homes/annum)
Maghull/Aintree	12.5% of total figure (60 homes/annum)
Crosby	15% of total figure (72 homes/annum)
Bootle	15% of total figure (72 homes/annum)
Netherton	15% of total figure (72 homes/annum)

- 4.15 Southport delivering 35% of the total figure (i.e. 168 pa); Formby delivering 7.5% of the total figure (i.e. 36 per annum); Maghull/Aintree delivering 12.5% of the total figure (i.e. 60 per annum) and Crosby, Bootle and Netherton 15% each (i.e. 72 per annum).
- 4.16 Notwithstanding the above NLP recognise that, depending on the eventual policy stance adopted by Sefton through the Core Strategy process (and particularly with regard to Green Belt), the above suggested distribution may be difficult or impossible to achieve and for this reason needs to be regarded as a guide to possible provision at the local level and no more.

## **5. INITIAL COMMENTS OF THE PLANNING AND ECONOMIC DEVELOPMENT DIRECTOR**

- 5.1 I will reserve my full comments on this work until the study has been concluded and reported to Members in the next cycle.
- 5.2 Notwithstanding the above, Members may be aware that I have for some time held the view that the RSS housing requirement figure for Sefton of 500 dwellings per annum (net) remains broadly appropriate as a basis for assessing Sefton's housing requirements to 2032. However, the uncertainties caused by the impending abolition of RSS and the knowledge that at least one interested party had given formal notification that they intended to challenge the RSS housing figure if we retained it unaltered (including the possibility of commissioning an independent study), allied to the knowledge that the figure could have major longer terms implications for future land release, including potential Green Belt, led me to a firm conclusion that there was a need for an early independent review of Sefton's RSS housing requirement figure. The stance we are taking has been supported by Government/CLG advice and by Counsel advising the Council with regard to our emerging Core Strategy, the latter the more so because any Core Strategy examination will not be until mid 2012.
- 5.3 Arising from the above NLP were commissioned, late last year, to undertake an urgent review of the RSS housing requirement for Sefton. In my judgement this work is essential to being able to progress our Core Strategy. Furthermore, I am confident that it has been rigorously and robustly undertaken by the leading planning consultancy in this field, and their considered judgement is that a figure of 480 dwellings per annum (net) is the 'right' (see the answer to the first question at paragraph 1.2 above) housing requirement figure for Sefton.
- 5.4 It is interesting to note a concluding point that the 480 per annum figure almost exactly equates to the long-term building pattern over the last 29 years in Sefton (i.e. 483 per annum).

## **Recommendations**

That Planning Committee note this report and agree to receive a further more detailed report on the matter (together with Cabinet Member - Regeneration and Cabinet) in the next committee cycle.